Open Arms, Inc. dba Bryan's House
and Bryan's House Foundation

Consolidated Financial Statements
June 30, 2019 and 2018

Sutton Frost Cary LLP
Certified Public Accountants

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation

Contents

Sutton Frost Cary LLP
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Open Arms, Inc. dba Bryan's House
and Bryan's House Foundation

We have audited the accompanying consolidated financial statements of Open Arms, Inc. dba Bryan's House and Bryan's House Foundation (nonprofit organizations), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Open Arms, Inc. dba Bryan's House and Bryan's House Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
January 27, 2020

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation
Consolidated Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash	$ 301,566	$ 365,551
Investments	84,156	83,456
Government grants receivable	69,832	122,280
Pledges receivable, net	406,900	239,847
Prepaid expenses	2,390	1,212
Total current assets	864,844	812,346
Long-term pledge receivable, net	74,552	84,473
Endowment investment	25,000	25,000
Property and equipment, net	1,910,070	1,970,612
Total assets	$ 2,874,466	$ 2,892,431
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 36,665	$ 60,279
Accrued liabilities	35,473	33,429
Total current liabilities	72,138	93,708
Net assets:		
Without donor restrictions	2,262,928	2,278,876
With donor restrictions	539,400	519,847
Total net assets	2,802,328	2,798,723
Total liabilities and net assets	$ 2,874,466	$ 2,892,431

See notes to consolidated financial statements.

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation
Consolidated Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 863,532	$ 470,827	$ 1,334,359
Government grants and contracts	528,936	-	528,936
Special event revenue, less cost of direct benefits to donors of $31,819	181,158	-	181,158
Investment return	700	-	700
Program income	53,483	-	53,483
Other income	3,956	-	3,956
Net assets released from restrictions	451,274	(451,274)	-
Total revenue and support	2,083,039	19,553	2,102,592
Expenses:			
Program services:			
Child Care	1,080,276	-	1,080,276
Social services	411,415	-	411,415
Total program services expense	1,491,691	-	1,491,691
Management and general	305,908	-	305,908
Fundraising	213,272	-	213,272
Total expenses before depreciation	2,010,871	-	2,010,871
Change in net assets before depreciation	72,168	19,553	91,721
Depreciation expense	(88,116)	-	(88,116)
Decrease in net assets	(15,948)	19,553	3,605
Net assets at beginning of year	2,278,876	519,847	2,798,723
Net assets at end of year	$ 2,262,928	$ 539,400	$ 2,802,328

See notes to consolidated financial statements.

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation
Consolidated Statement of Activities
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 814,851	$ 430,947	$ 1,245,798
Government grants and contracts	629,685	-	629,685
Special event revenue, less cost of direct benefits to donors of $39,042	181,442	-	181,442
Investment return	740	-	740
Program income	65,096	-	65,096
Other income	1,558	-	1,558
Net assets released from restrictions	340,545	(340,545)	-
Total revenue and support	2,033,917	90,402	2,124,319
Expenses:			
Program services:			
Child care	1,238,348	-	1,238,348
Social services	370,504	-	370,504
Total program services expense	1,608,852	-	1,608,852
Management and general	347,676	-	347,676
Fundraising	155,980	-	155,980
Total expenses before depreciation	2,112,508	-	2,112,508
Change in net assets before depreciation	(78,591)	90,402	11,811
Depreciation expense	(86,665)	-	(86,665)
Increase (decrease) in net assets	(165,256)	90,402	(74,854)
Net assets at beginning of year	2,444,132	429,445	2,873,577
Net assets at end of year	$ 2,278,876	$ 519,847	$ 2,798,723

See notes to consolidated financial statements.

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation
Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services		Supporting Services		
	Child Care	Social Services	Management and General	Fundraising	Total
Salaries	$ 657,690	$ 305,912	$ 177,942	$ 162,094	$ 1,303,638
Payroll taxes and benefits	193,009	54,808	28,189	24,826	300,832
Total salaries and related expenses	850,699	360,720	206,131	186,920	1,604,470
Bank fees	-	-	6,539	50	6,589
Depreciation	56,189	12,105	12,300	7,522	88,116
Equipment	15,880	2,106	3,358	1,061	22,405
Gifts in-kind	9,689	6,876	2,035	100	18,700
Miscellaneous	13	800	352	-	1,165
Network and software	5,848	1,097	6,164	3,942	17,051
Office supplies	4,916	958	6,022	17,435	29,331
Professional fees	7,427	39	15,830	91	23,387
Program and event	62,097	19,617	-	1,665	83,379
Public relations	10,000	-	4,732	19,471	34,203
Occupancy	103,993	14,919	17,764	6,676	143,352
Supplies	-	-	31,819	4,419	36,238
Travel, training and development	9,714	4,283	5,162	3,261	22,420
Total expenses by function	1,136,465	423,520	318,208	252,613	2,130,806
Depreciation	(56,189)	(12,105)	(12,300)	(7,522)	(88,116)
Cost of direct benefits to donors	-	-	-	(31,819)	(31,819)
Total expenses before depreciation	$ 1,080,276	$ 411,415	$ 305,908	$ 213,272	$ 2,010,871

See notes to consolidated financial statements.

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation
Consolidated Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services		Supporting Services		
	Child Care	Social Services	Management and General	Fundraising	Total
Salaries	$ 777,596	$ 248,895	$ 192,469	$ 121,304	$ 1,340,264
Payroll taxes and benefits	178,696	46,533	37,184	16,187	278,600
Total salaries and related expenses	956,292	295,428	229,653	137,491	1,618,864
Bank fees	-	-	5,698	-	5,698
Depreciation	58,600	11,432	9,361	7,272	86,665
Equipment	24,584	2,862	2,576	1,859	31,881
Gifts in-kind	19,229	31,084	5,290	4,650	60,253
Miscellaneous	2,317	-	-	116	2,433
Network and software	8,477	459	5,997	3,117	18,050
Office supplies	3,719	427	7,572	13,544	25,262
Professional fees	21,737	39	18,250	-	40,026
Program and event	81,299	20,862	-	-	102,161
Public relations	149	-	5,598	15,347	21,094
Occupancy	112,883	17,682	19,093	10,002	159,660
Supplies	-	-	39,042	5,866	44,908
Travel, training and development	7,662	1,661	8,907	3,030	21,260
Total expenses by function	1,296,948	381,936	357,037	202,294	2,238,215
Depreciation	(58,600)	(11,432)	(9,361)	(7,272)	(86,665)
Cost of direct benefits to donors	-	-	-	(39,042)	(39,042)
Total expenses before depreciation	$ 1,238,348	$ 370,504	$ 347,676	$ 155,980	$ 2,112,508

See notes to consolidated financial statements.

Open Arms, Inc. dba Bryan's House and Bryan's House Foundation
Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Decrease in net assets	$ 3,605	$ (74,854)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Amortization of discount on pledges receivable	(2,579)	(2,650)
Depreciation	88,116	86,665
Gain on sale of asset	(5,000)	-
Changes in assets and liabilities:		
Government grants receivable	52,448	(23,324)
Pledges receivable	(154,553)	(7,447)
Prepaid expenses	(1,178)	13,044
Accounts payable	(23,614)	(21,310)
Accrued liabilities	2,044	751
Net cash used by operating activities	(40,711)	(29,125)
Cash flows from investing activities:		
Purchases of property and equipment	(27,574)	(21,502)
Proceeds from sale of asset	5,000	-
Purchases of investments	(700)	(740)
Net cash used by investing activities	(23,274)	(22,242)
Decrease in cash	(63,985)	(51,367)
Cash at beginning of year	365,551	416,918
Cash at end of year	$ 301,566	$ 365,551

See notes to consolidated financial statements.

1. Organization

Open Arms, Inc. dba Bryan's House (Bryan's House) is a nonprofit organization established to respond to the needs of children and their families by providing medically-managed child care, respite care and community-based, family-centered support services in Dallas, Texas.

Bryan's House Foundation (Foundation) is a nonprofit organization established to solicit, invest and administer endowment funds to sustain the operating and capital requirements of Bryan's House.

Bryan's House and the Foundation are collectively referred to herein as the Organization. The Organization is supported primarily through contributions, grants and fundraising activities.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares the consolidated financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Consolidated Financial Statements

In accordance with the provisions of FASB ASC 958-810 Not-for-Profit Entities/Consolidations, the financial statements of Bryan's House and the Foundation have been consolidated and all inter-organization transactions and accounts have been eliminated.

Consolidated Financial Statement Presentation

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

> *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.
>
> *Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a board of directors approved spending policy.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization chooses to show contributions with donor restrictions whose restrictions are met in the same reporting period as contributions without donor restrictions.

Concentrations of Credit and Market Risk

Financial instruments which are potentially subject to concentrations of credit and market risk consist principally of cash, investments, government grants receivable and pledges receivable.

The Organization maintains cash at various financial institutions located in Texas. Management has placed these funds with high credit quality financial institutions to minimize risk. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2019, the Organization's uninsured balances totaled $34,717.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Government grants receivable and pledges receivable are unsecured and are due from various government agencies and donors. The Organization periodically evaluates the collectability of government grants receivable and pledges receivable and maintains allowances as considered necessary.

At June 30, 2019, promises to give from three donors totaled 66% of pledges receivable. At June 30, 2018, promises to give from three donors totaled 67% of pledges receivable. Grants from federal and state agencies totaled 26% and 29% of the Organization's revenue and support for the years ended June 30, 2019 and 2018, respectively.

Investments

Investments consist of money market funds carried at fair value in the consolidated statements of financial position with the related realized and unrealized gains and losses included in the accompanying consolidated statements of activities.

Government Grants Receivable

Government grants receivable are recorded based on the reimbursable amount incurred and are due within the next year. No allowance for doubtful accounts was considered necessary at June 30, 2019 and 2018.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of the donation. The Organization capitalizes expenditures for property and equipment with a cost greater than $2,500. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 35 years. The cost of maintenance and repairs is expensed as incurred.

In accordance with GAAP, management monitors events and changes in circumstances which could indicate that the carrying value of real estate may not be recoverable. If events or changes in circumstances are present, management assesses the recoverability of real estate by determining whether the carrying value will be recovered through the undiscounted future cash flows expected to be generated from its uses and eventual disposition. If the carrying amount of the real estate exceeds its estimated undiscounted cash flows, the impairment to be recognized is measured by the amount of the carrying value of the real estate that exceeds its fair value.

Revenue Recognition

Contributions are generally recorded only upon receipt unless evidence of an unconditional promise to give has been received. Unconditional promises to give (pledges receivable) that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected and reduced by an allowance for uncollectible amounts. Conditional promises to give are recognized when the conditions to which they are subject are met.

Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. Numerous individuals donate significant amounts of time to the Organization. No donated services were utilized that met the criteria to be recorded as support on the Organization's consolidated financial statements.

Government grant and contract revenue is recognized as contract terms are fulfilled. Cost reimbursement contracts are recognized as revenue when the allowable costs are incurred. Fees for contract services are recognized as revenue when the contracted services are performed.

Allocation of Functional Expenses

The cost of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. the expenses that are allocated include salaries and payroll taxes and benefits, which are allocated on the basis of time and effort, as well as occupancy, equipment, office supplies, network and software and depreciation, which are allocated on a square footage basis. All other expenses are directly attributable to various program services and supporting activities.

Federal Income Tax

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization had no unrelated business income for the years ended June 30, 2019 and 2018. Accordingly, no provision has been made for federal income tax in the accompanying consolidated financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2019 and 2018, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and changes in net assets.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The effective date of ASU 2014-09 is for annual periods beginning after December 15, 2018 for the majority of not-for-profit organizations.

In 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made* to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Topic 958, *Not-for-Profit Entities* or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The standard is effective for annual periods beginning after December 15, 2018 for the majority of not-for-profit entities. The changes in this standard should generally be applied on a retrospective basis in the year that it is first applied.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2020.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

Accounting Pronouncements Adopted

The Organization adopted FASB ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities* as of and for the year ended June 30, 2019 with retrospective application for the 2018 consolidated financial statements. As result, the major changes applicable for the Organization include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources. The Organization opted to not disclose liquidity and availability information for 2018 as permitted under the ASU in the year of adoption. The adoption of this ASU had no effect on net assets or the change in net assets presented for the years ended June 30, 2019 and 2018.

Reclassification

Certain items in the consolidated 2018 financial statements have been reclassified to conform to the 2019 presentation.

3. Investments

Under the fair value measurements and disclosures topic of the codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

Level 1 — Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 — Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;

Level 3 — Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value.

Money Market Funds

Money market funds are valued using $1 for the net asset value and are classified within level 1 of the valuation hierarchy as the values are directly observable inputs.

4. Pledges Receivable

At June 30, 2019 and 2018 the Organization had the following unconditional promises to give:

	2019	2018
Amount due in:		
Less than one year	$ 406,900	$ 239,847
More than one year	77,500	90,000
Subtotal	484,400	329,847
Unamortized present value discount	(2,948)	(5,527)
	$ 481,452	$ 324,320

The discount rate used on long-term pledges was between 1.71% and 2.82% for the year ended June 30, 2019 and 2.63% for the year ended June 30, 2018.

5. Property and Equipment

Property and equipment consist of the following at June 30:

	2019	2018
Land	$ 240,000	$ 240,000
Building and improvements	2,121,190	2,121,190
Automobiles	17,653	103,759
Furniture and equipment	91,894	160,251
	2,470,737	2,625,200
Less: accumulated depreciation	(560,667)	(654,588)
	$ 1,910,070	$ 1,970,612

Depreciation expense for the years ended June 30, 2019 and 2018 totaled $88,116 and $86,665, respectively.

6. Line of Credit

The Organization has a revolving line of credit with a bank. This line of credit bears interest at the prime rate plus 4.75% (10.25% at June 30, 2019). No amounts are outstanding under the line of credit as of June 30, 2019 and 2018.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30:

	2019	2018
Early childhood education	$ -	$ 100,000
Family supportive services	-	50,000
Salaries	-	15,000
Subsequent period programs	514,400	329,847
Endowment restricted in perpetuity	25,000	25,000
	$ 539,400	$ 519,847

8. Endowment Fund

The Organization's endowment consists of one donor-restricted endowment fund to support maintenance and operations. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Texas State Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, absent explicit donor stipulation to the contrary. As a result of this interpretation, the Organization classifies as permanent endowment (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The earnings from the original gift are classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUMPIFA, the Organization, in making a determination to appropriate or accumulate donor-restricted endowment funds act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considers if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration of preservation of the funds
- The purposes of the Organization and the endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The Organization's investment policy

The Organization has adopted an investment policy for endowment assets. The funds shall be invested by the finance committee, after approval by the board of directors, in any of the following: cash equivalents, fixed income securities, equity securities and mutual funds. The Organization seeks to build endowment funds through additional contributions.

9. Government Grants and Contracts

The Organization receives funding from the federal and state government in the form of grants and contracts. The Organization is responsible for compliance with provisions of these grants and contracts. Noncompliance could result in the disallowance of expenditures and a request for reimbursement. In the opinion of the Organization's management, such disallowance, if any, would not be significant to the Organization's consolidated financial statements.

10. Donated Goods

Food, school supplies, diapers and other program items are donated to the Organization by various individuals and organizations. Donated goods amounting to $18,700 and $60,253 for the years ended June 30, 2019 and 2018, respectively, were recorded at fair value at the date of donation and have been included in contributions and expense in the consolidated statements of activities.

11. Operating Leases

The Organization leases two copiers through non-cancelable operating lease agreements expiring in 2024. The following is a schedule of future minimum lease payments required under these lease agreements for the years ending June 30:

2020	$ 16,039
2021	16,039
2022	16,039
2023	16,039
2024	12,029

12. Retirement Plan

The Organization maintains a Savings Incentive Match Plan (Plan) for their employees. Substantially all employees are eligible to participate in the Plan. The Organization matches the employee's elective contribution in an amount not to exceed 3% of the employee's compensation. The Organization's contributions to the Plan totaled $9,024 and $9,056 for the years ended June 30, 2019 and 2018, respectively.

13. Related Party Transactions

The Organization received contributions of $81,923 and $130,569 during the years ended June 30, 2019 and 2018, respectively, from members of the board of directors. At June 30, 2019 and 2018, pledges receivable includes amounts due from board members totaling $75,950 and $99,347, respectively.

14. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

Cash	$ 301,566
Investments	109,156
Government grants receivable	69,832
Pledges receivable, net	481,452
Total financial assets	962,006
Less amounts not available for general expenditures within one year:	
Endowment investments restricted in perpetuity	(25,000)
Pledges receivable collectible beyond one year	(74,552)
Financial assets not available for general expenditures within one year	(99,552)
Total financial assets available to meet cash needs for general expenditures within one year	$ 862,454

The Organization targets to have two months general operating cash on hand. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help with unanticipated liquidity needs, the Organization has a line of credit in the amount of $15,000 which could be drawn upon if needed in the event of unavailable financial assets.

15. Subsequent Events

Management has evaluated subsequent events through the date the consolidated financial statements were available to be issued and concluded that no additional disclosures are required.