BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Brothers Big Sisters of Central Arizona
Phoenix, Arizona

We have audited the accompanying financial statements of Big Brothers Big Sisters of Central Arizona, which comprise the statement of financial position as of June 30, 2020, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Big Brothers Big Sisters of Central Arizona

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Big Brothers Big Sisters of Central Arizona as of June 30, 2020, and the change 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.

Report on Summarized Comparative Information

We have previously audited the 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 31, 2020

BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 880,316	$ 367,508
Grants and Contributions Receivable	50,500	163,743
Investments	632,240	595,886
Prepaid Expenses and Other	53,734	23,029
Due from an Affiliate	29,708	179,477
Total Current Assets	1,646,498	1,329,643
PROPERTY AND EQUIPMENT, Net	127,518	80,989
OTHER ASSETS		
Cash Held for Endowment Funds	100,000	100,000
Unemployment Trust Fund	28,855	26,626
Other Assets	19,437	19,437
Total Other Assets	148,292	146,063
Total Assets	$ 1,922,308	$ 1,556,695
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 23,413	$ 15,189
Accrued Expenses	183,563	134,620
Current Maturities of Deferred Rent	25,437	20,388
Current Maturities of Obligation Under a Capital Lease	5,209	5,001
Total Current Liabilities	237,622	175,198
LONG-TERM LIABILITIES		
Deferred Rent, Less Current Maturities	13,980	39,417
Long-Term Obligation Under a Capital Lease, Net of Current Maturities	3,593	8,802
Paycheck Protection Program	394,400	-
Total Long-Term Liabilities	411,973	48,219
Total Liabilities	649,595	223,417
NET ASSETS		
Without Donor Restrictions	1,066,965	1,084,675
With Donor Restrictions	205,748	248,603
Total Net Assets	1,272,713	1,333,278
Total Liabilities and Net Assets	$ 1,922,308	$ 1,556,695

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA
STATEMENT OF ACTIVITIES
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	2020			
	Without Donor Restrictions	With Donor Restrictions	Totals	2019 Total
PUBLIC SUPPORT AND REVENUES				
Public Support:				
Contributions	$ 555,162	$ 250,000	$ 805,162	$ 486,515
In-Kind Contributions	100,885	-	100,885	178,342
United Way	164,854	-	164,854	220,000
Big Brothers Big Sisters of Central Arizona Association	480,308	-	480,308	475,000
Grants and Contracts	686,507	-	686,507	614,720
Total Public Support	1,987,716	250,000	2,237,716	1,974,577
Revenues:				
Investment Income	34,598	-	34,598	38,217
Other	9,566	-	9,566	16,308
Total Revenues	44,164	-	44,164	54,525
Special Events:				
Revenue from Special Events	564,737	-	564,737	567,142
Less Costs of Direct Donor Benefits	(166,179)	-	(166,179)	(166,190)
Gross Profit on Special Events	398,558	-	398,558	400,952
Net Assets Released from Restrictions	292,855	(292,855)	-	-
Total Public Support, Revenues, and Special Events	2,723,293	(42,855)	2,680,438	2,430,054
EXPENSES				
Mentoring Program	2,126,940	-	2,126,940	1,926,325
Management and General	347,642	-	347,642	221,785
Fundraising	266,421	-	266,421	342,280
Total Expenses	2,741,003	-	2,741,003	2,490,390
CHANGES IN NET ASSETS	(17,710)	(42,855)	(60,565)	(60,336)
Net Assets - Beginning of Year	1,084,675	248,603	1,333,278	1,393,614
NET ASSETS - END OF YEAR	$ 1,066,965	$ 205,748	$ 1,272,713	$ 1,333,278

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	2020					
	Mentoring Program	Management and General	Fundraising	Direct Donor Benefits	Total Functional Expenses	2019 Total
Salaries and Wages	$ 1,509,600	$ 85,772	$ 120,082	$ -	$ 1,715,454	$ 1,536,677
Employee Benefits	109,402	6,216	8,702	-	124,320	122,366
Employer Taxes	109,452	6,219	8,706	-	124,377	117,209
Professional and Contract Fees	130,233	155,939	13,427	-	299,599	252,240
Supplies	3,432	1,888	5,643	-	10,963	9,700
Telephone and Communications	25,533	9,419	1,403	-	36,355	20,871
Postage and Shipping	130	1,028	1,183	-	2,341	2,305
Occupancy	76,955	40,837	42,441	-	160,233	149,622
Equipment	10,610	4,717	541	-	15,868	9,419
Printing and Publications	446	23	7,270	-	7,739	10,817
Travel and Mileage	8,713	1,427	2,624	-	12,764	26,191
Conferences and Meetings	1,275	1,581	1,334	-	4,190	5,739
Program and Event Support	82,340	835	22,997	-	106,172	97,155
Recruitment and Public Relations	1,975	955	7,453	-	10,383	15,556
Dues and Subscriptions	11,055	16,351	5,711	-	33,117	44,831
License and Fees	7,426	1,575	9,563	-	18,564	18,056
Insurance	28,455	7,789	2,071	-	38,315	23,139
Interest	409	31	31	-	471	670
Depreciation	9,499	5,040	5,239	-	19,778	27,827
Special Event - Direct Donor Benefits	-	-	-	166,179	166,179	166,190
Total	2,126,940	347,642	266,421	166,179	2,907,182	2,656,580
Less: Expenses Netted Against Revenues on the Statement of Activities:						
Special Event Expenses	-	-	-	(166,179)	(166,179)	(166,190)
Total Expenses Included in the Expense Section of the Statement of Activities	$ 2,126,940	$ 347,642	$ 266,421	$ -	$ 2,741,003	$ 2,490,390

See accompanying Notes to Financial Statements.

BIG BROTHERS BIG SISTERS OF CENTRAL ARIZONA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ (60,565)	$ (60,336)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	19,778	27,827
Gain on Disposal of Property and Equipment	-	(16,308)
Realized and Unrealized (Gain) Loss on Investments	(22,381)	7,121
Increase (Decrease) in Cash Resulting from Changes in:		
Grants and Contributions Receivable	113,243	(86,231)
Prepaid Expenses and Other	(30,705)	8,267
Due from an Affiliate	149,769	(124,887)
Unemployment Trust Fund	(2,229)	(2,028)
Accounts Payable	8,224	(466)
Deferred Rent	(20,388)	(15,340)
Accrued Expenses	48,943	(15,438)
Net Cash Provided (Used) by Operating Activities	203,689	(277,819)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(66,307)	(27,677)
Purchases of Investments	(13,973)	(48,398)
Proceeds from Sale of Investments	-	3,940
Insurance Proceeds	-	16,308
Net Cash Used by Investing Activities	(80,280)	(55,827)
CASH FLOWS USED BY FINANCING ACTIVITIES		
Payments on Capital Lease Obligations	(5,001)	(4,802)
Proceeds from Paycheck Protection Program Loan	394,400	-
Net Cash Provided (Used) by Financing Activities	389,399	(4,802)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	512,808	(338,448)
Cash and Cash Equivalents - Beginning of Year	467,508	805,956
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 980,316	$ 467,508
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	$ 880,316	$ 367,508
Restricted Cash	100,000	100,000
Total Cash and Cash Equivalents	$ 980,316	$ 467,508
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 471	$ 862

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Big Brothers Big Sisters of Central Arizona (BBBS or Agency) was incorporated in the state of Arizona and is a nonprofit corporation organized to provide guidance to boys and girls through association with appropriate role models. The mission of BBBS is to help children realize their potential through the development of professionally supported one to one relationships with volunteers who care about them. The vision of BBBS is that BBBS contributes to a healthier and stronger community by providing children with mentors who will help them succeed in life. The majority of BBBS revenue is derived from various fundraising activities, grants, and contracts with other nonprofit organizations, corporations, and local governments.

BBBS operates under an affiliation agreement with Big Brothers Big Sisters of Central Arizona Association (Association). BBBS and the Association each have a separate board of directors. The Association has no legal obligation to fund BBBS, but the intent is that they will work together.

Net Asset Classification

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 Agency and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Those resources over which the board of directors has discretionary control.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be satisfied by actions of the Agency or passage of time. Other donor-imposed restrictions will be held in perpetuity by BBBS. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Prior Year Summarized Information

The financial statements include prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements as of and for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

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

Cash and Cash Equivalents

The Agency considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

Grants and Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has made reasonable collection efforts are written off.

Management believes that all grants and contributions receivable at June 30, 2020 are fully collectible.

Property and Equipment

Property and equipment is initially recorded at cost and donated property is recorded at the fair value at the date of the gift. Contributions of nonfinancial assets are initially recorded at fair value and then carried at the lower of carrying value or fair value. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. Depreciation is provided using the straight-line method over estimated useful lives of the acquired and donated assets. The estimated useful lives range from 3 to 5 years. Repairs and maintenance are expensed as incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

The Agency capitalizes expenditures that are equal to or greater than $2,500. When items are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statement of activities.

Impairment of Long-Lived Assets

The Agency reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future undiscounted net cash flows which the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. There were no such impairments of long-lived assets as of June 30, 2020.

Revenue Recognition

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Certain Agency grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2020, outstanding conditional contributions approximating $95,000 for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

Donated Services

Noncash in-kind contributions are recorded as both revenue and expense at the estimated fair value in the financial statements if, among other things, the Agency would typically need to purchase these services if they were not provided by donation.

The Agency receives substantial support in the form of donated volunteer services. The value of these services is not recorded because they do not meet the requirements to be recorded in accordance with nonprofit accounting principles.

Noncash contributions of advertising, special event auction items, and sporting event tickets are recorded at fair value at the time of donation. Items given away by the Agency as part of its program are recorded as an equal expense.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Special Events Revenue

The Agency conducts special events in which a portion of the gross proceeds paid by the participant represents payments for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of entertainment provided at special events is measured at the actual cost to the Agency. The direct costs of the special events which ultimately benefit the donor rather than the Agency are included in special events revenues and then expensed as costs of direct donor benefits.

Functional Expenses Classifications

The cost of providing program services and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs such as salaries and related costs, occupancy, depreciation, insurance and supplies been allocated among the programs and supporting services benefited. The allocation methods used are based on square footage, full-time equivalents, and other appropriate methods, and are subject to a certain degree of estimation by management.

Income Taxes

The Agency is exempt from federal and Arizona income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, there is no provision for federal or state corporate income taxes. In addition, the Agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Management believes that the Agency has no uncertain tax positions as of June 30, 2020.

Changes in Accounting Principles

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (Continued)

The Agency has elected to early adopt ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Agency's financial statements reflect adoption of ASU 2018-08 and ASU 2014-09 guidance beginning in fiscal year 2020. The adoption of ASU 2018-08 and ASU 2014-09 did not impact the Agency's reported revenue.

During the year ended June 30, 2020, the Agency adopted FASB ASU 2016-18, *Statement of Cash Flows*. This accounting standard requires that a statement of cash flows explain the changes during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of this accounting standard did not have an impact on the Agency's financial position or changes in net assets.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Agency strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following table reflects the Agency's financial assets, available for general expenditure within one year of the statement of financial position date:

Financial Assets at Year-End:		
Cash and Cash Equivalents	$	880,316
Grants and Contributions Receivable		50,500
Investments		632,240
Due from an Affiliate		29,708
Cash Held for Endowment Funds		100,000
Total Financial Assets		1,692,764
Less Amounts not Available to be Used Within One Year:		
Investments for Endowment		(100,000)
Financial Assets Available to Meet General Expenditures Within One Year	$	1,592,764

NOTE 3 GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable are stated as the amount management expects to collect. All receivables are due within one year. There was no allowance for uncollectible accounts as of June 30, 2020. Three contributors make up 86% of the total grants and contributions receivable balance as of June 30, 2020.

NOTE 4 FAIR VALUE MEASUREMENTS

The Agency accounts for its investments at fair value. Accounting standards describe three levels of inputs that may be used to measure fair value, as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Agency can assess at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

At June 30, 2020, all investments were classified within Level 1 because they are comprised of mutual funds and government income bond funds with readily determinable fair values based on daily redemption values.

The following tables set forth, by level, within the fair value hierarchy, certain assets, and liabilities measured at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Assets Not Valued at Fair Value	Total
Equities	$ 469,274	$ -	$ -	$ -	$ 469,274
Bond Funds	56,029	-	-	-	56,029
Stocks	2,921	-	-	-	2,921
Cash	-	-	-	104,016	104,016
Total Investments	$ 528,224	$ -	$ -	$ 104,016	$ 632,240

NOTE 5 PROPERTY AND EQUIPMENT

At June 30, 2020, property and equipment were as follows:

Equipment	$	314,349
Vehicles		25,965
Total		340,314
Less: Accumulated Depreciation		(212,796)
Property and Equipment, Net of Accumulated Depreciation	$	127,518

Depreciation charged to operations was $19,778 for the year ended June 30, 2020.

NOTE 6 CAPITAL LEASE OBLIGATION

Equipment held under a capital lease obligation had a cost of $24,710 at June 30, 2020. Accumulated depreciation associated with this equipment was $16,473 as of June 30, 2020.

Capital lease obligations as of June 30, 2020 are as follows:

Description		Amount
Copier machine, payable in monthly installments of $456, including interest at 4.08%, through March 2022, secured by the equipment.	$	8,802
Less: Current Maturities		(5,209)
Long-Term Maturities of Capital Lease Obligations	$	3,593

Future minimum payments under this commitment are as follows:

Year Ending June 30,		Amount
2021	$	5,472
2022		3,648
Total Minimum Lease Payments		9,120
Less: Amount Representing Interest		(318)
Present Value of Minimum Lease Payments	$	8,802

Interest expense associated with the capital lease totaled $471 during the year ended June 30, 2020.

NOTE 7 PAYCHECK PROTECTION PROGRAM

On April 14, 2020, the Agency received a loan in the amount of $394,400 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Agency fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

NOTE 8 NET ASSETS

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of June 30, 2020:

Subject to Expenditure for Specified Purpose:	
Programs	$ 87,375
Scholarships	18,373
Total	105,748
Endowment:	
Not Subject to Spending Policy or Appropriation:	
Investments in Perpetuity (Including Amounts Above Original Gift Amounts of $100,000) Which, Once Appropriated, are Expendable to Support:	
Future Operations	100,000
Total	100,000
Total Net Assets With Donor Restrictions	$ 205,748

Net assets were released from donor restrictions by incurring expense satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as following for the year ended June 30, 2020.

Satisfaction of Purpose Restrictions:	
Programs	$ 292,855

NOTE 9 ENDOWMENTS

The Agency's endowment consists of funds established to support the general purposes of the Agency. Its endowment consists of donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Agency has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Agency classifies as donor-restricted net assets:

- The original value of gifts donated to the donor-restricted endowment
- The original value of subsequent gifts to the donor-restricted endowment
- The accumulated earnings on the donor-restricted endowment funds remain treated as donor restricted net assets until those amounts are appropriated for expenditure by the Agency's board in a manner consistent with the standards of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Agency and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Agency.
7. The investment policies of the Agency.

Return Objectives and Risk Parameters

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in an interest-bearing savings account.

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restriction	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	$ -	$ 100,000	$ 100,000
Total	$ -	$ 100,000	$ 100,000

NOTE 9 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the fiscal year ended June 30, 2020:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 100,000	$ 100,000
Endowment Funds - End of Year	$ -	$ 100,000	$ 100,000

NOTE 10 SPECIAL EVENTS REVENUE

Special events revenue is comprised of the following for the year ended June 30, 2020:

Bowl for Kids Sake	$ 8,000
Annual Fund Raising Gala	334,651
FORE the Kids	26,396
Other Events	195,690
Total	$ 564,737

Other event revenue consists of Paul's Car Wash and various other events held throughout the year.

NOTE 11 IN-KIND CONTRIBUTIONS

The Agency received the following in-kind contributions for the year ended June 30, 2020:

Program:	
Donated Tickets	$ 43,252
Other	
Management and General:	
Legal Professional Services	18,190
Other	6,795
Direct Donor Benefits	32,648
Total	$ 100,885

NOTE 12 MAJOR REVENUE SOURCES

Two donors accounted for 33% of the total public support, revenue, and special events during the year ended June 30, 2020.

NOTE 13 RELATED PARTY TRANSACTIONS

The Agency received support from the Association of $480,308 during the year ended June 30, 2020. In addition, the Association reimbursed the Agency for expenses of $85,493. As of June 30, 2020, the amount due from the Association was $29,708.

The Agency purchases medical insurance through a board member owned company. During the year ended June 30, 2020, a total of $170,472 was paid and expensed for insurance premiums.

NOTE 14 RETIREMENT PLAN

The Agency maintains a defined contribution retirement plan (the Plan) for its employees established under IRC Section 403(b). The Plan covers essentially all management and exempt employees, exclusive of those employees who have elected not to participate. The Agency makes contributions to the Plan at the discretion of the board of directors. The Agency contributions to the Plan approximated $839 for the year ended June 30, 2020.

NOTE 15 COMMITMENTS

Operating Leases

The Agency is committed under operating leases for office space and equipment. Rent expense under the leases was $207,089 during the year ended June 30, 2020. The Association shares space with the Agency and was allocated rent expense of $35,000 for 2020.

Future minimum rental payments under noncancelable leases at June 30 are as follows:

Year Ending June 30,	Amount
2021	$ 221,357
2022	112,928
Total Future Minimum Lease Payments	$ 334,285

NOTE 16 CONTINGENCY

The Agency participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. Accordingly, the Agency's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Agency's management expects such amounts, if any, to be immaterial.

NOTE 17 CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Agency to concentration of credit risk consist principally of cash and cash equivalents. Cash is placed with high quality financial institutions; however, at times these cash balances exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Investments in mutual funds are not insured by the FDIC.

NOTE 18 COMMITMENTS AND CONTIGENCIES

The Agency has contract with JW Marriott Scottsdale Camelback Inn Resort & Spa for the future Big Night Out event in February 2021. The Agency had future noncancellable commitments for this contract for approximately $9,000 as of June 30, 2020.

NOTE 19 RISKS AND UNCERTAINTIES

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Agency, COVID-19 has impacted various parts of its operations and financial results. Management believes the Agency is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.