



FINANCIAL STATEMENTS

March 31, 2020 and 2019

The American Breast Cancer Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
The American Breast Cancer Foundation, Inc.
Columbia, Maryland

We have audited the accompanying financial statements of The American Breast Cancer Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Foundation'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 Foundation'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 reasonable 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 The American Breast Cancer Foundation, Inc. as of March 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Weil, Akman, Baylin & Coleman, P.A.

Timonium, Maryland
January 10, 2020

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31,	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 255,832	\$ 206,520
Investments	1,508,001	1,798,590
Prepaid expenses	<u>10,665</u>	<u>4,165</u>
Total current assets	1,774,498	2,009,275
Property and equipment, net	5,554	11,158
Other assets		
Deposits	<u>6,298</u>	<u>6,298</u>
Total assets	<u>\$ 1,786,350</u>	<u>\$ 2,026,731</u>

See independent auditor's report and notes to the financial statements.

2020

2019

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 368,313	\$ 244,570
Accrued expenses	13,104	9,017
Deferred rent	<u>25,371</u>	<u>38,618</u>
Total liabilities	406,788	292,205
Net assets without donor restrictions	<u>1,379,562</u>	<u>1,734,526</u>
Total liabilities and net assets	<u>\$ 1,786,350</u>	<u>\$ 2,026,731</u>

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31,

2020

2019

	2020	2019
Revenues, gains, and support without donor restrictions		
Public support	\$ 670,689	\$ 678,597
Legacies and bequests	13,804	148,500
Other revenue	7,844	728
Dividends and interest	74,720	93,974
Net realized and unrealized (loss) gain on investments	<u>(151,755)</u>	<u>75,262</u>
Total revenues, gains, and support without donor restrictions	<u>615,302</u>	<u>997,061</u>
Expenses		
Program services	641,659	615,162
General and administrative	165,944	196,267
Fundraising	<u>162,663</u>	<u>167,264</u>
Total expenses	<u>970,266</u>	<u>978,693</u>
Change in net assets without donor restrictions	(354,964)	18,368
Net assets without donor restrictions - beginning of year	<u>1,734,526</u>	<u>1,716,158</u>
Net assets without donor restrictions - end of year	<u>\$ 1,379,562</u>	<u>\$ 1,734,526</u>

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2020

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ -	\$ 5,108	\$ 5,281	\$ 10,389
Depreciation and amortization	2,802	1,401	1,401	5,604
Dues and subscriptions	-	467	861	1,328
Financial assistance - individuals	60,364	-	-	60,364
Insurance - health	10,222	1,676	3,440	15,338
Insurance - other	6,892	1,130	2,320	10,342
Interest expense	-	47	-	47
Marketing	-	-	831	831
Miscellaneous	373	16,454	186	17,013
Meals and entertainment	-	739	-	739
Office expenses	-	1,863	26	1,889
Payroll processing fees	3,682	604	1,239	5,525
Payroll taxes	17,082	2,802	5,749	25,633
Postage and shipping	1,980	157	391	2,528
Printing and reproduction	8,229	-	787	9,016
Professional fees	14,931	75,007	18,425	108,363
Public appeal	-	-	664	664
Rent	36,734	9,845	20,528	67,107
Repairs and maintenance	306	3,535	1,088	4,929
Retirement plan contribution	6,192	1,015	2,084	9,291
Salaries - officer	128,985	-	32,246	161,231
Salaries - other	99,454	37,473	44,626	181,553
Special event costs	-	-	16,005	16,005
State registration	-	2,375	2,376	4,751
Support grants	237,200	-	-	237,200
Taxes - other	92	17	40	149
Telephone and internet	6,139	4,189	2,069	12,397
Travel	-	40	-	40
Total expenses	\$ 641,659	\$ 165,944	\$ 162,663	\$ 970,266

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2019

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges	\$ -	\$ 7,124	\$ 3,355	\$ 10,479
Consulting	4,800	-	7,200	12,000
Depreciation and amortization	3,578	1,789	1,789	7,156
Dues and subscriptions	-	3,146	851	3,997
Financial assistance - individuals	40,893	-	-	40,893
Insurance - health	14,391	5,081	6,162	25,634
Insurance - other	6,383	2,253	2,733	11,369
Marketing	1,481	-	3,835	5,316
Miscellaneous	341	1,620	172	2,133
Meals and entertainment	-	1,146	-	1,146
Office expenses	35	1,651	162	1,848
Payroll processing fees	2,751	971	1,177	4,899
Payroll taxes	14,449	5,101	6,187	25,737
Postage and shipping	1,816	241	977	3,034
Printing and reproduction	55	-	128	183
Professional fees	13,615	72,557	12,892	99,064
Public appeal	-	-	1,073	1,073
Rent	36,163	9,692	20,209	66,064
Repairs and maintenance	1,363	1,402	2,003	4,768
Retirement plan contribution	4,615	1,629	1,976	8,220
Salaries - officer	128,000	-	32,000	160,000
Salaries - other	77,668	72,591	56,084	206,343
State registration	-	4,281	4,281	8,562
Support grants	256,900	-	-	256,900
Taxes - other	108	30	62	200
Telephone and internet	5,757	3,962	1,956	11,675
Total expenses	\$ 615,162	\$ 196,267	\$ 167,264	\$ 978,693

THE AMERICAN BREAST CANCER FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31,

2020

2019

Cash flows from operating activities:

Change in net assets	\$ (354,964)	\$ 18,368
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	5,604	7,156
Net realized and unrealized loss (gain) on investments	151,755	(75,262)
Change in allowance for doubtful accounts	-	(10,000)
 (Increase) decrease in assets:		
Other receivables	-	28,961
Prepaid expenses	(6,500)	377
 Increase (decrease) in liabilities:		
Accounts payable	123,743	61,104
Accrued expenses	4,087	(132)
Deferred rent	(13,247)	(11,950)
 Net cash (used) provided by operating activities	<u>(89,522)</u>	<u>18,622</u>

Cash flows from investing activities:

Purchase of property and equipment	-	-
Purchase of investments	(391,820)	(283,957)
Proceeds from sale of investments	530,654	358,746
 Net cash provided by investing activities	<u>138,834</u>	<u>74,789</u>

Net increase in cash and cash equivalents

49,312 93,411

Cash and cash equivalents - beginning of year

206,520 113,109

Cash and cash equivalents - end of year

\$ 255,832 \$ 206,520

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 47	\$ -
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THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The American Breast Cancer Foundation, Inc. (the Foundation) is a not-for-profit corporation established to provide individuals in financial need, their families and their loved ones with education, support, and access to early detection through contributions and fundraising throughout the United States. The Foundation provides financial assistance to uninsured and underserved individuals for the screening, diagnosis, treatment and survival of breast cancer.

Method of Accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the recommendations of the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. Under the Topic, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expanded for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the American Breast Cancer Foundation, Inc.'s management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of American Breast Cancer Foundation, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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

For the years ended March 31, 2020 and 2019, there were no net assets with donor restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents. The Foundation maintains their cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation's management believes the Foundation is not exposed to any significant credit risk on their balances.

Legacies and Bequests Receivable

Legacies and bequests receivable are stated at the estimated amount management expects to collect from probated wills. All receivables are expected to be collected within a year. There are \$0 of legacies and bequests receivable for the years ended March 31, 2020 and 2019.

Investments

The Not-for-Profit Entities Topic of the FASB Accounting Standards Codification requires that investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. The unrealized gains and losses are included in the change in net assets without donor restrictions.

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value

The Foundation follows the Fair Value Measurement and Disclosure Topic of the FASB Accounting Standards Codification, which provides a framework for measuring the fair value of assets and liabilities. The Topic also provides guidance regarding a fair value hierarchy, which prioritizes information used to measure fair value and the effect of fair value measurements on earnings and provides for enhanced disclosures determined by the level within the hierarchy of information used in the valuation. The Topic applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances.

The three levels of the fair value hierarchy and investments that fall into each of the levels are described below:

- **Level 1:** Level 1 inputs are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- **Level 2:** Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Level 3 inputs are unobservable and cannot be corroborated by observable market data. They are based on the best information available in the circumstances.

Depreciation and Amortization

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

Computer equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	Lesser of useful life or lease term
Office equipment	5 - 10 years
Trademarks	5 - 15 years

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

Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation had no unrelated business income for the years ended March 31, 2020 and 2019. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Contributions

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. 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 without donor restrictions and reported in the statements of activities as net assets released from restrictions.

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 program services, general & administrative, and fundraising. Such allocations are determined by management on an equitable basis.

The financial statements report certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and taxes - other, which are allocated on a square-footage basis, as well as salaries, insurance, payroll processing fees, payroll taxes, and retirement plan contribution, which are allocated on the basis of estimates of individual staff's time and effort. In addition, bank charges, consulting, depreciation and amortization, marketing, miscellaneous, office, postage and shipping, printing and reproduction, professional fees, repairs and maintenance, state registration, and telephone and internet expenses are allocated to program services, general and administrative, and fundraising as an estimation of the purpose of the individual costs within those categories.

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 Foundation. Volunteers provided program or fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Use of 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 amounts of revenues and expenses. Actual results could differ from those estimates.

New Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires a lessee to recognize assets and liabilities on the statement of financial position for those leases classified as operating leases under previous guidance. Assets previously recorded as capital leases will be recorded as finance leases. In response to the ongoing impacts to US businesses in response to the coronavirus (COVID-19) pandemic, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) allowing the deferral for implementing previously issued Topic 842 to annual periods beginning after December 15, 2021. As such, the Foundation will be required to adopt this standard for the year ending March 31, 2023. This standard requires adoption based upon a modified retrospective transition approach, with early adoption permitted. Based on a preliminary assessment, the Foundation expects that most of its operating lease commitments will be subject to the new guidance and recognized as operating lease liabilities and right-of-use assets upon adoption, resulting in a significant increase in the assets and liabilities on its statements of financial position. The Foundation is evaluating the new guidance and plans to provide additional information about its expected financial impact at a future date.

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

NOTE B. AVAILABILITY AND LIQUIDITY

The following represents the American Breast Cancer Foundation's financial assets at March 31:

Financial assets at year end:	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 255,832	\$ 206,520
Investments	<u>1,508,001</u>	<u>1,798,590</u>
Total financial assets	<u>1,763,833</u>	<u>2,005,110</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,763,833</u>	<u>\$ 2,005,110</u>

The Foundation is funded by current operations and investments on an annual basis through accurate planning of revenues and expenses. The American Breast Cancer Foundation's CEO will maintain 25% of the forecasted annual operating expenses in available cash, cash equivalents and investment funds in order to meet necessary operating expenses. Additionally, the CEO will not use available cash, cash equivalents, and investment funds for large expenditures which could not be replenished by revenues within 120 days. Funds determined to exceed short term operating needs are transferred to investment funds for increased return.

NOTE C. INVESTMENTS

The following table reflects a summary of investments held by the Foundation as of March 31:

<u>Investments</u>	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Stocks and ETFs	\$ 397,285	\$ 477,540	\$ 514,938	\$ 720,754
Equity trusts	23,176	21,263	18,212	22,529
Mutual funds:				
Open end mutual funds	961,947	940,363	959,234	967,631
Closed end mutual funds	<u>95,630</u>	<u>68,835</u>	<u>94,527</u>	<u>87,676</u>
Total investments	<u>\$ 1,478,038</u>	<u>\$ 1,508,001</u>	<u>\$ 1,586,911</u>	<u>\$ 1,798,590</u>
			<u>2020</u>	<u>2019</u>
Realized and unrealized gain (loss) on investments			\$ (136,324)	\$ 92,194
Investment expense			<u>(15,431)</u>	<u>(16,932)</u>
Net realized and unrealized gain on investments			<u>\$ (151,755)</u>	<u>\$ 75,262</u>

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

NOTE D. PROPERTY AND EQUIPMENT, net

Property and equipment consisted of the following at March 31:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 67,949	\$ 67,949
Furniture and fixtures	9,989	9,989
Leasehold improvements	2,945	2,945
Office equipment	25,926	25,926
	<u>106,809</u>	<u>106,809</u>
Less: accumulated depreciation	(101,255)	(95,651)
	<u>\$ 5,554</u>	<u>\$ 11,158</u>
Property and equipment, net		
	<u>\$ 5,604</u>	<u>\$ 7,156</u>
Depreciation expense		

NOTE E. INTANGIBLE ASSETS, net

Intangible assets consisted of the following at March 31:

	<u>2020</u>	<u>2019</u>
Trademarks	\$ 2,250	\$ 2,250
Less: accumulated amortization	(2,250)	(2,250)
	<u>\$ -</u>	<u>\$ -</u>
Intangible assets, net		
	<u>\$ -</u>	<u>\$ -</u>
Amortization expense		

NOTE F. COMMITMENTS

Operating Leases

The Foundation leases office space in Maryland under a lease agreement which expires August 2021. Under the lease, the Foundation received an abatement of rent for seven months once the Foundation moved into the office space. Rent expense was \$67,107 and \$66,064 for the years ended March 31, 2020 and 2019, respectively.

At March 31, 2020 the remaining minimum payments required under the office lease are as follows:

March 31, 2021	\$ 83,584
2022	<u>35,693</u>
Total future minimum payments	<u>\$ 119,277</u>

Operating Leases

The Foundation leases office equipment under operating lease agreements expiring in various years through 2021. Monthly payments range from \$60 to \$337. Equipment rental expense under leases was \$4,929 and \$4,768 for the years ended March 31, 2020 and 2019, respectively. Equipment rental expense is recorded under repairs and maintenance.

At March 31, 2020 the remaining minimum payments required under these leases are as follows:

March 31, 2021	<u>\$ 4,096</u>
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THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

NOTE G. BUSINESS CONCENTRATIONS

Contributions from one donor consisted of approximately 21% of the total contributions for the year ended March 31, 2020 and contributions from one estate consisted of approximately 14% of the total contributions for the year ended March 31, 2019.

NOTE H. EMPLOYEE RETIREMENT PLAN

The Foundation has a SIMPLE IRA Plan covering all salaried employees. Employees are eligible for a 3% match from the Foundation. The Foundation contributed \$9,291 and \$8,220 to the Plan for the years ended March 31, 2020 and 2019, respectively.

NOTE I. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of assets measured on a recurring basis are as follows at March 31:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2020				
Stocks and ETFs	\$ 477,540	\$ 477,540	\$ -	\$ -
Equity trusts	21,263	21,263	-	-
Open end mutual funds	940,363	940,363	-	-
Closed end mutual funds	68,835	68,835	-	-
Total assets at fair value	<u>\$ 1,508,001</u>	<u>\$ 1,508,001</u>	<u>\$ -</u>	<u>\$ -</u>
2019				
Stocks and ETFs	\$ 720,754	\$ 720,754	\$ -	\$ -
Equity trusts	22,529	22,529	-	-
Open end mutual funds	967,631	967,631	-	-
Closed end mutual funds	87,676	87,676	-	-
Total assets at fair value	<u>\$ 1,798,590</u>	<u>\$ 1,798,590</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE J. RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 20, 2020, Governor Larry Hogan ordered the closure of the physical location of every “non-life sustaining” [“non-essential”] business for what may be an extended period of time. Employees have transitioned to working remotely, and coming in to the office to perform tasks, as needed. There has been no immediate impact to the Foundation's operations. Future potential impacts may include continued disruptions or restrictions on the Foundation employees' ability to work. The future effects of these issues are unknown.

THE AMERICAN BREAST CANCER FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020 AND 2019

NOTE K. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions subsequent to March 31, 2020 through December 17, 2020, the date these financial statements were available to be issued. As required by the Subsequent Events Topic of the FASB Accounting Standards Codification, the Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements, other than noted below.

GOVERNMENTAL GRANT - PAYCHECK PROTECTION PROGRAM

The Foundation applied for and was approved a \$69,300 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin until a determination of the amount of forgiveness is made by the SBA. If the Foundation does not apply for forgiveness by ten months after the last day of their covered period, payments will be due that month. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

The loan was received on May 1, 2020. At that time the amount was recorded as a conditional grant. Since that date the Foundation has spent all the monies on qualified expenses under the PPP program. The Foundation is appropriately following the Not-for-Profit guidance in ASC 958-605, under which the Foundation recognized the income related to this grant similar to a government grant. The Foundation believes that all conditions related to forgiveness under the PPP loan program have been met and that the full loan will be forgiven.

EIDL LOAN

The Foundation also applied for and was awarded a \$80,200 loan from the Small Business Association provided as part of the relief efforts related to COVID-19. The loan was received in two payments of \$6,000 and \$74,200 on May 5, 2020 and June 30, 2020, respectively. The loan accrues interest at 2.75%, but payments are not required until one year after receiving the loan.