OUR LITTLE HAVEN

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

Caring for Children. Mind. Body. Soul.

our little haven®

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Contents

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Independent Auditors' Report

Executive Board of Directors
Our Little Haven
St. Louis, Missouri

Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Our Little Haven, a not-for-profit organization, and Our Little Haven Service Agency, LLC, which comprise the consolidated statement of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility For The Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Our Little Haven and Our Little Haven Service Agency, LLC as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note 2 to the consolidated financial statements, in 2020, Our Little Haven and Our Little Haven Service Agency, LLC adopted Accounting Standards Update 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

RubinBrown LLP

October 7, 2020

OUR LITTLE HAVEN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	June 30, 2020	June 30, 2019
Cash and cash equivalents (Note 3)	$ 2,083,037	$ 1,933,018
Investments (Note 9)	1,433,978	1,314,832
Assets held on behalf of others (Notes 3 and 4)	2,279,194	1,740,827
Accounts receivable (Note 5)	65,379	66,052
Promises to give	3,561	105,779
Prepaid expenses	65,612	56,409
Advances on life insurance contracts (Note 7)	352,426	352,426
Property and equipment (Note 8)	367,541	411,500
Assets restricted and appropriated for endowment (Notes 3 and 9)	9,694,881	7,202,121
Total Assets	$ 16,345,609	$ 13,182,964

Liabilities And Net Assets

	June 30, 2020	June 30, 2019
Liabilities		
Accounts payable and accrued expenses	$ 71,559	$ 103,698
Agency funds held on behalf of others (Note 4)	2,279,194	1,740,827
Deferred revenue	—	2,250
Paycheck Protection Program Loan (Note 10)	400,000	—
Total Liabilities	2,750,753	1,846,775
Net Assets		
Without donor restrictions		
Undesignated	3,532,434	3,722,568
Invested in property and equipment	367,541	411,500
Board-appropriated endowment (Note 11)	7,194,881	7,202,121
Total without donor restrictions	11,094,856	11,336,189
With donor restrictions (Note 11)	2,500,000	—
Total Net Assets	13,594,856	11,336,189
Total Liabilities And Net Assets	$ 16,345,609	$ 13,182,964

OUR LITTLE HAVEN

CONSOLIDATED STATEMENT OF ACTIVITIES

	For The Years Ended June 30, 2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total	2019 Without Donor Restrictions Total
Public Support And Revenue				
Public Support				
Contributions:				
Churches/schools	$ 7,935	$ —	$ 7,935	$ 2,445
Civic groups	2,603	—	2,603	5,909
Corporations	142,644	—	142,644	134,746
Memorials and tributes	31,960	—	31,960	119,272
Foundations	155,296	2,500,000	2,655,296	124,979
Individuals	569,875	—	569,875	486,303
Total Contributions	910,313	2,500,000	3,410,313	873,654
Community grants (Note 5)	282,940	—	282,940	270,000
Fundraising (net of direct expenses of $80,276 in 2020 and $140,834 in 2019)	197,736	—	197,736	454,673
Total Public Support	1,390,989	2,500,000	3,890,989	1,598,327
Revenue				
Program service revenues (Note 5)	1,316,784	—	1,316,784	1,239,825
Interest and dividends	210,907	—	210,907	261,904
Total Revenue	1,527,691	—	1,527,691	1,501,729
Total Public Support And Revenue	2,918,680	2,500,000	5,418,680	3,100,056
Expenses				
Program services	2,337,246	—	2,337,246	2,262,918
Management and general	238,869	—	238,869	246,013
Fundraising	383,827	—	383,827	388,080
Total Expenses	2,959,942	—	2,959,942	2,897,011
Increase (Decrease) In Net Assets Before Realized And Unrealized Gains (Losses) On Investments	(41,262)	2,500,000	2,458,738	203,045
Realized And Unrealized Gains (Losses) On Investments	(200,071)	—	(200,071)	60,585
Increase (Decrease) In Net Assets	(241,333)	2,500,000	2,258,667	263,630
Net Assets - Beginning Of Year	11,336,189	—	11,336,189	11,072,559
Net Assets - End Of Year	$ 11,094,856	$ 2,500,000	$ 13,594,856	$ 11,336,189

OUR LITTLE HAVEN

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

	For The Years Ended June 30, 2020				2019			
	Program Services	Management And General	Fundraising	Total	Program Services	Management And General	Fundraising	Total
Salaries	$ 1,405,431	$ 104,337	$ 217,605	$ 1,727,373	$ 1,393,177	$ 107,287	$ 224,772	$ 1,725,236
Payroll taxes	105,703	8,564	16,525	130,792	103,527	9,873	17,424	130,824
Health insurance	170,195	7,302	30,561	208,058	143,983	25,469	33,109	202,561
403(b) contribution (Note 12)	49,544	4,337	8,391	62,272	46,468	3,893	8,224	58,585
Total Payroll Expenses	1,730,873	124,540	273,082	2,128,495	1,687,155	146,522	283,529	2,117,206
Advertising/newsletter	—	—	22,270	22,270	598	—	23,146	23,744
Case management expenses	294,694	—	—	294,694	265,920	—	—	265,920
Conferences and meetings	689	981	75	1,745	99	1,057	673	1,829
Data processing	25,751	6,581	1,887	34,219	25,505	2,982	819	29,306
Dues and subscriptions	5,406	103	7,640	13,149	2,488	752	8,900	12,140
Indirect fundraising event costs	—	—	20,649	20,649	—	—	22,353	22,353
Insurance	71,246	20,638	22,561	114,445	67,868	20,566	20,934	109,368
Maintenance of buildings and equipment	8,755	5,694	59	14,508	11,225	1,789	824	13,838
Miscellaneous expense	5	—	—	5	92	—	—	92
Office expense	12,409	2,648	1,925	16,982	10,641	2,196	1,761	14,598
Outpatient services expense	38,611	—	—	38,611	28,729	—	—	28,729
Payroll processing	285	2,782	39	3,106	—	3,148	—	3,148
Postage	3,290	529	519	4,338	3,494	608	702	4,804
Preschool expenses	5,227	—	—	5,227	9,762	—	—	9,762
Printing	2,071	412	5,093	7,576	6,310	754	2,081	9,145
Professional fees	21,226	56,942	6,212	84,380	975	45,299	946	47,220
Program supplies	18,074	6,087	925	25,086	22,036	8,216	600	30,852
Telephone	11,848	864	760	13,472	11,534	898	—	12,432
Training	16,611	—	2,220	18,831	12,495	—	2,516	15,011
Travel and entertainment	—	—	—	—	—	—	71	71
Utilities	20,040	2,280	2,280	24,600	23,303	1,335	458	25,096
Volunteer recruitment and awards	6,791	617	775	8,183	8,553	1,292	3,743	13,588
Total Other Expenses	563,029	107,158	95,889	766,076	511,627	90,892	90,527	693,046
Total Expenses Before Depreciation And Amortization	2,293,902	231,698	368,971	2,894,571	2,198,782	237,414	374,056	2,810,252
Depreciation And Amortization	43,344	7,171	14,856	65,371	64,136	8,599	14,024	86,759
	$ 2,337,246	$ 238,869	$ 383,827	$ 2,959,942	$ 2,262,918	$ 246,013	$ 388,080	$ 2,897,011

OUR LITTLE HAVEN

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended June 30, 2020	2019
Cash Flows From Operating Activities		
Increase in net assets	$ 2,258,667	$ 263,630
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Contributions restricted for term endowment	(2,500,000)	—
Depreciation and amortization	65,371	86,759
Realized (gains) losses on investments	(1,247,363)	17,262
Unrealized (gains) losses on investments	1,447,434	(77,847)
Changes in assets and liabilities:		
Accounts receivable	673	20,154
Promises to give	102,218	(105,779)
Prepaid expenses	(9,203)	1,322
Accounts payable and accrued expenses	(32,139)	28,133
Deferred revenue	(2,250)	350
Net Cash Provided By Operating Activities	83,408	233,984
Cash Flows From Investing Activities		
Payments for the purchase of property and equipment	(21,412)	(22,006)
Proceeds from sales and maturities of investments	2,159,850	2,094,701
Purchases of investments	(2,979,306)	(2,426,334)
Net Cash Used In Investing Activities	(840,868)	(353,639)
Cash Flows From Financing Activities		
Amounts received for term endowment	2,500,000	—
Proceeds from Paycheck Protection Program loan	400,000	—
Net Cash Provided By Financing Activities	2,900,000	—
Net Increase (Decrease) In Cash And Cash Equivalents	2,142,540	(119,655)
Cash And Cash Equivalents - Beginning Of Year	2,440,497	2,560,152
Cash And Cash Equivalents - End Of Year	$ 4,583,037	$ 2,440,497
Cash And Cash Equivalents Consist Of:		
Undesignated cash	$ 2,083,037	$ 1,933,018
Donor restricted term endowment cash	2,500,000	—
Board appropriated cash	—	507,479
	$ 4,583,037	$ 2,440,497

1. Operations

Our Little Haven, a not-for-profit organization, was founded to provide early intervention services to young children who need healing care early in their lives. Since 1993, Our Little Haven has grown from a single program serving 30 children annually to three programs serving more than 500 children and families each year. As specialists in care for young children, Our Little Haven helps them recover from the early trauma of abuse and neglect as well as behavioral and emotional challenges so they can live, learn and grow in their home, family, school and community. Early intervention builds foundations for productive, healthy lives full of promise. Our Little Haven has shown that when children have appropriate treatment services, even those who had a very rough start can succeed. Without Our Little Haven, these children would have no access to professional care and little hope of beating the odds. Our Little Haven is focused on early intervention and includes Keystone Mental Health Services providing professional assessments, testing, treatment, counseling and healing care; Our Little Academy, a therapeutic preschool designed to work with children who need special care not found in traditional preschool settings; and the Taylor Family Care Center, a holistic approach to resolving significant family issues allowing for a permanent, loving, healthy home for the children.

2. Summary Of Significant Accounting Policies

Basis Of Consolidation

The accompanying consolidated financial statements include the accounts of Our Little Haven and its wholly-owned subsidiary, Our Little Haven Service Agency, LLC (the LLC), (collectively, the Organization). The single member LLC was created March 1, 2011. See Note 4 for further description of the LLC.

New Accounting Standard Implemented

During 2020, the Organization adopted Accounting Standard Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in evaluating whether transactions should be accounted for as contributions or reciprocal transactions. The implementation did not have a material impact on the Organization's consolidated financial statements.

Basis Of Presentation

The consolidated financial statement presentation follows the requirements of the Financial Accounting Standards Board for Not-for-Profit Organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, the Organization is required to report its financial position and activities according to the following two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Estimates And Assumptions

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash And Cash Equivalents

The Organization considers all highly liquid instruments available for operations to be cash equivalents. The Organization invests its excess cash in debt instruments and securities with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that maintain safety and liquidity. At times, such amounts may be in excess of the Federal Deposit Insurance Corporation (FDIC) and Securities Investors Protection Corporation (SIPC) insurance amounts. At June 30, 2020, cash and cash equivalents held in excess of the FDIC limit amounted to approximately $4,951,000. As of June 30, 2020, assets held on behalf of others include cash and cash equivalents of $2,362,277 of which $2,112,277 was held in excess of the FDIC limit. Total cash and cash equivalents held in bank represents the amount physically deposited in the bank at June 30, 2020, without regard to deposits in transit or outstanding checks.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

Promises To Give

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until the conditions on which they depend have been met. All promises to give are expected to be collected within one year. Promises to give are reported at the amount management expects to collect on balances outstanding at year end. Management has determined that all promises to give are collectible and that an allowance for uncollectible promises to give is not necessary.

Property And Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over periods ranging from 3 to 30 years.

Investments And Assets Restricted And Appropriated For Endowment

Investments and assets restricted and appropriated for endowment are reported at fair value. Gains or losses on sales of investments are determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Public Support

The Organization reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. In situations where the restriction is met in the same period the contribution is made, the support is recorded in net assets without donor restrictions. The Organization has also adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash has been received.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying consolidated financial statements:

Program Services

Includes expenses incurred in providing early intervention treatment for those impacted by abuse, neglect and mental or behavioral health needs. Services included are foster care case management for children and families, psycho-social assessment and treatment services, and therapeutic day treatment.

Management And General

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Executive Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure private financial support from corporations, foundations, other organizations and individuals.

Expense Allocation

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Payroll expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. Depreciation and amortization expense is allocated based on the use of the space in the Organization's buildings. All other allocations are performed based on specific identification of expenses.

Donated Services

Various services and materials are donated to the Organization. Those donated services and materials that meet the criteria for recognition are recorded at fair value at the date of donation. A substantial number of other volunteers have also donated a significant amount of time to the Organization. However, such donated services have not been recorded because they do not meet the criteria for recognition.

Tax Status

Our Little Haven constitutes a qualified not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code, and is, therefore, exempt from federal income taxes on related, exempt income. Our Little Haven Service Agency, LLC is a single member LLC, and thus is also tax exempt under Section 501(c)(3).

The Organization's federal and state tax returns for tax years 2016 and later remain subject to examination by taxing authorities.

Subsequent Events

Management evaluates subsequent events through the date the consolidated financial statements are available for issue, which is the date of the Independent Auditors' Report.

3. Cash And Cash Equivalents

Cash and cash equivalents consist of the following as of June 30:

	2020	2019
Checking and savings accounts	$ 6,011,131	$ 2,922,597
Certificates of deposit	—	507,479
Sweep account	816,494	718,359
Money market	34,606	32,889
	$ 6,862,231	$ 4,181,324

These amounts are reported on the consolidated statement of financial position as follows:

	2020	2019
Cash and cash equivalents	$ 2,083,037	$ 1,933,018
Assets held on behalf of others	2,279,194	1,740,827
Cash and cash equivalents - donor restricted endowment (Note 9)	2,500,000	—
Cash and cash equivalents - board appropriated endowment (Note 9)	—	507,479
	$ 6,862,231	$ 4,181,324

4. Contract For Foster Care Case Management

In March 2011, the LLC was formed, with Our Little Haven as its sole member. The LLC's purpose is to provide case management and other support services to children and youth in need thereof, either directly or in conjunction with children's service organizations.

The State of Missouri Department of Social Services, Children's Division (the State Agency) has contracted with the LLC to provide foster care case management for 390 cases. Through the proposal submitted to the State Agency, there are four social service organizations providing such foster care case management services. Our Little Haven is one of the four social service organizations providing these services.

The LLC receives the monthly funding from the State Agency, distributes the funding to the four social service organizations and other providers of room and board for the foster children, and pays for the administrative costs of the program. These administrative costs paid by the LLC include rent for office space for which Our Little Haven has entered into a lease agreement with monthly payments of $850 through May 2019. Rent expense was $10,200 in 2020 and 2019, which is included in case management expenses. The lease agreement has not been renewed and the Organization continues paying monthly rent payments of $850 while the space is utilized.

In the consolidated financial statements, amounts received by the Organization for foster care case management are reported as program service revenues. Administrative expenses paid by the LLC are reported as expenses in the Organization's consolidated statement of functional expenses, as well as the revenues from the State Agency reimbursing such expenses. The remaining transactions passing through the LLC to the other three social service organizations and providers of room and board are excluded from the Organization's revenues and expenses because the LLC is considered a disbursing agent for these funds, and, therefore, no revenue or expenses should be reported.

5. Accounts Receivable, Program Service Revenues And Community Grants

In 2011, the Organization entered into a service agreement with the LLC to provide case management services for a fee. In 2020 and 2019, the fees earned were $1,021 per month, per child (Note 4). Amounts totaling $1,014,326 and $924,445 were received by the Organization for these services for the years ended June 30, 2020 and 2019, respectively.

Since 1998, the Organization has had a contractual agreement with MO HealthNet to provide mental health services under their Medicaid program. Services include individual, group and family counseling, psychological evaluations and parenting assessments. Rates range from $48 to $79 per one hour unit of service billed. Amounts totaling $46,601 and $64,823 were billed to Medicaid for the years ended June 30, 2020 and 2019, respectively.

In 2006, the Organization began a preschool program to provide day treatment services for children between the ages of three and six years old. Revenues received from this program amounted to $62,055 and $57,075 in 2020 and 2019, respectively.

The Organization has an agreement with St. Louis County Children's Service Fund to provide individual, group and family mental health services. Revenues earned from this program amounted to $193,802 and $193,482 in 2020 and 2019, respectively.

In addition, the Organization received community grants totaling $282,940 and $270,000 in 2020 and 2019, respectively, from the St. Louis Mental Health Board.

At June 30, accounts receivable consist of the following:

	2020	2019
Missouri Department of Social Services (Preschool)	$ —	$ 13,094
Medicaid And Other Insurance Companies (Keystone)	11,761	20,689
St. Louis County Children's Service Fund (Community Grant)	53,618	32,269
	$ 65,379	$ 66,052

6. Concentrations

In 2020, the Organization received approximately 65% of its total public support and revenue from two revenue sources. In 2019, the Organization received approximately 30% of its total public support and revenue from one revenue source.

7. Advances On Life Insurance Contracts

The Organization has advanced premiums for life insurance on its officers. The Organization has a beneficiary interest in $352,426 of the premiums paid.

8. Property And Equipment

Property and equipment consist of the following at June 30:

	2020	2019
Land	$ 92,000	$ 92,000
Buildings	895,975	895,975
Building improvements	1,103,432	1,103,432
Furniture and equipment	292,704	271,292
	2,384,111	2,362,699
Less: Accumulated depreciation and amortization	2,016,570	1,951,199
	$ 367,541	$ 411,500

9. Investments And Assets Appropriated For Endowment

Investments consist of the following as of June 30:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Money Market Fund	$ 13,115	$ 13,115	$ 76,262	$ 76,262
Certificates Of Deposit	700,000	726,173	200,000	201,386
Equity Mutual Funds				
Small Cap	880,351	953,037	286,333	606,036
Small Blend	154,143	178,975	119,533	161,720
Mid Cap	—	—	254,143	781,871
Large Cap	898,930	1,842,111	1,848,141	3,265,264
Large Blend	338,282	391,640	500,280	557,144
Real Estate	421,034	349,525	26,034	39,620
International	1,249,076	1,171,567	210,624	222,256
Emerging Markets	410,473	387,125	459,522	471,179
US Core Equity	—	—	126,068	185,630
Bond Mutual Funds				
Corporate U.S. Investment Grade	2,399,452	2,529,589	912,173	970,086
Multisector	—	—	380,000	385,975
One Year Fixed	37,765	37,553	37,765	37,553
Five Year Global Fixed	49,341	48,449	48,265	47,492
	$ 7,551,962	$ 8,628,859	$ 5,485,143	$ 8,009,474

These amounts are reported in the consolidated statement of financial position as follows:

	2020	2019
Investments	$ 1,433,978	$ 1,314,832
Assets appropriated for board designated endowment	7,194,881	6,694,642
	$ 8,628,859	$ 8,009,474

Investments are carried at fair value using quoted prices in active markets (Level 1), with the exception of Certificates of Deposit, which are valued at amortized cost, which approximates fair value.

Investment securities are exposed to various risks, such as significant world events, interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the consolidated statement of financial position.

At June 30, 2020 and 2019, assets restricted and appropriated for endowment include cash and cash equivalents of $2,500,000 and $507,479, respectively (Note 3).

10. Debt

Line Of Credit

At June 30, 2020, the Organization had an available and unused line of credit with a bank in the amount of $300,000. The agreement expires on November 1, 2020, is unsecured and bears interest at the prime rate, 3.25% as of June 30, 2020.

Paycheck Protection Program Loan

In April 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of $400,000 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of $1% per annum, with the first six months of interest deferred, has a term of 2 years, and is unsecured. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligation, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1% per annum, and commencing in November 2020 principal and interest payments will be required through the maturity date in April 2022.

The Organization has recorded the PPP Loan as debt in the consolidated statement of financial position, until the loan, or a portion of the loan, is forgiven. The portion of the PPP Loan that is forgiven by the bank will be recognized as income in the period in which it is forgiven.

The scheduled maturities of the PPP loan at June 30, 2020 are as follows:

Year	Amount
2021	$ 180,119
2022	219,881
	$ 400,000

11. Net Assets

In 2020, the Organization received a $2,500,000 donor-restricted contribution for investment over a 20-year term. This gift is classified as a term endowment. Beginning in year three, appropriations can be used to support the operating budget of the Organization, and appropriations can be made from accumulated earnings as well as the corpus of the gift. There were no donor-restricted net assets as of June 30, 2019.

The Organization's endowment funds include both a donor-restricted endowment fund, and funds designated by the Executive Board of Directors of the Organization to function as an endowment. Assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment funds were as follows for the years ended June 30, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	
	Board-Appropriated Endowment	Term Endowment	Total
Board-appropriated endowment funds	$ 7,194,881	$ —	$ 7,194,881
Donor restricted endowment fund	—	2,500,000	2,500,000
	$ 7,194,881	$ 2,500,000	$ 9,694,881

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-appropriated endowment funds	$ 7,202,121	$ —	$ 7,202,121

Changes in the endowment assets were as follows for the years ended June 30, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions	
	Board-Appropriated Endowment	Term Endowment	Total
Endowment Assets - July 1, 2018	$ 6,905,651	$ —	$ 6,905,651
Investment return			
Interest and dividends	170,423	—	170,423
Net realized and unrealized gains on investments	126,047	—	126,047
Net investment return	296,470	—	296,470
Endowment Assets - June 30, 2019	7,202,121	—	7,202,121
Contributions	—	2,500,000	2,500,000
Investment return			
Interest and dividends	167,393	—	167,393
Net realized and unrealized losses on investments	(174,633)	—	(174,633)
Net investment return	(7,240)	—	(7,240)
Endowment Assets - June 30, 2020	$ 7,194,881	$ 2,500,000	$ 9,694,881

Board-Appropriated Endowment

The purpose of the board-appropriated endowment is to further the mission of the Organization, with a primary focus of generating funds for programs, services, building and capital improvements and to enhance the development of the Organization. As the board-appropriated endowment grows and as determined by the Executive Board of Directors, it may be subdivided into specific purpose funds or may remain as a general board-appropriated endowment fund.

The goal of the board-appropriated endowment is to exist in perpetuity and has an objective to maintain purchasing power after spending, as well as to grow the aggregate portfolio value in excess of inflation over the Organization's ten-year investment horizon. The goal of the aggregate fund is to meet or exceed an 8% rate of return on an annualized basis.

Access to these funds should be limited and require both management and board approval before any funds are withdrawn. As a guiding principal, the Organization has established a discretionary spending target equal to 3% of the portfolio value, defined as the average market value of the fund over the preceding twelve quarters ending on the most recent December 31st. The 3% guideline is based on a discretionary policy as determined by the Organization's Investment Committee and may be forgone in years where the annual budget and fundraising activities of the Organization are sufficient to meet the operating needs of the Organization.

Donor Restricted Endowment

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Executive Board of Directors appropriates such amounts for expenditure. The net assets also are subject to time and purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Executive Board of Directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. The donor-restricted endowment fund does not require the original value of the gift to be maintained in perpetuity; the gift is to be invested for at least a term of 20 years.

Additionally, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund,
2) The purposes of the Organization and the donor-restricted endowment fund,
3) General economic conditions,
4) The possible effect of inflation and deflation,
5) The expected total return from income and the appreciation of investments,
6) Other resources of the Organization, and
7) The investment policies of the Organization.

The purpose of the donor-restricted endowment is to provide an annual stream of revenue to maintain financial stability to the Organization for a minimum of 20 years. Beginning in year three, distributions from the endowment are to be added to the annual operating budget.

The goal of the donor-restricted endowment is to achieve between 6 and 7% growth, which will allow for $250,000 of annual distributions beginning in year three over a twenty year investment horizon.

12. Deferred Compensation Plan

The Organization provides a tax-deferred annuity plan under Internal Revenue Code Section 403(b), which allows eligible employees to make tax-deferred contributions. The plan provides for discretionary contributions by the Organization. The Organization's contribution to the plan was 4% of eligible employees' salaries and amounted to $62,272 and $58,585 for the years ended June 30, 2020 and 2019, respectively.

13. Liquidity And Availability Of Resources

At June 30, 2020 and 2019, the Organization has the following financial assets available to meet general expendistures over the next twelve months:

	2020	2019
Financial assets available to meet general expenditures over the next twelve months:		
Cash and cash equivalents	$ 2,083,037	$ 1,933,018
Investments	1,433,978	1,314,832
Accounts receivable	65,379	66,052
Promises to give	3,561	105,779
Available appropriation from endowment	218,183	208,176
	$ 3,804,138	$ 3,627,857

The Organization manages liquidity on annual and quarterly basis via executive meetings where financial statements, investment performance and expected expenditures are reviewed. Liquidity risk is minimal due to free cash balance and overall Organization budget. The Organization also has a $300,000 line of credit available as described in Note 10 to meet cash flow needs. The board-appropriated endowment described in Note 11 is intended by the Executive Board of Directors to be held in perpetuity but could be undesignated if needed to provide further liquidity to the Organization.