

UNITED WAY OF SOUTHERN CAMERON COUNTY

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

June 30, 2020

Independent Auditors' Report

Board of Directors
United Way of Southern Cameron County

Report on the Financial Statements

We have audited the accompanying statements of United Way of Southern Cameron County, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit 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 auditors' 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 United Way of Southern Cameron County as of June 30, 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Southern Cameron County's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Burton, McCumber, & Longoria LLP

Brownsville, Texas
November 4, 2020

FINANCIAL STATEMENTS

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF FINANCIAL POSITION
June 30, 2020

	ASSETS			2019 (Memorandum)
	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,253,522	\$ 3,622	\$ 1,257,144	\$ 658,045
Pledges receivable, net	288,325	-	288,325	273,232
Grants receivable	-	57,500	57,500	121,175
Other receivable	3,019	-	3,019	28,237
Investments	1,017,120	-	1,017,120	1,006,021
Prepaid expenses	1,774	-	1,774	1,974
Interfund	(586,964)	586,964	-	-
	<u>1,976,796</u>	<u>648,086</u>	<u>2,624,882</u>	<u>2,088,684</u>
LAND, BUILDING & EQUIPMENT, NET	<u>458,817</u>	<u>-</u>	<u>458,817</u>	<u>486,111</u>
Total assets	<u>\$ 2,435,613</u>	<u>\$ 648,086</u>	<u>\$ 3,083,699</u>	<u>\$ 2,574,795</u>

LIABILITIES AND NET ASSETS

	2020			2019 (Memorandum)
	2020			
	Without Donor Restrictions	With Donor Restrictions	Total	
CURRENT LIABILITIES				
Agency allocations payable	\$ 491,472	\$ -	\$ 491,472	\$ 553,543
Current maturities on long-term debt	49,911	-	49,911	-
Other payables	52,449	1,553	54,002	6,470
	<u>593,832</u>	<u>1,553</u>	<u>595,385</u>	<u>560,013</u>
LONG-TERM DEBT	<u>62,389</u>	<u>-</u>	<u>62,389</u>	<u>-</u>
NET ASSETS				
Without donor restrictions - board designated	644,326	-	644,326	604,998
Without donor restrictions - undesignated	1,135,066	-	1,135,066	955,801
With donor restrictions	-	646,533	646,533	453,983
	<u>1,779,392</u>	<u>646,533</u>	<u>2,425,925</u>	<u>2,014,782</u>
Total liabilities and net assets	<u>\$ 2,435,613</u>	<u>\$ 648,086</u>	<u>\$ 3,083,699</u>	<u>\$ 2,574,795</u>

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2020

	2020			2019 (Memorandum)
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUES AND OTHER SUPPORT:				
Campaign support:				
Gross campaign pledges	\$ 956,106	\$ -	\$ 956,106	\$ 947,708
Provision for uncollectible pledges	(65,227)	-	(65,227)	(76,106)
Total campaign support	890,879	-	890,879	871,602
Grant income	85,000	761,892	846,892	517,785
Fiscal sponsorship income	-	-	-	-
Sponsorships	21,626	-	21,626	27,815
Special event income	5,307	-	5,307	11,093
In-kind revenue	173,412	-	173,412	103,290
Interest income	22,161	-	22,161	16,269
Rental income	12,000	-	12,000	12,900
Other income	189,412	16,710	206,123	68,561
Net assets released from restrictions	586,052	(586,052)	-	-
Total revenues, gains and other support	1,985,849	192,550	2,178,400	1,629,315
EXPENSES BY PROGRAM:				
Health	442,640	-	442,640	251,532
Income	571,444	-	571,444	562,399
Education	469,032	-	469,032	576,208
Community investment	21,055	-	21,055	30,388
Total expenses by program	1,504,171	-	1,504,171	1,420,527
SUPPORT SERVICES:				
Fundraising expense	132,790	-	132,790	126,971
Management and general expenses	130,296	-	130,296	101,367
Total expenses	1,767,257	-	1,767,257	1,648,865
Change in net assets	218,592	192,550	411,142	(19,550)
Net assets at beginning of year	1,560,800	453,983	2,014,783	2,034,332
Net assets at end of year	\$ 1,779,392	\$ 646,533	\$ 2,425,925	\$ 2,014,782

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020

	Program Services				Supporting Services		2020 Total	2019 (Memorandum)
	Health	Income	Education	Community Investment	Fundraising	Management and General		
Salaries	\$ 103,660	\$ 137,860	\$ 163,661	\$ 9,674	\$ 63,111	\$ 73,265	\$ 551,231	\$ 435,510
Fringe benefits	6,668	19,269	41,156	2,747	24,062	22,552	116,454	100,656
Administration	15,192	163,289	38,825	6,563	12,981	12,243	249,093	260,621
Insurance	362	2,451	2,344	308	1,404	1,703	8,572	8,459
Books	-	2,347	-	-	-	-	2,347	-
Volunteer incentives	-	3,195	-	-	-	-	3,195	8,315
Volunteer recognition	-	-	-	-	22	-	22	-
Internships	-	-	-	-	-	-	-	98,440
COVID-19 Expenses	81,052	-	-	-	-	989	82,041	-
Community investment activities	8,500	-	-	-	-	-	8,500	91
Stipends	-	1,000	-	-	-	-	1,000	8,350
Implementation Costs	-	-	55,327	-	-	-	55,327	-
Technology	740	3,625	6,216	630	2,870	3,480	17,561	18,385
Training	61	5,408	754	52	796	187	7,258	25,644
Professional fees	620	5,751	4,016	528	2,406	10,917	24,238	24,299
Memberships	650	4,400	4,208	553	2,522	3,057	15,390	16,107
Campaign	-	-	1,355	-	20,455	-	21,810	26,685
Board expenses	-	1	1	-	1	1	4	691
Agency allocations	222,500	75,000	129,667	-	-	-	427,167	501,494
Indirect allocation	2,635	-	-	-	-	-	2,635	11,828
In-kind expenses	-	147,848	21,502	-	2,160	1,902	173,412	103,290
Total expenses	\$ 442,640	\$ 571,444	\$ 469,032	\$ 21,055	\$ 132,790	\$ 130,296	\$ 1,767,257	\$ 1,648,865

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTHERN CAMERON COUNTY
STATEMENT OF CASH FLOWS
Year ended June 30, 2020

	2020	2019 (Memorandum)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 411,142	\$(19,550)
Adjustments to reconcile change in net assets to net cash provided operating activities		
Depreciation expense	34,167	33,162
Bad debt expense	65,227	76,106
Changes in operating assets and liabilities:		
Pledges receivable	(80,319)	(104,083)
Grants receivable	63,675	(59,834)
Other receivable	25,218	(10,291)
Prepaid expenses	200	(315)
Agency allocations payable	(62,071)	7,577
Other payables	47,532	(2,271)
Net cash provided by (used in) operating activities	504,771	(79,499)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(6,873)	(671)
Net change in investments	(11,099)	(345,383)
Net cash used in investing activities	(17,972)	(346,054)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt proceeds	112,300	-
Net cash provided by financing activities	112,300	-
Net increase (decrease) in cash and cash equivalents	599,099	(425,553)
Cash and cash equivalents at beginning of year	658,045	1,083,598
Cash and cash equivalents at the end of the year	\$ 1,257,144	\$ 658,045

The accompanying notes are an integral part of this financial statement.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities and Basis of Presentation

The United Way of Southern Cameron County (“Organization”) is a non-profit tax-exempt organization whose purpose is to “improve lives by mobilizing the caring power of communities to advance the common good.” The Organization was originally founded in 1955 as the United Fund of Brownsville, and later in 1993 adopted the name United Way of Southern Cameron County and extended its efforts to the following communities located in Cameron County, Texas; cities of Los Fresnos, Port Isabel, Laguna Vista and South Padre Island.

The Organization concentrates its efforts of improving the lives of those within the community with three major initiatives: 1) Education – helping children and youth achieve their potential, 2) Income – promoting financial stability and independence, 3) Health – improving people’s health, 4) Community Investment – efforts to address the community’s needs and the potential for impact.

The Organization’s financial statements are presented in accordance with ASC Topic 958 “Not-for-Profit Entities”, in which net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

2. Revenue Recognition

The Organization derives its revenue from pledges, grants and other sources.

The Organization recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update (“ASU”) 2018-08, Not-For-Profit Entities (ASC Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“ASU 2018-08”). Accordingly, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASC Topic 606, Revenue from Contracts with Customers (“ASC 606”). If the transfer of assets is determined to be a contribution the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. Both ASU 2018-08 and ASC 606 were effective for the year ended June 30, 2020 and both permitted modified retrospective application. Both standards did not have a material impact on the statements of financial position, statements of activities, cash flows, business processes, controls or systems of the Organization.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. Revenue Recognition- Continued

Campaign contributions are received as donations or promises to give in the form of pledges. Contributions arise from fundraising efforts conducted by the Organization and volunteers from the community. Contributions with restrictions that are more specific than the broad limits of the nature, purpose, and overall environment of the Organization are classified as donor restrictions until such restrictions are fulfilled or released by the passage of time.

Grant revenue is recognized as either conditional or unconditional contributions. Unconditional grant funds are recognized as revenue when received. Conditional grant funds are recognized as revenue when conditions have been satisfied or fulfilled. Funds from conditional grants received in advance are recorded as deferred revenue until conditions of recognition are satisfied.

3. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash on hand and in financial institutions as well as all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

4. Investments

Investments are carried at their fair value and consist of CD's with an initial maturity greater than three months.

5. Pledges Receivable

Pledges, less an estimated allowance for uncollectible amounts, are recorded as receivables in the year made. The allowance for uncollectible pledges is based upon actual collections from previous campaigns. Allowance for uncollectible pledges totaled \$91,530 at June 30, 2020.

6. Land, Building and Equipment

Land, building and equipment is recorded at historical cost. The cost of assets is depreciated over the estimated useful life of the related assets, primarily on a straight-line basis. Useful lives range from 3 – 39 years. Donated assets are recorded at estimated fair value when received.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Fair Value of Financial Instruments

ASC Topic 820, “Fair Value Measurements and Disclosures,” defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy is described as follows;

Level 1: Inputs that are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are unobservable for the asset or liability.

The carrying amount of cash and cash equivalents, pledges receivable, net, grants receivable, other receivables, investments, prepaid expenses, agency allocations and other payables approximate fair market value due to the relative short-term nature of these instruments.

8. Federal Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

The Organization’s Forms 990, *Return of Organization exempt from Income Tax*, for the years ended 2017, 2018, and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. However, the Organization is not currently under audit nor has the Organization been contacted by its jurisdiction.

The Organization follows FASB ASC Topic 740, “Income Taxes”, as it relates to uncertain tax positions. Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and there is no likelihood a material tax assessment would be made if government agency examined tax returns to audit. Accordingly, no provisions for the effects of uncertain tax positions have been recorded.

9. Donated Assets and Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at the date of donation. The Organization reports the donations as unrestricted direct support, unless explicit donor stipulations specify how the donated assets must be used and gifts, cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Donated Assets and Services - Continued

Donated services that do not either require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements as the value cannot be reasonably estimated.

For the year ended June 30, 2020, the Organization recognized donated services of \$173,412 and are reported within revenues and expenses on the Statement of Activities and Changes in Net Assets.

10. Program Services

The Organization awards grants to other non-profit organizations within the community with the net distribution reported as agency allocations on the statement of functional expenses. The grantees are required to submit applications and comply with grant guidelines established by the community investment team of the Organization.

Program service expenditures are allocated among these four major internal initiatives of the Organization which are health, income, education and community investment. Each program is funded by a combination of unrestricted contributions and grant funds. Grant funds are received from private foundations, public entities and government agencies.

11. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Organization's most significant estimate is the allowance for uncollectible pledges.

12. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

NOTE B – LIQUIDITY AND AVAILABILITY

The Organization manages its liquid resources by focusing on fundraising efforts to ensure the entity has adequate contributions and grants to cover the programs that are being conducted. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

The following reflects the Organization’s financial assets as of June 30, 2020 expected to be available within one year to meet cash needs for general expenditures:

Cash and cash equivalents	\$ 1,257,144
Pledges receivable, net	288,325
Grants receivable	57,500
Other receivable	3,019
Investments	1,017,120
Total financial assets, at year end	2,623,108
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purposed restrictions	(648,086)
Agency allocation payable	(491,472)
Financial assets available to meet cash need for general expenditures within one year	\$ 1,483,550

NOTE C – PLEDGES RECEIVABLE

Pledges receivable and the allowance for uncollectible pledges consisted of the following at June 30, 2020:

Gross pledges receivable	\$ 379,855
Less allowance for uncollectible pledges	(91,530)
Total pledges receivable	\$ 288,325

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

NOTE D – INVESTMENTS

The Organization’s investments are reported at fair value in the accompanying statement of financial position. Investments consisted of the following at June 30, 2020:

	<u>Fair Value</u>	Fair Value Measurements at Reporting Date Using		
		<u>Level 1 Measurement</u>	<u>Level 2 Measurement</u>	<u>Level 3 Measurement</u>
Certificates of deposit maturing between July 2020 and December 2020	\$ 1,017,120	\$ -	\$ 1,017,120	\$ -
	<u>\$ 1,017,120</u>	<u>\$ -</u>	<u>\$ 1,017,120</u>	<u>\$ -</u>

NOTE E – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at June 30, 2020:

Computer equipment	\$ 91,377
Office equipment	57,293
Software	79,754
Buildings and improvements	506,339
	<u>734,763</u>
Less: accumulated depreciation	(429,946)
	<u>304,817</u>
Land	154,000
	<u>154,000</u>
Total land, building and equipment	<u>\$ 458,817</u>

Depreciation expense totaled \$34,167 for the year ended June 30, 2020 which is included in the statement of functional expenses in the administration account.

NOTE F – BOARD DESIGNATED FUNDS

The Organization established a contingency fund in June 1985 to provide a source of funds in the event a future campaign goal, net of expenses, is not achieved. The fund is to be distributed in a manner to be determined by the Board of Directors.

Board designated funds consisted of the following at June 30, 2020:

Contingency	\$ 566,396
VITA funds	35,562
Summer Melt Initiative	2,561
Kaboom	9,807
United Against Hunger	30,000
	<u>30,000</u>
	<u>\$ 644,326</u>

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

NOTE G – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in financial institutions located in Brownsville, Texas. Balances in accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Organization has entered into a repurchase agreement with IBC Bank whereby an established sweep deposit account is invested in certain direct obligations of the United States Government or one of its Agencies. The repurchase agreement is not covered by FDIC deposit insurance. However, IBC Bank by agreement has unconditionally promised to repurchase the repurchase obligation. The balance of the sweep deposit account totaled \$1,123,974 at June 30, 2020, and is included in cash and cash equivalents in the statement of net position.

NOTE H – NET ASSETS – WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following purposes at June 30, 2020:

Health program	\$ 245,109
Income program	204,145
Education program	193,944
Community program	<u>3,335</u>
 Total donor restricted net assets	 <u><u>\$ 646,533</u></u>

NOTE I – PROGRAM ALLOCATIONS

Program allocations consisted of the following for the year ending June 30, 2020:

Tip of Texas Family Outreach	\$ 38,000
Brownsville Adult Literacy Center	(18,333)
Los Fresnos Boys & Girls Club	36,000
Cameron County Children's Advocacy Center	30,000
Friendship of Women	40,000
Moody Clinic	40,000
Ozanam Center	40,000
Proyecto Juan Diego	45,500
Community Development Corporation of Brownsville	20,000
Communities in Schools Camron County	37,000
Guadalupe Regional Middle School	15,000
Laguna Madre Youth Center	20,000
Garriga Elementary	8,000
Good Neighbor Settlement House	29,000
Derry Elementaty	12,000
La Puerta	10,000
Valley Initiative for Development and Advancement	<u>25,000</u>
 Total program allocations	 <u><u>\$ 427,167</u></u>

UNITED WAY OF SOUTHERN CAMERON COUNTY
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

NOTE J – LEASES

The Organization entered into a non-cancelable lease for the use of office equipment for 36 months starting June 2018. Monthly lease payments are \$545 and will expire in June 2021.

Lease expense totaled \$6,540 for the year ended June 30, 2020 which is included in the statement of functional expenses in the administration account.

Future minimum lease payments are as follows:

<u>Year ended June 30,</u> 2021	<u>\$ 6,540</u>
Total minimum lease payments	<u><u>\$ 6,540</u></u>

NOTE K – LONG-TERM DEBT

The Organization received loan proceeds of \$112,300 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, provides for loans to qualifying businesses. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes (including payroll, benefits, rent and utilities) and maintains its payroll levels.

The Organization intends to use the loan proceeds for purposes consistent with the PPP and believes that the Organization's use of the loan proceeds will meet the conditions for forgiveness of the loan. Any unforgiven portion of the loan bears interest at a rate of 1%. Should any portion of the PPP loan be deemed unforgiven, the Organization has two years to retire the loan. Principal payments required should the entire amount not be forgiven would be \$49,911 and \$62,389 for the years ending June 30, 2021 and 2022, respectively.

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 4, 2020, the date these financial statements were available to be issued.

The spread of COVID-19, a strain of coronavirus and a world-wide pandemic, appears to be altering the behavior of businesses and people in a manner that is having negative effects on global and local economies. The Organization is closely monitoring the impact of COVID-19 on its operations. The financial statements do not include adjustments relating to this pandemic.

The United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide Covid-19 pandemic. The organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines.