

# Financial Statements

## Every Meal (a Nonprofit Corporation)

Roseville, Minnesota

For the Years Ended  
June 30, 2020 and 2019

Every Meal  
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June 30, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Every Meal  
Roseville, Minnesota

We have audited the accompanying financial statements of Every Meal (the Organization), a Minnesota nonprofit corporation, which comprise the statements 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 of 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 the Organization as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Aldo Eick & Meyers, LLP*

ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
December 10, 2020

## FINANCIAL STATEMENTS

Every Meal  
Statements of Financial Position  
June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,710,296	\$ 106,059
Pledges receivable, current	128,335	169,190
Inventory	901,293	284,551
Prepaid expenses	56,024	15,186
Total Current Assets	3,795,948	574,986
Property and Equipment		
Office furniture and equipment	9,734	9,734
Vehicles	271,638	271,638
Warehouse equipment	490,202	166,217
Total Property and Equipment, Cost	771,574	447,589
Less Accumulated Depreciation	(267,160)	(172,896)
Total Property and Equipment, Net	504,414	274,693
Other Assets		
Security deposits	8,763	8,763
Total Assets	\$ 4,309,125	\$ 858,442

See Independent Auditor's Report and Notes to the Financial Statements.

**Every Meal**  
**Statements of Financial Position (Continued)**  
**June 30, 2020 and 2019**

	2020	2019
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 436,812	\$ 64,681
Other accrued expenses	45,883	17,358
Capital lease obligations, current	25,232	24,048
Paycheck Protection Program note payable	203,800	-
Total Current Liabilities	711,727	106,087
<b>Long-term Liabilities</b>		
Deferred rent	28,505	27,461
Line of credit	-	45,000
Capital lease obligations, net of current portion	127,151	152,384
Total Long-term Liabilities	155,656	224,845
 Total Liabilities	 867,383	 330,932
<b>Net Assets</b>		
Without donor restrictions	3,368,329	245,588
With donor restrictions	73,413	281,922
Total Net Assets	3,441,742	527,510
 Total Liabilities and Net Assets	 \$ 4,309,125	 \$ 858,442

See Independent Auditor's Report and Notes to the Financial Statements.

Every Meal  
Statements of Activities  
For the Years Ended June 30, 2020 and 2019

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues, Gains, and Other Support			
Partnership and sponsor revenue	\$ 949,936	\$ 23,413	\$ 973,349
Grants	1,612,719	-	1,612,719
Individual contributions	4,375,413	-	4,375,413
Donated goods and services	345,996	-	345,996
Other income	56,565	-	56,565
Net assets released from restrictions	231,922	(231,922)	-
Total Revenues, Gains, and Other Support	<u>7,572,551</u>	<u>(208,509)</u>	<u>7,364,042</u>
Expenses			
Program services	3,676,940	-	3,676,940
Supporting services			
Management and general	432,514	-	432,514
Fundraising	340,356	-	340,356
Total Expenses	<u>4,449,810</u>	<u>-</u>	<u>4,449,810</u>
Change in Net Assets	3,122,741	(208,509)	2,914,232
Net Assets, July 1	<u>245,588</u>	<u>281,922</u>	<u>527,510</u>
Net Assets, June 30	<u>\$ 3,368,329</u>	<u>\$ 73,413</u>	<u>\$ 3,441,742</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**Every Meal**  
**Statements of Activities (Continued)**  
For the Years Ended June 30, 2020 and 2019

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues, Gains, and Other Support			
Partnership and sponsor revenue	\$ 934,251	\$ 53,829	\$ 988,080
Grants	328,174	145,000	473,174
Individual contributions	783,818	70,106	853,924
Donated goods and services	167,280	-	167,280
Other income	9,238	-	9,238
Net assets released from restrictions	19,105	(19,105)	-
Total Revenues, Gains, and Other Support	<u>2,241,866</u>	<u>249,830</u>	<u>2,491,696</u>
Expenses			
Program services	1,679,223	-	1,679,223
Supporting services			
Management and general	340,463	-	340,463
Fundraising	162,786	-	162,786
Total Expenses	<u>2,182,472</u>	<u>-</u>	<u>2,182,472</u>
Change in Net Assets	59,394	249,830	309,224
Net Assets, July 1	<u>186,194</u>	<u>32,092</u>	<u>218,286</u>
Net Assets, June 30	<u>\$ 245,588</u>	<u>\$ 281,922</u>	<u>\$ 527,510</u>

See Independent Auditor's Report and Notes to the Financial Statements.



**Every Meal**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2020 and 2019**

	2020			Total Expenses
	Supporting Services			
	Program Services	Management and General	Fundraising	
<b>Salaries and Related Expenses</b>				
Staff salaries	\$ 784,770	\$ 168,397	\$ 176,974	\$ 1,130,141
Benefits and payroll taxes	131,797	23,425	29,182	184,404
<b>Total Salaries and Related Expenses</b>	<b>916,567</b>	<b>191,822</b>	<b>206,156</b>	<b>1,314,545</b>
<b>Expenses</b>				
Contracted services	2,924	83,160	637	86,721
Food purchases	2,121,686	-	-	2,121,686
Meeting and conferences	4,882	1,006	1,977	7,865
Office supplies	66,480	4,878	11,570	82,928
Other operating expenses	141,233	121,194	82,811	345,238
Printing and postage	26,756	3,615	18,042	48,413
Program and sponsor support	1,000	-	475	1,475
Rent	185,382	4,865	6,362	196,609
Staff training and travel	10,429	17,517	5,876	33,822
Transportation	75,361	430	2,698	78,489
Utilities	29,976	4,027	3,752	37,755
<b>Total Expenses Before Depreciation</b>	<b>3,582,676</b>	<b>432,514</b>	<b>340,356</b>	<b>4,355,546</b>
<b>Depreciation</b>	<b>94,264</b>	<b>-</b>	<b>-</b>	<b>94,264</b>
<b>Total Expenses</b>	<b>\$ 3,676,940</b>	<b>\$ 432,514</b>	<b>\$ 340,356</b>	<b>\$ 4,449,810</b>

See Independent Auditor's Report and Notes to the Financial Statements.

**Every Meal**  
**Statements of Functional Expenses (Continued)**  
**For the Years Ended June 30, 2020 and 2019**

	2019			Total Expenses
	Program Services	Supporting Services		
		Management and General	Fundraising	
Salaries and Related Expenses				
Staff salaries	\$ 535,059	\$ 106,895	\$ 98,983	\$ 740,937
Benefits and payroll taxes	98,313	18,174	16,135	132,622
Total Salaries and Related Expenses	<u>633,372</u>	<u>125,069</u>	<u>115,118</u>	<u>873,559</u>
Expenses				
Contracted services	2,188	46,725	324	49,237
Food purchases	585,458	-	-	585,458
Meeting and conferences	2,310	1,560	1,560	5,430
Office supplies	18,082	2,217	2,975	23,274
Other operating expenses	124,425	131,945	16,829	273,199
Printing and postage	10,375	2,512	16,175	29,062
Program and sponsor support	198	70	1,700	1,968
Rent	159,582	1,364	2,477	163,423
Staff training and travel	4,563	21,612	1,346	27,521
Transportation	55,736	981	2,192	58,909
Utilities	22,250	6,408	2,090	30,748
Total Expenses Before Depreciation	<u>1,618,539</u>	<u>340,463</u>	<u>162,786</u>	<u>2,121,788</u>
Depreciation	<u>60,684</u>	<u>-</u>	<u>-</u>	<u>60,684</u>
Total Expenses	<u>\$ 1,679,223</u>	<u>\$ 340,463</u>	<u>\$ 162,786</u>	<u>\$ 2,182,472</u>

See Independent Auditor's Report and Notes to the Financial Statements.

**Every Meal**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2020 and 2019

	2020	2019
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 2,914,232	\$ 309,224
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	94,264	60,684
Loss on sale of property and equipment	-	53,300
Donated food inventory	(187,093)	(79,481)
Donated property and equipment	(11,824)	(448)
Change in assets and liabilities:		
Pledges receivable	40,855	(141,347)
Inventory	(429,649)	(62,230)
Prepaid expenses	(40,838)	5,253
Security deposits	-	(6,000)
Accounts payable	372,131	20,971
Accrued expenses	28,525	5,986
Deferred revenue	-	(247,927)
Deferred rent	1,044	620
Net Cash Provided (Used) by Operating Activities	2,781,647	(81,395)
<b>Cash Flows from Investing Activities</b>		
Proceeds from disposal of property and equipment	-	27,500
Cash outlay for property and equipment	(312,161)	(52,519)
Net Cash Used by Investing Activities	(312,161)	(25,019)
<b>Cash Flows from Financing Activities</b>		
Proceeds from Paycheck Protection Program loan	203,800	-
Proceeds from line of credit	45,000	143,000
Payments on line of credit	(90,000)	(98,000)
Payments on capital lease obligations	(24,049)	(11,122)
Net Cash Provided by Financing Activities	134,751	33,878
Change in Cash and Cash Equivalents	2,604,237	(72,536)
Beginning Cash and Cash Equivalents	106,059	178,595
Ending Cash and Cash Equivalents	\$ 2,710,296	\$ 106,059
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for:		
Interest	\$ 16,008	\$ 6,778
<b>Supplemental Schedule of Noncash Investing and Financing Activities</b>		
Disposal of fully depreciated property and equipment	\$ -	\$ 87,143
Equipment acquired under capital leases	\$ -	\$ 187,554
Donated property and equipment	\$ 11,824	\$ 448

See Independent Auditor's Report and Notes to the Financial Statements.

Every Meal  
Notes to the Financial Statements  
June 30, 2020 and 2019

**Note 1: Summary of Significant Accounting Policies**

**A. Nature of Activities**

Every Meal (the Organization), formerly The Sheridan Story, based in Roseville, Minnesota is a 501(c)(3) non-profit organization. Over 200,000 children in the state of Minnesota live in food insecurity and do not always know if they will receive their next meal. The Organization's purpose is to respond to the need by filling the gaps that children face during weekends, summers, and extended breaks when they are not in school to access the meal programs.

Through a network of over 500 partner organizations, Every Meal provides thousands of local children with the food they need to learn and grow. Since its inception in the fall of 2010, the Organization has worked tirelessly to remove the barriers to food access that so many children in this community face. In the last ten years, Every Meal has provided over six million meals to thousands of children who are living in food insecurity.

**B. Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase in support without donor restrictions or with donor restrictions, depending on the existence and nature of donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions - Resources over which the Organization has discretionary control. Designated amounts represent revenue, which the Board of Directors has set aside for a particular purpose.

With Donor Restrictions - Resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to support with donor restrictions at the time of receipt and as net assets released from restrictions. Some resources are subject to the donor-imposed restriction that they be maintained permanently by the Organization. At June 30, 2020 and 2019, net assets with donor restrictions of \$73,413 and \$281,921, respectively, consisted of sponsor funds, grants, and individual contributions that were time restricted for a future period.

**C. 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. The Organization's cash balances held in bank depositories may exceed federally insured limits at times.

**E. Pledges Receivable**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the Organization. The Organization uses the allowance method to determine uncollectible promises to give (receivable). There was no allowance for doubtful accounts as of June 30, 2020 and 2019.

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using interest rates applicable to the years in which the promises are expected to be received.

Every Meal  
Notes to the Financial Statements  
June 30, 2020 and 2019

**Note 1: Summary of Significant Accounting Policies (Continued)**

**F. Inventory**

The Organization maintains inventory consisting of both food to make the bags, as well as finished bags that are ready to be distributed to schools. The Food inventory is valued at the lower of cost or net realizable value. Cost are determined on a first-in, first-out basis. Finished bags are recorded at the build-up cost of inventory included in the bags.

**G. Property and Equipment**

Property and equipment are recorded at cost or estimated value on the date of contribution. Assets acquired through capital lease agreements are capitalized at their fair market value as of the date of the lease inception. The Organization capitalizes all property and equipment acquisitions with a value of \$2,500, similar property and equipment purchased together with a cost in excess of \$5,000 or an estimated useful life greater than one year. Property and equipment is being depreciated using the straight-line method based on estimated useful lives as follows:

<u>Assets</u>	<u>Useful Lives in Years</u>
Office Furniture and Equipment	3 - 7
Vehicles	3 - 7
Warehouse Equipment	3 - 7

Upon retirement or other disposition, the cost and related accumulated depreciation of disposed assets are removed from the accounts and any resultant gain or loss is recognized in operations.

Repairs and maintenance are charged to expense as incurred. Renewals and improvements, which extend the useful life of assets, are capitalized and depreciated over future periods.

**H. Deferred Revenue - Program Services**

Deferred revenue consists of payments received in advance that relate to services to be rendered in a future period and are deferred and recognized as revenue in the period earned. All deferred revenue is classified as current and will be recognized over the next year.

**I. Support and Revenue Recognition**

Support is recognized when the donor makes a promise to give to the Organization and there is sufficient evidence in the form of verifiable documentation that a promise was made and received.

Revenue from program service fees is recognized as income in the period that the program event is held. Contributions are recorded as revenue when notified as revenue with donor restrictions or revenue without donor restrictions, depending on the existence or nature of any donor restrictions. All donor-imposed restrictions are reported as increases in net assets with donor restrictions, depending on the existence or nature of any restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**J. In-kind Goods and Services**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their values in the period received.

Several individuals volunteer their time and perform a variety of tasks that assist the Organization, but do not meet the criteria for recognition as contributed services and have not been reported in these financial statements.

Every Meal  
Notes to the Financial Statements  
June 30, 2020 and 2019

**Note 1: Summary of Significant Accounting Policies (Continued)**

**K. Income Taxes**

The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization are tax deductible as the Organization qualifies under Section 170(c) of the Internal Revenue Code.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. The Organization did not incur any tax expense during the years ended June 30, 2020 and 2019.

During the years ended June 30, 2020 and 2019, the Organization had not incurred any interest or penalties on its tax returns. The Organization's tax returns are subject to possible examination by the taxing authorities. For federal tax purposes the tax returns essentially remain open for possible examination for a period of three years after the date on which those returns are filed.

**L. Functional Allocation of Expenses**

The costs of providing the various programs and supporting activities of the Organization have been allocated between program or supporting services. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Contracted services	Direct expense
Food purchases	Direct expense
Meeting and conferences	Direct expense
Office supplies	Full-time equivalent
Other operating expenses	Full-time equivalent
Printing and postage	Full-time equivalent
Program and sponsor support	Direct expense
Rent	Square footage
Staff training and travel	Full-time equivalent
Transportaion	Full-time equivalent
Utilities	Square footage

**M. Adoption of New Accounting Standard**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" and ASU No. 2018-08 "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made" (Topic 958). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2019, the first day of the Organization's fiscal year using the modified retrospective approach.

**N. Subsequent Events**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 10, 2020, the date the financial statements were available to be issued. As of October 6, 2020, the Organization changed their name to Every Meal.

Every Meal  
Notes to the Financial Statements  
June 30, 2020 and 2019

**Note 2: Line of Credit**

The Organization maintains a revolving line of credit with a bank. The revolving line of credit allows borrowing up to \$50,000 with an interest rate at 2 percent over the prime rate. The line of credit expired on October 24, 2019 and was renewed for an additional year. As of June 30, 2020 and 2019, the Organization had an outstanding balance on this revolving line of credit of \$0 and \$45,000.

**Note 3: Paycheck Protection Program Note Payable**

In April, 2020, the Organization entered into a promissory note agreement with Sunrise Banks in the amount of \$203,800 pursuant to the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature April 2022. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). The Organization expects the note to be fully forgiven.

**Note 4: Leases**

**A. Capital**

The Company has acquired certain vehicles under two long-term leasing agreements classified as capital leases, with expiration dates in fiscal year 2026. The cost of the vehicles under the capital leases totaled \$187,554 and \$187,554 at June 30, 2020 and 2019, respectively. The capital lease obligations are payable in monthly installments ranging from \$1,325 to \$1,340, including interest ranging from 4.39 percent to 5.26 percent.

Future minimum capital lease payments under capital leases are as follows:

Year	Gross Lease Payments	Less Amount Representing Interest	Principal Portion
2021	\$ 31,980	\$ 6,748	\$ 25,232
2022	31,980	5,505	26,475
2023	31,980	4,200	27,780
2024	31,980	2,831	29,149
2025	31,980	1,394	30,586
Thereafter	<u>13,385</u>	<u>224</u>	<u>13,161</u>
Total	<u>\$ 173,285</u>	<u>\$ 20,902</u>	<u>\$ 152,383</u>

The following is a summary of property and equipment held under capital leases as of June 30:

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 187,554	\$ 187,554
Less Accumulated Depreciation	<u>(44,568)</u>	<u>(17,775)</u>
Net Book Value	<u>\$ 142,986</u>	<u>\$ 169,779</u>

Depreciation expense on assets recorded under the capital lease for the years ended June 30, 2020 and 2019 was \$26,793 and \$17,775, respectively, and is included in total depreciation expense. Interest expense on the capital lease was \$8,246 and \$6,133 for the years ended June 30, 2020 and 2019, respectively.

**Every Meal**  
Notes to the Financial Statements  
June 30, 2020 and 2019

**Note 4: Leases (Continued)**

**B. Operating**

The Organization leased office and warehouse space beginning November 2016 which requires base monthly rent payment ranging from approximately, \$5,500 to \$6,500 over the term of the lease. The lease expires January of 2022. Subsequent to signing the above lease, the Organization signed an amendment to the lease agreement. The amendment increased the space available and extended the lease to February 2025. Required base monthly rent payments range from approximately \$9,700 to \$18,600 over the term of the lease. The Organization has the option to extend the lease for an additional 5 years.

The Organization leases various office equipment, one beginning August 2017 and expiring July 2022 and another beginning July 2018 and expiring June 2023. Monthly lease payments for the various office equipment total \$2,213. The Organization leases various rented spaces, one beginning July 2020 and expiring July 2023 and another beginning June 2020 and continuing on a month-to-month basis. Monthly lease payments for the various rented spaces total \$785.

Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 186,984
2022	186,984
2023	185,780
2024	184,762
2025	123,174
Total	<u>\$ 867,684</u>

The Organization's total rent expense for the years ended June 30, 2020 and 2019 was \$174,018 and \$157,416, respectively.

**Note 5: Donated Goods and Services**

The Organization received various donated goods and services as noted below for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Food	\$ 187,093	\$ 22,657
Software Subscription Service	93,130	79,481
Marketing	18,496	-
Storage	15,262	2,200
Equipment	11,824	448
Other	11,318	38,606
Transportation	8,873	23,888
Total	<u>\$ 345,996</u>	<u>\$ 167,280</u>

**Note 6: Retirement Plan**

The Organization provides a Simple IRA plan for its employees whereby employees who are eligible to participate may contribute after the beginning of their second year of employment. The Organization makes matching contributions of up to three percent of an employee's salary. The matching contribution was \$23,861 and \$15,656 for the years ended June 30, 2020 and 2019, respectively.



Every Meal  
Notes to the Financial Statements  
June 30, 2020 and 2019

**Note 7: Contingencies**

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies, however, the Organization is unable to determine if it will have a material impact to its operations.

**Note 8: Liquidity and Availability of Financial Assets**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2020	2019
Cash and Cash Equivalents	\$ 2,710,296	\$ 106,059
Pledges Receivable	128,335	169,190
Total Financial Assets	2,838,631	275,249
Less assets unavailable for use in the next year:		
Net assets with donor restrictions, net of those available within one year for ongoing and central programs	-	(50,001)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,838,631	\$ 225,248

The Organization manages its liquidity and reserves following the guiding principles of: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets and/or short-term borrowing capacity to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization is in the process of developing a liquidity policy for maintaining current financial assets less current liabilities at a minimum number of days budgeted operating expenses. The Organization's policy will include a target for a year-end balance of reserves of unrestricted, undesignated net assets which will meet a portion of expected expenditures. To achieve these targets, the entity will forecast its future cash flows for monitoring its liquidity and reserves on a routine basis.

The Organization has developed relationships with lenders to provide short and mid-term borrowing capacity to facilitate the management of operating cash flow and inventory purchasing. These loans include both traditional revolving lines of credit and a program related investment credit facility. For the years ended June 30, 2020 and 2019, available borrowing capacity of \$250,000 and \$255,000, respectively, was available to the Organization.

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended June 30, 2020 and 2019, restricted contributions of \$73,413 and \$231,921, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.