

Financial Statements

The Sheridan Story (a Nonprofit Corporation)

Roseville, Minnesota

For the Years Ended
June 30, 2019 and 2018

The Sheridan Story
Table of Contents
June 30, 2019 and 2018

| | <u>Page No.</u> |
|-------------------------------------|-----------------|
| Independent Auditor's Report | 3 |
| Financial Statements | |
| Statements of Financial Position | 5 |
| Statements of Activities | 7 |
| Statements of Functional Expenses | 9 |
| Statements of Cash Flows | 11 |
| Notes to the Financial Statements | 12 |



INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Sheridan Story
Roseville, Minnesota

We have audited the accompanying financial statements of The Sheridan Story (the Organization), a Minnesota nonprofit corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Organization as of June 30, 2018 were audited by other auditors whose report dated September 20, 2018 expressed an unqualified opinion on those statements.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
September 12, 2019

FINANCIAL STATEMENTS

The Sheridan Story
 Statements of Financial Position
 June 30, 2019 and 2018

| | 2019 | 2018 |
|------------------------------------|------------|------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 106,059 | \$ 178,595 |
| Pledges receivable, current | 169,190 | 27,843 |
| Inventory | 284,551 | 142,840 |
| Prepaid expenses | 15,186 | 20,439 |
| Total Current Assets | 574,986 | 369,717 |
| Property and Equipment | | |
| Office furniture and equipment | 9,734 | 9,734 |
| Vehicles | 271,638 | 76,484 |
| Warehouse equipment | 166,217 | 207,994 |
| Total Property and Equipment, Cost | 447,589 | 294,212 |
| Less Accumulated Depreciation | (172,896) | (118,556) |
| Total Property and Equipment, Net | 274,693 | 175,656 |
| Other Assets | | |
| Security deposits | 8,763 | 2,763 |
| Total Assets | \$ 858,442 | \$ 548,136 |

See Independent Auditor's Report and Notes to the Financial Statements.

The Sheridan Story
 Statements of Financial Position (Continued)
 June 30, 2019 and 2018

| | 2019 | 2018 |
|---|------------|------------|
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 64,681 | \$ 43,710 |
| Other accrued expenses | 17,358 | 11,372 |
| Deferred revenue | - | 247,927 |
| Capital lease obligation, current | 24,048 | - |
| Total Current Liabilities | 106,087 | 303,009 |
| Long-term Liabilities | | |
| Deferred rent | 27,461 | 26,841 |
| Line of credit | 45,000 | - |
| Capital lease obligations, net of current portion | 152,384 | - |
| Total Long-term Liabilities | 224,845 | 26,841 |
| Total Liabilities | 330,932 | 329,850 |
| Net Assets | | |
| Net assets without donor restrictions | 245,588 | 186,194 |
| Net assets with donor restrictions | 281,922 | 32,092 |
| Total Net Assets | 527,510 | 218,286 |
| Total Liabilities and Net Assets | \$ 858,442 | \$ 548,136 |

See Independent Auditor's Report and Notes to the Financial Statements.

The Sheridan Story
Statements of Activities
For the Years Ended June 30, 2019 and 2018

| | 2019 | | Total |
|---------------------------------------|-------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | |
| Revenues, Gains, and Other Support | | | |
| Partnership and sponsor revenue | \$ 934,251 | \$ 53,829 | \$ 988,080 |
| Grants | 328,174 | 145,000 | 473,174 |
| Individual contributions | 783,818 | 70,106 | 853,924 |
| Donated goods and services | 167,280 | - | 167,280 |
| Other income | 9,238 | - | 9,238 |
| Net assets released from restrictions | 19,105 | (19,105) | - |
| Total Revenues and Other Support | <u>2,241,866</u> | <u>249,830</u> | <u>2,491,696</u> |
| Expenses | | | |
| Program services | 1,679,223 | - | 1,679,223 |
| Supporting services | | | |
| Management and general | 340,463 | - | 340,463 |
| Fundraising | 162,786 | - | 162,786 |
| Total Expenses | <u>2,182,472</u> | <u>-</u> | <u>2,182,472</u> |
| Change in Net Assets | 59,394 | 249,830 | 309,224 |
| Net Assets, July 1 | <u>186,194</u> | <u>32,092</u> | <u>218,286</u> |
| Net Assets, June 30 | <u>\$ 245,588</u> | <u>\$ 281,922</u> | <u>\$ 527,510</u> |

See Independent Auditor's Report and Notes to the Financial Statements.

The Sheridan Story
 Statements of Activities (Continued)
 For the Years Ended June 30, 2019 and 2018

| | 2018 | | Total |
|---------------------------------------|-------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | |
| Revenues, Gains, and Other Support | | | |
| Partnership and sponsor revenue | \$ 726,272 | \$ 32,092 | \$ 758,364 |
| Grants | 155,379 | - | 155,379 |
| Individual contributions | 536,911 | - | 536,911 |
| Donated goods and services | 292,869 | - | 292,869 |
| Other income | 2,623 | - | 2,623 |
| Net assets released from restrictions | - | - | - |
| Total Revenues and Other Support | <u>1,714,054</u> | <u>32,092</u> | <u>1,746,146</u> |
| Expenses | | | |
| Program services | 1,351,024 | - | 1,351,024 |
| Supporting services | | | |
| Management and general | 231,846 | - | 231,846 |
| Fundraising | 142,464 | - | 142,464 |
| Total Expenses | <u>1,725,334</u> | <u>-</u> | <u>1,725,334</u> |
| Change in Net Assets | (11,280) | 32,092 | 20,812 |
| Net Assets, July 1 | <u>197,474</u> | <u>-</u> | <u>197,474</u> |
| Net Assets, June 30 | <u>\$ 186,194</u> | <u>\$ 32,092</u> | <u>\$ 218,286</u> |

See Independent Auditor's Report and Notes to the Financial Statements.

The Sheridan Story
 Statements of Functional Expenses
 For the Years Ended June 30, 2019 and 2018

| | 2019 | | | Total Expenses |
|-------------------------------------|---------------------|---|-------------------|---------------------|
| | Program Services | Supporting Services Management and General | Fundraising | |
| Salaries and Related Expenses | | | | |
| Staff salaries | \$ 535,059 | \$ 106,895 | \$ 98,983 | \$ 740,937 |
| Benefits and payroll taxes | 98,313 | 18,174 | 16,135 | 132,622 |
| Total Salaries and Related Expenses | <u>633,372</u> | <u>125,069</u> | <u>115,118</u> | <u>873,559</u> |
| Expenses | | | | |
| Rent | 159,582 | 1,364 | 2,477 | 163,423 |
| Food purchases | 585,458 | - | - | 585,458 |
| Other operating expenses | 124,425 | 131,945 | 16,829 | 273,199 |
| Contracted services | 2,188 | 46,725 | 324 | 49,237 |
| Transportation | 55,736 | 981 | 2,192 | 58,909 |
| Printing and postage | 10,375 | 2,512 | 16,175 | 29,062 |
| Utilities | 22,250 | 6,408 | 2,090 | 30,748 |
| Office supplies | 18,082 | 2,217 | 2,975 | 23,274 |
| Meeting and conferences | 2,310 | 1,560 | 1,560 | 5,430 |
| Staff training and travel | 4,563 | 21,612 | 1,346 | 27,521 |
| Program and sponsor support | 198 | 70 | 1,700 | 1,968 |
| Total Expenses Before Depreciation | <u>1,618,539</u> | <u>340,463</u> | <u>162,786</u> | <u>2,121,788</u> |
| Depreciation | <u>60,684</u> | - | - | <u>60,684</u> |
| Total Expenses | <u>\$ 1,679,223</u> | <u>\$ 340,463</u> | <u>\$ 162,786</u> | <u>\$ 2,182,472</u> |

See Independent Auditor's Report and Notes to the Financial Statements.

The Sheridan Story
Statements of Functional Expenses (Continued)
For the Years Ended June 30, 2019 and 2018

| | 2018 | | | Total Expenses |
|-------------------------------------|---------------------|------------------------------|-------------------|---------------------|
| | Program Services | Supporting Services | | |
| | | Management and General | Fundraising | |
| Salaries and Related Expenses | | | | |
| Staff salaries | \$ 378,075 | \$ 94,195 | \$ 70,515 | \$ 542,785 |
| Benefits and payroll taxes | 81,218 | 16,751 | 13,381 | 111,350 |
| Total Salaries and Related Expenses | <u>459,293</u> | <u>110,946</u> | <u>83,896</u> | <u>654,135</u> |
| Expenses | | | | |
| Rent | 179,294 | 4,416 | 2,583 | 186,293 |
| Food purchases | 490,005 | - | - | 490,005 |
| Computer support | 35,301 | 48,538 | 4,413 | 88,252 |
| Other operating expenses | 56,254 | 23,702 | 8,123 | 88,079 |
| Contracted services | 3,292 | 34,161 | 24,347 | 61,800 |
| Transportation | 44,596 | 261 | 1,140 | 45,997 |
| Printing and postage | 12,342 | 615 | 7,596 | 20,553 |
| Utilities | 9,632 | 3,432 | - | 13,064 |
| Fundraising | - | 2,702 | 6,901 | 9,603 |
| Office supplies | 7,401 | 455 | 440 | 8,296 |
| Meeting and conferences | 3,364 | 1,057 | 659 | 5,080 |
| Staff training and travel | 2,137 | 1,561 | 1,217 | 4,915 |
| Program and sponsor support | 2,712 | - | 1,149 | 3,861 |
| Total Expenses Before Depreciation | <u>1,305,623</u> | <u>231,846</u> | <u>142,464</u> | <u>1,679,933</u> |
| Depreciation | <u>45,401</u> | <u>-</u> | <u>-</u> | <u>45,401</u> |
| Total Expenses | <u>\$ 1,351,024</u> | <u>\$ 231,846</u> | <u>\$ 142,464</u> | <u>\$ 1,725,334</u> |

See Independent Auditor's Report and Notes to the Financial Statements.

The Sheridan Story
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

| | 2019 | 2018 |
|--|------------|------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 309,224 | \$ 20,812 |
| Adjustment to reconcile change in net assets to net cash used by operating activities: | | |
| Depreciation | 60,684 | 45,401 |
| Loss on sale of property and equipment | 53,300 | - |
| Donated food inventory | (79,481) | (47,042) |
| Donated property and equipment | (448) | (87,143) |
| Contributions restricted for purchase of property and equipment | - | (10,480) |
| Change in assets and liabilities: | | |
| Prepaid expenses | 5,253 | (10,227) |
| Pledges receivable | (141,347) | 20,544 |
| Inventory | (62,230) | 1,355 |
| Deposits | (6,000) | 6,000 |
| Accounts payable | 20,971 | 14,994 |
| Accrued expenses | 5,986 | 11,372 |
| Deferred revenue | (247,927) | (65,185) |
| Deferred rent | 620 | 9,339 |
| Net Cash Used by Operating Activities | (81,395) | (90,260) |
| Cash Flows from Investing Activities | | |
| Proceeds from disposal of property and equipment | 27,500 | - |
| Cash outlay for property and equipment | (52,519) | (20,940) |
| Net Cash Used by Investing Activities | (25,019) | (20,940) |
| Cash Flows from Financing Activities | | |
| Proceeds of contributions restricted for purchase of property and equipment | - | 10,480 |
| Proceeds from line of credit | 143,000 | - |
| Payments on line of credit | (98,000) | - |
| Payments on capital lease obligations | (11,122) | - |
| Net Cash Provided by Financing Activities | 33,878 | 10,480 |
| Change in Cash and Cash Equivalents | (72,536) | (100,720) |
| Beginning Cash and Cash Equivalents | 178,595 | 279,315 |
| Ending Cash and Cash Equivalents | \$ 106,059 | \$ 178,595 |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash paid during the year for: | | |
| Interest | \$ 6,778 | \$ 301 |
| Supplemental Schedule of Noncash Investing and Financing Activities | | |
| Disposal of fully depreciated property and equipment | \$ 87,143 | \$ - |
| Equipment acquired under capital leases | \$ 187,554 | \$ - |
| Donated property and equipment | \$ 448 | \$ 87,143 |

See Independent Auditor's Report and Notes to the Financial Statements.

The Sheridan Story
Notes to the Financial Statements
June 30, 2019 and 2018

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

The Sheridan Story (the Organization), based in Roseville, Minnesota is a 501(c)(3) non-profit organization. Over 200,000 children in the state of Minnesota live in food insecurity and do not always know if they will receive their next meal. The Organization's purpose is to respond to the need by closing the weekend food gap between Friday and Monday, when children are not able to participate in the free or reduced meal programs at school.

The Organization is an ever-growing network of weekend food programs, commonly called backpack programs, operating in multiple schools. The organizational model is unique in that The Sheridan Story provided logistical expertise and project execution while leveraging community partnerships for funding and volunteers. Most of the Organization's work is in the Twin Cities area, but also works in the greater Minnesota.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase in support without donor restrictions or with donor restrictions, depending on the existence and nature of donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions - Resources over which the Organization has discretionary control. Designated amounts represent revenue, which the Board of Directors has set aside for a particular purpose.

With Donor Restrictions - Resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to support with donor restrictions at the time of receipt and as net assets released from restrictions. Some resources are subject to the donor-imposed restriction that they be maintained permanently by the Organization.

C. Use of 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. The Organization's cash balances held in bank depositories may exceed federally insured limits at times.

E. Pledges Receivable

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the Organization. The Organization uses the allowance method to determine uncollectible promises to give (receivable). There was no allowance for doubtful accounts as of June 30, 2019 and 2018.

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using interest rates applicable to the years in which the promises are expected to be received.

The Sheridan Story
Notes to the Financial Statements
June 30, 2019 and 2018

Note 1: Summary of Significant Accounting Policies (Continued)

F. Inventory

The Organization maintains inventory consisting of both food to make the bags, as well as finished bags that are ready to be distributed to schools. The Food inventory is valued at the lower of cost or net realizable value. Cost are determined on a first-in, first-out basis. Finished bags are recorded at the build-up cost of inventory included in the bags.

G. Property and Equipment

Property and equipment are recorded at cost or estimated value on the date of contribution. Assets acquired through capital lease agreements are capitalized at their fair market value as of the date of the lease inception. The Organization capitalizes all property and equipment acquisitions with a value of \$2,500, similar property and equipment purchased together with a cost in excess of \$5,000 or an estimated useful life greater than one year. Property and equipment is being depreciated using the straight-line method based on estimated useful lives as follows:

| <u>Assets</u> | <u>Useful Lives in Years</u> |
|--------------------------------|------------------------------|
| Office Furniture and Equipment | 3 - 7 |
| Vehicles | 3 - 7 |
| Warehouse Equipment | 3 - 7 |

Upon retirement or other disposition, the cost and related accumulated depreciation of disposed assets are removed from the accounts and any resultant gain or loss is recognized in operations.

Repairs and maintenance are charged to expense as incurred. Renewals and improvements, which extend the useful life of assets, are capitalized and depreciated over future periods.

H. Deferred Revenue - Program Services

Deferred revenue consists of payments received in advance that relate to services to be rendered in a future period and are deferred and recognized as revenue in the period earned. All deferred revenue is classified as current and will be recognized over the next year.

I. Support and Revenue Recognition

Support is recognized when the donor makes a promise to give to the Organization and there is sufficient evidence in the form of verifiable documentation that a promise was made and received.

Revenue is recognized when services have been performed. Deferred revenue represents amounts received in advance of services being performed.

J. In-kind Goods and Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their values in the period received.

Several individuals volunteer their time and perform a variety of tasks that assist the Organization, but do not meet the criteria for recognition as contributed services and have not been reported in these financial statements.

The Sheridan Story
Notes to the Financial Statements
June 30, 2019 and 2018

Note 1: Summary of Significant Accounting Policies (Continued)

K. Income Taxes

The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization are tax deductible as the Organization qualifies under Section 170(c) of the Internal Revenue Code.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. Tax expense as of December 31, 2019 and 2018 was \$0 and \$0, respectively.

During the years ended June 30, 2019 and 2018, the Organization had not incurred any interest or penalties on its tax returns. The Organization's tax returns are subject to possible examination by the taxing authorities. For federal tax purposes the tax returns essentially remain open for possible examination for a period of three years after the date on which those returns are filed.

L. Functional Allocation of Expenses

The costs of providing the various programs and supporting activities of the Organization have been allocated between program or supporting services based upon the best estimates of management.

M. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 12, 2019, the date the financial statements were available to be issued.

Note 2: Line of Credit

The Organization maintains a revolving line of credit with a bank. The revolving line of credit allows borrowing up to \$50,000 with an interest rate at 2 percent over the prime rate. The line of credit expired on October 24, 2018 and was renewed for an additional year. As of June 30, 2019 and 2018, the Organization had an outstanding balance on this revolving line of credit of \$45,000 and \$0.

Note 3: Capital Leases

The Company has acquired certain vehicles under two long-term leasing agreements classified as capital leases, with expiration dates in fiscal year 2026. The cost of the vehicles under the capital leases totaled \$187,554 and \$0 at June 30, 2019 and 2018, respectively. The capital lease obligations are payable in monthly installments ranging from \$1,325 to \$1,340, including interest ranging from 4.39 percent to 5.26 percent.

Future minimum capital lease payments under capital leases are as follows:

| Year | Gross Lease Payments | Less Amount Representing Interest | Principal Portion |
|------------|-------------------------|---|----------------------|
| 2020 | \$ 31,980 | \$ 7,932 | \$ 24,048 |
| 2021 | 31,980 | 6,748 | 25,232 |
| 2022 | 31,980 | 5,505 | 26,475 |
| 2023 | 31,980 | 4,200 | 27,780 |
| 2024 | 31,980 | 2,831 | 29,149 |
| Thereafter | 45,365 | 1,617 | 43,748 |
| Total | <u>\$ 205,265</u> | <u>\$ 28,833</u> | <u>\$ 176,432</u> |

The Sheridan Story
Notes to the Financial Statements
June 30, 2019 and 2018

Note 3: Capital Leases (Continued)

The following is a summary of property and equipment held under capital leases as of June 30:

| | 2019 | 2018 |
|-------------------------------|------------|------|
| Vehicles | \$ 187,554 | \$ - |
| Less Accumulated Depreciation | (17,775) | - |
| Net Book Value | \$ 169,779 | \$ - |

Depreciation expense on assets recorded under the capital lease for the years ended June 30, 2019 and 2018 was \$17,775 and \$0, respectively, and is included in total depreciation expense. Interest expense on the capital lease was \$6,133 and \$0 for the years ended June 30, 2019 and 2018, respectively.

Note 4: Net Assets with Donor Restrictions

At June 30, 2019, donor restricted net assets of \$281,921 consisted of sponsor funds, grants, and individual contributions that were time restricted for a future period. At June 30, 2018, donor restricted net assets of \$32,092 consisted of sponsor funds that were time restricted for a future period.

Note 5: Donated Goods and Services

The Organization received various donated goods and services as noted below for the years ended June 30, 2019 and 2018:

| | 2019 | 2018 |
|-------------------------------|------------|------------|
| Software Subscription Service | \$ 79,481 | \$ 88,650 |
| Other | 38,606 | 8,946 |
| Transportation | 23,888 | 23,888 |
| Food | 22,657 | 47,042 |
| Storage | 2,200 | 2,200 |
| Equipment | 448 | 87,143 |
| Consultants | - | 35,000 |
| Total | \$ 167,280 | \$ 292,869 |

The Sheridan Story
Notes to the Financial Statements
June 30, 2019 and 2018

Note 6: Leases - Operating

The Organization leased office and warehouse space beginning November 2016 which requires base monthly rent payment ranging from approximately, \$5,500 to \$6,500 over the term of the lease. The lease expires January of 2022. Subsequent to signing the above lease the organization signed an amendment to the lease agreement. The amendment increased the space available and extended the lease to May 2023. Required base monthly rent payments range from approximately \$5,700 to \$9,600 over the term of the lease. The Organization has the option to extend the lease for an additional 5 years.

Future minimum lease payments are as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|----------------------------|-------------------|
| 2020 | \$ 103,585 |
| 2021 | 103,585 |
| 2022 | 103,585 |
| 2023 | <u>93,034</u> |
| Total | <u>\$ 403,789</u> |

The Organization's total rent expense for the years ended June 30, 2019 and 2018 was \$157,416 and \$153,110, respectively.

Note 7: Retirement Plan

The Organization provides a Simple IRA plan for its employees whereby employees who are eligible to participate may contribute after the beginning of their second year of employment . The Organization makes matching contributions of up to three percent of an employee's salary. The matching contribution was \$15,656 and \$11,000 for the years ended June 30, 2019 and 2018, respectively.

The Sheridan Story
Notes to the Financial Statements
June 30, 2019 and 2018

Note 8: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | |
|---|-------------------|
| Cash and Cash Equivalents | \$ 106,059 |
| Pledges Receivable | 169,190 |
| Total Financial Assets | <u>275,249</u> |
| Less assets unavailable for use in the next year: | |
| Net assets with donor restrictions, net of those available within one year for ongoing and central programs | <u>(50,001)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 225,248</u> |

The Organization manages its liquidity and reserves following the guiding principles of: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets and/or short-term borrowing capacity to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization is in the process of developing a liquidity policy for maintaining current financial assets less current liabilities at a minimum number of days budgeted operating expenses. The Organization's policy will include a target for a year-end balance of reserves of unrestricted, undesignated net assets which will meet a portion of expected expenditures. To achieve these targets, the entity will forecast its future cash flows for monitoring its liquidity and reserves on a routine basis.

The organization has developed relationships with lenders to provide short and mid-term borrowing capacity to facilitate the management of operating cash flow and inventory purchasing. These loans include both traditional revolving lines of credit and a program related investment credit facility. For the years ended June 30, 2019 and 2018, available borrowing capacity of \$255,000 and \$50,000, respectively, was available to the organization.

The organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended June 30, 2019 and 2018, restricted contributions of \$231,921 and \$32,092, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.