

**FINANCIAL REPORT
(Compiled)**

JUNE 30, 2020

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David W. Black, CPA
Managing Partner

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors

Harrisonburg, VA 22803

Management is responsible for the accompanying financial statements of (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and functional expenses for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Generally accepted accounting principles require that fixed assets be capitalized and depreciated over their estimated useful lives. The Organization has expensed the cost of fixed assets as they are acquired. The effects of this departure from generally accepted accounting principles on financial position and results of operations have not been determined.

The statements of cash flows for the years ended June 30, 2020 and 2019 have not been presented. Generally accepted accounting principles require that such statements be presented when financial statements purport to present financial position and results of operations.

Young, Nicholas, Branner & Phillips, LLP

Harrisonburg, VA
September 16, 2020

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Certified Public Accountants

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STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019
See Accountants' Report

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 98,141	\$ 78,972
Total assets	<u>\$ 98,141</u>	<u>\$ 78,972</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Payroll taxes payable	\$ 2,416	\$ 1,897
Loan payable,	<u>18,700</u>	<u>-</u>
Total liabilities	<u>\$ 21,116</u>	<u>\$ 1,897</u>
NET ASSETS		
Without donor restrictions	<u>\$ 77,025</u>	<u>\$ 77,075</u>
Total net assets	<u>\$ 77,025</u>	<u>\$ 77,075</u>
Total liabilities and net assets	<u>\$ 98,141</u>	<u>\$ 78,972</u>

See Notes to Financial Statements.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019
See Accountants' Report

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2020</u>	<u>2019</u>
SUPPORT AND REVENUE		
Grants and contributions:		
	\$ -	\$ 9,972
	-	6,000
	-	9,135
	37,647	-
	7,500	7,500
	35,000	-
	-	35,000
	25,148	-
	6,000	-
Other grants and contributions	47,143	112,972
Program income	27,692	20,466
	8,407	15,571
directly related expenses	(2,500)	(5,374)
Interest income	458	-
Total support and revenue	<u>\$ 192,495</u>	<u>\$ 211,242</u>
EXPENSES		
Program services	\$ 161,577	\$ 107,348
Supporting services:		
Management and general	25,390	25,147
Fundraising	5,578	4,270
Total expenses	<u>\$ 192,545</u>	<u>\$ 136,765</u>
Increase (decrease) in net assets without donor restrictions	\$ (50)	\$ 74,477
NET ASSETS, BEGINNING OF YEAR	<u>77,075</u>	<u>2,598</u>
NET ASSETS, END OF YEAR	<u>\$ 77,025</u>	<u>\$ 77,075</u>

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
See Accountants' Report

Note 1. Nature of Organization and Significant Accounting Policy

Nature of Organization:

Income taxes:

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization adopted the provisions of accounting for uncertainty in income tax positions as required by the Income Taxes Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification; however management does not believe it is exposed to any such provisions as they are defined in this guidance. The Organization files Form 990, *Return of Organization Exempt from Income Tax* annually with the United States Department of the Treasury and Form 990T, *Exempt Organization Business Income Tax Return* when required. Such returns for the tax years ended 2016, 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Financial statement presentation:

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These assets may be used at the discretion of management and Board of Directors.

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

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

Contributions:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor restrictions.

NOTES TO FINANCIAL STATEMENTS
See Accountants' Report

Note 1. Nature of Organization and Significant Accounting Policy (Continued)

Estimates and assumptions:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, 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 Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time and effort
Payroll taxes	Time and effort
Rent	Square footage

Other expenses are allocated based on square footage or time and effort.

New accounting pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation on 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. ias
 adjusted the presentation of these statements accordingly.

Advertising:

The Organization expenses advertising costs as they are incurred.

Contributed services:

During the years ended June 30, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

NOTES TO FINANCIAL STATEMENTS

See Accountants' Report

Note 2. Rental Expense

The Organization rents office space from . The lease agreement called for a monthly rental payment of \$770 from July 1, 2019 to October 31, 2019. From November 1, 2019 to June 30, 2020 the rent was \$1,430 per month. The lease was extended through June 30, 2021, the rent will be \$1,473 monthly. Total future minimum rental expense under the lease at June 30, 2020 will be \$17,676.

Note 3. Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure through September 16, 2020, the date on which the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The outbreak has caused business disruption through mandated and voluntary closings. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations.

Note 4. Availability and Liquidity

The following represents the financial assets of at June 30, 2020 and 2019:

Financial assets at year end	<u>2020</u>	<u>2019</u>
Cash	\$ 98,141	\$ 78,972
Total financial assets	<u>\$ 98,141</u>	<u>\$ 78,972</u>
Less amounts not available to be used within one year	\$ -	\$ -
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 98,141</u>	<u>\$ 78,972</u>

goal is generally to maintain financial assets to meet 90 days of operating expenses.

Note 5. Net Assets

Net assets without donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

Undesignated	<u>2020</u>	<u>2019</u>
	\$ 77,025	\$ 77,075
Total	<u>\$ 77,025</u>	<u>\$ 77,075</u>

NOTES TO FINANCIAL STATEMENTS
See Accountants' Report

Note 6. Loan Payable, Paycheck Protection Program

The Organization has received loan proceeds in the amount of _____ under the Paycheck Protection Program ("PPP") as of June 30, 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1 percent, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

The Organization recognized the entire loan amount as a financial liability in the statement of financial position.