

**Nonprofit Association of the Midlands
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
For the years ended December 31, 2019 and 2018**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nonprofit Association of the Midlands

We have audited the accompanying financial statements of Nonprofit Association of the Midlands a nonprofit organization (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, and statements of cash flows, and statements of functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nonprofit Association of the Midlands as of December 31, 2019 and 2018, the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hayes & Associates, LLC.

Hayes & Associates, LLC
July 31, 2020

Nonprofit Association of the Midlands
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 864,919	\$ 324,784
Accounts receivable	34,866	12,139
Prepaid expenses	24,443	10,409
Grants receivable	472,000	177,000
Total current assets	1,396,228	524,332
NONCURRENT ASSETS		
Property, equipment & other media, net of accumulated depreciation of \$40,648 and \$35,369, respectively	142,863	8,294
Website development costs, net of accumulated amortization of \$19,616 and \$17,672, respectively	-	1,944
Grants receivable - net of current portion and discount of \$9,365 for 2019 & 2018	82,635	174,635
Security deposit receivable	3,775	-
Total noncurrent assets	229,273	184,873
Total assets	\$ 1,625,501	\$ 709,205
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 142,191	\$ 20,577
Payroll liabilities	79,893	50,560
Deferred revenues	152,734	110,452
Total current liabilities	374,818	181,589
NONCURRENT LIABILITIES		
Deferred lease liability	7,959	-
Total noncurrent liabilities	7,959	-
NET ASSETS		
Net assets without donor restrictions	318,015	106,895
Net assets with donor restrictions	924,709	420,721
Total net assets	1,242,724	527,616
Total liabilities and net assets	\$ 1,625,501	\$ 709,205

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants for capital	\$ 237,500	\$ 931,380	\$ 1,168,880	\$ 171,222	\$ 416,000	\$ 587,222
Program income	222,418	-	222,418	155,648	-	155,648
Membership dues	238,583	-	238,583	208,184	-	208,184
Contributions	70,818	-	70,818	68,886	-	68,886
Special events	73,650	-	73,650	61,750	-	61,750
Less: direct benefit to donors	(20,622)	-	(20,622)	(17,422)	-	(17,422)
Interest income	3,098	-	3,098	1,713	-	1,713
Other revenues	2,831	-	2,831	5,372	-	5,372
Total support and revenue	<u>828,276</u>	<u>931,380</u>	<u>1,759,656</u>	<u>655,353</u>	<u>416,000</u>	<u>1,071,353</u>
EXPENSES						
Program services	618,238	-	618,238	627,977	-	627,977
Supporting services						
Management and general	196,091	-	196,091	99,764	-	99,764
Membership development	132,066	-	132,066	93,601	-	93,601
Fundraising	98,153	-	98,153	68,134	-	68,134
Total supporting services	<u>426,310</u>	<u>-</u>	<u>426,310</u>	<u>261,499</u>	<u>-</u>	<u>261,499</u>
Total expenses	<u>1,044,548</u>	<u>-</u>	<u>1,044,548</u>	<u>889,476</u>	<u>-</u>	<u>889,476</u>
Net assets released from restrictions	<u>427,392</u>	<u>(427,392)</u>	<u>-</u>	<u>280,645</u>	<u>(280,645)</u>	<u>-</u>
CHANGE IN NET ASSETS	211,120	503,988	715,108	46,522	135,355	181,877
NET ASSETS, BEGINNING OF PERIOD	<u>106,895</u>	<u>420,721</u>	<u>527,616</u>	<u>60,373</u>	<u>285,366</u>	<u>345,739</u>
NET ASSETS, END OF PERIOD	<u>\$ 318,015</u>	<u>\$ 924,709</u>	<u>\$ 1,242,724</u>	<u>\$ 106,895</u>	<u>\$ 420,721</u>	<u>\$ 527,616</u>

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 715,108	\$ 181,877
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	7,223	8,557
Change in accounts receivable	(22,727)	5,726
Change in current grants receivable	(295,000)	(43,262)
Change in prepaid expenses	(14,034)	(2,522)
Change in long-term grants receivable - net of current portion	92,000	(174,635)
Changes in refundable deposits	(3,775)	-
Change in accounts payable	121,614	2,147
Changes in payroll liability	29,333	10,077
Changes in deferred lease liability	7959	-
Change in deferred revenues	42,282	4,341
NET CASH FROM OPERATING ACTIVITIES	679,983	(7,694)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, equipment & other media	(139,848)	(3,302)
NET CASH FROM INVESTING ACTIVITIES	(139,848)	(3,302)
CHANGE IN CASH AND CASH EQUIVALENTS	540,135	(10,996)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	324,784	335,780
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 864,919	\$ 324,784

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	Program Services	Supporting Services			Total
		Management and General	Membership Development	Fundraising	
Salaries and related expenses	\$ 305,946	\$ 82,686	\$ 59,548	\$ 57,530	\$ 505,710
Payroll taxes	21,528	5,685	4,230	3,746	35,189
Employee benefits	33,635	8,881	6,609	5,851	54,976
Marketing	-	-	82	-	82
Advertising and promotion	11,493	80	466	73	12,112
Accounting and audits	-	25,018	10,750	-	35,768
Legal	-	2,767	4,312	-	7,079
Office	18,396	6,488	5,073	12,064	42,021
Occupancy	51,150	50,631	5,903	5,227	112,911
Insurance- business	4,230	1,117	831	736	6,914
Training and staff development	165,927	9,531	14,698	12,217	202,373
Web development	12,395	-	17,302	-	29,697
Other expenses	9,499	2,141	1,469	6	13,115
Total expenses before depreciation	<u>634,199</u>	<u>195,025</u>	<u>131,273</u>	<u>97,450</u>	<u>1,057,947</u>
Depreciation and amortization expense	4,661	1,066	793	703	7,223
Total expenses	<u>638,860</u>	<u>196,091</u>	<u>132,066</u>	<u>98,153</u>	<u>1,065,170</u>
Less: direct benefit to donors	(20,622)	-	-	-	(20,622)
Total expenses per Statement of Activities	<u>\$ 618,238</u>	<u>\$ 196,091</u>	<u>\$ 132,066</u>	<u>\$ 98,153</u>	<u>\$ 1,044,548</u>

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2018

	Program Services	Supporting Services			Total
		Management and General	Membership Development	Fundraising	
Salaries and related expenses	\$ 278,018	\$ 38,527	\$ 76,181	\$ 48,272	\$ 440,998
Payroll taxes	22,032	2,190	5,828	1,643	31,693
Employee benefits	38,111	2,756	2,007	2,046	44,920
Marketing	-	-	154	-	154
Advertising and promotion	13,117	171	532	-	13,820
Accounting and audits	-	28,780	10,140	-	38,920
Legal	-	1,018	1,587	-	2,605
Office	100,631	4,232	16,206	13,172	134,241
Occupancy	35,859	2,457	2,215	1,843	42,374
Insurance- business	3,246	351	527	263	4,387
Training and staff development	89,969	16,368	8,358	382	115,077
Web development	6,660	-	9,585	-	16,245
Other expenses	10,047	1,414	1,446	-	12,907
Total expenses before depreciation	<u>597,690</u>	<u>98,264</u>	<u>134,766</u>	<u>67,621</u>	<u>898,341</u>
Depreciation and amortization expense	6,420	685	939	513	8,557
Total expenses	<u>604,110</u>	<u>98,949</u>	<u>135,705</u>	<u>68,134</u>	<u>906,898</u>
Less: direct benefit to donors	(17,422)	-	-	-	(17,422)
Total expenses per Statement of Activities	<u>\$ 586,688</u>	<u>\$ 98,949</u>	<u>\$ 135,705</u>	<u>\$ 68,134</u>	<u>\$ 889,476</u>

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of Nonprofit Association of the Midlands (the Organization).

1. Organization

The Organization is a State association for nonprofits in Nebraska and western Iowa that works to build the capacity and organizational effectiveness of its members. The mission of the Organization is to strengthen the collective voice, leadership, and capacity of nonprofit organizations to enrich the quality of community life. Among its programs and services are professional development, group purchasing discounts, and advocacy on policy issues. The Organization also works to provide tools to its members to manage their nonprofit organizations more effectively.

2. Basis of Accounting and Use of Estimates

The Organization prepares its financial statements on accrual basis of accounting and accordingly reflects all significant receivables, payables, and other liabilities. 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. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Basis of Presentation

The Organization presents its financial position and activities according to the following two classes of net assets:

- a. Net assets without donor restrictions include those net assets whose use is not subject to donor-imposed restrictions, even though their use may be limited in other respects, such as by contract or by Board designation.
- b. Net assets with donor restrictions are those net assets whose use by the Organization has been limited by donors to later periods of time after specified dates or to specified purposes, whether temporary or in perpetuity.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Nonprofit Association of the Midlands considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statements of cash flows.

5. Accounts Receivable

Accounts receivable consists primarily of amounts due from third party contracts and member dues stated as unpaid balances. Management considers all receivables to be fully collectable; therefore, no allowance for doubtful accounts has been established. In management's opinion, the carrying value of all receivables approximates fair value.

6. Property, Equipment and Other Media

Property, equipment and other media are recorded at cost or, if donated, at the approximate fair value at the date of donation. Property, equipment and other media which cost \$1,000 or more are capitalized. Depreciation is computed using a straight-line depreciation method over the estimated useful lives of the assets, ranging from three to seven years.

7. Website Development Costs

Website development costs are categorized into the following stages: planning the website, developing the applications and infrastructure, developing graphics, developing/converting content, operating the site. Costs exceeding \$1,000 which are incurred to develop applications, infrastructure, and graphics are capitalized. Amortization is computed using a straight-line depreciation method over the estimated useful life of the site, ranging from three to five years. Costs for website planning, content development/conversion, and operation stages are expensed as incurred.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Promises to Give

Grants and 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 received in future years are recorded at the present value of their estimated future cash flows. The discounts, if material, on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

The receivables are reviewed for collectability and a provision for uncollectible accounts is recorded based on management's judgement and analysis of individual donors, past collection experience and other relevant factors. No allowance for uncollectible accounts was deemed necessary at December 31, 2019 and 2018.

9. Deferred Revenue

Income from membership dues, subscription fees, and program fees are deferred and recognized over the periods to which the dues and fees relate.

10. Revenues and Reclassifications

Contributions are recognized when the donor makes a promise to give to the Nonprofit Association of the Midlands that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been met.

The Organization recognizes revenue from program fees when the services are provided. Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received, and a contribution element for the difference. The Organization recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Revenues and Reclassifications - Continued

The Organization records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. With the exception of goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

11. Contributed Services and Materials

The Organization may receive benefits from services rendered which are provided free of charge. Revenue and a corresponding expense are recognized at the fair value for contributed services when either contributed services create or enhance a non-financial asset or require specialized skills that the provider possesses, and which would ordinarily be purchased.

Donated materials are recorded as contributions or expenses in the period received. Such donations are recorded at their fair value on the date of donation. Donated materials are not recorded in the financial statements when the Organization serves only as an agent for the donors and the donated materials pass through the organization to its beneficiaries or when values for donated materials cannot reasonably be determined. There were no contributed services or materials for the years ended December 31, 2019 and 2018.

12. Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses are allocated based on time and effort:

- Salaries and related expenses
- Payroll taxes
- Employee benefits
- Office
- Occupancy
- Insurance - business
- Depreciation and amortization

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2019 and 2018

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Income Taxes

Nonprofit Association of the Midlands is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the years ended December 31, 2019 and 2018, the Organization had no tax liability on unrelated business activity, accordingly, no income taxes are included in these financial statements. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Internal Revenue Service has classified Nonprofit Association of the Midlands as an organization other than a private foundation.

14. Joint Costs

The Organization incurs joint costs activities associated with both program and fundraising appeals relevant to the annual Summit special event. These costs are allocated between program and fundraising costs and are appropriately disclosed and presented on Nonprofit Association of the Midlands' Statements of Functional Expenses. During the years ended December 31, 2019 and 2018, the Organization incurred joint costs for activities that included program & fundraising components. The Organization allocated \$118,521 and \$119,930 to program expense, and \$840 and \$5,456 to fundraising expense for 2019 and 2018, respectively.

15. Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 reporting format.

16. Subsequent Events

The Organization considered events occurring through July 31, 2020 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2019 and 2018

NOTE B. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

The FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. This new revenue recognition standard affects all entities, public, private, not-for-profit, that have contracts with customers, except where there is other specific revenue recognition guidance previously issued by FASB. This new revenue recognition standard effectively eliminates the transaction-and industry specific revenue recognition guidance under current GAAP and replaces it with the principle-based approach for determining an entity's revenue recognition policies.

The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Organization has adopted FASB Update 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional which will impact the timing of revenue recognition.

NOTE C. CASH AND CREDIT RISK

As of December 31, 2019 and 2018, Nonprofit Association of the Midlands had \$602,969 and \$70,758, respectively, of deposits in excess of FDIC insured limits.

NOTE D. GRANTS RECEIVABLE

Grants receivable are summarized as follows at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 472,000	\$ 177,000
Due after one year through five years	\$ 92,000	\$ 184,000
Less: Discount for time value of money	<u>(9,365)</u>	<u>(9,365)</u>
	82,635	174,635
Total grants receivable, net	<u><u>\$ 554,635</u></u>	<u><u>\$ 351,635</u></u>

A discount rate of 2.87%, 2-year treasury rate was used in calculating the discount above, which is equal to the bank loan rate at the time the grant is received.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2019 and 2018

NOTE E. OPERATING LEASE COMMITMENTS

Total rent paid during the years ended December 31, 2019 and 2018 was \$49,073 and \$38,830, respectively. Future minimum lease payments are as follows:

Year ending December 31,	
2020	\$ 56,865
2021	45,536
2022	46,824
2023	47,760
2024	48,716
Thereafter	91,786
Total	<u>\$ 337,487</u>

NOTE F. PROPERTY, EQUIPMENT AND OTHER MEDIA, NET

A summary of property, equipment and other media, net at December 31, 2019 and 2018 is as follows:

	2019	2018
Computers	\$ 21,775	\$ 17,806
Furniture & Equipment	4,442	4,442
Leasehold Improvements	135,878	-
Video Series	15,915	15,915
Motion Graphic	5,500	5,500
Less: Accumulated Depreciation	<u>(40,648)</u>	<u>(35,369)</u>
Total Property, Equipment & Other Media, net	<u>\$ 142,862</u>	<u>\$ 8,294</u>

NOTE G. WEBSITE DEVELOPMENT COSTS, NET

A summary of website development costs at December 31, 2019 and 2018 is as follows:

	2019	2018
Website Development Costs	\$ 19,616	\$ 19,616
Less: Accumulated Depreciation	<u>(19,616)</u>	<u>(17,672)</u>
Total Website Development Costs, net	<u>\$ -</u>	<u>\$ 1,944</u>

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2019 and 2018

NOTE H. REVOLVING LINE OF CREDIT

The Organization had a \$50,108 unused revolving line of credit , as of December 31, 2019 and 2018. Bank advances on the line of credit are payable on demand and carried an interest rate of 7.50% and 6.75% per annum for December 31, 2019 and 2018, respectively. The line of credit is secured by substantially all assets of the Organization.

NOTE I. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 and 2018, are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Time restricted & guideline principles program	\$ 184,000	\$ 276,000
Time restricted	210,000	135,000
Purpose restricted - Trainings	73,373	-
Purpose restricted - Economic Impact Report	-	5,000
Purpose restricted - Capital campaign	457,336	-
Organization website upgrades	-	4,721
Total net assets with donor restrictions	<u>\$ 924,709</u>	<u>\$ 420,721</u>

NOTE J. CONCENTRATIONS

For the years ended December 31, 2019 and 2018, the Organization received 23% and 34% of its revenues from program income and membership dues and 75% and 61% of its income from contributions and grants, respectively.

NOTE K. ADVERTISING COSTS

The Organization uses marketing and advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2019 and 2018, were \$12,112 and \$13,820, respectively.

Nonprofit Association of the Midlands
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 For the years ended December 31, 2019 and 2018

NOTE L. RETIREMENT PLAN

The Organization provides retirement benefits for its employees through participation in a multi-employer 403(b) plan.

All employees may contribute to the retirement plan and the Organization matches up to 50% of the first 6% of the employee contribution. The Organization's contributions to the plan were \$12,480 and \$7,434 for the years ended December 31, 2019 and 2018, respectively.

NOTE M. CONDITIONAL PROMISE TO GIVE

During 2019, the Organization received two restricted promises that contained donor conditions related to the Organization's office relocation in the amounts of \$150,000 and \$100,000. Since the grants represent conditional promises to give, they are not recorded as contribution revenue until the donor conditions are met. The Organization expects to meet the requirements of both grant conditions and receive the payments in 2020.

NOTE N. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2019 and 2018.

Financial assets at year end:	2019	2018
Cash and cash equivalents	\$ 864,919	\$ 324,784
Grants receivable	554,635	351,635
Accounts receivable	34,866	12,139
Total financial assets	<u>1,454,420</u>	<u>688,558</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(924,709)	(420,721)
Add net assets with purpose restrictions to be met in less than one year	832,709	236,721
Net assets unavailable for use within one year:	<u>(92,000)</u>	<u>(184,000)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,362,420</u>	<u>\$ 504,558</u>

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2019 and 2018

NOTE N. AVAILABILITY AND LIQUIDITY - CONTINUED

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses. The Organization has a \$50,108 line of credit available to meet cash flow needs at December 31, 2019 and 2018.

NOTE O. SUBSEQUENT EVENTS

Subsequent to year end, the coronavirus disease (COVID-19) has spread globally and in the United States of America, and has been declared a pandemic by the World Health Organization. Various governments and businesses have taken strong measures to limit or contain the spread of COVID-19. Currently, there is no vaccine to prevent COVID-19. This disease, along with measures taken by governments and businesses, has resulted in volatility in financial markets and has negatively impacted business processes. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.

The Organization applied for and was granted a \$117,700 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The loan accrues interest, but payments are not required to begin for six months to one year after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization intends to take measures to maximize the loan forgiveness.