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**TU NIDITO CHILDREN AND  
FAMILY SERVICES, INC.**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**



**TU NIDITO CHILDREN AND FAMILY SERVICES, INC.**

**TABLE OF CONTENTS**

|                                        | <i>Page</i> |
|----------------------------------------|-------------|
| Independent Auditor’s Report.....      | 1           |
| Financial Statements                   |             |
| Statements of Financial Position ..... | 3           |
| Statements of Activities.....          | 5           |
| Statement of Functional Expenses.....  | 7           |
| Statements of Cash Flows .....         | 9           |
| Notes to Financial Statements .....    | 10          |

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Tu Nidito Children and Family Services, Inc.  
Tucson, Arizona

We have audited the accompanying financial statements of Tu Nidito Children and Family Services, Inc. (the "Agency") (an Arizona nonprofit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 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 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.

*(continued)*

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tu Nidito Children and Family Services, Inc. as of December 31, 2019 and 2018, 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.

*Regier Cant & Monroe, L.L.P.*

July 15, 2020  
Tucson, Arizona

**TU NIDITO CHILDREN AND FAMILY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

December 31, 2019 and 2018

**ASSETS**

|                                                 | <u>2019</u>                    | <u>2018</u>                    |
|-------------------------------------------------|--------------------------------|--------------------------------|
| <b>CURRENT ASSETS</b>                           |                                |                                |
| Cash and cash equivalents                       | \$ 1,261,964                   | \$ 1,263,106                   |
| Short term investments, certificates of deposit | 659,071                        | 621,414                        |
| Accounts receivable                             | 128,369                        | 31,202                         |
| Prepaid expenses and other assets               | <u>25,365</u>                  | <u>16,302</u>                  |
| <br>Total current assets                        | <br><u>2,074,769</u>           | <br><u>1,932,024</u>           |
| <br><b>PROPERTY AND EQUIPMENT, NET</b>          | <br><u>754,135</u>             | <br><u>751,403</u>             |
| <br><b>INVESTMENTS</b>                          |                                |                                |
| Securities                                      | 602,061                        | 537,481                        |
| Beneficial interest in assets held by others    | <u>261,974</u>                 | <u>201,857</u>                 |
| <br>Total investments                           | <br><u>864,035</u>             | <br><u>739,338</u>             |
| <br>Total assets                                | <br><u><u>\$ 3,692,939</u></u> | <br><u><u>\$ 3,422,765</u></u> |

*The Notes to Financial Statements are an integral part of these statement.*

**TU NIDITO CHILDREN AND FAMILY SERVICES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

December 31, 2019 and 2018

**LIABILITIES AND NET ASSETS**

|                                             | 2019         | 2018         |
|---------------------------------------------|--------------|--------------|
| <b>CURRENT LIABILITIES</b>                  |              |              |
| Accounts payable                            | \$ 16,718    | \$ 15,553    |
| Deferred revenue                            | 500          | 49,615       |
| Accrued wages and vacation                  | 11,614       | 9,255        |
| Total current liabilities                   | 28,832       | 74,423       |
| Total liabilities                           | 28,832       | 74,423       |
| <b>NET ASSETS</b>                           |              |              |
| Without donor restrictions                  |              |              |
| Available for operations                    | 2,607,694    | 2,371,726    |
| Investment in property and equipment        | 754,135      | 751,403      |
| Total net assets without donor restrictions | 3,361,829    | 3,123,129    |
| With donor restrictions                     | 302,278      | 225,213      |
| Total net assets                            | 3,664,107    | 3,348,342    |
| Total liabilities and net assets            | \$ 3,692,939 | \$ 3,422,765 |

*The Notes to Financial Statements are an integral part of these statements.*

**TU NIDITO CHILDREN AND FAMILY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2019

|                                                              | Without donor<br>restrictions | With donor<br>restrictions | Total               |
|--------------------------------------------------------------|-------------------------------|----------------------------|---------------------|
| <b>SUPPORT AND REVENUE</b>                                   |                               |                            |                     |
| Revenues and other support                                   |                               |                            |                     |
| Special events including \$52,516<br>of in-kind revenues     | \$ 392,238                    | \$ -                       | \$ 392,238          |
| Less: costs of direct donor benefits                         | (73,575)                      | -                          | (73,575)            |
| Net special events revenue                                   | 318,663                       | -                          | 318,663             |
| Contributions                                                | 518,362                       | 32,353                     | 550,715             |
| Foundation and private grants                                | 185,920                       | 34,706                     | 220,626             |
| Donated materials and services                               | 3,547                         | -                          | 3,547               |
| Net realized and unrealized<br>gains/(losses) on investments | 81,993                        | 25,694                     | 107,687             |
| Interest and dividend income                                 | 41,797                        | 4,312                      | 46,109              |
| Net assets released from restrictions                        | 20,000                        | (20,000)                   | -                   |
| Total support and revenue                                    | 1,170,282                     | 77,065                     | 1,247,347           |
| <b>EXPENSES</b>                                              |                               |                            |                     |
| Program/activity expenses                                    |                               |                            |                     |
| Program services                                             | 825,136                       | -                          | 825,136             |
| General and administrative                                   | 24,515                        | -                          | 24,515              |
| Fundraising                                                  | 77,047                        | -                          | 77,047              |
| Total functional expenses                                    | 926,698                       | -                          | 926,698             |
| Other losses/(gains)                                         |                               |                            |                     |
| Loss on asset disposal                                       | 4,884                         | -                          | 4,884               |
| Total other losses/(gains)                                   | 4,884                         | -                          | 4,884               |
| Total expenses and losses, net                               | 931,582                       | -                          | 931,582             |
| Increase in net assets                                       | 238,700                       | 77,065                     | 315,765             |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                         | 3,123,129                     | 225,213                    | 3,348,342           |
| <b>NET ASSETS, END OF YEAR</b>                               | <u>\$ 3,361,829</u>           | <u>\$ 302,278</u>          | <u>\$ 3,664,107</u> |

*The Notes to Financial Statements are an integral part of these statements.*

**TU NIDITO CHILDREN AND FAMILY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2018

|                                                              | Without donor<br>restrictions | With donor<br>restrictions | Total               |
|--------------------------------------------------------------|-------------------------------|----------------------------|---------------------|
| <b>SUPPORT AND REVENUE</b>                                   |                               |                            |                     |
| Revenues and other support                                   |                               |                            |                     |
| Special events including \$66,298<br>of in-kind revenues     | \$ 462,097                    | \$ -                       | \$ 462,097          |
| Less: costs of direct donor benefits                         | (98,058)                      | -                          | (98,058)            |
| Net special events revenue                                   | 364,039                       | -                          | 364,039             |
| Contributions                                                | 591,195                       | 39,294                     | 630,489             |
| Debt forgiven                                                | 65,000                        | -                          | 65,000              |
| Foundation and private grants                                | 250,090                       | 20,000                     | 270,090             |
| Donated materials and services                               | 7,596                         | -                          | 7,596               |
| Net realized and unrealized<br>gains/(losses) on investments | (58,723)                      | (14,897)                   | (73,620)            |
| Interest and dividend income                                 | 49,551                        | 4,414                      | 53,965              |
| Net assets released from restrictions                        | 27,500                        | (27,500)                   | -                   |
| Total support and revenue                                    | <u>1,296,248</u>              | <u>21,311</u>              | <u>1,317,559</u>    |
| <b>EXPENSES</b>                                              |                               |                            |                     |
| Program/activity expenses                                    |                               |                            |                     |
| Program services                                             | 824,281                       | -                          | 824,281             |
| General and administrative                                   | 25,918                        | -                          | 25,918              |
| Fundraising                                                  | 94,102                        | -                          | 94,102              |
| Total functional expenses                                    | <u>944,301</u>                | <u>-</u>                   | <u>944,301</u>      |
| Other losses/(gains)                                         |                               |                            |                     |
| Loss on equity investment                                    | 9,847                         | -                          | 9,847               |
| Loss on asset disposal                                       | 1,562                         | -                          | 1,562               |
| Total other losses/(gains)                                   | <u>11,409</u>                 | <u>-</u>                   | <u>11,409</u>       |
| Total expenses and losses, net                               | <u>955,710</u>                | <u>-</u>                   | <u>955,710</u>      |
| Increase in net assets                                       | 340,538                       | 21,311                     | 361,849             |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                         | <u>2,782,591</u>              | <u>203,902</u>             | <u>2,986,493</u>    |
| <b>NET ASSETS, END OF YEAR</b>                               | <u>\$ 3,123,129</u>           | <u>\$ 225,213</u>          | <u>\$ 3,348,342</u> |

*The Notes to Financial Statements are an integral part of these statements.*



# TU NIDITO CHILDREN AND FAMILY SERVICES, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

|                               | Program Services |                |                 |                     |                         |           |                   |           | General and       |                | Total     |             |
|-------------------------------|------------------|----------------|-----------------|---------------------|-------------------------|-----------|-------------------|-----------|-------------------|----------------|-----------|-------------|
|                               | One on<br>One    | Family<br>Ties | Young<br>Adults | Community<br>Impact | Children to<br>Children | CPC       | Other<br>Services | Volunteer | Total<br>Programs | Administrative |           | Fundraising |
| Personnel                     |                  |                |                 |                     |                         |           |                   |           |                   |                |           |             |
| Salaries                      | \$ 112,811       | \$ 8,961       | \$ 6,597        | \$ 20,836           | \$ 72,294               | \$ 11,930 | \$ 230,404        | \$ 57,945 | \$ 521,778        | \$ 15,503      | \$ 12,480 | \$ 549,761  |
| Payroll taxes                 | 8,139            | 647            | 476             | 1,503               | 5,216                   | 861       | 16,622            | 4,181     | 37,645            | 1,119          | 900       | 39,664      |
| Employee benefits             | 14,680           | 1,166          | 858             | 2,711               | 9,407                   | 1,552     | 29,983            | 7,540     | 67,897            | 2,017          | 1,624     | 71,538      |
| Total personnel expense       | 135,630          | 10,774         | 7,931           | 25,050              | 86,917                  | 14,343    | 277,009           | 69,666    | 627,320           | 18,639         | 15,004    | 660,963     |
| Professional services         | 6,546            | 520            | 383             | 1,209               | 4,195                   | 692       | 13,371            | 3,363     | 30,279            | 900            | 724       | 31,903      |
| Client support services       | 1,528            | 121            | 89              | 282                 | 979                     | 162       | 3,119             | 785       | 7,065             | 210            | 169       | 7,444       |
| Communications                | 1,339            | 106            | 78              | 247                 | 858                     | 142       | 2,736             | 688       | 6,194             | 184            | 148       | 6,526       |
| Donated material and services | 728              | 58             | 43              | 134                 | 466                     | 77        | 1,486             | 374       | 3,366             | 100            | 81        | 3,547       |
| Insurance                     | 2,892            | 230            | 169             | 534                 | 1,853                   | 306       | 5,907             | 1,485     | 13,376            | 397            | 320       | 14,093      |
| Other expenses                | 12,721           | 1,011          | 744             | 2,350               | 8,152                   | 1,345     | 25,982            | 6,534     | 58,839            | 1,747          | 1,407     | 61,995      |
| Occupancy                     | 4,669            | 371            | 273             | 862                 | 2,992                   | 494       | 9,536             | 2,398     | 21,595            | 642            | 517       | 22,754      |
| Supplies                      | 1,281            | 102            | 75              | 237                 | 821                     | 135       | 2,616             | 658       | 5,925             | 176            | 142       | 6,243       |
| Postage and printing          | 1,735            | 138            | 101             | 321                 | 1,112                   | 184       | 3,545             | 891       | 8,027             | 238            | 192       | 8,457       |
| Repairs and maintenance       | 1,557            | 124            | 91              | 288                 | 998                     | 165       | 3,180             | 800       | 7,203             | 214            | 172       | 7,589       |
| Special events                | -                | -              | -               | -                   | -                       | -         | -                 | -         | -                 | -              | 57,311    | 57,311      |
| Total before depreciation     | 170,626          | 13,555         | 9,977           | 31,514              | 109,343                 | 18,045    | 348,487           | 87,642    | 789,189           | 23,447         | 76,187    | 888,823     |
| Depreciation                  | 7,772            | 617            | 455             | 1,435               | 4,981                   | 822       | 15,873            | 3,992     | 35,947            | 1,068          | 860       | 37,875      |
| Total                         | \$ 178,398       | \$ 14,172      | \$ 10,432       | \$ 32,949           | \$ 114,324              | \$ 18,867 | \$ 364,360        | \$ 91,634 | \$ 825,136        | \$ 24,515      | \$ 77,047 | \$ 926,698  |

*The Notes to Financial Statements are an integral part of these statements.*

**TU NIDITO CHILDREN AND FAMILY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2018

|                                      | Program Services  |                  |                 |                     |                         |                  |                  |                   |                  | Total<br>Programs | General and<br>Administrative | Fundraising      | Total<br>Expenses |
|--------------------------------------|-------------------|------------------|-----------------|---------------------|-------------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------------------|------------------|-------------------|
|                                      | One on<br>One     | Family<br>Ties   | Young<br>Adults | Community<br>Impact | Children to<br>Children | CPC              | Camp<br>Erin     | Other<br>Services | Volunteer        |                   |                               |                  |                   |
| Personnel                            |                   |                  |                 |                     |                         |                  |                  |                   |                  |                   |                               |                  |                   |
| Salaries                             | \$ 96,142         | \$ 7,666         | \$ 2,715        | \$ 24,275           | \$ 58,665               | \$ 12,244        | \$ 22,039        | \$ 223,479        | \$ 53,927        | \$ 501,152        | \$ 15,758                     | \$ 15,438        | \$ 532,348        |
| Payroll taxes                        | 7,156             | 571              | 202             | 1,807               | 4,366                   | 911              | 1,640            | 16,633            | 4,014            | 37,300            | 1,173                         | 1,149            | 39,622            |
| Employee benefits                    | 11,255            | 897              | 318             | 2,842               | 6,868                   | 1,433            | 2,580            | 26,161            | 6,313            | 58,667            | 1,845                         | 1,807            | 62,319            |
| <b>Total personnel<br/>expense</b>   | <b>114,553</b>    | <b>9,134</b>     | <b>3,235</b>    | <b>28,924</b>       | <b>69,899</b>           | <b>14,588</b>    | <b>26,259</b>    | <b>266,273</b>    | <b>64,254</b>    | <b>597,119</b>    | <b>18,776</b>                 | <b>18,394</b>    | <b>634,289</b>    |
| Professional services                | 6,677             | 532              | 189             | 1,686               | 4,074                   | 850              | 1,531            | 15,521            | 3,745            | 34,805            | 1,094                         | 1,072            | 36,971            |
| Client support services              | 8,605             | 686              | 243             | 2,173               | 5,251                   | 1,096            | 1,973            | 20,001            | 4,827            | 44,855            | 1,410                         | 1,382            | 47,647            |
| Communications                       | 1,176             | 94               | 33              | 297                 | 718                     | 150              | 270              | 2,731             | 660              | 6,129             | 193                           | 189              | 6,511             |
| Donated material<br>and service      | 1,372             | 109              | 39              | 346                 | 837                     | 175              | 314              | 3,190             | 769              | 7,151             | 225                           | 220              | 7,596             |
| Insurance                            | 2,513             | 200              | 71              | 635                 | 1,534                   | 320              | 576              | 5,842             | 1,410            | 13,101            | 412                           | 404              | 13,917            |
| Other expenses                       | 8,951             | 714              | 253             | 2,260               | 5,462                   | 1,140            | 2,052            | 20,808            | 5,021            | 46,661            | 1,467                         | 1,437            | 49,565            |
| Occupancy                            | 4,205             | 335              | 119             | 1,062               | 2,566                   | 536              | 964              | 9,776             | 2,359            | 21,922            | 689                           | 675              | 23,286            |
| Supplies                             | 1,229             | 98               | 35              | 310                 | 750                     | 157              | 282              | 2,858             | 690              | 6,409             | 201                           | 197              | 6,807             |
| Postage and printing                 | 1,420             | 113              | 40              | 359                 | 867                     | 181              | 326              | 3,300             | 797              | 7,403             | 233                           | 228              | 7,864             |
| Repairs and maintenance              | 1,166             | 93               | 33              | 294                 | 711                     | 148              | 267              | 2,710             | 654              | 6,076             | 191                           | 187              | 6,454             |
| Special events                       | -                 | -                | -               | -                   | -                       | -                | -                | -                 | -                | -                 | -                             | 68,711           | 68,711            |
| <b>Total before<br/>depreciation</b> | <b>151,867</b>    | <b>12,108</b>    | <b>4,290</b>    | <b>38,346</b>       | <b>92,669</b>           | <b>19,341</b>    | <b>34,814</b>    | <b>353,010</b>    | <b>85,186</b>    | <b>791,631</b>    | <b>24,891</b>                 | <b>93,096</b>    | <b>909,618</b>    |
| Depreciation                         | 6,264             | 499              | 177             | 1,582               | 3,822                   | 798              | 1,436            | 14,559            | 3,513            | 32,650            | 1,027                         | 1,006            | 34,683            |
| <b>Total</b>                         | <b>\$ 158,131</b> | <b>\$ 12,607</b> | <b>\$ 4,467</b> | <b>\$ 39,928</b>    | <b>\$ 96,491</b>        | <b>\$ 20,139</b> | <b>\$ 36,250</b> | <b>\$ 367,569</b> | <b>\$ 88,699</b> | <b>\$ 824,281</b> | <b>\$ 25,918</b>              | <b>\$ 94,102</b> | <b>\$ 944,301</b> |

*The Notes to Financial Statements are an integral part of these statements.*

**TU NIDITO CHILDREN AND FAMILY SERVICES, INC.**  
**STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2019 and 2018

|                                                                                                                | 2019         | 2018         |
|----------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                    |              |              |
| Increase/(decrease) in net assets                                                                              | \$ 315,765   | \$ 361,849   |
| Adjustments to reconcile increase/(decrease) in net assets to net cash provided/(used) by operating activities |              |              |
| Debt forgiven                                                                                                  | -            | (65,000)     |
| Depreciation                                                                                                   | 37,875       | 34,683       |
| Net realized and unrealized (gains)/losses on investments                                                      | (107,687)    | 73,620       |
| Equity investment loss                                                                                         | -            | 9,847        |
| Loss on asset disposal                                                                                         | 4,884        | 1,562        |
| Increase/(decrease) in assets                                                                                  |              |              |
| Accounts and grants receivable                                                                                 | (97,167)     | 11,087       |
| Prepaid expenses and other assets                                                                              | (9,063)      | 6,685        |
| Increase/(decrease) in liabilities                                                                             |              |              |
| Accounts payable                                                                                               | 1,165        | 8,228        |
| Accrued expenses and deferred revenue                                                                          | (46,756)     | (24,139)     |
| Less transfers of contributions for long term investment                                                       | (32,353)     | (39,969)     |
| Net cash provided by operating activities                                                                      | 66,663       | 378,453      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                    |              |              |
| Purchase of certificates of deposit                                                                            | (880,180)    | (300,000)    |
| Proceeds from redemption of certificates of deposit                                                            | 842,523      | 205,811      |
| Purchase of equipment                                                                                          | (45,491)     | (5,036)      |
| Purchase of investments                                                                                        | (112,621)    | (154,301)    |
| Proceeds from sale of investments                                                                              | 95,611       | 73,783       |
| Net cash used by investing activities                                                                          | (100,158)    | (179,743)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                    |              |              |
| Distributions from equity investment                                                                           | -            | 140,902      |
| Transfers of contributions restricted for long term investment                                                 | 32,353       | 39,969       |
| Net cash provided by financing activities                                                                      | 32,353       | 180,871      |
| Net increase/(decrease) in cash and cash equivalents                                                           | (1,142)      | 379,581      |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                                                            | 1,263,106    | 883,525      |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                                                                  | \$ 1,261,964 | \$ 1,263,106 |

*The Notes to Financial Statements are an integral part of these statements.*

# **TU NIDITO CHILDREN AND FAMILY SERVICES, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2019 and 2018

### **1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### *Nature of Operations*

Tu Nidito Children and Family Services, Inc. (the “Agency”) is a nonprofit social service agency located in Tucson, Arizona. The Agency’s primary funding comes from public contributions.

Included in the accompanying financial statements are programs and services that provide comfort, hope and support for children and families whose lives have been impacted by a serious medical condition or death. Through its array of support groups and individual services the Agency provides emotional, social, and educational tools to children and families and empowers them with strength and skills for the future. The Agency and its highly skilled staff and trained volunteers serve Southern Arizona’s most vulnerable children and their families. In 2019, 366 families were directly supported, encompassing 633 children, 42 young adults, and 484 adults, and an additional 1,032 adults and 120 children participated in grief education or intervention within one or more of the Agency’s non-competitive programs and services as follows:

#### *Children to Children Grief Support Groups*

Ongoing support groups for children, teenagers and families who are grieving the death of a loved one. The Agency provides a safe place where grieving children can share their loss experience in a caring, supportive environment. Families meet twice a month to take part in age-appropriate support and activities for children ages 3½ through 18 years of age. Groups and concurrent adult groups are facilitated by trained volunteers and coordinated by a staff member.

#### *Grief Support Group for Young Adults*

An ongoing grief support program specifically designed for young adults ages 18 through 29. The group meets twice a month on the University of Arizona campus and is facilitated by trained volunteers and coordinated by staff. The group provides young adults with a safe and supportive place where they can grieve the death of a loved one and meet others experiencing similar circumstances and issues.

#### *One-on-One Support for Children with Serious Medical Conditions (Pathways)*

Provision of intensive home, hospital and community-based support for children diagnosed with a serious medical condition. Services are designed to assist each family member through the difficulty and stress of diagnosis, change in prognosis and course of treatment. Professional support specialists, and highly trained volunteers provide individualized support to the seriously ill child, their siblings and their caregivers.

*(continued)*

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Group Support for Children with Serious Medical Conditions (Family Ties)*

Ongoing support groups for families who have a child with a serious medical condition. The Agency provides a safe environment for children and families to come together and share their challenges, hopes, laughter and tears as they deal with diagnosis, changes in prognosis and course of treatment. Each evening consists of age specific children's groups for the seriously ill child and their siblings and concurrent adult groups. Groups meet monthly and are facilitated by trained volunteers and coordinated by a staff member.

### *Support for Families Experiencing the Death of Their Child (Angels By Your Side)*

The Agency continues to stay with families in the event their child's serious medical condition progresses. The Agency's staff support specialists assist families in navigating the devastation of a failing prognosis, and when appropriate, offer age-specific support for the diagnosed child to work through the dying process. The Agency professionals remain present with the family into the most difficult time imaginable, including the death of their child, and continue to provide individualized one on one bereavement services to all interested family members for a minimum of 18 months. Expenses for this program are reported with other services in the accompanying statement of functional expenses.

### *Support Group for Children who Have a Parent with Cancer or Other Serious Medical Condition (CPC)*

The Agency offers ongoing support groups for children and teenagers who have a parent diagnosed with cancer or other serious medical conditions. The Agency provides a safe place where children, teens and parents can share their experiences in a caring, supportive environment. Families meet twice a month to take part in age appropriate support and activities for children ages 3½ through 18 years of age. Concurrent support groups are offered for both the diagnosed parent and other parent or adult caregiver.

### *Community Impact/Education/Intervention*

Recognizing that children and families coming to the Agency may not get the same type of grief support from their communities, the Agency trains teachers, counselors, and community agencies and individuals on children and grief and provides tools for ongoing support and understanding. The Agency support specialists are also available to support our community's children in response to crisis situations including the death of a student or faculty member through an in-depth intervention program.

### *PB & J with Love*

The Agency provides monthly meal/food support to single parents who are diagnosed with a serious medical condition such as cancer. Battling a serious medical condition is physically and emotionally exhausting. For single parents, their challenges are compounded. Families enrolled in the PB & J with Love program receive eight family meals a month to ease some of their burden and to ensure that these parents going through chemotherapy and other treatments have nutritious meals for themselves and their children. This program was discontinued in 2019.

*(continued)*

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Volunteer Program*

Volunteers are the heart of the Agency. The Agency has more than 171 dedicated people who volunteer their time in different ways:

- Support group volunteers facilitate peer support groups for children, teens and adults whose lives have been impacted by serious illness or death. This group works with an assigned age group: “littles” ages 3½ through 7, “middles” ages 8 through 12, and “teens” ages 13 through 18 or adults to provide comfort and support through structured “talking circles” questions and activities.
- One-on-one volunteers assist the Agency’s staff support specialists who are working with a family who has a child with a serious medical condition. A volunteer’s role can include various facets from respite and companionship to shopping and home assistance.
- Special event volunteers assist with fundraising and community events. Individual requirements are dependent upon the assignment.
- Office volunteers assist in answering phones, managing the library, providing computer support, running errands, preparing materials and other duties associated with running an office. Individual requirements are dependent upon the assignment.
- The Agency is governed by a volunteer Board of Directors, entrusted with the authority to establish major policies and accountability for the Agency’s actions, including fiscal responsibility. Membership on the Agency’s Board is an opportunity to contribute skills, experiences, knowledge and wisdom to an organization carrying out a vital service to children and their families as they deal with serious medical conditions and death. Each Board member is elected to a three-year term and is accountable for established duties and responsibilities. Each Board member may serve additional terms as stated in the by-laws.

### *General and Administrative*

General and administrative expense includes the functions of general administration necessary to maintain and operate personnel, accounting and legal services and board administration.

### *Fundraising*

Fundraising includes time, effort and supplies used to promote, encourage and secure financial support from donors, who include individuals, foundations and corporations. The Agency’s primary source of funding is from corporate and individual donations, gifts and grants.

*(continued)*

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Basis of Accounting*

The financial statements of the Agency have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

### *Basis of Presentation*

The financial statements of the Agency have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

**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 Agency. These net assets may be used at the discretion of the Agency's management and the board of directors.

**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 Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

### *Investments*

Investments in marketable equity securities with readily determinable values and all investments in debt securities are stated at fair market value.

### *Short-Term Investments*

The Agency classifies certificates of deposit that have maturities of greater than three months but less than one year as short-term investments. Short term certificates of deposit are carried at cost.

### *Investment Policy*

The Agency invests in various instruments including insured certificates of deposits, savings accounts, other interest-bearing accounts, money market accounts, and certain debt and equity securities based on specific criteria prescribed in the Agency's Investment Policy. Deviation from the Investment Policy requires approval by the Board of Directors.

*(continued)*

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Accounts and Grant Receivables*

Accounts are stated at cost less an allowance for doubtful accounts. Management has reviewed the balances in accounts and grants receivable, and based on historical experience, management has determined that all accounts and grants receivable are collectible. Therefore, an allowance for doubtful accounts was not necessary at December 31, 2019 or 2018.

### *Promises to Give*

Unconditional promises to give are recognized as revenues or gains in the period received and as assets or as decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

### *Property and Equipment*

Purchased property and equipment are carried at cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The Agency capitalizes property and equipment with a cost in excess of \$500 and a useful life greater than one year.

Depreciation expense for the year ended December 31, 2019 was \$37,875, and \$34,683, for the year ended December 31, 2018.

### *Cash and Cash Equivalents*

The Agency considers all cash and highly liquid investments with an original maturity of three months or less to be cash equivalents.

### *Advertising and Marketing*

Advertising and marketing costs are expensed as incurred. There was \$1,550 of expense incurred for the year ended December 31, 2019, and no expense incurred for the year ended December 31, 2018.

### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Significant estimates included in these financial statements are the fair value of investments and management's estimate of the useful lives of assets.

*(continued)*



## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Donated Goods, Services and Facilities*

Donated goods and services are valued at their fair market value. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Although the Agency utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

### *Functional Allocation of Expenses*

The costs of providing the Agency's programs have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated based on time and effort.

### *Reclassifications*

Certain prior year amounts have been reclassified to conform to the current year presentation.

### *Income Tax Status and Uncertain Tax Positions*

The Agency is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and has been determined to not be a private foundation under Sections 509(a)(1) and (3), respectively. The Agency is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Agency is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Agency has determined it is not subject to unrelated business income tax. The returns are subject to examination for three years (four years for Arizona).

The Agency believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Agency would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

*(continued)*

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Recent Accounting Pronouncements*

- Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) No. 2016-02, Leases (Topic 842), that will supersede the current lease requirements in Accounting Standards Codification (“ASC”) 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital lease obligations recognized on the statement of financial position. Lessor accounting under the new standard will remain similar to lessor accounting under current GAAP. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Agency’s year ending December 31, 2022, and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined.

### *Change in Accounting Principles*

The Agency has adopted FASB Accounting Standards Update (“ASU 2014-09”) – Revenues from Contracts with Customers (Topic 606), and other ASUs issued since ASU 2014-09 which amend and clarify ASU 2014-09. This guidance is intended to improve the recognition of revenue and develop a standard that will apply to all of revenue resulting from contracts with customers. The Agency adopted ASU 2014-09 for the fiscal year beginning January 1, 2019 on a modified retrospective transition approach, which is allowed in the ASU 2014-09. The Agency applied ASU 2014-09 to contracts with customers that are not substantially complete, or less than 90% complete as of January 1, 2019.

The core principle of Topic 606, is that revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects consideration for which entitlement is expected in exchange for those goods or services. There was no impact on these financial statements based on implementing this update and other related updates outside of expanded disclosures related to revenue recognition.

Additionally, in January 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-01, Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, which modifies the disclosure requirements of financial assets and liabilities and changes how the Agency recognizes, measures, presents and discloses information about certain financial instruments. ASU 2016-01 is effective for fiscal years ending December 31, 2019.

In accordance with the ASU, the Agency reviewed the presentation of the financial statements for potential adjustments for this period. The implementation of this ASU did not result in any significant changes to the financial statements.

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## 2. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018, consists of the following:

|                               | <u>2019</u>       | <u>2018</u>       |
|-------------------------------|-------------------|-------------------|
| Building and improvements     | \$ 846,484        | \$ 833,248        |
| Land and improvements         | 155,740           | 155,740           |
| Equipment                     | 81,768            | 74,914            |
| Furniture and fixtures        | <u>32,136</u>     | <u>36,280</u>     |
| Total                         | 1,116,128         | 1,100,182         |
| Less accumulated depreciation | <u>361,993</u>    | <u>348,779</u>    |
| Total, net                    | <u>\$ 754,135</u> | <u>\$ 751,403</u> |

## 3. INVESTMENTS

Investments consist of mutual funds, corporate bonds, other securities, and a beneficial interest in assets held by another and are presented in the financial statements at fair value. Fair values and unrealized appreciation (depreciation) at December 31, 2019 and 2018, are as follows:

|                                     | <u>Cost</u>       | <u>Fair Value</u> | <u>Unrealized<br/>Appreciation<br/>(Depreciation)</u> |
|-------------------------------------|-------------------|-------------------|-------------------------------------------------------|
| December 31, 2019                   |                   |                   |                                                       |
| Mutual funds                        | \$ 221,165        | \$ 230,151        | \$ 8,986                                              |
| Equities                            | 164,558           | 226,941           | 62,383                                                |
| Corporate and government bonds      | <u>141,758</u>    | <u>144,969</u>    | <u>3,211</u>                                          |
| Subtotal                            | 527,481           | 602,061           | 74,580                                                |
| Beneficial interest held by another | <u>232,225</u>    | <u>261,974</u>    | <u>29,749</u>                                         |
| Total                               | <u>\$ 759,706</u> | <u>\$ 864,035</u> | <u>\$ 104,329</u>                                     |

(continued)

### 3. INVESTMENTS (continued)

|                                     | <u>Cost</u>       | <u>Fair Value</u> | <u>Unrealized<br/>Appreciation<br/>(Depreciation)</u> |
|-------------------------------------|-------------------|-------------------|-------------------------------------------------------|
| December 31, 2018                   |                   |                   |                                                       |
| Mutual funds                        | \$ 216,194        | \$ 208,712        | \$ (7,482)                                            |
| Equities                            | 169,509           | 186,820           | 17,311                                                |
| Corporate and government bonds      | <u>142,715</u>    | <u>141,949</u>    | <u>(766)</u>                                          |
| Subtotal                            | 528,418           | 537,481           | 9,063                                                 |
| Beneficial interest held by another | <u>199,872</u>    | <u>201,857</u>    | <u>1,985</u>                                          |
| Total                               | <u>\$ 728,290</u> | <u>\$ 739,338</u> | <u>\$ 11,048</u>                                      |

#### *Endowment Investments Held and Managed by the Jewish Community Foundation*

In 2016, the Agency entered into an agreement with the Jewish Community Foundation of Southern Arizona (the “JCF”), to establish an organization endowment fund (the “Fund”) in support of the Agency’s charitable operations. JCF, an Arizona nonprofit organization, holds and administers the Fund, including subsequent contributions and future earnings, for the benefit of the Agency. Principal and earnings of the Fund are restricted solely for the Agency’s charitable purposes. The organization endowment fund agreement provides that JCF shall have the power to modify any restrictions or condition on the distribution of assets for any specified charitable purpose or to specified organizations, if, in their sole judgment, such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or to the area served by JCF.

Fund distributions to charitable beneficiaries, including the Agency, shall be made from the net distributable income, consistent with the current spending policies, and at the reasonable discretion, of JCF. Distribution requests are initiated by the Agency’s Board of Directors, upon review of annual endowment activity. Through the organization endowment agreement, JCF is granted the power to carry out the purpose of the Fund, and to manage the investments contained therein.

The Agency has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) through their endowment policy as requiring the contributions received from donors for the endowment fund to be held and invested in perpetuity. The principal or corpus is preserved, and distributions may be made from the earnings thereon. Permanent endowment funds are classified as net assets with donor restrictions on the Agency’s financial statements, while earnings on the corpus are classified as net assets with donor restrictions until such time as they are distributed for their intended charitable purpose.

(continued)

### 3. INVESTMENTS (continued)

Activity as of December 31 in the Fund as administered by JCF:

|                                                | <u>2019</u>       | <u>2018</u>       |
|------------------------------------------------|-------------------|-------------------|
| Investment, at fair value, beginning of period | \$ 201,857        | \$ 174,199        |
| Contributions to endowment                     | 32,353            | 39,969            |
| Dividends and interest                         | 4,322             | 4,414             |
| Realized gain (loss)                           | 5,978             | 8,585             |
| Unrealized gain (loss)                         | 19,696            | (23,481)          |
| Investment expense                             | <u>(2,232)</u>    | <u>(1,829)</u>    |
| Investment, at fair value, end of period       | <u>\$ 261,974</u> | <u>\$ 201,857</u> |

The following summarizes the return on investments and classifications in the financial statements for the years ending December 31, 2019 and 2018:

|                                          |                   |                    |
|------------------------------------------|-------------------|--------------------|
| Unrealized gains/(losses) on investments | \$ 93,316         | \$ (86,473)        |
| Realized gain on sale of investments     | <u>14,371</u>     | <u>12,853</u>      |
| Net realized/unrealized gains/(losses)   | 107,687           | (73,620)           |
| Interest and dividends                   | 46,109            | 53,965             |
| Loss from LLC - Note 4                   | <u>-</u>          | <u>(9,847)</u>     |
| Net investment gains/(losses)            | <u>\$ 153,796</u> | <u>\$ (29,502)</u> |

The rate of return on the investments was approximately 14.04% for 2019 and (3.13)% for 2018.

### 4. INVESTMENT IN OLAFSON GIFT, LLC (THE "LLC")

During 2011, the Agency received, through a distribution of a charitable remainder trust, a 50% ownership in three residential properties with an estimated fair value of \$412,000. In June 2011, the Agency transferred its interest in the properties plus \$10,000 to the Olafson Gift, LLC (the "LLC"), in return for 50% ownership in the LLC. Olafson Gift, LLC, was formed for the sole purpose of temporarily renting the properties with a goal of eventually selling the three properties.

The investment in Olafson Gift, LLC is accounted for using the equity method of accounting. Accordingly, investments are recorded at acquisition costs plus the Agency's equity in the undistributed earnings or losses of the LLC, adjusted for impairment loss, if any.

The carrying value of the Agency's investment for the year ended December 31, 2018 approximates the Agency's underlying equity in net assets of Olafson Gift, LLC. During the year ended December 31, 2017, the Agency sold one of the residential properties and during 2018, the Agency sold the remaining properties and liquidated the LLC. Olafson Gift, LLC's net income (loss) for the year ended December 31, 2018 was \$(9,847).

*(continued)*

## 5. FAIR VALUE MEASUREMENTS

U.S. Generally Accepted Accounting Principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consists of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Agency measures fair values using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 1 Fair Value Measurements are based on quoted prices (unadjusted) in active markets for identical assets that the reporting entity has the ability to access at the measurement date. An active market for the assets is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Fair Value Measurements are based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. If the asset has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset.

Level 3 Fair Value Measurements are based on unobservable inputs for the asset. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the assets at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant that holds the asset. Therefore, unobservable inputs shall reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the (including assumption about risk). Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

Fair value measurements were reported based on the following:

|                     | <u>Fair Value</u> | <u>Fair Value Measurements<br/>at Reporting Date Using</u>                    |                                                            |                                                              |
|---------------------|-------------------|-------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|
|                     |                   | <u>Quoted Prices in<br/>Active Markets<br/>Identical Assets<br/>(Level 1)</u> | <u>Significant<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |
| December 31, 2019   |                   |                                                                               |                                                            |                                                              |
| Mutual funds        | \$ 230,151        | \$ 230,151                                                                    | \$ -                                                       | \$ -                                                         |
| Equities            | 226,941           | 226,941                                                                       | -                                                          | -                                                            |
| Bonds               | <u>144,969</u>    | <u>144,969</u>                                                                | <u>-</u>                                                   | <u>-</u>                                                     |
| Subtotal            | 602,061           | 602,061                                                                       | -                                                          | -                                                            |
| Beneficial interest | <u>261,974</u>    | <u>-</u>                                                                      | <u>261,974</u>                                             | <u>-</u>                                                     |
| Total               | <u>\$ 864,035</u> | <u>\$ 602,061</u>                                                             | <u>\$ 261,974</u>                                          | <u>\$ -</u>                                                  |

(continued)

## 5. FAIR VALUE MEASUREMENTS (continued)

|                     | <u>Fair Value</u> | Fair Value Measurements<br>at Reporting Date Using                            |                                                            |                                                              |
|---------------------|-------------------|-------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|
|                     |                   | <u>Quoted Prices in<br/>Active Markets<br/>Identical Assets<br/>(Level 1)</u> | <u>Significant<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |
| December 31, 2018   |                   |                                                                               |                                                            |                                                              |
| Mutual funds        | \$ 208,712        | \$ 208,712                                                                    | \$ -                                                       | \$ -                                                         |
| Equities            | 186,820           | 186,820                                                                       | -                                                          | -                                                            |
| Bonds               | <u>141,949</u>    | <u>141,949</u>                                                                | -                                                          | -                                                            |
| Subtotal            | 537,481           | 537,481                                                                       | -                                                          | -                                                            |
| Beneficial interest | <u>201,857</u>    | -                                                                             | <u>201,857</u>                                             | -                                                            |
| Total               | <u>\$ 739,338</u> | <u>\$ 537,481</u>                                                             | <u>\$ 201,857</u>                                          | <u>\$ -</u>                                                  |

## 6. ANGEL CHARITY NOTE PAYABLE

On July 21, 2006, the Agency entered into an agreement with the Angel Charity for Children, Inc. (the "Charity") whereby the Charity would provide funding related to the construction of a new program facility. During 2007, the Charity provided \$650,000 to the Agency in the form of a non-interest bearing promissory note which was executed in January 2008. The note was to be forgiven evenly over a period of 10 years, beginning January 2009, provided that the Agency continues to use the facility to operate its children and youth programs. The note is collateralized by a first deed of trust, security agreement and assignments of leases and rents on the property. The note payable was fully amortized at the end of 2018. Accordingly, the Agency has recognized no debt forgiveness income as of the year ended December 31, 2019, and \$65,000 as debt forgiveness income for December 31, 2018.

## 7. OPERATING LEASES

The Agency leases office equipment under operating leases with varying expiration dates through November 2022. The minimum lease payments required under the above operating leases as of December 31, 2019, are as follows:

| <u>Year ending December 31,</u> |                 |
|---------------------------------|-----------------|
| 2020                            | \$ 2,846        |
| 2021                            | 2,338           |
| 2022                            | <u>748</u>      |
| Total                           | <u>\$ 5,932</u> |

Total rent expense (including taxes) for operating leases was \$3,030 for 2019, and \$3,265 for 2018.

(continued)

## 8. CONCENTRATIONS OF CREDIT RISK

### *Cash in Banks*

The Federal Deposit Insurance Corporation (FDIC) insures cash accounts held at banks up to \$250,000 per institution. Investments held at other institutions are covered up to \$500,000 under insurance provided by the Securities Investor Protection Corporation (SIPC); however, SIPC does not protect against losses in market value. The Agency's investments are on deposit at a brokerage that provides additional insurance above SIPC limits. At December 31, 2019 the Agency had approximately \$305,000 of cash and investments in excess of FDIC and SIPC limits.

### *Revenues*

During 2019, the Agency received approximately 35% of its gross revenues from fundraising and special events (34% for the year ended December 31, 2018). The two largest fundraising events accounted for 29% of the Agency's total gross revenues for the year ended December 31, 2019 (26% for the year ended December 31, 2018).

## 9. EMPLOYEE BENEFIT PLAN

During 2018, the Agency adopted a SIMPLE IRA plan. Employees are generally eligible to participate in the plan if they received at least \$5,000 in compensation during the plan year. Each year the Agency may elect to make a matching contribution up to 3% or non-elective contributions of 2% of employee compensation. During the years ended December 31, 2019 and 2018, the Agency contributed \$11,234 and \$9,603, respectively, to the plan.

## 10. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2019 and 2018:

|                           | <u>2019</u>        | <u>2018</u>       |
|---------------------------|--------------------|-------------------|
| Specific Purpose          |                    |                   |
| Child and family services | \$ 69,653          | \$ 4,941          |
| Capital improvements      | <u>          -</u> | <u>20,000</u>     |
|                           | 69,653             | 24,941            |
| In perpetuity endowment   | <u>232,625</u>     | <u>200,272</u>    |
| Total                     | <u>\$ 302,278</u>  | <u>\$ 225,213</u> |

*(continued)*



## 11. AVAILABILITY AND LIQUIDITY

The following represents the Agency's financial assets at December 31, 2019 and 2018:

|                                                                                        | <u>2019</u>         | <u>2018</u>         |
|----------------------------------------------------------------------------------------|---------------------|---------------------|
| Financial assets at year-end:                                                          |                     |                     |
| Cash and cash equivalents                                                              | \$ 1,261,964        | \$ 1,263,106        |
| Certificates of deposit                                                                | 659,071             | 621,414             |
| Accounts receivable                                                                    | <u>128,369</u>      | <u>31,202</u>       |
| Total financial assets                                                                 | <u>2,049,404</u>    | <u>1,915,722</u>    |
| Less amounts not available to be used within one year:                                 |                     |                     |
| Net assets with donor restrictions                                                     | 69,653              | 24,941              |
| Less net assets with purpose restrictions to be met<br>in less than one year           | (69,653)            | (24,941)            |
| Perpetual endowment                                                                    | <u>232,625</u>      | <u>200,272</u>      |
|                                                                                        | <u>232,625</u>      | <u>200,272</u>      |
| Financial assets available to meet general expenditures<br>over the next twelve months | <u>\$ 1,816,779</u> | <u>\$ 1,715,450</u> |

The Agency's operating reserve policy is generally to maintain financial assets to meet 9 to 12 months of operating expenses (approximately \$694,000 to \$926,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

## 12. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There have been mandates from federal, state, and local authorities requiring forced cancellation of events and activities where groups of people gather. As a result, the Agency was forced to cancel several fundraising events including their largest event of the year. These cancellations will negatively impact the Agency's revenue as the Agency relies on their fundraising activities for a significant portion of its revenue. Additionally, the outbreak could have a continued material adverse impact on economic and market conditions, and trigger a period of global economic downturn, which is expected to both depress the Agency's investment asset values, as well as make fundraising more challenging due to an economic downturn.

While the closures and limitations on movement are expected to be temporary, the duration of the disruption and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of the coronavirus continue to spread, the impact could have a material adverse effect on the Agency's financial position, results of operations and cash flow.

*(continued)*

## **12. SUBSEQUENT EVENTS (continued)**

In April of 2020, the Agency received a Paycheck Protection Program loan from the U.S. Small Business Administration. The loan may be forgivable in whole or in part. The loan proceeds received were \$114,042. For any portion that is not forgiven, the Agency will have to repay it over a three year period beginning in December 2020. The loan is unsecured and bears interest at 1%.

Management has evaluated subsequent events through July 15, 2020, the date the financial statements were available to be issued.