

FRIENDS OF CHILDREN'S HOSPITAL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

FRIENDS OF CHILDREN'S HOSPITAL, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-17

**TANN, BROWN & RUSS CO., PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
1501 LAKELAND DRIVE, SUITE 300  
JACKSON, MISSISSIPPI 39216-4841  
TELEPHONE (601) 354-4926  
FACSIMILE (601) 354-4947

MEMBERS  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
MISSISSIPPI SOCIETY OF CERTIFIED  
PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Friends of Children's Hospital, Inc.  
Jackson, Mississippi

We have audited the accompanying financial statements of the Friends of Children's Hospital, Inc., which comprise the statement of financial position as of June 30, 2021, 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.

**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 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.

(Continued)

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 Friends of Children's Hospital, Inc. as of June 30, 2021, 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.

## **Adjustments to Prior Period Financial Statements**

The financial statements of the Friends of Children's Hospital, Inc., as of June 30, 2020, were audited by other auditors whose opinion dated October 7, 2020, expressed an unmodified opinion on those statements. As discussed in Note 12, the Friends of Children's Hospital, Inc. has restated its June 30, 2020, financial statements during the current year to correctly reflect advance receipts for future special events as a liability in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the June 30, 2020, financial statements before the restatement.

As part of our audit of the June 30, 2021, financial statements, we also audited adjustments described in Note 12 that were applied to restate the June 30, 2020, financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the June 30, 2020, financial statements of the Friends of Children's Hospital, Inc. other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2020, financial statements as a whole.

*Tamm, Brown & Russ Co.*

October 7, 2021

## FINANCIAL STATEMENTS

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents (Note 10)	\$ 5,581,892	\$ 6,431,904
Accounts receivable (Note 2)	59,181	64,582
Promises to give	-	5,000
Property and equipment (Note 3)	<u>29,796</u>	<u>32,537</u>
Total Assets	<u>\$ 5,670,869</u>	<u>\$ 6,534,023</u>

LIABILITIES AND NET ASSETS (DEFICIT)

<b>LIABILITIES</b>		
Accrued wages	\$ 11,383	\$ 11,383
Advance receipts for special events	142,035	-
Promises to give to others (Note 5)	<u>7,565,422</u>	<u>10,233,052</u>
Total Liabilities	<u>7,718,840</u>	<u>10,244,435</u>
<b>NET ASSETS (DEFICIT)</b>		
Without donor restrictions	<u>(2,047,971)</u>	<u>(3,710,412)</u>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<u>\$ 5,670,869</u>	<u>\$ 6,534,023</u>

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

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENTS OF ACTIVITIES  
 Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Special events (Note 6):		
Revenues	\$ 2,047,812	\$ 1,998,904
Expenses	<u>(92,728)</u>	<u>(159,881)</u>
Net revenue from special events	1,955,084	1,839,023
Memberships and contributions	462,917	300,188
Contributed advertising	222,885	255,052
Specialty license plate logo fees	524,366	494,636
Check card logo fees	151,326	209,830
Interest and dividends	<u>3,837</u>	<u>40,684</u>
	3,320,415	3,139,413
Net assets released from donor restrictions	<u>89,726</u>	<u>34,981</u>
Total Support and Revenue	<u>3,410,141</u>	<u>3,174,394</u>
EXPENSES		
Program Services:		
Contributions	1,040,528	1,255,038
Other	<u>22,523</u>	<u>22,959</u>
Total Program Services	<u>1,063,051</u>	<u>1,277,997</u>
Supporting Services:		
Management and general	111,038	179,927
Fund-raising	<u>573,611</u>	<u>470,475</u>
Total Supporting Services	<u>684,649</u>	<u>650,402</u>
Total Expenses	<u>1,747,700</u>	<u>1,928,399</u>
Change in Net Assets (Deficit) without Donor Restrictions	<u>1,662,441</u>	<u>1,245,995</u>

(Continued)

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENTS OF ACTIVITIES - CONTINUED

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	89,726	34,981
Net assets released from restrictions	<u>(89,726)</u>	<u>(34,981)</u>
Change in Net Assets with Donor Restrictions	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS (DEFICIT)	1,662,441	1,245,995
NET ASSETS (DEFICIT), BEGINNING OF YEAR, as restated (Note 12)	<u>(3,710,412)</u>	<u>(4,956,407)</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ (2,047,971)</u>	<u>\$ (3,710,412)</u>

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

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services		Support Services		Total
	Contributions	Other	Management and General	Fund-Raising	
Advertising and promotion	\$ -	\$ 258	\$ 1,032	\$ 233,190	\$ 234,480
Contributions to UMMC	1,040,528	-	-	-	1,040,528
Depreciation	-	218	872	3,268	4,358
Dues and subscriptions	-	29	116	436	581
Fees:					
Bank charges	-	155	621	2,329	3,105
Credit card processing	-	-	-	6,430	6,430
Payroll service	-	220	878	3,292	4,390
Information technology	-	1,611	6,446	24,173	32,230
Insurance	-	-	20,941	-	20,941
Janitorial	-	312	1,248	4,680	6,240
Meetings	-	21	83	312	416
Office supplies	-	376	1,504	5,640	7,520
Professional development	-	10	38	143	191
Professional fees	-	1,508	6,034	22,626	30,168
Rent	-	1,365	5,463	20,485	27,313
Salaries, benefits and payroll taxes	-	16,232	64,930	243,486	324,648
Utilities	-	208	832	3,121	4,161
	<u>1,040,528</u>	<u>22,523</u>	<u>111,038</u>	<u>573,611</u>	<u>1,747,700</u>
Special events	-	-	-	92,728	92,728
	<u>\$ 1,040,528</u>	<u>\$ 22,523</u>	<u>\$ 111,038</u>	<u>\$ 666,339</u>	<u>\$ 1,840,428</u>

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

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Program Services		Support Services		Total
	Contributions	Other	Management and General	Fund - Raising	
Advertising and promotion	\$ -	\$ 266	\$ 1,844	\$ 255,000	\$ 257,110
Contributions to UMMC	1,255,038	-	-	-	1,255,038
Depreciation	-	355	1,572	3,143	5,070
Dues and subscriptions	-	-	677	-	677
Fees:					
Bank charges	-	-	2,415	-	2,415
Credit card processing	-	-	-	4,928	4,928
Payroll service	-	-	3,688	-	3,688
Information technology	-	1,555	6,219	23,323	31,097
Insurance	-	-	13,272	-	13,272
Janitorial	-	-	6,000	-	6,000
Meetings	-	158	700	1,400	2,258
Office supplies	-	-	6,007	-	6,007
Professional development	-	-	260	-	260
Professional fees	-	-	23,661	-	23,661
Rent	-	1,902	8,423	16,845	27,170
Salaries, benefits and payroll taxes	-	18,723	100,985	165,836	285,544
Utilities	-	-	4,204	-	4,204
	<u>1,255,038</u>	<u>22,959</u>	<u>179,927</u>	<u>470,475</u>	<u>1,928,399</u>
Special events	-	-	-	159,881	159,881
	<u>\$ 1,255,038</u>	<u>\$ 22,959</u>	<u>\$ 179,927</u>	<u>\$ 630,356</u>	<u>\$ 2,088,280</u>

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

FRIENDS OF CHILDREN'S HOSPITAL, INC.

STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (deficit)	\$ 1,662,441	\$ 1,245,995
Adjustments to reconcile change in net assets (deficit) to net cash from operating activities:		
Depreciation	4,358	5,070
Contributions of property and equipment received	-	(2,850)
(Increase) decrease in:		
Accounts receivable	5,401	4,783
Promises to give	5,000	(5,000)
Increase (decrease) in:		
Advance receipts for special events	142,035	(266,332)
Promises to give to others	<u>(2,667,630)</u>	<u>(1,445,279)</u>
Net Cash Used In Operating Activities	<u>(848,395)</u>	<u>(463,613)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(1,617)</u>	<u>(3,303)</u>
Net Cash Used In Investing Activities	<u>(1,617)</u>	<u>(3,303)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(850,012)	(466,916)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,431,904</u>	<u>6,898,820</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 5,581,892</u>	<u>\$ 6,431,904</u>
SUPPLEMENTAL DATA:		
Non-cash contributions of advertising received	<u>\$ 222,885</u>	<u>\$ 255,052</u>

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

FRIENDS OF CHILDREN'S HOSPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1. Summary of Significant Accounting Policies

Nature of Operations

Friends of Children's Hospital, Inc. (the Organization) is a not-for-profit organization whose mission and principal activities are for the purpose of holding various special events throughout the Jackson metropolitan area that serve to educate the public about opportunities and services available at Blair E. Batson Hospital for Children at the University of Mississippi Medical Center (UMMC), as well as to provide the funds necessary to continue these opportunities and services. The Organization has an affiliation agreement with UMMC, as discussed in Note 10.

Concentration of Support

A significant portion of the Organization's support and revenue is provided by Century Club Charities through the Sanderson Farms Championship, a Mississippi PGA TOUR golf event. During the years ended June 30, 2021 and 2020, 43% and 41%, respectively, of the Organization's support and revenue was derived from the net proceeds of the Sanderson Farms Championship.

Basis of Accounting

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

Cash and Cash Equivalents

All highly liquid investments with an initial maturity of three months or less are cash equivalents.

Property and Equipment

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded at their estimated fair value at the date of donation. The Organization has implemented a \$500 capitalization threshold, and purchases below that amount are expensed as incurred. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets.

(Continued)

Notes to Financial Statements – Continued

NOTE 1. Summary of Significant Accounting Policies - Continued

The estimated useful life for each major depreciable classification of property and equipment is as follows:

Leasehold improvements	3 years
Furniture and equipment	5 years
Artwork	15 years

Promises to Give to Others

Unconditional promises to give to be paid in future years are initially reported at fair value, which is determined by calculating the discounted present value of estimated future cash flows. The resulting discount is amortized using the level-yield method, and the annual amortization is reported as contributions expense.

Contributions and Special Events

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Advances received on conditional promises to give are reflected as liabilities until the conditions are substantially met. Special event proceeds received in advance of a special event are implied to be conditioned upon the occurrence of the special event.

Unconditional promises to give are recognized as receivables when notifications of the promises to give are received by the Organization.

The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The Organization reports contributions of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(Continued)

Notes to Financial Statements – Continued

NOTE 1. Summary of Significant Accounting Policies - Continued

Check Card Logo Fee Revenue

BankPlus, as a part of its banking services, offers its customers a check card that features the Organization's logo. A small fee is charged to each of these customers, and these fees are contributed to the Organization, as well as a portion of the swipe fees charged by BankPlus to merchants on transactions made with these check cards. These contribution amounts are established by BankPlus and may be changed at the bank's discretion.

Specialty License Plate Logo Fee Revenue

The Organization receives a portion of the proceeds from fees generated by certain Mississippi specialty license plates. The fees charged for specialty license plates are established by the respective sections of Section 27-19-56, Miss. Code Ann. (1972) and can be changed by the Mississippi Legislature.

Contributed Services and In-Kind Support

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets, or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated.

The Organization received donated billboard advertising space, airtime and commercial production services totaling \$222,885 and \$255,052 for the years ended June 30, 2021 and 2020, respectively, which is included in the accompanying financial statements as both contributed advertising revenue and advertising and promotion expense.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State of Mississippi and has not been classified as a private foundation by the Internal Revenue Service.

The Organization files Form 990 information returns in the U.S. federal jurisdiction. The Organization is generally no longer subject to income tax examinations for the years ended June 30, 2017, and prior.

(Continued)

Notes to Financial Statements – Continued

NOTE 1. Summary of Significant Accounting Policies - Continued

Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with U.S. 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.

Reclassifications

Certain amounts in the financial statements for the year ended June 30, 2020, have been reclassified to conform to the current year presentation.

NOTE 2. Accounts Receivable

Accounts receivable consisted of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Specialty license plate logo fees	\$ 40,610	\$ 46,906
BankPlus check card logo fees	18,568	17,676
	<u>\$ 59,181</u>	<u>\$ 64,582</u>

NOTE 3. Property and Equipment

Property and equipment consist of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 12,997	\$ 12,997
Office furnishings	37,914	37,914
Office equipment	12,545	10,928
Artwork	<u>25,350</u>	<u>25,350</u>
	88,806	87,189
Less accumulated depreciation	<u>(59,010)</u>	<u>(54,652)</u>
	<u>\$ 29,796</u>	<u>\$ 32,537</u>

(Continued)

Notes to Financial Statements – Continued

NOTE 4. Conditional Promises to Give

In 2016, the Organization obtained a conditional promise to give from Century Club Charities related to a portion of the proceeds from the annual Sanderson Farms Championship during its 10-year commitment to sponsor the championship through 2026. The value of this conditional promise to give has not been established, as it is contingent on future event proceeds. As such, this conditional promise will be recognized at the time that it becomes unconditional. Future proceeds from this promise are expected to be used to fund a portion of the Organization's commitment to UMMC for the Children's of Mississippi Capital Campaign as further discussed in Note 5. The Organization received contributions of \$1,455,000 and \$1,305,000 during the years ended June 30, 2021 and 2020, respectively, from the Sanderson Farms Championship golf event.

NOTE 5. Promises to Give to UMMC

The Organization's board of directors routinely commits to funding specific projects or chaired faculty positions at UMMC. These commitments are considered by the Organization to be revocable unless a formal agreement is executed with UMMC.

In April, 2016, the board of directors approved and signed a pledge agreement with UMMC for the Children's of Mississippi Capital Campaign. The Organization pledged \$20,000,000 to be paid in annual installments of \$2,000,000 through June 30, 2026. Portions of this commitment are expected to be funded by Century Club Charities through the Sanderson Farms Championship conditional promise to give, as described in Note 4.

The Organization's payments to UMMC under the promise to give were \$3,455,000 and \$2,000,000 during the years ended June 30, 2021 and 2020, respectively.

\$787,370 and \$554,721 of contribution expense was recognized in the years ended June 30, 2021 and 2020, respectively, for the amortization of the present value discount on the promise to give.

Future scheduled annual payments by the Organization under the promise to give are as follows:

(Continued)

Notes to Financial Statements – Continued

NOTE 5. Promises to Give to UMMC - Continued

Fiscal Year Ending June 30.

2022	\$2,000,000
2023	2,000,000
2024	2,000,000
2025	2,000,000
2026	<u>545,000</u>
Total scheduled payments	8,545,000
Discount to present value at 4.75%	<u>(979,578)</u>
Present value of promise to give	<u>\$7,565,422</u>

NOTE 6. Special Events

Special events consisted of the following for the years ended June 30, 2021 and 2020:

	<u>Revenue</u>	<u>Expense</u>	<u>Net Revenue</u>
<b>2021</b>			
Trustmark Pro-Am Golf Tournament	\$ 168,030	\$ 43,624	\$ 124,406
BankPlus presents Enchanted Evening	152,782	970	151,812
BankPlus presents Light-A-Light	122,720	7,457	115,263
Over the Edge presented by Trustmark Century Club Charities through Sanderson Farms Championship	138,300	31,555	106,745
	1,455,000	2,060	1,452,940
Other special events	<u>10,980</u>	<u>7,062</u>	<u>3,918</u>
	<u>\$ 2,047,812</u>	<u>\$ 92,728</u>	<u>\$ 1,955,084</u>
<b>2020</b>			
Trustmark Pro-Am Golf Tournament	\$ 173,967	\$ 52,872	\$ 121,095
BankPlus presents Enchanted Evening	411,162	72,889	338,273
BankPlus presents Light-A-Light	74,158	7,458	66,700
Over the Edge presented by Trustmark Century Club Charities through Sanderson Farms Championship	28,360	11,412	16,948
	1,305,000	7,416	1,297,584
Other special events	<u>6,257</u>	<u>7,834</u>	<u>(1,577)</u>
	<u>\$ 1,998,904</u>	<u>\$ 159,881</u>	<u>\$ 1,839,023</u>

(Continued)

Notes to Financial Statements – Continued

NOTE 7. Liquidity

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual, donor-imposed, or self-imposed restrictions within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$5,581,892	\$6,431,904
Accounts receivable	59,181	64,582
Promises to give	<u>-</u>	<u>5,000</u>
	5,641,073	6,501,486
Advance receipts for special events	(142,035)	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$5,499,038</u>	<u>\$6,501,486</u>

NOTE 8. Defined Contribution Retirement Plan

The Organization has a defined-contribution 401(k) retirement plan covering substantially all employees. Employees are allowed to make contributions to the plan subject to certain Internal Revenue Service limits. Additionally, the Organization makes discretionary matching contributions to the plan at amounts annually determined by the Organization’s board of directors. Retirement plan expense was \$8,857 and \$7,434 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9. Operating Leases

The Organization leases certain office space and equipment under operating leases with terms in excess of one year. Rent expense totaled \$27,313 and \$27,170 for the years ended June 30, 2021 and 2020, respectively, and future minimum lease payments are as follows:

2022	\$ 29,896
2023	6,896
2024	<u>2,296</u>
	<u>\$ 39,088</u>

(Continued)

Notes to Financial Statements – Continued

NOTE 10. Related Party Transactions

In January, 2020, the Organization entered into an affiliation agreement with UMMC that expires in February, 2025. This agreement, which was subject to approval by the Board of Trustees of the Mississippi Institutions of Higher Learning, formalizes the arrangement under which the Organization provides financial support to UMMC and, in turn, UMMC provides certain facilities and support services to the Organization on a cost-reimbursement basis. The affiliation agreement is cancellable by UMMC, upon providing 30 days notice, and requires the Organization to transfer any remaining funds to UMMC, or to another entity designated by UMMC, upon the cancellation or non-renewal of the agreement. During the years ended June 30, 2021 and 2020, the Organization recognized expense for contributions to UMMC of \$1,040,528 and \$1,255,038, respectively. The terms of the Organization's promise to give are detailed in Note 5.

Certain members of the Organization's board of directors are employed at a financial institution where the Organization maintains significant account balances. As of June 30, 2021 and 2020, the Organization's cash and cash equivalents in accounts at the financial institution totaled approximately \$2,040,000 and \$3,340,000, respectively.

NOTE 11. Implications of COVID-19 and Loan Forgiveness

In March, 2020, a global pandemic was declared by the World Health Organization related to a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted economic conditions in the U.S., as federal, state and local governments react to the public health crisis, creating uncertainties in the U.S. economy. Due to the pandemic, some of the Organization's revenue-generating fundraisers were cancelled. While the disruption resulting from the pandemic is currently expected to be temporary, there is uncertainty around its duration.

In April, 2020, the Organization obtained a \$55,500 forgivable loan from a bank through the U.S. Small Business Administration's Paycheck Protection Program (SBA PPP) to assist in maintaining personnel and paying eligible operating costs during the coronavirus pandemic. The Organization met certain SBA PPP requirements, and the SBA PPP loan was forgiven and converted to a grant. Accordingly, the \$55,500 forgiven loan amount was recognized as a contribution from the SBA during the year ended June 30, 2020.

(Continued)

Notes to Financial Statements – Continued

NOTE 12. Correction of Error

During the current year, the Organization discovered an error in the financial statements for the year ended June 30, 2020, regarding the treatment of advance receipts for special events, which were incorrectly reflected as net assets with donor restrictions rather than as a conditional advance liability. The error has been corrected in the accompanying financial statements for the year ended June 30, 2020, and following is a summary of the effects of the error correction on the financial statements:

	<u>As Previously Reported</u>	<u>Correction of Error</u>	<u>As Restated</u>
Accounts receivable	\$ 74,582	\$ (10,000)	\$ 64,582
Promises to give receivable	-	5,000	5,000
Net assets with donor restrictions	5,000	(5,000)	-
Special event revenues	1,664,572	334,332	1,998,904
Memberships and contributions	335,169	(34,981)	300,188
Net assets released from restrictions	334,332	(299,351)	34,981
Contributions with donor restrictions	73,000	(38,019)	34,981
Net assets released from restrictions	(334,332)	299,351	(34,981)
Change in net assets with donor restrictions	(261,332)	261,332	-
Change in net assets (deficit)	984,663	261,332	1,245,995
Net assets (deficit), beginning of year	(4,690,075)	(266,332)	(4,956,407)
Net assets (deficit), end of year	(3,705,412)	(5,000)	(3,710,412)

NOTE 13. Subsequent Events

Subsequent events have been evaluated by management of the Organization through October 7, 2021, which is the date that the financial statements were available to be issued.