IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Financial Statements and
Supplementary Information

December 31, 2020 and 2019

Independent Auditors' Report

Board of Directors
IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of IMPACT, Alcohol & Other Drug Abuse Services, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 the Organization as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2021 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
May 18, 2021

IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 1,615,196	$ 540,896
Investments	224,916	197,497
Accounts receivable	164,922	103,884
Grants receivable	234,896	129,123
Pledges receivable	498,863	483,599
Prepaid expenses	23,013	21,279
Total current assets	2,761,806	1,476,278
Property and Equipment, net	107,651	124,877
Total assets	$ 2,869,457	$ 1,601,155
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 140,542	$ 57,457
Accrued liabilities	374,082	243,207
Current portion of capital lease	5,282	7,311
Refundable grants	15,425	18,410
Current portion of long term debt	85,463	-
Total current liabilities	620,794	326,385
Long-term Liabilities		
Capital lease	4,640	7,198
Long-term debt	598,237	-
Total liabilities	1,223,671	333,583
Net Assets		
Without donor restrictions	1,146,923	776,473
With donor restrictions	498,863	491,099
Total net assets	1,645,786	1,267,572
Total liabilities and net assets	$ 2,869,457	$ 1,601,155

IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Statements of Activities
Years Ended December 31, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
Public Support						
Grants	$ 2,743,374	$ -	$ 2,743,374	$ 1,958,028	$ -	$ 1,958,028
Contributions	495,865	-	495,865	342,566	53,500	396,066
United Way	428,246	448,863	877,109	444,476	430,099	874,575
Special events	-	-	-	71,790	-	71,790
Net assets released from restriction	441,099	(441,099)	-	658,553	(658,553)	-
Total public support	4,108,584	7,764	4,116,348	3,475,413	(174,954)	3,300,459
Revenue						
Program fees	869,213	-	869,213	1,031,902	-	1,031,902
Subcontracts	712,880	-	712,880	580,062	-	580,062
Investment income, net	28,100	-	28,100	41,479	-	41,479
Total revenue	1,610,193	-	1,610,193	1,653,443	-	1,653,443
Total public support and revenue	5,718,777	7,764	5,726,541	5,128,856	(174,954)	4,953,902
Expenses						
Program	4,252,214	-	4,252,214	3,713,734	-	3,713,734
Management and general	878,473	-	878,473	899,108	-	899,108
Fundraising	217,640	-	217,640	247,330	-	247,330
Total expenses	5,348,327	-	5,348,327	4,860,172	-	4,860,172
Change in Net Assets	370,450	7,764	378,214	268,684	(174,954)	93,730
Net Assets, Beginning	776,473	491,099	1,267,572	507,789	666,053	1,173,842
Net Assets, Ending	$ 1,146,923	$ 498,863	$ 1,645,786	$ 776,473	$ 491,099	$ 1,267,572

See notes to financial statements

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ 378,214	$ 93,730
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	17,226	22,895
Net gain on investments	(23,336)	(34,472)
Changes in assets and liabilities		
Accounts and grants receivables	(166,811)	164,670
Pledges receivable	(15,264)	137,551
Prepaid expenses	(1,734)	4,264
Accounts payable	83,085	3,075
Accrued liabilities	130,875	11,595
Refundable grants	(2,985)	18,410
Net cash flows from operating activities	399,270	421,718
Cash Flows From Investing Activities		
Capital expenditures	-	(113,442)
Purchase of investments	(4,083)	(4,224)
Net cash flows from investing activities	(4,083)	(117,666)
Cash Flows From Financing Activities		
Proceeds from long-term debt	683,700	-
Payments on capital lease	(4,587)	(10,779)
Net cash flows from financing activities	679,113	(10,779)
Net change in cash and cash equivalents	1,074,300	293,273
Cash and Cash Equivalents, Beginning	540,896	247,623
Cash and Cash Equivalents, Ending	$ 1,615,196	$ 540,896
Supplementary Cash Flow Disclosures		
Cash paid for interest	$ 2,017	$ 4,414
Noncash Investing and Financing Activities		
Equipment purchased through capital lease obligations	$ -	$ 10,295

See notes to financial statements

IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Statement of Functional Expenses
Year Ended December 31, 2020

	AODA Services	211	Planning Council	Coordinated Entry	Shelter	Homeless Prevention Fund	Impact Connect	Total Program	Fundraising	Management and General	Total
Salaries and wages	$ 488,231	$ 938,721	$ 192,572	$ 532,011	$ -	$ -	$ 2,134	$ 2,153,669	$ 123,735	$ 466,776	$2,744,180
Employee benefits	169,970	255,948	84,283	153,966	-	-	-	664,167	31,894	178,126	874,187
Payroll taxes	43,998	80,434	17,286	45,930	-	-	163	187,811	10,352	42,163	240,326
Total salaries and related expenses	702,199	1,275,103	294,141	731,907	-	-	2,297	3,005,647	165,981	687,065	3,858,693
Professional fees	32,834	18,129	-	10,756	475,900	141,863	78,870	758,352	-	59,460	817,812
Supplies	4,536	951	203	874	-	-	-	6,564	67	6,861	13,492
Telephone	23,275	57,125	220	25,611	-	-	-	106,231	804	9,842	116,877
Postage and shipping	1,874	3,612	717	2,040	-	-	-	8,243	2,415	2,109	12,767
Occupancy	105,559	63,420	13,444	35,544	-	-	-	217,967	3,863	46,855	268,685
Bank charges and interest	22,337	-	-	-	-	-	-	22,337	-	9,287	31,624
Rental and maintenance equipment	4,282	2,335	169	1,086	-	-	-	7,872	103	5,033	13,008
Printing and publications	738	2,238	-	861	-	-	17,161	20,998	40,515	4,470	65,983
Travel	407	345	206	1,433	-	-	-	2,391	130	632	3,153
Conferences, conventions and meetings	380	4,607	-	1,656	-	-	-	6,643	1,476	8,082	16,201
Memberships and dues	750	421	574	139	-	-	-	1,884	-	14,333	16,217
Computer/Internet	8,215	38,050	5,532	20,558	-	-	-	72,355	1,795	22,305	96,455
Other	-	-	-	-	-	-	-	-	-	134	134
Depreciation	5,067	5,914	828	2,921	-	-	-	14,730	491	2,005	17,226
Total expenses	$ 912,453	$1,472,250	$ 316,034	$ 835,386	$ 475,900	$ 141,863	$ 98,328	$ 4,252,214	$ 217,640	$ 878,473	$5,348,327

See notes to financial statements

IMPACT, Alcohol & Other Drug Abuse Services, Inc.

Statement of Functional Expenses
Year Ended December 31, 2019

	AODA Services	211	Planning Council	Coordinated Entry	Shelter	Total Program	Fundraising	Management and General	Total
Salaries and wages	$ 584,827	$ 773,316	$ 190,618	$ 413,692	$ -	$ 1,962,453	$ 115,539	$ 456,915	$ 2,534,907
Employee benefits	199,748	216,101	76,557	127,304	-	619,710	37,194	156,485	813,389
Payroll taxes	56,559	72,846	18,521	38,983	-	186,909	11,146	44,601	242,656
Total salaries and related expenses	841,134	1,062,263	285,696	579,979	-	2,769,072	163,879	658,001	3,590,952
Professional fees	34,386	10,915	16,994	4,228	400,000	466,523	-	65,992	532,515
Supplies	5,077	4,025	60	1,317	-	10,479	41	8,259	18,779
Telephone	27,389	59,561	1,393	17,659	-	106,002	1,563	14,593	122,158
Postage and shipping	2,067	2,701	687	1,446	-	6,901	1,728	4,096	12,725
Occupancy	95,899	72,001	13,852	33,352	-	215,104	3,972	48,458	267,534
Bank charges and interest	13,278	-	-	-	-	13,278	-	4,292	17,570
Rental and maintenance equipment	5,536	473	97	126	-	6,232	59	3,352	9,643
Printing and publications	2,800	4,979	31	2,262	-	10,072	11,718	6,792	28,582
Travel	4,087	5,395	4,089	6,410	-	19,981	2,130	4,722	26,833
Conferences, conventions and meetings	1,361	8,903	1,909	2,991	-	15,164	13,320	13,340	41,824
Special events	-	-	-	-	-	-	46,157	-	46,157
Memberships and dues	750	450	798	110	-	2,108	95	13,731	15,934
Computer/Internet	18,050	15,307	6,498	11,040	-	50,895	2,455	52,082	105,432
Other	139	-	-	-	-	139	-	500	639
Depreciation	4,305	13,248	382	3,849	-	21,784	213	898	22,895
Total expenses	$ 1,056,258	$ 1,260,221	$ 332,486	$ 664,769	$ 400,000	$ 3,713,734	$ 247,330	$ 899,108	$ 4,860,172

See notes to financial statements

1. Summary of Significant Accounting Policies

Nature of Activities

IMPACT, Alcohol & Other Drug Abuse Services, Inc. (the Organization) is committed to changing lives, for good. Our family of services helps restore the health and productivity of individuals, organizations and workplaces leading to an improved quality of life for our entire community. For more than 60 years, the Organization's programs have provided the motivation and means for those looking to take the first step toward regaining stability. Headquartered in Southeastern Wisconsin, the Organization has established a productive collaborative relationship with leading businesses, funders, community stakeholders and other non-profit organizations.

Cash and Cash Equivalents

The Organization defines cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Cash and cash equivalents held with fund managers are recorded as investments on the statements of financial position.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). The Organization records the change of ownership of bonds and stocks on the day a trade is made. Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment income is presented net of investment fees.

Accounts Receivable

The Organization assesses collectibility of amounts due prior to the recognition of revenues. Accounts receivable are recorded at net realizable value when the amounts are due in accordance with contracts with customers. Accounts are written-off through bad debt expense when the Organization has exhausted all collection efforts and determines accounts are impaired based on changes in credit worthiness. No amounts were written-off in 2020 and 2019.

Grants Receivable

Grants receivable represent the outstanding balance of government grants due to the Organization based upon costs incurred. Management determines the need for an allowance for doubtful accounts based on historical collection experience and a review of current receivable balances. No allowance for doubtful accounts is considered necessary at December 31, 2020 and 2019.

Pledges Receivable

Unconditional pledges receivable made to the Organization are recorded in the year the pledge is made. Current pledges receivable are expected to be collected during the next year and are recorded at net realizable value. If a pledge is received that covers multiple years, the pledge is discounted and amortized over the life of the pledge using the rate of applicable U.S. Treasury notes at the time of the pledge. The amortization of this discount is recognized as contribution revenue in future periods. Pledges are reviewed for collectability. An allowance for pledges receivable is determined based on experience. Management deemed no allowance was necessary at December 31, 2020 and 2019.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of $5,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired, or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Donated property and equipment are recorded as increases in net assets without donor restrictions at their estimated fair value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service or as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Net Assets

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

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. The Organization's Board of Directors (Board) has the ability to designate net assets without restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board at any time. The Board has not designated any amounts as of December 31, 2020 and 2019.

Net Assets With Donor Restrictions

Net assets that are subject to donor-imposed stipulations that expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or that they be maintained in perpetuity by the Organization.

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

Grants

The Organization receives grants from public government entities in which the Organization is requested to perform services specific for residents of Southeastern Wisconsin impacted by alcohol and other drug abuse. Revenue is recognized in the accounting period when the allowable expenses for the grant are incurred. The Organization submits requests for reimbursement to the funders or receives payments for services performed at an agreed upon rate. Grant agreements are renewed annually and are conditional upon the performance of services in the period of the agreement. Conditional grants were $345,000 and $127,353 at December 31, 2020 and 2019, respectively.

Contributions

The Organization recognizes all contributions received, including those received from United Way, as income in the period the unconditional contributions are received. Contributions are considered unconditional when the Organization meets any barriers or conditions communicated in the agreement. Contributed support is reported as without donor restrictions or as with donor restrictions depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Revenue Recognition Policies

Revenue under contracts with customers is recognized when the customer obtains control of the good or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Organization identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Organization's performance in transferring control of the promised goods or services to the customer. Contracts with customers do not include a significant financing component.

Program Fees

The Organization principally generates revenue from the intoxicated driver program (IDP) assessment fees. IDP assessment fees are recorded using the portfolio approach since the contracts are uniform. Individuals that are charged with operating while intoxicated offenses are required by the State of Wisconsin to obtain an assessment prior to reinstating the individual’s driver’s license. Assessments are non-refundable and paid in full prior to receiving the assessment. To determine the transaction price, management assesses the costs to provide the program and the Board approves the fixed assessment fee through the budget annually. The performance obligation is satisfied upon the completion of the assessment with a counselor and revenue is recognized at that time.

Subcontracts

The Organization generates revenue from subcontracts for planning and evaluation services; 2-1-1 after hours and Wisconsin Addiction Recovery Hotline; and other subcontracts. The subcontracts are recorded using the portfolio approach since the contracts contain uniform terms and conditions. In all cases the transaction price is fixed and outlined in the contract. Amounts are generally nonrefundable.

Subcontracts, Planning and Evaluation

The Organization enters into contracts with customers that are grantees. The customers purchase evaluation services from the Organization to fulfill the grantee's requirement to have the results of the program evaluated by an independent third party. The performance obligation is for the Organization to provide a bundle of services to the customers. The bundle of services provided on an ongoing basis over the term of the contract include, but are not limited to, serving as external evaluators in conducting the process and outcome evaluation, support the collection of data required by the grantee, provide data analysis and reporting including interim reports and a final program evaluation report. Contracts may be signed on varying terms with contracts ranging from two through six years. Payments are generally due monthly in equal amounts over the term of the contract. As the Organization provides the bundle of services noted above, the Organization recognizes revenue ratably over the course of the contract.

Revenue recognized from planning and evaluation for the years ended 2020 and 2019 was $432,520 and $403,538 respectively.

Subcontracts, 2-1-1 after hours and Wisconsin Addiction Recovery Hotline

Other 2-1-1 operators in Wisconsin are required to stay available all day to receive phone calls. Due to limited resources of the operators, they cannot meet the staffing needs to meet the requirements of the contracts. The services are purchased from the Organization as a subcontractor to be available to answer calls during those hours the operators cannot meet the requirements of the contract. The performance obligation is to be available for a base number of calls during the term of the agreement. An additional performance obligation is satisfied if the agreed base number of calls is exceeded. Payments for the base amount of calls are fixed at the time of the contract and are due monthly. Additional charges for excess phone calls are determined before entering into the contract and applied to the number of calls over base at the end of the contract and are due at that time. The performance obligations are to be available to take calls and fulfill those operator's calls during hours where the operators do not have the infrastructure in place to take the calls. As the performance obligation is satisfied over time, revenue is recognized pro-rata for the agreed upon base volume of calls. If the base volume is exceeded, revenue is recognized at the end of the contract period.

Wisconsin 2-1-1 is required to use the established regional 2-1-1 contact centers for the Wisconsin Addiction Recovery Helpline (WARH). To establish WARH, Wisconsin 2-1-1 purchases services from the Organization as a subcontractor to maintain the WARH database and have staff available for calls on the helpline. Payments are based on the number of hours maintaining the database, the number of calls taken, and an additional amount fixed at the start of the contract for resources to be available to answer phone calls. The hours and number of phone calls taken are satisfied at a point in time and recognized when the services are performed. The fixed amount to be available is satisfied over time and the related revenue is recognized pro-rata over the term of the contract.

Revenue recognized from 2-1-1 after hours and Wisconsin Addiction Recovery Hotline for the years ended 2020 and 2019 was $147,135 and $151,718, respectively. Of this, revenue recognized at a point in time was $46,905 and $59,922 for the years ended December 31, 2020 and 2019, respectively.

Subcontracts, IMPACT Connect

Beginning in 2020, the Organization entered into subcontracts with four (4) health systems in Southeastern Wisconsin to coordinate the provision of a community information exchange. Revenue recognized in the year ended 2020 was $103,333.

Subcontracts, Other

The Organization enters into other subcontracts with customers to provide services. The contracts generally have terms on a calendar year basis and the revenue is recognized upon completion of the services within the calendar year. Revenue recognized from other subcontracts for the years ended 2020 and 2019 was $29,892 and $24,806, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Liquidity and Funds Available

The following reflects the Organization's financial assets as of December 31, reduced by amounts not available for general use due to contractual or donor-imposed restrictions:

	2020	2019
Total Assets at Year End	$ 2,869,457	$ 1,601,155
Less Non-Financial Assets		
Property and equipment, net	(107,651)	(124,877)
Prepaid expenses	(23,013)	(21,279)
Financial Assets, at Year End	2,738,793	1,454,999
Less those Unavailable for General Expenditures within one Year due to:		
Restricted by donor with time or purpose restrictions	(498,863)	(491,099)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,239,930	$ 963,900

As part of the Organization's liquidity management, the Organization signs contracts with various grantors prior to the beginning of each year. The grantors are invoiced for expenses incurred on a monthly basis. Regular payments for services performed on the contracts provide sufficient funds as obligations become due. Additionally, the Organization has a line of credit, as described in Note 4, with availability to draw on as necessary.

Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting function. The expenses that are allocated include salaries and related expenses, supplies, computer/internet, telephone, postage and shipping, insurance and rent (occupancy). Certain salaries and related expenses are allocated based upon time studies performed monthly or number of computers in the program. Supplies, computer/internet, postage and shipping, and insurance expenses are allocated based on direct program salaries monthly unless they can be identified and directly charged to the program. Telephone is allocated based on the percentage of use unless they can be identified and directly charged to the program. Rent is allocated based on square footage used.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the statement of financial position. The Organization will be required to apply the standard for annual periods beginning after December 15, 2021 (2022). Early adoption is permitted. Management is currently evaluating the impact of ASU No. 2016-02 on its financial statements.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). Early adoption is permitted. Management is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events through May 18, 2021 which is the date that the financial statements were approved and available to be issued.

2. Fair Value of Financial Instruments

As defined in authoritative accounting guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible, the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy at December 31.

	2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Equity securities	$ 160,964	$ 160,964	$ -	$ -
Fixed income securities	63,952	63,952	-	-
Total	$ 224,916	$ 224,916	$ -	$ -

	2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Equity securities	139,574	139,574	-	-
Fixed income securities	57,923	57,923	-	-
Total	$ 197,497	$ 197,497	$ -	$ -

The Organization holds investments in equity and fixed income securities that are publicly traded on various exchanges and are therefore classified as Level 1.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

3. Property and Equipment

The major categories of property and equipment at December 31 are summarized as follows:

	Depreciable Lives	**2020**	**2019**
Furniture and fixtures	3-10 yrs.	$ 245,159	$ 901,268
Leasehold improvements	3-10 yrs.	174,100	260,401
Total property and equipment		419,259	1,161,669
Less: accumulated depreciation		311,608	1,036,792
Net property and equipment		$ 107,651	$ 124,877

4. Line of Credit

The Organization has a $100,000 line of credit financing agreement with PNC. Interest is payable monthly at 2.75 percent plus 1 month LIBOR (3.00 percent at December 31, 2020). The line of credit matures on June 20, 2021 and is secured by substantially all of the Organization's assets. There were no amounts outstanding on the line of credit at December 31, 2020 and 2019.

5. Long-term Debt - Paycheck Protection Program Loan Payable

On April 14, 2020, the Organization received loan proceeds in the amount of $683,700 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying business in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a “covered period” (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 2 years if issued before, or 5 years if issued after June 5, 2020 at an interest rate of 1% with payments deferred until the SBA remits the borrowers loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. The Organization may request to repay the loan over five years and request is subject to the approval of the lender. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Organization believes that it will meet the PPP’s loan forgiveness requirements, and therefore, plans to apply for forgiveness during 2021. When legal release is received, the Organization will record the amount forgiven as forgiveness income within its statement of activities. If any portion of the Organization’s PPP loan is not forgiven, the Organization will be required to repay that portion over 2 years in equal installments with the repayment term beginning at the time that the SBA remits the amount forgiven to the Organization’s lender.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

6. Operating Leases

The Organization leases facilities and equipment under lease agreements expiring at various dates through September 2025. Two leases require lease payments plus pro-rata increases on real estate taxes and operating expenses.

Future minimum lease payments as of December 31, 2020 are as follows:

2021	$ 256,622
2022	251,414
2023	247,510
2024	251,310
2025	186,652
Total	$ 1,193,508

Rent expense on the operating leases was $251,127 and $239,181 for the years ended December 31, 2020 and 2019, respectively and is included in occupancy on the statements of functional expenses.

7. Capital Leases

The Organization has entered into capital lease agreements for the use of various equipment. The lease agreements expire through January 2024. The capitalized cost of the leased property at December 31, 2020 and 2019 was $24,759. Amortization expense on the capital leases is included with depreciation expense. Accumulated amortization was $16,964 and $12,012 as of December 31, 2020 and 2019, respectively. The capital lease obligations are secured by the leased equipment.

The following is a schedule of future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of December 31:

2021	$ 5,846
2022	2,364
2023	2,364
2024	198
Total future minimum lease payments	10,772
Less amount representing interest	850
Present value of future minimum lease payments	9,922
Less current portion	5,282
Long-term capital lease obligation	$ 4,640

One of the capital lease agreements also includes maintenance costs which will be expensed monthly. The amounts total $1,175 per year.

8. Pension Plan

The Organization has a defined contribution retirement savings plan covering substantially all employees. The Organization makes a 3 percent contribution based on employees' salaries in addition to a discretionary contribution to the plan. Pension expense was $147,645 and $133,539 for the years ended December 31, 2020 and 2019, respectively.

9. Net Assets

Net assets with donor restrictions at year end are composed of:

	2020	2019
Time restrictions	$ 498,863	$ 483,599
Purpose restrictions	-	7,500
Total	$ 498,863	$ 491,099

10. Concentrations

The Organization received approximately $2,216,682 and $1,916,000 of its funding from two sources during the years ended December 31, 2020 and 2019, respectively. The receivables from these sources amounted to $584,280 and $486,694 at December 31, 2020 and 2019, respectively.

The Organization maintains a balance in one institution that exceeds the federally insured limit of $250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

11. Commitments and Contingencies

Financial Awards from Grantors

Financial awards from federal, state and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.