

**TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION

DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tapfound, Inc., d/b/a Taproot Foundation
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Tapfound, Inc., d/b/a Taproot Foundation (“Organization”), a New York nonprofit corporation, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, 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 misstatements, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors consider internal control relevant to the Organization’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 Organization’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 Tapfound, Inc., d/b/a Taproot Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior-period Financial Statements

The financial statements of Tapfound, Inc., d/b/a Taproot Foundation, for the year ended December 31, 2019, were audited by other auditors, whose report, dated June 18, 2020, expressed an unmodified opinion on those statements.

Sobel & Co, LLC

Certified Public Accountants

Livingston, New Jersey
July 12, 2021

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,606,689	\$ 1,814,842
Contracts receivable	328,080	42,769
Grants receivable	190,000	276,000
Other receivables	5,251	4,037
Prepaid expenses	36,970	49,027
Total Current Assets	3,166,990	2,186,675
OTHER ASSETS:		
Security deposits	33,378	42,087
Property and equipment, net	5,170	10,830
Total Other Assets	38,548	52,917
	\$ 3,205,538	\$ 2,239,592
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 82,168	\$ 63,299
Accrued vacation pay	126,516	110,937
Refundable advance	550,255	-
Deferred rent, current	26,292	29,590
Deferred program revenue	1,668,993	1,723,445
Total Current Liabilities	2,454,224	1,927,271
LONG-TERM LIABILITIES:		
Deferred rent, long-term	9,724	36,016
Total Liabilities	2,463,948	1,963,287
NET ASSETS:		
Without donor restrictions	486,922	(295,865)
With donor restrictions	254,668	572,170
Total Net Assets	741,590	276,305
	\$ 3,205,538	\$ 2,239,592

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT:						
In-kind support	\$ 5,421,168	\$ -	\$ 5,421,168	\$ 5,336,552	\$ -	\$ 5,336,552
Corporate and foundation grants	165,500	270,000	435,500	113,277	1,082,202	1,195,479
Individual contributions	21,953	-	21,953	21,262	-	21,262
Net assets released from restrictions	587,502	(587,502)	-	864,229	(864,229)	-
Total Support	6,196,123	(317,502)	5,878,621	6,335,320	217,973	6,553,293
REVENUE:						
Fees for services	3,401,882	-	3,401,882	3,163,958	-	3,163,958
Membership dues	487,390	-	487,390	146,240	-	146,240
Other	5	-	5	234	-	234
Total Revenue	3,889,277	-	3,889,277	3,310,432	-	3,310,432
TOTAL SUPPORT AND REVENUE	10,085,400	(317,502)	9,767,898	9,645,752	217,973	9,863,725
EXPENSES:						
Program services	8,123,620	-	8,123,620	8,144,546	-	8,144,546
Management and general	825,811	-	825,811	835,338	-	835,338
Fundraising	353,182	-	353,182	319,504	-	319,504
Total Expenses	9,302,613	-	9,302,613	9,299,388	-	9,299,388
CHANGES IN NET ASSETS	782,787	(317,502)	465,285	346,364	217,973	564,337
NET ASSETS - Beginning of year	(295,865)	572,170	276,305	(642,229)	354,197	(288,032)
NET ASSETS - End of year	\$ 486,922	\$ 254,668	\$ 741,590	\$ (295,865)	\$ 572,170	\$ 276,305

The accompanying notes are an integral part of these financial statements.

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Supporting Services</u>				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 2,089,901	\$ 268,425	\$ 280,052	\$ 548,477	\$ 2,638,378
Benefits	175,180	16,764	18,976	35,740	210,920
Payroll taxes	172,093	19,586	21,558	41,144	213,237
Outside services	195,768	421,715	-	421,715	617,483
Advertising/marketing	5,110,500	2,653	-	2,653	5,113,153
Office expenses	24,958	6,467	2,765	9,232	34,190
Information technology	66,078	9,867	3,465	13,332	79,410
Occupancy	226,765	58,091	21,050	79,141	305,906
Travel	8,123	2,437	367	2,804	10,927
Conferences	270	1,740	-	1,740	2,010
Event expense	5,164	-	-	-	5,164
Depreciation/amortization	4,648	675	337	1,012	5,660
Insurance	15,253	2,214	1,107	3,321	18,574
Other expenses	28,919	15,177	3,505	18,682	47,601
Total Expenses	<u>\$ 8,123,620</u>	<u>\$ 825,811</u>	<u>\$ 353,182</u>	<u>\$ 1,178,993</u>	<u>\$ 9,302,613</u>

The accompanying notes are an integral part of these financial statements.

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Supporting Services</u>				Total
	Program Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 2,034,282	\$ 275,997	\$ 240,929	\$ 516,926	\$ 2,551,208
Benefits	136,906	18,251	15,472	33,723	170,629
Payroll taxes	165,083	20,896	19,551	40,447	205,530
Outside services	183,068	414,652	-	414,652	597,720
Advertising/marketing	5,010,000	2,730	-	2,730	5,012,730
Office expenses	17,538	4,002	2,246	6,248	23,786
Information technology	59,633	9,191	6,031	15,222	74,855
Occupancy	259,341	52,720	15,072	67,792	327,133
Travel	125,987	16,995	9,624	26,619	152,606
Conferences	15,662	3,234	5,468	8,702	24,364
Event expense	96,429	-	-	-	96,429
Depreciation/amortization	4,414	623	623	1,246	5,660
Insurance	12,904	1,820	1,820	3,640	16,544
Other expenses	23,299	14,227	2,668	16,895	40,194
Total Expenses	<u>\$ 8,144,546</u>	<u>\$ 835,338</u>	<u>\$ 319,504</u>	<u>\$ 1,154,842</u>	<u>\$ 9,299,388</u>

The accompanying notes are an integral part of these financial statements.

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2020	2019
CASH FLOWS PROVIDED BY:		
OPERATING ACTIVITIES:		
Changes in net assets	\$ 465,285	\$ 564,337
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	5,660	5,660
Changes in certain assets and liabilities:		
Contracts receivable	(285,311)	84,813
Grants receivable	86,000	(67,336)
Other receivables	(1,214)	12,103
Prepaid expenses	12,057	46,135
Security deposits	8,709	(2,220)
Accounts payable and accrued expenses	18,869	25,513
Accrued vacation	15,579	15,967
Refundable advance	550,255	-
Deferred rent	(29,590)	(26,296)
Deferred revenue	(54,452)	332,400
Net Cash Provided by Operating Activities	<u>791,847</u>	<u>991,076</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	791,847	991,076
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>1,814,842</u>	<u>823,766</u>
End of year	<u><u>\$ 2,606,689</u></u>	<u><u>\$ 1,814,842</u></u>

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - NATURE OF ORGANIZATION:

Tapfound, Inc., d/b/a Taproot Foundation, (“Taproot” or “Organization”) is a national nonprofit organization that connects nonprofits and social change organizations with passionate, skilled volunteers who share their expertise pro bono. Taproot is creating a world where organizations dedicated to social change have full access-through pro bono service-to the marketing, strategy, HR, and IT resources they need to be most effective. Taproot estimates that, since 2001, its network of skilled volunteers has served approximately 9,000 social change organizations providing 1.750 million hours of work worth over \$212 million in value. Taproot has offices in New York City, Chicago, San Francisco Bay Area, and Los Angeles, and partnered to found a network of global pro bono providers in over 30 countries around the world.

Taproot's program services include the following major components:

Corporate Advisory Services advises and works with companies in developing and running high-impact pro bono programs that connect their employee talent to the needs of social good organizations.

Speed Consulting and Pro Bono Marathons are Done-in-a-Day events where nonprofit participants are paired with pro bono consultants for the purpose of consultations or to tackle a scoped project. Speed Consulting connects nonprofits with pro bono consultants for a half-day, round-robin workshop to gain insights and support on a few key challenges across multiple areas. Pro Bono Marathons match nonprofits with teams of 2 - 4 pro bono consultants to address a critical, scoped challenge – from assessment to deliverable - in one day.

Taproot Plus is an online matching platform that connects nonprofit users with 1-2 pro bono consultants for the purpose of one-hour virtual consultations sessions or tackling small-scale projects. Taproot Plus is free for all users – nonprofits and volunteers - and offers nonprofits in the US and around the world on-demand access to virtual pro bono support. With the onset of the COVID-19 pandemic in 2020, Taproot Plus further expanded its reach, offering support to small businesses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also included in this classification are net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Cash and Cash Equivalents:

The balance of cash and cash equivalents includes deposits held in bank checking and savings accounts, as well as money market funds held with an investment brokerage firm.

Receivables:

Receivables are reported at the amount management expects to collect on balances outstanding at year-end. The Organization utilizes the reserve method of accounting for doubtful accounts. The reserves are based on historical experience and management's evaluation of outstanding receivable balances at the end of each year. At December 31, 2020 and 2019, no allowance was deemed necessary.

Amounts due within one year of the statement of financial position date are stated at face value, while amounts due beyond one year are discounted to present value only when such discounts would be material to the financial statements. Currently, there are no long-term receivables or present value discounts reflected in the accompanying financial statements.

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Property and equipment are recorded at cost on the date of acquisition or at the fair market value of the asset based on values of comparable assets at the date of gift for donations. Depreciation is computed using the straight-line method over estimated useful lives ranging from 7 to 10.5 years. When assets are retired or otherwise disposed of, the costs and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the change in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments greater than \$2,500 that extend the useful lives of the assets are capitalized.

Intangible Assets:

The Organization has incurred costs for the design, development and implementation of its website. Costs relating to the development of the site's infrastructure have been capitalized as intangible assets. Amortization is computed using the straight-line method over a three-year period. The website is fully depreciated.

Deferred Rent:

The Organization rents office space under various operating leases that contain a rent abatement and/or staggered payment schedule. In accordance with generally accepted accounting principles, the Organization recognizes the associated rent expense on a straight-line basis over the course of the lease term. The difference between payments made and expense recognized to date is reflected as a liability which shall be amortized over the course of the leases.

In-kind Support:

Contributed services and gifts in-kind are recorded as contributions and expenses at fair value as of the date of donation. Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which would typically be purchased if not provided by donation.

In-kind contributions consist of online advertising and legal services provided to the Organization free of charge. These contributions are reflected in the financial statements at their estimated fair market value as of the date of receipt.

Professional volunteer services which are facilitated by the Organization, but received by other nonprofit organizations, are not recorded on the books because they are considered to be agency transactions.

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition – Grants and Contributions:

The Organization recognizes grants and contributions as revenue when they are received or unconditionally pledged. Conditional contributions are not recognized until conditions are substantially met or explicitly waived by the donor or grantor. Contribution revenues are recorded as support with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, the net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions.

Revenue from government grants is recognized in the period when the expenditures have been incurred in compliance with the grantor's restrictions. The Organization's policy is to record the proceeds from government grants as a conditional government grant through refundable advance. Once the conditions of release have been substantially met or explicitly waived, the conditions of this grant will have been satisfied and the Organization will recognize the grant revenue. Cash received in excess of revenue is recognized as refundable advance.

Revenue Recognition – Fees for Services and Membership Dues:

The Organization derives a portion of its revenues from fees for services and membership dues.

Fees for services include amounts charged to corporate clients for contracted services described in Note 1. The transaction price outlined in each contract is allocated amongst the various underlying performance obligations. Revenue is then recognized at the point in time when each performance obligation is met. There are no significant financing components or variable considerations in determining performance obligations.

Membership dues represent amounts charged for subscriptions to the Taproot Plus online volunteer matchmaking platform. These dues are recognized over the membership period, which is typically one year from the date on which the customer receives access to the platform.

The Organization's customers typically pay contract fees prior to the satisfaction of performance obligations. As such, amounts received but not yet recognized as revenue are recorded to a deferred revenue liability account. The outstanding balance of contract assets that were invoiced but not collected was approximately \$770,000 and \$545,000 as of December 31, 2020 and 2019, respectively. These amounts are excluded from assets and liabilities on the accompanying statements of financial position.

Advertising:

All advertising costs are expensed in the year they are incurred.

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

The Organization is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended December 31, 2020 and 2019. At December 31, 2020 and 2019, there were no significant income tax uncertainties.

Use of Estimates:

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Reclassifications:

Certain amounts from the 2019 presentation have been reclassified to conform to the 2020 presentation. Net assets and changes in net assets are unchanged with these reclassifications.

Recent Accounting Pronouncements – Leases:

In February 2016, the Financial Accounting Standards Board issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach or a cumulative-effect adjustment transition approach may be used, and the new standard is applied to all leases existing at the date of initial application. An organization may choose (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statement as its date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. Early adoption is permitted subject to certain limitations. The Organization is currently evaluating the effect the provisions of this standard will have on the financial statements.

Subsequent Events:

The Organization has evaluated its subsequent events and transactions occurring after December 31, 2020 through July 12, 2021, the date the financial statements were available to be issued.

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020 AND 2019

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment are comprised of the following:

	December 31,	
	2020	2019
Leasehold improvements	\$ 65,459	\$ 65,459
Office furniture and equipment	25,520	25,520
	90,979	90,979
Less: Accumulated depreciation	(85,809)	(80,149)
Property and Equipment, Net	<u>\$ 5,170</u>	<u>\$ 10,830</u>

NOTE 4 - REFUNDABLE ADVANCE:

The Organization obtained a Paycheck Protection Program (“PPP”) loan under the CARES Act in May 2020 for \$550,255. The loan is to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during the COVID-19 outbreak. Paycheck Protection Program loans may be forgiven in part or in whole if the borrower maintains its employee count, as well as salary levels, during a specified period.

Any portion of the loan that is not forgiven must be repaid. Loan payments, if any, are deferred under the PPP Flexibility Act, which extends the deferral period until the date the lender receives the applicable forgiven amount from the Small Business Administration, which is not to exceed 10 months after the covered period, and are payable with interest at 1%, through 2025. The loan is uncollateralized and guaranteed by the Small Business Administration. The Organization received full forgiveness on the loan in May 2021.

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	December 31,	
	2020	2019
Pro Bono programming	\$ 164,668	\$ 432,170
Event sponsorship	-	105,000
Other activities	90,000	35,000
Total Net Assets with Donor Restrictions	<u>\$ 254,668</u>	<u>\$ 572,170</u>

NOTE 6 - IN-KIND CONTRIBUTIONS:

In-kind contributions consist of the following:

	For the Years Ended	
	December 31,	
	2020	2019
LinkedIn marketing for Taproot Plus program	\$ 5,100,000	\$ 5,000,000
Legal services	306,166	327,048
Other services	15,002	9,504
Total In-kind Contributions	<u>\$ 5,421,168</u>	<u>\$ 5,336,552</u>

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7 - OPERATING LEASE:

The Organization rents office space in various locations under operating leases with expiration dates through July 2023. Rental expense for the years ended December 31, 2020 and 2019, was \$182,657 and \$185,746, respectively, and is recorded to occupancy costs on the statements of functional expenses. Future minimum lease payments are as follows:

Year Ending December 31,	
2021	\$ 208,514
2022	67,746
2023	<u>40,078</u>
	<u>\$ 316,338</u>

NOTE 8 - FUNCTIONAL EXPENSES:

The costs of providing various programs and other activities have been summarized on a functional basis on the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefits. Management and general expenses are those not directly identifiable with any specific function, but which provide for the overall support and direction of the Organization.

Expenses that pertain to a single function are charged directly to the respective cost center in the general ledger based on the underlying nature of the transaction (according to the definitions above). This is performed on a transaction-by-transaction basis.

Expenses that are allocated include: salaries, payroll taxes and benefits, which are allocated on time and use studies; occupancy, which is allocated according to the number of full-time employees in each function at the respective office location; and insurance and information technology which are allocated amongst functions according to the total number of full-time employees in each function across the Organization. All other expenses are direct costs.

NOTE 9 - LETTER OF CREDIT:

The Organization has a letter of credit with a bank in the amount of \$28,000 as of December 31, 2020, which serves as a security deposit for Taproot's Chicago office. The letter of credit will automatically extend without an amendment upon each anniversary date beginning on February 21, 2017, and finally expire on July 31, 2023.

TAPFOUND, INC.
D/B/A TAPROOT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 10 - SIGNIFICANT RISKS AND UNCERTAINTIES:

Financial instruments that potentially expose the Organization to concentrations of credit risk and market risk consist of cash and cash equivalents. The Organization maintains its cash and cash equivalents in accounts with federally insured institutions. At times, the balances in these accounts may be in excess of federally insured limits.

The Organization is actively monitoring the COVID-19 outbreak and the potential impact on its employees, clients, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

NOTE 11 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions, or internal designations. Amounts available include donor-restricted amounts that are available for general expenditures in the following year.

	December 31,	
	2020	2019
Cash and cash equivalents	\$ 2,606,689	\$ 1,814,842
Contracts receivable	328,080	42,769
Grants receivable	190,000	276,000
Other receivables	5,251	4,037
	<u>3,130,020</u>	<u>2,137,648</u>
Less restricted net assets	(254,668)	(572,170)
Total	<u>\$ 2,875,352</u>	<u>\$ 1,565,478</u>

The Organization reviews its cash flow on a monthly basis by reviewing projected incoming cash and overlaying that with projected outgoing cash. The report is presented as part of the monthly financial statements to the Board Finance Committee and, quarterly, as part of the report, to the Board of Directors as a whole. To support responsible planning and management, the Organization has established triggers related to its cash flow. The Organization considers projecting cash levels at or below 30 days of total projected expenses within the next 3 months to be a trigger that would require immediate expense cutting action by management. The majority of the Organization's receivables are based on contracts or grants from corporate partners. Contracts generally have payment schedules outlined in the contract. Grants often get paid as lump sums at or near time of commitment.