

ST. MARY'S SERVICES
DBA HOPEFUL BEGINNINGS OF ST. MARY'S
SERVICES

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020



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Independent Auditor's Report

To the Board of Trustees of
St. Mary's Services
dba Hopeful Beginnings of
St. Mary's Services
Palatine, Illinois

We have audited the accompanying financial statements of St. Mary's Services dba Hopeful Beginnings of St. Mary's Services (an Illinois nonprofit corporation), 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.

Auditor's 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 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.

Independent Auditor's Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Mary's Services dba Hopeful Beginnings of St. Mary's Services as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited St. Mary's Services dba Hopeful Beginnings of St. Mary's Services 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2019. 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.

M. Clure, Insena + Co., Ltd.

October 7, 2020

Financial Statements

ST. MARY'S SERVICES dba Hopeful Beginnings of St. Mary's Services

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 78,258	\$ 57,314
Investment Securities	2,746,398	2,856,857
Accounts Receivable	16,088	18,511
Prepaid Expenses	11,929	7,556
Total Current Assets	<u>2,852,673</u>	<u>2,940,238</u>
NONCURRENT ASSETS		
Property and Equipment, net	377,014	378,354
Beneficial Interest in Perpetual Trusts Held by Others	2,957,060	2,950,804
Investment Securities, Restricted for Endowments	581,840	581,840
Total Noncurrent Assets	<u>3,915,914</u>	<u>3,910,998</u>
Total Assets	<u>\$ 6,768,587</u>	<u>\$ 6,851,236</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 25,410	\$ 43,700
PPP Forgivable Loan, Current Portion	-	-
Current Liabilities	<u>25,410</u>	<u>43,700</u>
NONCURRENT LIABILITIES		
PPP Forgivable Loan, Long-term Portion	<u>88,100</u>	<u>-</u>
Total Liabilities	<u>113,510</u>	<u>43,700</u>
NET ASSETS		
Net Assets Without Donor Restrictions		
Undesignated	2,968,537	3,127,252
Designated	147,640	147,640
Total Unrestricted	<u>3,116,177</u>	<u>3,274,892</u>
Net Assets With Donor Restrictions	<u>3,538,900</u>	<u>3,532,644</u>
Total Net Assets	<u>6,655,077</u>	<u>6,807,536</u>
Total Liabilities and Net Assets	<u>\$ 6,768,587</u>	<u>\$ 6,851,236</u>

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

Financial Statements

ST. MARY'S SERVICES dba Hopeful Beginnings of St. Mary's Services

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	Without	With	Total	
	Donor Restrictions	Donor Restrictions	2020	2019
REVENUES, GAINS AND OTHER SUPPORT				
Contributions (\$21,975 In-Kind for 2020)	\$ 168,469	\$ -	\$ 168,469	\$ 183,815
Grants	38,303	-	38,303	28,400
Adoptive Program Fees	139,395	-	139,395	188,470
Counseling Services	15,230	-	15,230	-
Educational Initiative Fees	47,801	-	47,801	47,801
Change in Value of Perpetual Trusts	-	6,256	6,256	795,855
Investment Income from Perpetual Trusts	73,795	-	73,795	62,344
Investment Return, net	139,540	-	139,540	180,070
Loss on Disposal of Capital Assets	(37)	-	(37)	-
Other	-	-	-	77
Total Revenues, Gains and Other Support	622,496	6,256	628,752	1,486,832
EXPENSES				
Maternity Program	277,844	-	277,844	224,655
Adoptive Program	87,675	-	87,675	102,893
Educational Initiative	78,066	-	78,066	112,833
Management and General	188,023	-	188,023	151,095
Fundraising	149,603	-	149,603	116,258
Total Expenses	781,211	-	781,211	707,734
CHANGE IN NET ASSETS	(158,715)	6,256	(152,459)	779,098
NET ASSETS, BEGINNING OF THE YEAR	3,274,892	3,532,644	6,807,536	6,028,438
NET ASSETS, END OF THE YEAR	\$ 3,116,177	\$ 3,538,900	\$ 6,655,077	\$ 6,807,536

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

Financial Statements

ST. MARY'S SERVICES dba Hopeful Beginnings of St. Mary's Services

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	Program Services				Supporting Services			Total	
	Maternity Program	Adoption Initiative	Education Program	Total	Management and General	Fundraising	Total	2020	2019
Salaries	\$ 109,856	\$ 52,813	\$ 35,289	\$ 197,958	\$ 111,725	\$ 36,160	\$ 147,885	\$ 345,843	\$ 324,963
Social Worker (In-Kind)	5,044	-	15,131	20,175	-	-	-	20,175	35,074
Employee benefits	17,303	8,127	5,569	30,999	22,597	6,503	29,100	60,099	60,545
Payroll taxes	8,665	4,122	2,770	15,557	8,604	2,797	11,401	26,958	25,895
Total personnel	140,868	65,062	58,759	264,689	142,926	45,460	188,386	453,075	446,477
Accounting and Auditing	223	100	94	417	11,397	89	11,486	11,903	11,615
Advertising and marketing	81,123	5,131	3,265	89,519	4,696	3,208	7,904	97,423	39,973
Service charges	81	48	34	163	48	2,810	2,858	3,021	3,947
Computer	2,320	889	827	4,036	2,075	776	2,851	6,887	6,390
Consultation--non-medical	90	-	-	90	-	-	-	90	-
Depreciation and amortization	6,981	3,131	2,912	13,024	4,189	2,733	6,922	19,946	18,014
Dues, Memberships, Subscriptions	152	88	63	303	439	59	498	801	-
Education	1,151	1,007	819	2,977	1,001	388	1,389	4,366	5,388
Fund Raising Expenses-Events	-	-	-	-	-	37,275	37,275	37,275	39,076
Insurance	5,148	2,301	2,127	9,576	3,165	1,936	5,101	14,677	14,251
Occupancy (In-Kind \$1,800)	6,451	2,894	2,691	12,036	7,621	2,525	10,146	22,182	67,042
Legal	2,697	851	792	4,340	1,318	743	2,061	6,401	2,613
Purchased Medical Services	1,774	-	0	1,774	-	-	-	1,774	1,019
Nonmedical Maternity Services	15,356	-	-	15,356	-	-	-	15,356	2,957
Office Equipment Rental	3,336	1,497	1,392	6,225	2,002	1,306	3,308	9,533	11,451
Outreach	876	470	344	1,690	496	353	849	2,539	1,843
Payroll Processing Services	558	250	233	1,041	334	218	552	1,593	1,522
Postage and delivery	478	195	144	817	207	355	562	1,379	1,724
Supplies	568	255	237	1,060	1,112	269	1,381	2,441	3,099
Licenses and Permits	116	52	48	216	134	45	179	395	175
Telephone	4,852	2,091	1,938	8,881	3,446	1,133	4,579	13,460	12,152
Temporary help	420	188	175	783	252	47,715	47,967	48,750	7,581
Travel / Mileage Payments	2,045	1,035	1,168	4,248	233	158	391	4,639	6,259
Miscellaneous expenses	180	140	4	324	932	49	981	1,305	3,166
Total expenses	\$ 277,844	\$ 87,675	\$ 78,066	\$ 443,585	\$ 188,023	\$ 149,603	\$ 337,626	\$ 781,211	\$ 707,734

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

Financial Statements

ST. MARY'S SERVICES dba Hopeful Beginnings of St. Mary's Services

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (152,459)	\$ 779,098
Adjustments to Reconcile Change in Net Assets to Cash Used in Operating Activities:		
Depreciation and Amortization	19,946	18,014
Change in Value of Perpetual Trusts Held by Others	(6,256)	(795,855)
Investment income, net	(152,966)	(180,070)
Other Decrease in Investments	-	13,864
Loss on Disposal of Capital Assets	37	-
(Increase) Decrease in Accounts Receivable	2,423	13,143
(Increase) Decrease in Prepaid and Other Assets	(4,373)	9,613
Increase (Decrease) in Accounts Payable and Accruals	(18,290)	7,493
Net Cash Used in Operating Activities	<u>(311,938)</u>	<u>(134,700)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(18,642)	(7,088)
Proceeds from Sale and Maturities of Investments	559,254	3,207,846
Purchase of Investments and Transfers to Cash	(295,830)	(3,332,569)
Net Cash Provided by (Used in) Investing Activities	<u>244,782</u>	<u>(131,811)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP Forgivable Loan Proceeds	88,100	-
Net Cash Provided by Financing Activities	<u>88,100</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	20,944	(266,511)
Cash and Cash Equivalents, Beginning of Year	57,314	323,825
Cash and Cash Equivalents, End of Year	<u>\$ 78,258</u>	<u>\$ 57,314</u>
Income Taxes Paid during the Year	<u>\$ -</u>	<u>\$ -</u>
Interest Paid during the Year	<u>\$ -</u>	<u>\$ -</u>

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

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of St. Mary's Services dba Hopeful Beginnings of St. Mary's Services (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Nature of Organization Activities

St. Mary's Services dba Hopeful Beginnings of St. Mary's Services is a nonprofit charitable corporation, founded in 1887, providing many services related to maternity, adoption and postpartum parents. Among its major programs are adoption services, maternity programs to pregnant adolescents and women, including counseling, and financial assistance as needed, consulting and education services including pre-adoptive parent preparation classes for prospective parents. In 2019, St. Mary's added counseling services related to: perinatal mood disorders, postpartum depression and anxiety, grief, loss of pregnancy and adjustment to motherhood.

B. Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities according to two classes of net assets, those without donor restrictions and those with donor restrictions.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that must be maintained by the Organization until the restriction is satisfied, or in perpetuity. The donors of these assets permit St. Mary's to use all or part of the income earned on related investments for unrestricted purposes.

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

C. Cash and Cash Equivalents

Cash and cash equivalents consist primarily of amounts in a demand deposit account.

D. Investments

Investments are stated at fair market value based on quoted market prices. Investment income is recorded on the accrual basis; purchases and sales of investments are reflected on a trade-date basis. Unrealized gains or losses are based on the change in market value of the assets from the beginning to the end of the fiscal year. Realized gains or losses are based on the change in market value of the assets from the date acquired to the date of sale.

All of the income, as defined by the perpetual trusts, is paid out in quarterly installments to the Organization. For the Organization's controlled investments, cash may be withdrawn from time to time fund operations.

Note 1: Summary of Significant Accounting Policies (Continued)

The Organization invests in various investment securities. Investment securities in general are subject to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

E. Permanent Donor Restricted Funds Investment Policy

The investment objective of the Organization is to generate an annual total rate of return for the funds sufficient to produce the following results:

1. Finance distributions (and cover related operational expenses of the investments) of 4-6% of the average market value of the investments over a three year moving average period, as agreed upon by the Trustees;
2. Inclusive of the above, grow the value of the corpus of the investments annually by at least the annual rate of inflation (CPI) for that year; and
3. Inclusive of 1 and 2, cause the real value of the investments to increase.

The above financial results should be sought without incurring a level of rate-of-return volatility materially greater than that generally associated with endowment investment programs. These results if not attainable in any given year, should be achieved on average over long periods of time to the extent allowed by returns in the broad markets. The earnings of the permanently restricted funds is for the unrestricted use of the Organization.

F. Accounts Receivable

Receivables are valued at management's estimate of the amount that will ultimately be collected. Write-offs of uncollectible balances are reported at such times that collectability is determined unlikely. Management believes that all receivables are collectible; consequently, no reserve for uncollectible accounts has been recorded.

G. Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. The Organization's capitalization policy is currently \$3,000 (\$500 in years ended before July 1, 2016). Depreciation is calculated based on estimated useful lives of the assets and amortization of leasehold improvements is provided over the shorter of their useful life or the remaining lease term using the straight-line method.

Building and Improvements	5-25 years
Furniture and equipment	3-7 years
Website	3 years

Note 1: Summary of Significant Accounting Policies (Continued)

H. Contributions

Contributions, including unconditional promises to give, are recorded when made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give with due dates extending beyond one year are discounted. Donor restricted contributions are reported as increases in the donor restricted funds. When a restriction is satisfied, restricted net assets are reclassified to unrestricted net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

I. Beneficial Interest in Perpetual Trusts Held by Others

The Organization is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity. The fair value of the beneficial interest in the trust is recognized as an asset and as a donor restricted contribution at the date the trust is established. The Organization's estimate of fair value is based on fair value information received from the trustees. The trust assets consist of, but are not limited to, cash and cash equivalents, equity and fixed income securities. These assets are not subject to the control or direction of the Organization. Gains and losses, which are not distributed by the trusts, are reflected as change in value of perpetual trusts held by others in the statement of activities and changes in net assets. Income from these trusts is distributed quarterly to St. Mary's and is unrestricted as to use.

J. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. If evident from the type of expense it is charged directly to the program or supporting service. Other costs are allocated based on the salaries of employees working in each program or supporting services. Some employees' time were spread among multiple programs and supporting services.

K. Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$97,423.

L. Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The

Note 1: Summary of Significant Accounting Policies (Continued)

Organization is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years before the tax year ended June 30, 2016.

M. 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

N. Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or by functional expense classification. 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 Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Note 2: Investments and Fair Value Measurement

Generally accepted accounting principles provide a uniform framework for the definition, measurement and disclosure of fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Such accounting guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no changes to valuation methodologies at June 30, 2020.

The Organization's investments in mutual funds are valued based on quoted market prices and are categorized in Level 1 of the investment hierarchy.

Notes to Financial Statements

Note 2: Investments and Fair Value Measurement (Continued)

Fair values of assets measured on a recurring basis at June 30, 2020 is as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2020				
Mutual Funds	\$ 3,328,238	\$ 3,328,238	\$ -	\$ -

Of the \$3,328,238 of the Organization's investments, \$581,840 represents funds permanently restricted by donors as endowments and the remaining \$2,746,398 is unrestricted for the Organization's charitable purposes.

Note 3: Property and Equipment, net

Property and Equipment, net	
Land	\$ 62,478
Building and Improvements	340,873
Furniture and Equipment	24,076
Website	7,088
	<u>434,515</u>
Less Accumulated Depreciation and Amortization	<u>57,501</u>
Total Property and Equipment, net	<u>\$ 377,014</u>

Note 4: Endowment Funds in Perpetual Trusts Held by Others

The Organization is the beneficiary of two perpetual trusts that are administered by trustees outside the Organization. Although the assets of these trusts are not in its possession, the Organization will receive the income earned on trust assets in perpetuity. The Organization's interest in each trust is as follows:

	<u>Percent Interest</u>
Calvin B. Beach	50%
Bishop of Chicago	Less than 5%

The Organization's share of the assets held in these trusts at June 30, 2020 is as follows:

Calvin B. Beach	\$2,877,675
Bishop of Chicago	<u>79,385</u>
	<u>\$2,957,060</u>

Notes to Financial Statements

Note 4: Endowment Funds in Perpetual Trusts Held by Others (Continued)

The investments held in the perpetual trusts, which are Level 1 assets (see Note 2), as reported by the trustees, consisted of the following at June 30, 2020:

Cash and short-term investments	\$ 117,620
Fixed income securities	1,366,804
Equity securities	1,168,927
Commodity funds	85,739
Real estate funds	138,585
Various	<u>79,385</u>
Total Perpetual Trust Investments	<u>\$ 2,957,060</u>

Income from these trusts, paid directly to the Organization in quarterly payments, totaled \$73,795. This income is unrestricted.

Note 5: Restrictions and Limitations on Net Assets

The Organization's donor restricted funds consist of various funds established for promoting child welfare and the operation of the Organization. The principal of these funds are permanently restricted by donors. The Organization invests these funds in broadly diversified portfolios of equity and fixed income funds to maximize total return consistent with prudent risk limitations. Income from these funds is unrestricted in accordance with the donor's wishes and the board's instructions.

Permanently restricted (Endowment) net assets at June 30, 2020 consist of the following:

Restricted Funds	
George D. and Isabella Brown Fund	\$ 540,629
Thomas D. Lowther Trust	16,789
Scholarship Fund	<u>24,422</u>
	<u>581,840</u>
Beneficial Interest In Perpetual trusts Held by Others	
Calvin B. Beach	2,877,675
Bishop of Chicago	<u>79,385</u>
	<u>2,957,060</u>
	<u>\$ 3,538,900</u>

Notes to Financial Statements

Note 5: Restrictions and Limitations on Net Assets (Continued)

Permanently Restricted (Endowment) Net Assets Activity

	Restricted Funds	Perpetual Trusts
	<u> </u>	<u> </u>
June 30, 2019 balances	\$ 581,840	\$ 2,950,804
Investment return, net	24,002	73,795
Contributions	-	-
Amounts appropriated for expenditure	(24,002)	(73,795)
Reclassification of funds to unrestricted	-	-
Change in value	-	6,256
	<u> </u>	<u> </u>
June 30, 2020 balances	<u>\$ 581,840</u>	<u>\$ 2,957,060</u>

Board designated net assets are those funds set aside by the board for a specific purpose or so that the balance of the original donation can be tracked. Board designated net assets at June 30, 2020 consist of the following:

Scholarship Fund	\$ 81,857
Maria Arbeen Memorial Fund	<u>65,783</u>
	<u>\$ 147,640</u>

There have been no additions to, or disbursements of corpus from, these funds during the year ended June 30, 2020.

Note 6: Liquidity and Availability of Financial Assets

The organization manages its financial assets to meet its current obligations through an annual budget and regular review of financial information at monthly board meetings. It has adequate resources to fund its budget for the next twelve months as its unrestricted current assets exceed its current liabilities by over \$2.7 million.

Note 7: Equipment Lease

The organization has entered into an operating lease for the use of an imaging system. Rent expense for copiers for the year end June 30, 2020 were \$8,694. Future minimum lease payments are as follows:

Year Ending <u>June 30,</u>	
2021	\$ 8,694
2022	8,694
2023	8,694
2024	8,694
Thereafter	<u>-</u>
	<u>\$ 34,776</u>

Notes to Financial Statements

Note 8: Contributed Goods and Services

For the year ended June 30, 2020, the Organization received in-kind contributions totaling \$21,975. The majority of the in-kind contributions were for a licensed social worker, which has been valued at \$20,175.

Note 9: Defined Contribution Pension Plan

In September 2017 the board voted to establish a Simple IRA plan, to be offered to full-time employees that have been employed one year or longer. The Organization will match the employee's contribution equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year. Employees may choose among various mutual funds to contribute to. The employees can change their contribution amounts quarterly. For the year ended June 30, 2020, the Organization contributed \$6,377 on behalf of its employees.

Note 10: Subsequent Events

In 2020, the world is experiencing a COVID-19 pandemic. The result is far reaching effects on individuals, businesses and governments. This has directly affected the Organization through the necessity of canceling or reimagining fund-raising events. This pandemic will likely hamper fund-raising efforts for the 2020-2021 year, and possibly in the future. The Organization was able to avail itself of the government sponsored Paycheck Protection Program (PPP) to provide additional funds to mitigate these effects. The Organization believes this money will not need to be repaid. The Organization has sufficient resources to continue to provide services during this crisis.

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Note 11: New dba

In 2020, St. Mary's Services registered the assumed name of Hopeful Beginnings of St. Mary's Services with the state of Illinois.

Note 12: PPP Forgivable Loan

As part of the CARES Act the Small Business Administration offered forgivable loans to small businesses and nonprofits to pay for qualifying expenses under the Paycheck Protection Program. The Organization availed itself of this program and received \$88,100 on April 20, 2020. Currently, the Organization has not yet applied for forgiveness of this debt but believes it will be granted when it does.

The note bears interest at 1% and will mature April 20, 2022. The first payment is due August 5, 2021 in an amount to fully pay the loan by April 20, 2022. However, the bank may modify these terms at the end of the forgiveness period, August 5, 2021. No interest has been paid or accrued as the Organization expects the loan to be forgiven.