



South Valley Sanctuary, Inc.

Financial Statements

and

Independent Auditor's Report

**As of June 30, 2020
and for the year then ended
with summarized comparative information for June 30, 2019**

South Valley Sanctuary, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Valley Sanctuary, Inc.
West Jordan, Utah

We have audited the accompanying financial statements of South Valley Sanctuary, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Valley Sanctuary, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The 2019 financial statements of South Valley Sanctuary, Inc. were audited by other auditors whose report dated February 7, 2020 expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bountiful Peak Advisors

Bountiful, Utah
February 5, 2021

South Valley Sanctuary, Inc.
Statement of Financial Position
June 30, 2020
With Summarized Comparative Information as of June 30, 2019

	<u>06/30/2020</u>	<u>06/30/2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 235,523	\$ 29,658
Accounts and grants receivable	325,452	341,264
Prepaid expenses	<u>35,458</u>	<u>10,275</u>
Total current assets	<u>596,433</u>	<u>381,197</u>
Investments, other, restricted	170,848	-
Land	130,700	130,700
Building and improvements	1,830,266	1,790,777
Equipment and furnishings	54,428	73,609
Accumulated depreciation	<u>(1,075,842)</u>	<u>(1,035,725)</u>
Total assets	<u>\$ 1,706,833</u>	<u>\$ 1,340,558</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 20,060	\$ 108,597
Accrued payroll	75,737	47,346
Current portion of note payable	<u>52,426</u>	<u>-</u>
Total current liabilities	<u>148,223</u>	<u>155,943</u>
Note payable, net of current portion	<u>164,074</u>	<u>-</u>
Total liabilities	<u>312,297</u>	<u>155,943</u>
Net assets		
Without donor restrictions		
Undesignated	938,032	1,083,888
Board-designated	170,848	-
With donor restrictions	<u>285,656</u>	<u>100,727</u>
Total net assets	<u>1,394,536</u>	<u>1,184,615</u>
Total liabilities and net assets	<u>\$ 1,706,833</u>	<u>\$ 1,340,558</u>

See accompanying notes to financial statements.

South Valley Sanctuary, Inc.

Statement of Activities

Year Ended June 30, 2020

With Summarized Comparative Information for the Year Ended June 30, 2019

	June 30, 2020		06/30/2020	06/30/2019
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
REVENUES AND SUPPORT				
Government grants	\$ 1,288,348	\$ -	\$ 1,288,348	\$ 1,196,385
Foundation and corporate contributions	216,289	379,500	595,789	497,624
In-kind contributions	332,518	-	332,518	290,526
Individual contributions	207,975	5,020	212,995	27,261
Investment income, net	1,848	-	1,848	-
Interest	68	-	68	40
Loss on disposal of property and equipment	(2,201)	-	(2,201)	-
Net assets released from restrictions	<u>199,591</u>	<u>(199,591)</u>	<u>-</u>	<u>-</u>
 Total revenues and support	 <u>2,244,436</u>	 <u>184,929</u>	 <u>2,429,365</u>	 <u>2,011,836</u>
EXPENSES				
Program services	1,817,914	-	1,817,914	1,666,961
Management and general	314,684	-	314,684	254,738
Fundraising	<u>86,846</u>	<u>-</u>	<u>86,846</u>	<u>74,475</u>
 Total expenses	 <u>2,219,444</u>	 <u>-</u>	 <u>2,219,444</u>	 <u>1,996,174</u>
 Change in net assets	 24,992	 184,929	 209,921	 15,662
Net assets, beginning of year	<u>1,083,888</u>	<u>100,727</u>	<u>1,184,615</u>	<u>1,168,953</u>
Net assets, end of year	<u>\$ 1,108,880</u>	<u>\$ 285,656</u>	<u>\$ 1,394,536</u>	<u>\$ 1,184,615</u>

See accompanying notes to financial statements.

South Valley Sanctuary, Inc.

Statement of Functional Expenses

Year Ended June 30, 2020

With Summarized Comparative Information for the Year Ended June 30, 2019

	June 30, 2020								
	Program Services				Support Services				
	Shelter Services	Case Management	Education & Outreach	Total	Management & General	Fundraising	Total	06/30/2020 Total	06/30/2019 Total
Salaries and wages	\$ 490,337	\$ 322,548	\$ 89,297	\$ 902,182	\$ 177,582	\$ 68,456	\$ 246,038	\$ 1,148,220	\$ 950,720
Payroll taxes	27,871	28,749	8,084	64,704	15,267	6,120	21,387	86,091	74,111
Employee benefits	65,831	39,880	9,481	115,192	12,708	7,103	19,811	135,003	162,199
Clothing and household	258,755	-	-	258,755	-	-	-	258,755	261,889
Housing	7,942	127,790	1,113	136,845	-	-	-	136,845	128,816
Professional services	8,212	67	1,155	9,434	87,034	-	87,034	96,468	64,782
Food	63,470	16	-	63,486	-	309	309	63,795	33,788
Depreciation	52,658	-	-	52,658	10,870	-	10,870	63,528	56,155
Repairs and maintenance	48,221	2,089	407	50,717	706	408	1,114	51,831	88,799
Occupancy	25,831	10,987	418	37,236	592	421	1,013	38,249	26,303
Information technology	9,511	12,402	1,816	23,729	4,012	533	4,545	28,274	11,502
Travel	13,517	8,317	2,051	23,885	360	573	933	24,818	20,096
Equipment	13,262	4,820	706	18,788	1,114	706	1,820	20,608	26,557
Insurance	17,682	841	214	18,737	232	165	397	19,134	11,837
Miscellaneous	1,303	2,882	9,478	13,663	204	-	204	13,867	517
Supplies	6,677	4,043	477	11,197	2,030	431	2,461	13,658	48,380
Communications	5,027	3,436	402	8,865	569	442	1,011	9,876	9,298
Office	1,685	1,172	790	3,647	743	205	948	4,595	4,657
Dues and subscriptions	980	450	-	1,430	258	515	773	2,203	3,231
Conferences and training	304	1,209	-	1,513	159	-	159	1,672	4,153
Contract labor	546	700	-	1,246	-	-	-	1,246	7,563
Bank and merchant	5	-	-	5	86	459	545	550	821
Marketing	-	-	-	-	158	-	158	158	-
								-	
Total expenses	<u>\$ 1,119,627</u>	<u>\$ 572,398</u>	<u>\$ 125,889</u>	<u>\$ 1,817,914</u>	<u>\$ 314,684</u>	<u>\$ 86,846</u>	<u>\$ 401,530</u>	<u>\$ 2,219,444</u>	<u>\$ 1,996,174</u>

See accompanying notes to financial statements.

South Valley Sanctuary, Inc.

Statement of Cash Flows

Year Ended June 30, 2020

With Summarized Comparative Information for the Year Ended June 30, 2019

	<u>06/30/2020</u>	<u>06/30/2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 209,921	\$ 15,662
Items not requiring cash		
Depreciation	63,528	56,155
Loss on disposal of property and equipment	2,201	-
Changes in		
Accounts and grants receivable	15,812	(144,980)
Prepays	(25,183)	2,083
Accounts payable	(88,538)	83,348
Accrued payroll	<u>28,390</u>	<u>10,087</u>
Net cash provided by operating activities	<u>206,131</u>	<u>22,355</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments, other	(170,848)	-
Purchase of property and equipment	<u>(45,918)</u>	<u>(52,467)</u>
Net cash used in investing activities	<u>(216,766)</u>	<u>(52,467)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>216,500</u>	<u>-</u>
Net cash provided by financing activities	<u>216,500</u>	<u>-</u>
Net change in cash and cash equivalents	205,865	(30,112)
Cash and cash equivalents, beginning of year	<u>29,658</u>	<u>59,770</u>
Cash and cash equivalents, end of year	<u>\$ 235,523</u>	<u>\$ 29,658</u>
Cash and cash equivalents	235,523	29,658
Cash and cash equivalents, restricted	<u>-</u>	<u>-</u>
Total cash and cash equivalents shown in the statement of cash flow	<u>\$ 235,523</u>	<u>\$ 29,658</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

South Valley Sanctuary, Inc.

Notes to Financial Statements

June 30, 2020

1. ORGANIZATION HISTORY

South Valley Sanctuary, Inc. (the “Organization”) was incorporated as a nonprofit corporation in the State of Utah in 1994. The Organization is a non-profit public charity with a mission to provide safe shelter, advocacy, case management, and prevention services to men, women, and children experiencing psychological, emotional, economic, or sexual abuse at home. The Organization operates under the dba South Valley Services, Inc. The Organization’s major sources of revenue include government grants and private contributions. Its major programs include the following:

Shelter Services

The Organization provides shelter and supportive services to men, women, and children who are seeking refuge due to a high risk of lethality. Shelter services include hotline, intake, food, clothing, over-the-counter medications, transportation, hygiene, therapy, psychoeducational classes, and children’s learning.

Case Management

The Organization provides intensive case management for residence of the shelter and members of the community. For shelter residents, case managers implement safety and action plans and perform comprehensive needs assessments to aid in their transition to permanent housing. For community members, case managers perform needs assessments and provide assistance in accessing resources and long term social services.

Education & Outreach

The Organization provides education about healthy relationships and domestic violence, targeted at the specific needs of participants. Initiatives within education and outreach include the Latino coalition against domestic violence, the West Jordan coalition against domestic violence, Enough (at teen dating program), and healthy relationship psychoeducational classes in Spanish and English. The Organization also provides education and outreach to the community through presentations at fairs, churches, schools, and clinics.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Concentrations of Credit Risks

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents and investments in various financial institution accounts that, at times, may exceed federally insured limits. At June 30, 2020, cash in bank deposit accounts exceeded federally insured limits by \$67,401. These assets have been placed with high credit quality financial institutions and the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts related to accounts receivable has not been established at June 30, 2020 because management believes that all accounts receivable will be fully collectible.

Grants Receivable

Grants receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. An allowance for doubtful promises has not been established at June 30, 2020 because management believes that all promises to give will be fully collectible.

Investments, other

Investments, other, consist of certificates of deposit with original maturities of more than three months that are held with a credit union. The investments are reported at amortized cost in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest. Investments, other, are presented as restricted on the statement of financial position because they have been board-designated as an operating reserve.

Property and Equipment

Property and equipment are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,500. If donors stipulate how long the assets must be used, the contributions are recorded as revenue with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as revenue without donor restrictions. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets or lease terms. Estimated useful lives by type of property and equipment are as follows:

Building and improvements	3 – 40 years
Equipment and furnishings	3 – 5 years

Depreciation expense for the year ended June 30, 2020 was \$63,528.

Management reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Contributions- Contributions are recognized as support when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been substantially met. Contributions are considered to be without donor restrictions unless restricted by the donor.

A portion of the Organization's revenue is derived from cost-reimbursement government grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with grant provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as advances in the statement of financial position. The Organization received cost-reimbursement grants of \$1,207,767 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred. In addition, the Organization's Paycheck Protection Plan loan is considered a conditional promise to give, with conditions as described in Note 5.

In-Kind Contributions- Contributed goods, use of facilities, and services that either create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at fair value at the date of donation.

Income Taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3), qualifying for the charitable contribution deduction under section 170(b)(1)(A)(iv) and has been determined not to be a private foundation under Section 509(a). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) and is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax. Management believes that the Organization has appropriate support for any tax positions taken in its annual filing and does not have any uncertain tax positions that are material to the financial statements. The Organization's Forms 990 are no longer subject to tax examination for years before 2017.

Advertising

Advertising costs are expensed when the advertising first takes place. Advertising expense for the year ended June 30, 2020 was \$158. Advertising costs are included in marketing in the statement of functional expenses.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Allocation bases used by the Organization include square footage, employee time, and other relevant bases.

Estimates in the Financial Statements

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain items from June 30, 2019 have been reclassified to conform to the June 30, 2020 presentation.

3. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet annual operating needs and other commitments. The following chart reflects the Organization's financial assets available as of June 30, 2020 for general expenditure over the next twelve months.

Cash and cash equivalents	\$ 235,523
Accounts and grants receivable	<u>325,452</u>
Current financial assets	<u>560,975</u>
Less those unavailable for general expenditure within one year, due to donor-imposed purpose restrictions	<u>(285,656)</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u>\$ 275,319</u>

To help manage unanticipated liquidity needs, the Organization maintains a line of credit with a limit of \$50,000, which it could draw upon. Additionally, the Organization has investments which have been designated by the board as an operating reserve and which are included in non-current assets on the statement of financial position. Although the Organization does not intend to spend from their board-designated reserves, these amounts could be made available through board appropriation, if necessary.

4. ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable consisted of the following at June 30, 2020:

Government cost reimbursement grants receivable	\$ 323,796
Sales tax refund receivable	<u>1,656</u>
Total accounts receivable, including promises to give	<u>\$ 325,452</u>

Accounts and grants receivable are expected to be collected in full within the next year.

5. NOTE PAYABLE

On April 10, 2020, the Organization received loan proceeds in the amount of \$216,500 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses and organizations in amounts up to 2.5 times monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Organization intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

To the extent that the Organization is not granted forgiveness, it will be required to pay interest on the PPP loan at an annual rate of 1%. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required as follows:

<u>Year Ended June 30,</u>	
2021	\$ 52,426
2022	164,074
Thereafter	<u>-</u>
	<u>\$ 216,500</u>

6. LINE OF CREDIT

At June 30, 2020, the Organization had an unsecured \$50,000 line of credit, which expires September 2021. At June 30, 2020, there was \$0 borrowed against the line of credit and the interest rate was 6.24%.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2020:

Subject to expenditure for specified purpose	
Shelter and support services	\$ 231,567
Community resources	11,760
Financial empowerment	26,577
Kid's club and mom's empowerment	6,000
Case management	5,000
Healthcare screenings	2,135
Women's giving circle	2,000
Housing for homeless	<u>617</u>
 Total net assets with donor restrictions	 <u>\$ 285,656</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as following for the year ended June 30, 2020:

Satisfaction of purpose restrictions	
Shelter and support services	\$ 137,540
Community resources	13,443
Financial empowerment	13,423
Healthcare screenings	11,865
Housing for homeless	6,055
Flood repair	3,830
Educational programs	<u>13,435</u>
 Total net assets released from donor restrictions	 <u>\$ 199,591</u>

8. NET ASSETS WITHOUT DONOR RESTRICTIONS, BOARD-DESIGNATED

The board of directors has designated certain net assets without donor restrictions as an operating reserve. Net assets without donor restrictions that are board-designated for an operating reserve totaled \$170,848 at June 30, 2020 and consisted of investments, other, restricted. The purpose of the operating reserve is to build and maintain an adequate level of financial resources to support the Organization's day-to-day operations in the event of unforeseen shortfalls. Use of up to one-third of the fund may be approved by the Finance Committee. Use of the remainder of the fund must be approved by the Board of Directors.

9. IN-KIND CONTRIBUTIONS

During the year ended June 30, 2020, the Organization received the following in-kind contributions:

Donated goods	
Clothing and household supplies	\$ 258,755
Food	62,925
Donated services	
Legal	698
Donated use of facilities and equipment	
Community centers	<u>10,140</u>
Total in-kind contributions	<u>\$ 332,518</u>

10. COMMITMENTS AND CONTINGENCIES

The Organization leases office equipment under non-cancellable operating leases. These leases require monthly payments of \$913 per month and expire in February 2025. Future minimum payments required under these leases are as follows:

<u>Year ending June 30,</u>	
2021	\$ 10,956
2022	10,956
2023	9,924
2024	9,408
2025	6,272
Thereafter	<u>-</u>
Total future minimum payments	<u>\$ 47,516</u>

Total expense for equipment leasing during the year ended June 30, 2020 was \$11,868.

The Organization has entered into non-cancellable service agreements with certain vendors. These service agreements require monthly payments of \$995 and expire between February 2022 and January 2025. Some service agreements contain provisions under which the contract will automatically renew unless cancelled in writing during a specified time frame.

The Organization participates in various government-assisted grant programs that are subject to review and audit by grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a government audit may become a liability of the Organization. The ultimate disallowance pertaining to these regulations, if any, is estimated to be immaterial to the overall financial condition of the Organization.

The Organization may be involved in certain claims arising from the ordinary course of operations and has purchased insurance policies to cover these risks.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have had and are likely to continue to have a negative impact on the Organization. Certain activities the Organization typically uses to accomplish its mission have been disrupted. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration.

11. CONCENTRATIONS

A significant portion of the Organization's total revenue and support is derived from government grants. During the year ended June 30, 2020, approximately 48% of the Organization's total revenue and support was received from three government agencies. At June 30, 2020, amounts due from three government agencies represented approximately 94% of the Organization's total accounts and grants receivable.

12. COMPARATIVE FINANCIAL INFORMATION

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

13. SUBSEQUENT EVENTS

Subsequent events were evaluated through February 5, 2021, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

14. ADOPTION OF NEW ACCOUNTING PRONOUNCMENTS

For the year ended June 30, 2020, the Organization adopted FASB's ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. This clarifies that a contribution is conditional if the agreement includes both a barrier (or barriers) that must be overcome for the Organizations to be entitled to the resources and a right of return for the assets transferred (or a right of release of the promisor's obligation to transfer assets). Analysis of the provisions of this standard resulted in no significant change in the way the Organization recognized exchange revenue, and therefore, no changes to the previously issued financial statements were required.

For the year ended June 30, 2020, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*. This guidance requires that the statement of cash flows explain the change during the period in restricted cash and cash equivalents, in addition to cash and cash equivalents.

15. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2020, the Organization identified that a contribution from a corporate donor totaling \$65,000 had been recorded in an incorrect period. The contribution satisfied the requirements to be recognized as an unconditional promise to give as of June 30, 2019, but had not be recognized as revenue in that year. The Organization has restated its financial statements for the year ended June 30, 2019. The effect of the correction was to increase the change in net assets for the year ended June 30, 2019 by \$65,000. The effect of the restatement on the change in net assets and financial position for the year ended June 30, 2019 is as follows:

	<u>As previously reported</u>	<u>Restated</u>
Foundation and corporate contributions	\$ 462,624	\$ 497,624
Change in net assets	(49,338)	15,662
Accounts and grants receivable	\$ 276,264	\$ 341,264
Net assets	1,119,615	1,184,615