

1000 FRIENDS OF FLORIDA, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2021 and 2020

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
1000 Friends of Florida, Inc.
Tallahassee, Florida

We have audited the accompanying financial statements of 1000 Friends of Florida, Inc. (a Florida non-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 1000 Friends of Florida, Inc. as of June 30, 2021 and 2020, 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.

Thomson Brock & Company

Tallahassee, Florida
February 8, 2022

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash	\$ 189,555	\$ 226,726
Accounts receivable	1,080	150
Prepaid expenses	11,934	13,900
Board designated reserves cash	521,347	1,501,678
Board designated reserves investments	1,249,453	-
Property and equipment, net	<u>18,791</u>	<u>24,948</u>
TOTAL ASSETS	\$ <u>1,992,160</u>	\$ <u>1,767,402</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 2,361	\$ 4,412
Accrued annual leave	27,164	24,665
Notes payable	<u>4,703</u>	<u>67,765</u>
TOTAL LIABILITIES	34,228	96,842
NET ASSETS		
Without donor restrictions		
Undesignated	160,979	147,008
Board designated restrictions	<u>1,770,800</u>	<u>1,501,678</u>
Total net assets without donor restrictions	1,931,779	1,648,686
With donor restrictions		
Purpose restrictions	<u>26,153</u>	<u>21,874</u>
TOTAL NET ASSETS	<u>1,957,932</u>	<u>1,670,560</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,992,160</u>	\$ <u>1,767,402</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE, GAINS AND OTHER SUPPORT		
Contributions	\$ 510,739	\$ 497,478
Foundation contributions	10,000	42,200
Testamentary bequests	122,778	
		1,115,998
Other income	63,019	5,333
Investment return	<u>101,231</u>	<u>1,539</u>
	807,767	
		1,662,548
Net assets released from restrictions	<u>95,737</u>	<u>115,949</u>
	903,504	
		1,778,497
 EXPENSES		
Program services	451,544	461,467
Management and general	106,935	117,731
Fundraising	<u>61,932</u>	<u>54,011</u>
TOTAL EXPENSES	<u>620,411</u>	<u>633,209</u>
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 283,093	 1,145,288
 NET ASSETS WITH DONOR RESTRICTIONS		
Grant and contract revenue	100,016	95,149
Net assets released from restrictions	<u>(95,737)</u>	<u>(115,949)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	 <u>4,279</u>	 <u>(20,800)</u>
CHANGE IN NET ASSETS	287,372	1,124,488
 BEGINNING NET ASSETS	 <u>1,670,560</u>	 <u>546,072</u>
ENDING NET ASSETS	\$ <u>1,957,932</u>	\$ <u>1,670,560</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	2021			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 312,829	\$ 52,795	\$ 25,867	\$ 391,491
Professional fees	8,746	24,879	-	33,625
Payroll taxes	23,932	3,769	1,979	29,680
Printing and copying	15,500	697	11,912	28,109
Insurance/health & general	15,660	5,961	4,824	26,445
Postage and freight	8,287	617	12,855	21,759
Meals and travel	11,303	1,218	-	12,521
Pension plan	9,716	2,467	-	12,183
Website/webinars	10,032	-	1,638	11,670
Depreciation	7,447	-	-	7,447
Rent	4,230	1,813	-	6,043
Graphic design expenses	5,023	270	697	5,990
Bank charges	-	5,976	-	5,976
Office supplies	2,856	583	2,076	5,515
Telephone	3,700	1,447	-	5,147
FCC expenses	4,867	-	-	4,867
Repairs & maintenance	3,361	1,441	-	4,802
Dues and subscriptions	1,986	1,958	-	3,944
Equipment rental/storage	706	302	-	1,008
Advertising/sponsorship	1,000	100	-	1,100
Seminars and conferences	363	179	-	542
Taxes and licenses	-	361	-	361
Interest	-	102	-	102
Miscellaneous	-	-	84	84
Totals	\$ 451,544	\$ 106,935	\$ 61,932	\$ 620,411

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	2020			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 270,114	\$ 55,122	\$ 27,195	\$ 352,431
Professional fees	17,970	24,349	-	42,319
Payroll taxes	20,210	4,145	2,069	26,424
Printing and copying	15,923	2,222	4,239	22,384
Insurance/health & general	13,617	7,534	3,975	25,126
Postage and freight	6,810	609	10,036	17,455
Meals and travel	20,333	1,731	309	22,373
Pension plan	7,378	759	1,656	9,793
Website/webinars	19,400	2,527	-	21,927
Depreciation	5,219	2,236	-	7,455
Rent	7,547	3,235	-	10,782
Graphic design expenses	13,845	291	226	14,362
Bank charges	-	4,134	-	4,134
Office supplies	3,527	1,319	2,265	7,111
Telephone	2,932	1,256	-	4,188
FCC expenses	22,617	-	-	22,617
Repairs & maintenance	4,381	1,839	-	6,220
Dues and subscriptions	1,040	1,919	1,914	4,873
Equipment rental/storage	706	303	-	1,009
Advertising/sponsorship	250	1,000	-	1,250
Seminars and conferences	7,223	665	-	7,888
Taxes and licenses	-	164	-	164
Interest	-	288	-	288
Miscellaneous	425	84	127	636
Totals	\$ 461,467	\$ 117,731	\$ 54,011	\$ 633,209

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 287,372	\$ 1,124,488
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Depreciation	7,447	7,455
Realized & unrealized (gain) loss on investments	(96,623)	219
Donated securities and other noncash contributions	(76,731)	(17,991)
(Increase) decrease in assets:		
Accounts receivable	(930)	(34)
Prepaid expenses	1,966	(2,781)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(2,051)	(6,374)
Accrued annual leave	<u>2,499</u>	<u>6,083</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	122,949	1,111,065
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of equipment and software	(1,290)	-
Purchase of securities	(1,737,708)	-
Proceeds from sale of investments	<u>599,909</u>	<u>17,772</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(1,139,089)</u>	<u>17,772</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowing of long-term debt	-	61,700
Payments on long-term debt	(1,362)	(1,468)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(1,362)</u>	<u>60,232</u>
NET (DECREASE) INCREASE IN CASH	(1,017,502)	1,189,069
CASH AT BEGINNING OF YEAR	<u>1,728,404</u>	<u>539,335</u>
CASH AT END OF YEAR	<u>\$ 710,902</u>	<u>\$ 1,728,404</u>
NONCASH ACTIVITIES		
Donated securities	<u>\$ 15,031</u>	<u>\$ 17,991</u>
Payroll Protection Plan loan forgiveness	<u>\$ 61,700</u>	<u>\$ -</u>

See accompanying notes.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - 1000 Friends of Florida, Inc. (the “Organization”) was incorporated as a not-for-profit corporation in 1986 in the state of Florida. The Organization receives grants and contributions for the purpose of assuring that Florida's growth management laws are effectively implemented in an effort to maintain and improve Florida's quality of life, natural environment, and vibrant communities.

Investments - Investments in marketable equity securities with readily determined fair values are stated at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Property, Equipment, and Depreciation - Office equipment, software, furniture and fixtures are recorded at cost. Donated property is recorded at fair value at the date of gift. Depreciation is computed based on the straight-line method over a period of five (5) years. The Organization capitalizes purchases of fixed assets above \$1,000 with useful lives greater than one (1) year.

Revenue and Support With and Without Donor Restrictions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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 statement of activities as net assets released from restrictions.

Functional Allocation of Expenses - The cost of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain categories of expenses are attributable to program and supporting functions of the Organization. Those expenses have been allocated based on estimates of time and effort.

Income Taxes - The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued) - U.S. GAAP requires that a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

Due to its tax-exempt status, the Organization is not subject to U.S. federal income tax or state income tax. The Organization’s Form 990 has not been subject to examination by the Internal Revenue Service or the State of Florida for the last three (3) years. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve (12) months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at June 30, 2021 or 2020.

Statement of Cash Flows - For the purpose of the statement of cash flows, the Organization considers all checking accounts and interest-bearing money market accounts to be cash equivalents.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 8, 2022, the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents, and board designated cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	2021	2020
Cash and cash equivalents	\$ 189,555	\$ 226,726
Board designated reserves cash	<u>521,347</u>	<u>1,501,678</u>
	<u>\$ 710,902</u>	<u>\$ 1,728,404</u>

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one (1) year of the statement of financial position date. However, amounts already appropriated from the donor restrictions for general expenditure within one (1) year of the statement of financial position date have not been subtracted as unavailable.

	<u>2021</u>	<u>2020</u>
Financial assets at year end	\$ 1,961,435	\$ 1,728,554
Less those unavailable for general expenditures within one (1) year due to:		
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(26,153)	(21,874)
Board designations		
Amounts set aside for liquidity reserve	(1,770,800)	(1,501,678)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE (1) YEAR	\$ <u>164,482</u>	\$ <u>205,002</u>

NOTE 4 - INVESTMENTS

Investments in marketable securities consist of the following at June 30, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Basis</u>	<u>Fair Value</u>	<u>Basis</u>	<u>Fair Value</u>
Marketable equity securities	\$ 388,525	\$ 442,157	\$ -	\$ -
Mutual funds	<u>767,848</u>	<u>807,296</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,156,373</u>	<u>\$ 1,249,453</u>	<u>\$ -</u>	<u>\$ -</u>

Investment return for net assets without donor restrictions for the year ended June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Dividend and interest income	\$ 9,942	\$ 1,758
Realized gain (loss)	3,543	(219)
Unrealized gain	93,080	-
Investment expenses	(5,334)	-
	\$ <u>101,231</u>	\$ <u>1,539</u>

Total interest paid for cash flow purposes amounted to \$102 for June 30, 2021 and \$288 for June 30, 2020.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 5 - FAIR VALUE MEASUREMENTS

The FASB issued guidance on fair value measurements. This guidance defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

This guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three (3) levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices from nationally recognized securities exchanges.
- Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. The fair values of the Organization's Level 2 bonds, if any, are determined by matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities. The fair values of certificates of deposit, if any, are determined through inquiries of the financial institution from which they originated. The fair market values are typically the original principal value plus accrued interest earned.
- Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy.

The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 442,157	\$ -	\$ -	\$ 442,157
Equity mutual funds	<u>807,296</u>	<u>-</u>	<u>-</u>	<u>807,296</u>
Total assets	\$ <u>1,249,453</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,249,453</u>

NOTE 6 - PROPERTY AND EQUIPMENT

The amounts and classifications of property and equipment as of June 30, 2021 and 2020 are as follows:

	Useful Lives	2021	2020
Equipment	5 years	\$ 57,854	\$ 56,564
Accumulated depreciation		(39,063)	(31,616)
		\$ <u>18,791</u>	\$ <u>24,948</u>

Depreciation expense for the year ended June 30, 2021 and 2020 amounted to \$7,447 and \$7,455.

NOTE 7 – NOTES PAYABLE

	2021	2020
Note payable to Wells Fargo; interest at 1.316% per annum payable in monthly payments of \$130, including principal and interest; matures June 2024; collateralized by copier.	\$ 4,073	\$ 6,065
Paycheck Protection Program	<u>-</u>	<u>61,700</u>
	\$ <u>4,703</u>	\$ <u>67,765</u>

Maturities for long-term debt consist of the following:

Years ending June 30, 2022	\$ 1,631
2023	1,525
2024	<u>1,547</u>
	\$ <u>4,703</u>

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 7 – NOTES PAYABLE (Continued)

On May 4, 2020, the Organization was granted a loan (the “Loan”) from a financial institution in the aggregate amount of \$61,700, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated May 4, 2020, issued to the Organization, matures on May 4, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing on December 5, 2020. The Loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred during a period of eight (8) weeks or twenty-four (24) weeks after the origination date. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, the Loan, or a portion thereof, may be forgiven if used for qualifying expenses as described in the CARES Act and its amendments.

The Loan was forgiven on June 17, 2021.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Foundation and corporate grants	\$ <u>26,153</u>	\$ <u>21,874</u>

NOTE 9 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the years ended June 30, 2021 and 2020, assets were released from donor restrictions by incurring expenses, satisfying the restricted purpose, or by occurrence of other events specified by donors.

	<u>2021</u>	<u>2020</u>
Purpose restrictions accomplished:		
Foundation and corporate grants	\$ <u>95,737</u>	\$ <u>115,949</u>

1000 FRIENDS OF FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 10 - BOARD DESIGNATED RESERVE FUND

On September 12, 2000, the Board of Directors formally adopted the establishment and maintenance of the Designated Reserve Fund for the purpose of covering shortfalls in operating cash flows and funding of unforeseen contingencies. This reserve fund represents the Board's designated use of unrestricted assets for management purposes only. Designated contributions for the reserve fund are budgeted annually and funded monthly. Investment income earned from the reserve fund is also designated to the reserve fund. Management's use of the reserve fund is restricted by authorization from the Treasurer in the event of temporary cash flow deficiencies and the Executive Committee for funding certain projects deemed necessary by management. As of June 30, 2021 and 2020, the Designated Reserve Fund amounted to \$1,770,800 and \$1,501,678, respectively.

NOTE 11 - EMPLOYEE BENEFITS

The Organization offers its employees a deferred compensation plan qualified in accordance with the Internal Revenue Code. The plan, available to all full-time employees of the Organization, permits employees to defer a portion of their current salaries. All contributions are made to the plan by employees whereby the funds are invested in deferred insurance annuity contracts.

On February 1, 1998, the Organization adopted a 401(k) profit sharing plan that covers substantially all employees who have attained the age of twenty-one (21) and have completed six (6) months of service. Employees are fully vested after three (3) years of service. Employer contributions and fees to this plan amounted to \$12,183 and \$9,793 for the years ended June 30, 2021 and 2020. Contributions, based on a percentage of compensation, are at the discretion of the Board of Directors. Eligible employees may defer up to 20% of their annual salary, not to exceed \$18,000 for the years ended June 30, 2021 and 2020. Plan participants self-direct the deferred contributions among various investment alternatives provided by the plan trustee.

NOTE 12 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at financial and broker-dealer institutions located in Tallahassee, Florida. The balances are insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation up to \$250,000 for each depository institution. As of June 30, 2021 and 2020, the Organization had an uninsured cash balance of \$10,330 and \$551,623, respectively.

NOTE 13 - COVID-19

As a result of the COVID-19 outbreak in the United States, economic uncertainties have arisen that are likely to negatively impact gross revenues and income. Voluntary, and then subsequently mandatory, shelter-in-place orders necessitated temporary business closing as the uncertainty continues. Though the disruption is expected to be temporary, the extent of the financial impact and other possible impacting matters are unknown at this time.