FYIMS, INC.
dba Friends for Life Animal Shelter and Sanctuary

Financial Statements for the Year Ended December 31, 2019
(with comparative totals for 2018)
Along with Independent Auditors' Report

Tipton & Company
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
FYIMS, Inc. dba Friends for Life Animal Shelter
and Sanctuary
Houston, Texas

We have audited the accompanying financial statements of FYIMS, Inc. dba Friends for Life Animal Shelter and Sanctuary (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform 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.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FYIMS, Inc. dba Friends for Life Animal Shelter and Sanctuary as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the FYIMS, Inc. dba Friends for Life Animal Shelter and Sanctuary's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Adoption of New Accounting Standards

As discussed in Note 16 to the financial statements, the Organization adopted the amendments of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2019. These amendments have been applied on a retrospective basis to the financial statements as of and for the year ended December 31, 2018, except that certain information has been omitted as permitted by the ASU. Our opinion is not modified with respect to this matter.

As discussed in Note 16 to the financial statements, the Organization adopted FASB Accounting Standards 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. To reduce diversity of practice, this ASU provides guidance on eight specific statement of cash flows classification issues. The Organization has implemented ASU 2016-15 and has adjusted the presentation in these financial statements accordingly.

As discussed in Note 16 to the financial statements, the Organization adopted FASB Accounting Standards 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* Per this ASU, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Organization has implemented ASU 2016-18 and has adjusted presentation in these financial statements accordingly.

As discussed in Note 16 to the financial statements, the Organization adopted FASB Accounting Standards 2014-09, *Revenue from Contracts with Customers*, which replaces most existing revenue recognition guidance for exchange transactions not specifically covered by other guidance. This ASU does not apply to non-exchange transactions such as contributions. The core principle of the new guidance is that an entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services and establishes a 5-step process to determine when performance obligations are satisfied and revenue is recognized. The Organization adopted this ASU for fiscal year ended December 31, 2019 using an appropriate retrospective method. Adoption of ASU 2014-09 resulted in no changes in presentation of the financial statements.

As discussed in Note 16 to the financial statements, the Organization adopted FASB Accounting Standards 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU intends to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Organization adopted ASU 2018-08 on January 1, 2019, using a modified prospective basis. The adoption of ASU 2018-08 did not have a material impact on the financial statements.

Tipton & Company

Tipton & Company
Certified Public Accountants
Houston, Texas

August 28, 2020

FYIMS, INC. dba Friends for Life
Animal Shelter and Sanctuary
Statement of Financial Position

As of December 31, *(with comparative totals for 2018)*		**2019**		2018
Assets				
Cash and cash equivalents	**$**	**567,318**	$	626,675
Investments		**2,585,554**		2,417,719
Property and equipment, net		**2,576,654**		2,651,811
Other assets		**3,300**		2,145
Total Assets	**$**	**5,732,826**	$	5,698,350
Liabilities and Net Assets				
Liabilities				
Accounts payable	**$**	**-**	$	-
Total Liabilities		**-**		-
Net Assets				
Without donor restrictions		**5,732,826**		5,673,774
With donor restrictions		**-**		24,576
Total Net Assets		**5,732,826**		5,698,350
Total Liabilities and Net Assets	**$**	**5,732,826**	$	5,698,350

The accompanying notes are an integral part of these financial statements.

FYIMS, INC. dba Friends for Life Animal Shelter and Sanctuary

Statement of Activities

Year ended December 31, (with comparative totals for 2018)	**2019** Without Donor Restrictions	With Donor Restrictions	**Total**	2018 Total
Revenue and Support				
Donations	$ 716,174	$ -	**$ 716,174**	$ 665,978
Grants	109,929	-	**109,929**	59,078
Animal adoption fees	64,754	-	**64,754**	93,104
Special events: (Integral and Ongoing)				
Special event revenue	282,833	-	**282,833**	298,444
Cost of direct benefit to donor	(53,340)	-	**(53,340)**	(39,656)
Net special events revenue	229,493	-	**229,493**	258,788
Fundraising events, net	109,755	-	**109,755**	27,200
Investment income/(loss), net	406,677	-	**406,677**	(84,385)
Other income	1,274	-	**1,274**	1,900
Net assets released from restriction	24,576	(24,576)	**-**	-
Total Revenue and Support	1,662,632	(24,576)	**1,638,056**	1,021,663
Expenses				
Program Activities:				
Animal adoptions and rehabilitation	995,175	-	**995,175**	803,881
Fix Houston	-	-	**-**	111,826
Total Program Activities	995,175	-	**995,175**	915,707
Supporting Activities:				
Management and general expenses	247,477	-	**247,477**	274,044
Fundraising	360,928	-	**360,928**	185,571
Total Supporting Activities	608,405	-	**608,405**	459,615
Total Expenses	1,603,580	-	**1,603,580**	1,375,322
Change in Net Assets	59,052	(24,576)	**34,476**	(353,659)
Net Assets, Beginning of Year	5,673,774	24,576	**5,698,350**	6,052,009
Net Assets, End of Year	$ 5,732,826	$ -	**$ 5,732,826**	$ 5,698,350

FYIMS, INC. dba Friends for Life
Animal Shelter and Sanctuary
Statement of Functional Expenses

Year ended December 31, (with comparative totals for 2018)	Program Activities	Supporting Activities			**2019**	2018
	Animal Adoptions and Rehabilitation	Management and General	Fundraising	Total Supporting Services	**Total**	Total
Expenses						
Advertising	$ -	$ -	$ 23,544	$ 23,544	**$ 23,544**	$ 27,509
Bank charges	-	-	14,967	14,967	**14,967**	14,221
Consultant fees	-	-	153,100	153,100	**153,100**	-
Contract labor	-	43,299	6,000	49,299	**49,299**	41,189
Depreciation	59,076	7,516	8,565	16,081	**75,157**	80,171
Dues and subscriptions	666	89	133	222	**888**	1,171
Fees and licenses	-	-	1,750	1,750	**1,750**	641
Insurance	16,283	2,171	3,256	5,427	**21,710**	22,911
IT support	5,473	713	1,111	1,824	**7,297**	11,963
Microchip registrations	6,579	-	-	-	**6,579**	2,904
Postage, freight and delivery	179	269	1,064	1,333	**1,512**	1,198
Professional fees	13,291	13,622	29,195	42,817	**56,108**	59,345
Recognition and appreciation	2,938	440	540	980	**3,918**	4,178
Rent	7,468	1,051	1,438	2,489	**9,957**	11,241
Repairs and maintenance	11,850	1,366	2,049	3,415	**15,265**	20,542
Salaries and wages	609,622	157,440	92,760	250,200	**859,822**	793,981
Scholarships	-	-	-	-	**-**	2,132
Software	2,482	570	257	827	**3,309**	8,946
Staff development	337	90	55	145	**482**	958
Supplies	38,645	1,152	4,717	5,869	**44,514**	37,091
Supplies - animal care	21,705	-	-	-	**21,705**	26,309
Taxes - payroll	47,370	12,009	7,339	19,348	**66,718**	61,972
Taxes - sales	-	-	566	566	**566**	560
Telephone	5,828	777	1,166	1,943	**7,771**	7,483
Travel, lodging and meals	2,226	-	-	-	**2,226**	1,593
Utilities	36,415	4,903	7,356	12,259	**48,674**	44,966
Veterinary fees	106,742	-	-	-	**106,742**	90,147
Total Expenses	$ 995,175	$ 247,477	$ 360,928	$ 608,405	**$ 1,603,580**	$ 1,375,322

FYIMS, INC. dba Friends for Life
Animal Shelter and Sanctuary
Statement of Cash Flows

Year Ended December 31, *(with comparative totals for 2018)*		**2018**		2018
Cash Flows From Operating Activities				
Change in net assets	**$**	**34,476**	$	(353,659)
Adjustments to reconcile change in net assets to net change in operating activities:				
Depreciation		**75,157**		80,171
Net unrealized (gain)/loss on investments		**354,767**		118,182
Net realized (gain)/loss on investments		**(10,753)**		14,902
Changes in assets and liabilities:				
Other assets		**(1,155)**		782
Total Adjustments		**418,016**		214,037
Net Change in Operating Activities		**452,492**		(139,622)
Cash Flows From Investing Activities				
Purchases of investments net of sales		**(574,518)**		(927,311)
Dividends and interest reinvested, net of fees		**62,669**		(48,699)
Net Change in Investing Activities		**(511,849)**		(976,010)
Net Change in Cash and Cash Equivalents		**(59,357)**		(1,115,632)
Cash and Cash Equivalents, beginning of year		**626,675**		1,742,307
Cash and Cash Equivalents, end of year	**$**	**567,318**	$	626,675

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities
FYIMS, Inc. dba Friends For Life Animal Shelter and Sanctuary (the "Organization"), a Texas nonprofit organization, was founded in 1992, and was approved as a 501(c)(3) entity in 2002. The mission of the Organization is to provide a no kill option to the Houston community by rescuing, treating and rehoming animals within the no kill model of sheltering.

Significant operations of the organization include: Don Sanders Adoption Center (no kill, LEED-certified shelter), Fix Houston (providing free spay/neuter services to animals in low-income communities), Thinking Outside the Shelter (food bank, behavioral services, micro grants for veterinary fees, and animal containment assistance).

The Organization is supported through contributions received from individuals, corporations and foundations, as well as fundraisers.

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

Basis of Presentation
The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents
Cash and cash equivalents include all monies in banks and highly-liquid investments with maturity dates of less than three months.

Property and Equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	10-40 years
Furniture and fixtures	5 years
Vehicles	5-8 years
Construction in progress	Not applicable
Land	Not applicable

Additions and betterments of $1,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Volunteers also provided tutoring and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Revenue Recognition

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue with and without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Estimates
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. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (“Code”) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, Income Taxes, (formerly FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Investments and Fair Value of Financial Instruments
Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

(i) Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

(ii) Level 2—Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;

• inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

(iii) Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At December 31, 2019, the Organization's Level 1 assets consisted of cash and cash equivalents totaling $567,318 and investments totaling $2,585,554. At December 31, 2018, the Organization's Level 1 assets consisted of cash and cash equivalents totaling $626,675 and investments totaling $3,417,719

Advertising
Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2019 and 2018 were $23,544 and $27,509, respectively.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Total financial assets	$3,152,872
Financial assets available to meet cash needs for general expenditures within one year	$3,152,875

The Organization is primarily funded by contributions from donors and a small number of these (none in 2019) are restricted. Those restrictions require that the donation be used for certain programs. A separate budget is kept for those programs so that the funds and their use can be tracked. As part of its liquidity management, the Organization maintains balances in a general checking account sufficient to cover monthly expenditures and any other obligations that become due. All other cash balances are invested in short-term investments. In the event of an unanticipated expense, the Organization can request that a certain amount of invested funds be transferred to the checking account. The Organization can also draw upon an available $2,000,000 line of credit, if needed.

NOTE 3 – CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and investments. All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount ($250,000), for each deposit insurance ownership category. The Organization maintains its cash balances in two financial institutions. At December 31, 2019 and 2018 the excess above the insured limit was $8,325 and $13,690, respectively. The Organization has not experienced any losses in such accounts and believes the risk of future loss is mitigated by monitoring the balances and the financial institutions where the cash is deposited.

Additionally, cash and securities held by a customer at a Security Investor Protection Corporation (SIPC) member brokerage firm are protected up to $500,000 which includes a limit of $250,000 for cash. At December 31, 2019 and 2018, the excess above the insured limit was $2,499,872 and $2,453,189, respectively.

NOTE 4 – INVESTMENTS

The cost and fair value of investments at December 31, 2019 and 2018 were as follows:

	Cost	Gross Unrealized Gains/(Losses)	2019 Fair Value	2018 Fair Value
Cash held for long-term investment	$818,000	$13,210	$831,210	$1,039,009
Equities	1,458,097	296,247	1,754,344	1,378,710
Totals	$2,276,097	$309,457	$2,585,554	$2,417,719

The fair value of all investments have been measured on a recurring basis using Level 1 inputs. There were no changes in valuation methodologies and related inputs used at December 31, 2019.

The following schedule summarizes the investment return and its classification recording in the Statement of Activities for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and dividend income	$82,580	$66,944
Unrealized gains/(losses)	354,762	(118,182)
Realized gains/(losses)	(10,753)	(14,902)
Investment fees	(19,912)	(18,245)
Totals	$406,677	$(84,385)

NOTE 5 – PROPERTY AND EQUIPMENT

As of December 31, 2019 and 2018, property and equipment consisted of the following:

	2019	2018
Land	$272,378	$272,378
Buildings and improvements	2,790,610	2,790,610
Furniture and fixtures	51,300	51,300
Vehicles	177,333	177,333
Construction in progress	26,955	26,955
Subtotal property and equipment	3,318,576	3,318,576
Less: accumulated depreciation	(741,922)	(666,765)
Total property and equipment, net	$2,576,654	$2,651,811

Depreciation expense charged to operations for the years ended December 31, 2019 and 2018 was $75,157 and $80,171, respectively.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 and 2018 are restricted for the following purposes or periods:

	2019	2018
Subject to expenditure for specified purpose:		
Fix Houston	$ -	$24,576
Total Net Assets with Donor Restrictions	$ -	$24,576

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The following amounts were released from restrictions for the fiscal years ended December 31, 2019 and 2018:

	2019	2018
Satisfaction of purpose restrictions:		
Fix Houston	$24,576	$111,608
Total Net Assets Released from Restrictions	$24,576	$111,608

NOTE 7 – OPERATING LEASES

The Organization leases a storage unit and certain office equipment. Lease expense for the years ended December 31, 2019 and 2018 was $3,031 and $3,731, respectively. Terms of the leases are for periods ranging from 12 to 48 months.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2018, are:

2020	$2,016
2021	2,016
2022	1,680
Thereafter	-
Total	$5,712

NOTE 8 – CONCENTRATIONS

For the years ended December 31, 2019 and 2018, approximately nineteen percent (19%) and twenty-three percent (23%), respectively, of the Organization’s operating revenues came from an annual fundraising event. Additionally, the Organization conducts its operations solely in the Houston area, and, therefore, is subject to risks from changes in local economic conditions. A downturn in the local economy could cause a decrease in contributions concurrently with an increase in community need for the Organization's services.

NOTE 9 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which replaces most existing revenue recognition guidance for exchange transactions not specifically covered by other guidance. This ASU does not apply to non-exchange transactions such as contributions. The core principle of the new guidance is that an entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services and establishes a 5-step process to determine when performance obligations are satisfied and revenue is recognized. The Organization adopted this ASU for fiscal year ended December 31, 2019 using an appropriate retrospective method. Adoption of ASU 2014-09 resulted in no changes in presentation of the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU intends to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The Organization adopted this ASU for fiscal year ended December 31, 2019 using an appropriate retrospective method. Adoption of ASU 2018-08 resulted in no changes in presentation of the financial statements.

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The Organization adopted this ASU for fiscal year ended December 31, 2018 using an appropriate retrospective method.

On August 26, 2016, FASB issued Accounting Standards Update 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. To reduce diversity of practice, this ASU provides guidance on eight specific statement of cash flows classification issues. The Organization has implemented ASU 2016-15 and has adjusted the presentation in these financial statements accordingly.

On November 17, 2016, FASB issued Accounting Standards Update 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* Per this ASU, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Organization has implemented ASU 2016-18 and has adjusted presentation in these financial statements accordingly.

NOTE 10 – NEW ACCOUNTING PRONOUNCEMENTS

Accounting for Leases
In February 2016, the FASB issued a new accounting pronouncement regarding lease. In June 2020, the FASB issued an amendment to the pronouncement extending the effective date from reporting periods after December 15, 2019 to reporting periods after December 31, 2021 due to the adverse effects of the COVID19 pandemic. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

NOTE 11 – EVALUATION OF SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 28, 2020, the date the financial statements were available to be issued. In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. The spread of COVID-19 and related global responses have caused material disruptions to many economies around the world, resulting in an economic slowdown. Global equity markets have also experienced significant volatility and weakness. Although governments and central banks have reacted with interventions designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak remains unclear.

On May 7, 2020, the Organization received loan proceeds in the amount of $192,900 under the Paycheck Protection Program (“PPP”) as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). The PPP provides loans to qualifying businesses and are forgivable if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains average payroll levels. Any unforgiven portion of the PPP loan will be payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. In addition, the Organization received a $10,000 advance under the Economic Injury Disaster Loan (EIDL) program. The unforgiven amount of the PPP loan will be reduced by the amount received for the EIDL advance. While the Organization believes its use of the PPP loan proceeds meet the conditions of forgiveness, it is possible the Organization may be ineligible for forgiveness of the loan, in whole or in part.

The Organization has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and statement of activities as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. As of August 28, 2020, the virus and related responses have not significantly impacted the Organization’s ability to continue to operate and provide services. While it is possible that the virus and related responses could have a negative effect on the Organization’s activities and financial position (such as the fair value of the Organization’s investments and contributions from grantors), the ultimate impact of COVID-19 is not reasonably estimable at this time.