Women Employed

WE pursue equity for all.

AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2020

Selden Fox

Accounting for your future

Women Employed
Audit Report
For the Year Ended June 30, 2020

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Selden Fox
Accounting for your future
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Women Employed
Chicago, Illinois

We have audited the accompanying financial statements of **Women Employed**, a District of Columbia not-for-profit corporation, which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women Employed as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting a New Accounting Standard

As discussed in Note 1, Women Employed adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as of and for the year ended June 30, 2020. The requirements of the ASU have been applied using the modified prospective basis. Our opinion is not modified with respect to this matter.

Selden Fox, Ltd.

November 12, 2020

Women Employed
Statement of Financial Position
June 30,

Assets	**2020**	2019
Current assets:		
Cash and cash equivalents:		
Operating	**$ 819,191**	$ 761,198
Restricted for future programs	**115,000**	240,132
Total cash and cash equivalents	**934,191**	1,001,330
Investments	**668,607**	652,205
Accounts receivable	**54,250**	42,327
Pledges receivable	**-**	2,257
Grants receivable	**155,000**	197,500
Prepaid expenses	**111,177**	58,343
Total current assets	**1,923,225**	1,953,962
Noncurrent assets:		
Deposits	**11,908**	11,908
Office furniture and equipment, at cost, less accumulated depreciation of $128,573 ($122,830 in 2019)	**11,508**	8,591
Total assets	**$ 1,946,641**	$ 1,974,461

See accompanying notes.

Liabilities and Net Assets	2020	2019
Current liabilities:		
Accounts payable	**$ 16,533**	$ 20,081
Accrued expenses	**41,745**	36,729
Line of credit	**200,617**	-
Paycheck Protection Program advance liability	**37,034**	-
Deferred rent	**15,072**	-
Total current liabilities	**311,001**	56,810
Deferred rent, long-term	**-**	37,686
Total liabilities	**311,001**	94,496
Net assets:		
Without donor restrictions:		
Invested in property and equipment	**11,508**	8,591
Board designated - Working Capital Fund	**405,000**	405,000
Available for operations	**797,066**	809,732
Total without donor restrictions	**1,213,574**	1,223,323
With donor restrictions	**422,066**	656,642
Total net assets	**1,635,640**	1,879,965
Total liabilities and net assets	**$ 1,946,641**	$ 1,974,461

Women Employed
Statement of Activities
For the Year Ended June 30,

	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Public support - contributions:						
Individuals	**$ 514,054**	**$ 28,543**	**$ 542,597**	$ 578,902	$ 32,936	$ 611,838
Corporations, foundations, and trusts	**306,673**	**361,250**	**667,923**	422,885	647,000	1,069,885
Paycheck Protection Program revenue	**217,496**	**-**	**217,496**	-	-	-
Net assets released from restrictions	**624,369**	**(624,369)**	**-**	863,365	(863,365)	-
Total contributions	**1,662,592**	**(234,576)**	**1,428,016**	1,865,152	(183,429)	1,681,723
Special events	**419,535**	**-**	**419,535**	464,691	-	464,691
Less special event expense	**(60,259)**	**-**	**(60,259)**	(94,937)	-	(94,937)
Net revenues from special events	**359,276**	**-**	**359,276**	369,754	-	369,754
Total public support	**2,021,868**	**(234,576)**	**1,787,292**	2,234,906	(183,429)	2,051,477
Other revenue:						
Net investment income	**27,297**	**-**	**27,297**	49,660	-	49,660
Program fees	**9,150**	**-**	**9,150**	-	-	-
Miscellaneous	**5**	**-**	**5**	49,954	-	49,954
Total other revenue	**36,452**	**-**	**36,452**	99,614	-	99,614
Total support and revenue	**2,058,320**	**(234,576)**	**1,823,744**	2,334,520	(183,429)	2,151,091
Expenses:						
Program services - Public education and policy	**1,380,160**	**-**	**1,380,160**	1,440,734	-	1,440,734
Supporting services:						
Management and general	**378,930**	**-**	**378,930**	322,894	-	322,894
Fund-raising	**308,979**	**-**	**308,979**	417,443	-	417,443
Total supporting services	**687,909**	**-**	**687,909**	740,337	-	740,337
Total expenses	**2,068,069**	**-**	**2,068,069**	2,181,071	-	2,181,071
Net increase (decrease) in net assets	**(9,749)**	**(234,576)**	**(244,325)**	153,449	(183,429)	(29,980)
Net assets, beginning of the year	**1,223,323**	**656,642**	**1,879,965**	1,069,874	840,071	1,909,945
Net assets, end of the year	**$ 1,213,574**	**$ 422,066**	**$ 1,635,640**	$ 1,223,323	$ 656,642	$ 1,879,965

See accompanying notes.

Women Employed
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services -	Supporting Services		
	Public Education and Policy	Management and General	Fund-raising	Total
Salaries	$ 838,409	$ 212,510	$ 199,355	**$ 1,250,274**
Employee benefits	57,540	14,128	11,475	**83,143**
Payroll taxes	56,390	18,133	14,023	**88,546**
Workers' compensation and unemployment insurance	7,596	2,084	1,854	**11,534**
Retirement benefits	20,624	2,712	4,610	**27,946**
Legal and accounting fees	-	20,563	-	**20,563**
Purchased services	209,792	37,437	31,644	**278,873**
Telephone	17,672	2,966	2,332	**22,970**
Office supplies and stationery	6,547	13,531	1,630	**21,708**
Printing	3,857	2,982	2,415	**9,254**
Postage and delivery	474	743	1,649	**2,866**
Rent and utilities	112,825	9,233	28,206	**150,264**
General insurance	5,968	1,066	1,492	**8,526**
Travel and training	12,321	16,652	1,222	**30,195**
Literature and library	1,028	708	222	**1,958**
Bank charges	-	2,006	-	**2,006**
Membership dues and fees	683	3,343	17	**4,043**
Interest	-	4,812	-	**4,812**
Equipment leases and licenses	16,142	3,114	4,039	**23,295**
Equipment maintenance	696	124	174	**994**
Advertising	1,066	544	-	**1,610**
Miscellaneous	2,628	8,128	645	**11,401**
Depreciation	7,902	1,411	1,975	**11,288**
Total expenses	$ 1,380,160	$ 378,930	$ 308,979	**$ 2,068,069**

See accompanying notes.

Women Employed
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services - Public Education and Policy	Supporting Services		
		Management and General	Fund-raising	Total
Salaries	$ 872,415	$ 127,751	$ 306,673	$ 1,306,839
Employee benefits	66,224	5,479	13,357	85,060
Payroll taxes	60,083	12,065	21,599	93,747
Workers' compensation and unemployment insurance	7,752	1,521	2,690	11,963
Legal and accounting fees	-	29,762	-	29,762
Purchased services	226,459	82,132	14,224	322,815
Telephone	18,942	2,776	2,602	24,320
Office supplies and stationery	15,546	5,470	4,280	25,296
Printing	7,070	12,778	3,967	23,815
Postage and delivery	1,087	2,077	4,038	7,202
Rent and utilities	104,959	8,363	30,613	143,935
General insurance	4,873	474	1,421	6,768
Travel and training	22,038	9,756	1,726	33,520
Literature and library	1,048	577	163	1,788
Bank charges	-	4,348	-	4,348
Membership dues and fees	1,537	618	1,153	3,308
Equipment leases and licenses	14,991	1,457	4,372	20,820
Equipment maintenance	698	1,093	204	1,995
Advertising	62	-	-	62
Miscellaneous	315	12,974	92	13,381
Depreciation	14,635	1,423	4,269	20,327
Total expenses	$ 1,440,734	$ 322,894	$ 417,443	$ 2,181,071

See accompanying notes.

Women Employed
Statement of Cash Flows
For the Year Ended June 30,

	2020	2019
Reconciliation of decrease in net assets to net cash applied to operating activities:		
Decrease in net assets	**$ (244,325)**	$ (29,980)
Adjustments to reconcile decrease in net assets to net cash applied to operating activities:		
Deferred rent	**(22,614)**	(20,053)
Depreciation	**11,288**	20,327
Non-cash contributions of investments	**-**	(5,358)
Gain on investments	**(9,765)**	(23,326)
Cash provided by (applied to) other operating activities:		
Accounts receivable	**(11,923)**	(20,015)
Pledges receivable	**2,257**	29,936
Grants receivable	**42,500**	22,500
Prepaid expenses	**(52,834)**	(22,423)
Accounts payable	**(3,548)**	1,794
Accrued expenses	**5,016**	17,568
Paycheck Protection Payment advance liability	**37,034**	-
Net cash applied to operating activities	**(246,914)**	(29,030)
Net cash (applied to) provided by investing activities:		
Purchase of property and equipment	**(14,205)**	(1,012)
Proceeds from noncash contributions of investments	**-**	5,358
Purchase of investments	**(252,380)**	(90,338)
Proceeds from sale of investments	**245,743**	251,994
Net cash (applied to) provided by investing activities	**(20,842)**	166,002
Net cash provided by financing activities:		
Proceeds from line of credit	**204,812**	-
Repayments of line of credit	**(4,195)**	-
Net cash provided by financing activities	**200,617**	-
Net (decrease) increase in cash and cash equivalents	**(67,139)**	136,972
Cash and cash equivalents, beginning of the year	**1,001,330**	864,358
Cash and cash equivalents, end of the year	**$ 934,191**	$ 1,001,330

See accompanying notes.

1. **Summary of Significant Accounting Policies**

Women Employed (Organization) was incorporated under the laws of the District of Columbia on October 19, 1977, pursuant to the General Not-for-profit Corporation Act. The Organization's goal is to improve the economic status of women earning low wages through research, public education, and policy development.

General – These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into two classes: with donor restrictions and without donor restrictions.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expiration of donor-imposed restrictions on net assets (i.e., the donor imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions With Restrictions Met in the Same Year – Contributions received with donor imposed restrictions that are met in the same year as received are reported as revenues without donor restrictions.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in the preparation of these financial statements include the determination of collectibility of amounts due from others, the determination of useful lives of office furniture and equipment ranging from three to ten years, the allocation of expenditures to various service functions, and the determination of revenue recognized for the Organization's Paycheck Protection Program loan. Actual results could differ from those estimates.

1. **Summary of Significant Accounting Policies** (cont'd)

Certain Significant Concentrations – At June 30, 2020, the Organization had $51,233 of deposits with financial institutions and brokerages recorded as cash and cash equivalents not insured by the Federal Deposit Insurance Corporation, Securities Investor Protection Corporation, or private insurance.

Cash and Cash Equivalents – The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. A portion of cash and cash equivalents has been restricted for grants received in advance of when the donors intend them to be used.

Fair Value of Investments – The Organization's securities are accounted for at fair value with unrealized gains and losses reported in the statement of activities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are reported in a three-level valuation hierarchy based on the reliability of observable and unobservable inputs as follows:

Level 1 – Valuations are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – Valuations are based on the quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-derived valuations whose significant inputs are observable.

Level 3 – Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

The Organization's investment securities consist primarily of publicly traded stocks, mutual funds and exchange-traded funds valued based on quoted market prices and classified in Level 1 of the hierarchy.

Furniture and Equipment – Replacement of major assets of property are capitalized at historical cost. In-kind donations are capitalized at their fair value at the date of donation. Maintenance, repairs and minor replacements are expensed. The book value of property sold or retired is removed from the related property and accumulated depreciation accounts. Depreciation is provided on the straight-line method at rates based on estimated lives of three, five, seven or ten years.

1. **Summary of Significant Accounting Policies** (cont'd)

Functional Allocation of Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain expenses, including salaries, benefits, rent and utilities are allocated to more than one program or supporting function based on an estimate of time and effort incurred by each program.

Income Taxes – The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code. As such, it is not subject to federal income taxes, except for taxes on unrelated business income. There was no taxable unrelated business income in 2020 or 2019. The Organization is registered as a lobbyist under Section 501(h) of the Internal Revenue Code. The Organization's lobbying expenditures did not exceed the permitted amounts in 2020 or 2019. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

The Organization has not been examined by the Internal Revenue Service or the Illinois Department of Revenue. Accordingly, all years under the statute of limitations (years ended June 30, 2017 through 2019) are open for examination.

Paycheck Protection Program Advance Liability and Revenue – The Organization has elected to account for its Paycheck Protection Program loan as conditional contribution revenue under ASC Subtopic 958-605, which allows for contribution revenue to be recognized when conditions surrounding cancellation of a liability, such as a forgivable loan, have been substantially met or have been explicitly waived by the resource provider.

New Accounting Pronouncement – In June of 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard requires a reporting entity to reassess transactions accounted for as contributions. The standard provides guidance in determining whether certain transactions, such as grants, are exchange transactions or contributions. In addition, the standard provides amended guidance to determine whether contributions contain conditions that would be a barrier to revenue recognition or are unconditional, allowing revenue to be recognized. The Institute adopted the standard on July 1, 2019, on a modified prospective basis. The changes had no impact on the amount of previously reported net assets.

2. **Contributed Services**

The Organization recognizes contributed revenue for certain professional services and property received at their fair value. For the year ended June 30, 2020, there was no contributed revenue of accounting services ($10,088 of auditing and accounting services for the year ended June 30, 2019).

3. **Investments**

Investment securities at June 30, 2020, are as follows:

Description	Level 1	Level 2	Level 3	**Total**
Money market funds	$ 1,683	$ -	$ -	**$ 1,683**
Bond mutual funds:				
Intermediate-term	142,984	-	-	**142,984**
Global	139,981	-	-	**139,981**
Equities	164,574	-	-	**164,574**
ETFs:				
International	101,145	-	-	**101,145**
Emerging markets	118,240	-	-	**118,240**
	$ 668,607	$ -	$ -	**$ 668,607**

Investment securities at June 30, 2019, are as follows:

Description	Level 1	Level 2	Level 3	Total
Money market funds	$ 2,942	$ -	$ -	$ 2,942
Bond mutual funds:				
Intermediate-term	144,785	-	-	144,785
Global	144,343	-	-	144,343
Equity mutual funds:				
International	19,987	-	-	19,987
Equities	229,249	-	-	229,249
ETFs:				
International	85,899	-	-	85,899
Emerging markets	25,000	-	-	25,000
	$ 652,205	$ -	$ -	$ 652,205

Net investment income for the year ended June 30, 2020, consists of interest and dividends of $22,607, unrealized gains of $33,096, realized losses of $23,331, and investment fees of $5,075. Net investment income at June 30, 2019, consisted of interest and dividends of $31,933, unrealized gains of $11,364, realized gains of $11,962, and investment fees of $5,599.

Investments measured at fair value are subject to various risks, including interest rate, market, and credit risks. Due to these risks, it is at least reasonably possible that subsequent changes to the value of individual investments may occur and materially affect the fair value of investments and net assets reported on the statement of financial position.

4. **Trust Beneficiary**

During 2007, the Organization was named a beneficiary of a $5 million fund that is administered by The Chicago Community Trust (CCT). The Organization is to receive quarterly distributions of up to 5.5% of the fair market value of the fund, net of administrative fees, subject to administrative review. Total distributions received for the year ended June 30, 2020, were $218,423 ($213,196 for the year ended June 30, 2019). The fair value of the fund at June 30, 2020, was $5,327,802 ($5,532,656 at June 30, 2019).

5. **Pledges Receivable**

The Organization undertook a capital campaign during fiscal 2017, to create the Anne Ladky Leadership Fund (Fund). The Fund will support efforts to engage new leaders in women's economic justice issues and encourage the next generation of young women to become activists.

Pledges receivable at June 30, represent unconditional promises to give for that purpose as follows:

	2020	2019
Unconditional promises to give	**$ -**	$ 2,300
Less unamortized discount	**-**	(43)
	$ -	$ 2,257

There is no remaining pledge receivable balance as of June 30, 2020.

Amortization of the discount for the year ended June 30, 2020, totaled $43 ($564 for the year ended June 30, 2019).

6. **Grants Receivable**

Unconditional grants receivable at June 30, 2020, by grantor and expected period of receipt, are as follows:

	Less Than One Year	One to Five Years
Restricted for future programs:		
Polk Bros. Foundation	$ 75,000	$ -
Lloyd A. Fry Foundation	55,000	-
Family Values @ Work	25,000	-
Total	$ 155,000	$ -

Unconditional grants receivable at June 30, 2019, by grantor and expected period of receipt, are as follows:

	Less Than One Year	One to Five Years
Restricted for future programs:		
The Chicago Community Trust	$ 112,500	$ -
Crown Family Philanthropies	40,000	-
Driehaus	25,000	-
Family Values At Work	20,000	-
Total	$ 197,500	$ -

No provision has been made to provide for doubtful accounts, as all grants receivable are deemed collectible.

7. **Paycheck Protection Program Revenue and Advance Liability**

In April of 2020, the Organization received $254,530 of proceeds in the form of a loan under the CARES Act's Paycheck Protection Program (PPP), administered by the U.S. Small Business Association (SBA), which includes conditions that if met would be forgiven, partially or in whole. Conditions of forgiveness include incurring qualifying expenditures within an 8-week or a maximum 24-week timeframe beginning on the date of receipt of loan proceeds, maintaining payroll levels on an employee-by-employee basis, and maintaining headcount, all within PPP parameters. As of June 30, 2020, management believes qualifying expenditures of $217,496 have been incurred and that any conditions related to maintaining payroll levels and headcount have been substantially met. The remaining $37,034 of loan proceeds are recorded as a Paycheck Protection Program advance liability on the statement of financial position at June 30, 2020.

While management believes the Organization has substantially met the conditions of the PPP advance for the amounts recognized as revenue through June 30, 2020, the Organization has not applied to have the loan forgiven as of June 30, 2020. Should the application for forgiveness be partially or entirely denied, the Organization would need to repay the balance of the loan that was not forgiven in monthly installments with interest at 1.00% in an amount to fully amortize the balance of the loan over two years starting on the earlier of date the (1) SBA remits loan forgiveness proceeds to the lender; (2) denies forgiveness; or (3) 10 months from the loan forgiveness period if the Organization does not apply for forgiveness. However, if the Organization and the lender mutually agree, the repayment term may be extended to be over five years per PPP regulations.

8. **Line of Credit**

During the year ended June 30, 2016, the Organization opened a line of credit with an investment broker that allows for borrowings collateralized by cash and investments in brokerage accounts with a fair value of $1,042,509 at June 30, 2020 ($1,069,833 at June 30, 2019). The Organization can borrow money using their brokerage accounts as collateral. Maximum borrowings under the line are a factor of the fair value of the assets in the accounts and range from 30% to 40% of the fair value of the brokerage accounts' assets without further approval by the lender depending on the type of assets held in those accounts. With further approval of the lender, the Organization can borrow between 50% to 90% of the fair value of the brokerage accounts' assets, depending on the type of assets held in those accounts. Maximum borrowings at June 30, 2020, without further lender approval, approximate $380,000, and $671,000 with further lender approval. Borrowings under the line of credit bear interest at the broker's prime rate plus 0.50% (3.75% at June 30, 2020). The line of credit had borrowings of $200,617 at June 30, 2020 (no borrowings at June 30, 2019). Interest paid and expensed for the year ended June 30, 2020, was $4,812 (none for the year ended June 30, 2019).

9. Restrictions and Limitations on Net Assets

Net assets with donor restrictions at June 30, consist of grants receivable, pledges receivable, unexpended grant funds and unexpended contributions for the Anne Ladky Leadership Fund, available as follows:

	2020	2019
Future operations	**$ 15,750**	$ 88,099
Public education and policy	**281,750**	374,533
Anne Ladky Leadership Fund	**124,566**	194,010
	$ 422,066	$ 656,642

All contributions receivable are time and purpose restricted and included above. The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, or by the occurrence of events specified by the donor, were as follows:

	2020	2019
Future operations	**$ 100,599**	$ 211,401
Public education and policy	**453,283**	604,217
Anne Ladky Leadership Fund	**70,487**	47,747
	$ 624,369	$ 863,365

10. Liquidity and Availability

Assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions, consist of the following at June 30:

	2020	2019
Cash and cash equivalents	**$ 934,191**	$ 1,001,330
Investments	**668,607**	652,205
Accounts receivable	**54,250**	42,327
Pledges receivable	**-**	2,257
Grants receivable	**155,000**	197,500
Less:		
Board-designated net assets without donor restrictions	**(405,000)**	(405,000)
Net assets with donor restrictions	**(422,066)**	(656,642)
	$ 984,982	$ 833,977

10. **Liquidity and Availability** (cont'd)

The Organization is generally supported by contributions, many of which are donor restricted. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization maintains an investment portfolio that could be drawn upon if needed. A line of credit is also available to supplement cash requirements. The Organization hosts a major fund-raising event each year. Registration fees charged to attendees and contributions cover the cost of the event and provide additional contributions to cover cash needs.

Board-designated net assets are not considered to be available to fund near term general cash flows, as it is not the expectation or intent for the Organization to use such funds. This designation could be lifted with appropriate Board action.

11. **Operating Leases**

The Organization entered into a lease for its office space that expires June 30, 2021. Under the terms of the lease, 50% of the beginning monthly base rent is to be abated for the first 18 months of the lease. The lease specifies monthly base rental payments commencing at $10,627 and escalating to $12,932. Deferred rent represents the difference between rent actually paid and rent expense recognized. The total rent expense, including abated rent and rent escalations, is recognized evenly over the entire lease term. Rent expense under the lease was $132,573 for the years ended June 30, 2020 and 2019. Rent paid under the lease was $155,190 for the year ended June 30, 2020 ($152,626 for the year ended June 30, 2019).

In addition, the Organization leases office equipment under leases that expire during the year ended June 30, 2025 and 2026. Rent expensed and paid under equipment leases was $15,616 for the year ended June 30, 2020 ($13,381 for the year ended June 30, 2019).

The future rental payments required are as follows:

Years ending June 30,	Building Rentals	Equipment Rentals	Total Rentals
2021	$ 155,186	$ 8,896	$ 164,082
2022	-	10,422	10,422
2023	-	10,422	10,422
2024	-	10,422	10,422
2025	-	11,310	11,310
	$ 155,186	$ 51,472	$ 206,658

12. **Retirement Plan**

The Organization maintains a qualified defined contribution retirement plan. All employees who have completed one year of service are allocated a discretionary employer contribution. In fiscal 2020, the contribution totaled $27,946, which was 3% of eligible compensation (there was no discretionary employer contribution in fiscal 2019).

13. **Concentration**

For the year ended June 30, 2020, three foundations and one bequest accounted for approximately $218,000, $150,000, $110,000, and $197,000 of public support, respectively (two foundations and one bequest accounted for approximately $390,000, $130,000, and $330,000 of public support, respectively, for the year ended June 30, 2019). In addition, the PPP revenue accounted for $217,496 of public support during the year ended June 30, 2020. Each of these items individually represented more than 5% of total revenue and support for the fiscal year disclosed.

14. **Commitments**

During the year ended June 30, 2017, the Organization entered into an agreement for various IT services. The agreement will be paid over 5 years in monthly installments totaling $2,961. During the year ended June 30, 2020, the total amount expensed under this agreement was $48,638 ($35,578 expensed during the year ended June 30, 2019).

15. **Contingencies, Risks and Uncertainties**

The Organization has received significant financial assistance from various foundations under grant agreements. The disbursement of funds received under these agreements generally requires compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The Organization's management believes that the Organization is in compliance with the terms and conditions of the grant awards.

The Organization has been named beneficiary in potential donors' wills. The ultimate amount to be received is undeterminable at this time.

As a result of the spread of the COVID-19 coronavirus, there are economic uncertainties that exist which could have a negative financial impact on the Organization, including reductions in future contribution and fund-raising event and issues with staffing and operation inefficiencies. Some fund-raising events were cancelled or held virtually during fiscal 2020, which had an impact on special events income and expenses. The full potential impact of further effects attributable to the pandemic is unknown at this time. Management is monitoring the situation and will adjust expense levels and assess its financial assets as needed to mitigate negative impacts of the pandemic. As disclosed in Note 7, in fiscal 2021, management intends to apply to have the Paycheck Protection Program loan forgiven to provide additional liquidity to mitigate the potential negative financial effects of the pandemic.

15. **Contingencies, Risks and Uncertainties** (cont'd)

Deposit accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2020, there was approximately $51,000 maintained in excess of FDIC insured limits.

16. **Subsequent Events**

Subsequent events have been evaluated through November 12, 2020, which is the date the financial statements were available to be issued.

The Organization was named a beneficiary of a bequest, that cleared probate on August 26, 2020. A partial distribution was received from the estate on September 29, 2020, in the amount of $234,375. The remaining amount to be distributed from the estate is not able to be determined at this time.

17. **Future Accounting Standards**

Leases – During 2016, the Financial Accounting Standards Board issued new standards relating to lease accounting. The new standard will require the Organization to recognize on its balance sheet, the asset and liability of their leasing agreements relating to the rights and obligations created by the leases. The standard will be effective for fiscal 2023. The Organization has not determined the effect of adopting the new standard.

Revenue Recognition – The Financial Accounting Standards Board issued a new standard that changes the revenue recognition model. The standard's core principle is that organizations should recognize revenue at the time goods or services are transferred and in an amount that reflects the consideration received for those goods or services. In addition to the changes in revenue recognition, this standard also expands the disclosure requirements to provide users of the financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from such contracts. During fiscal 2020, the standard's effective date was extended and is now effective for fiscal 2021. The Organization has not determined the effect of adopting the new standard.