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# **THE IMPACT FUND**

## **FINANCIAL STATEMENTS**

**June 30, 2020**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)**

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**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

# THE IMPACT FUND

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
The Impact Fund  
Berkeley, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of The Impact Fund, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses 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 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 The Impact Fund 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 The Impact Fund's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 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.

*Crosby & Lanada CPAs LLP*

Oakland, California

January 21, 2021

## THE IMPACT FUND

### Statement of Financial Position June 30, 2020 (With Comparative Totals as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,049,501	\$ 1,546,410
Investments (Note 3)	1,430,429	1,319,148
Accounts receivable	-	23,850
Prepaid expenses	60,163	71,192
Property and equipment, net (Note 5)	71,362	26,274
Deposit	53,970	53,970
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 2,665,425</u>	<u>\$ 3,040,844</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 25,827	\$ 45,492
Accrued vacation	48,114	30,215
Paycheck Protection Program loan (Note 6)	174,615	-
Accrued rent	28,024	-
Deferred revenue	-	44,950
Total Liabilities	<u>276,580</u>	<u>120,657</u>
Net Assets		
Without donor restrictions	2,025,135	2,737,373
With donor restrictions (Note 9)	363,710	182,814
Total Net Assets	<u>2,388,845</u>	<u>2,920,187</u>
	<u>                    </u>	<u>                    </u>
Total Liabilities and Net Assets	<u>\$ 2,665,425</u>	<u>\$ 3,040,844</u>

See Notes to the Financial Statements

**THE IMPACT FUND**

**Statement of Activities  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
<b>Support and Revenue</b>				
Support				
Foundation and community grants	\$ 208,950	\$ 217,000	\$ 425,950	\$ 376,450
State bar grants	442,311	91,024	533,335	299,336
Cy Pres awards	38,043		38,043	236,605
Individual and firm contributions	115,321		115,321	90,367
Special event (Note 10)	3,100		3,100	69,170
Total Support	<u>807,725</u>	<u>308,024</u>	<u>1,115,749</u>	<u>1,071,928</u>
Revenue				
Attorneys' fees and costs	50,217		50,217	1,659,986
Seminars and education	203,796		203,796	149,088
Reimbursable grants	182,943		182,943	129,053
Interest on grants and other	12,520		12,520	23,969
Investment activity (Note 3)	111,281		111,281	125,501
Total Revenue	<u>560,757</u>	<u>-</u>	<u>560,757</u>	<u>2,087,597</u>
Support provided by expiring time and purpose restrictions	127,128	(127,128)	-	-
Total Support and Revenue	<u>1,495,610</u>	<u>180,896</u>	<u>1,676,506</u>	<u>3,159,525</u>
<b>Expenses</b>				
Program				
Legal	460,718		460,718	428,119
Education	366,153		366,153	245,229
Grantmaking	797,302		797,302	953,555
Total Program	<u>1,624,173</u>	<u>-</u>	<u>1,624,173</u>	<u>1,626,903</u>
Management and general	339,453		339,453	305,591
Fundraising	244,222		244,222	255,454
Total Expenses	<u>2,207,848</u>	<u>-</u>	<u>2,207,848</u>	<u>2,187,948</u>
Change in Net Assets	(712,238)	180,896	(531,342)	971,577
Net Assets, beginning of year	<u>2,737,373</u>	<u>182,814</u>	<u>2,920,187</u>	<u>1,948,610</u>
Net Assets, end of year	<u>\$ 2,025,135</u>	<u>\$ 363,710</u>	<u>\$ 2,388,845</u>	<u>\$ 2,920,187</u>

See Notes to the Financial Statements

**THE IMPACT FUND**

**Statement of Cash Flows  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	2020	2019
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (531,342)	\$ 971,577
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	17,503	5,437
Investment activity	(111,281)	(125,501)
Change in assets and liabilities:		
Accounts receivable	23,850	(21,350)
Prepaid expenses	11,029	(41,216)
Deposit	-	(53,970)
Accounts payable and accrued expenses	(19,665)	(43,857)
Accrued vacation	17,899	8,895
Accrued rent	28,024	-
Deferred revenue	(44,950)	(141,797)
Net cash provided (used) by operating activities	(608,933)	558,218
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(62,591)	(19,280)
Net cash provided (used) by investing activities	(62,591)	(19,280)
<b>Cash flows from financing activities:</b>		
Proceeds from Paycheck Protection Program loan	174,615	-
Net cash provided (used) by financing activities	174,615	-
Net change in cash and cash equivalents	(496,909)	538,938
Cash and cash equivalents, beginning of year	1,546,410	1,007,472
Cash and cash equivalents, end of year	\$ 1,049,501	\$ 1,546,410

See Notes to the Financial Statements

**THE IMPACT FUND**

**Statement of Functional Expenses  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	Program	Management and General	Fundraising	Total	
				2020	2019
Salaries	\$ 569,215	\$ 139,715	\$ 119,792	\$ 828,722	\$ 792,291
Retirement contributions	9,997	2,886	3,859	16,742	4,033
Other employee benefits	43,304	32,626	15,559	91,489	80,953
Payroll taxes	44,245	10,764	8,988	63,997	61,902
Total Personnel	<u>666,761</u>	<u>185,991</u>	<u>148,198</u>	<u>1,000,950</u>	<u>939,179</u>
Grant making	574,233	-	-	574,233	776,565
Professional services	455	40,506	7,677	48,638	95,745
Advertising and promotion	9,017	95	28,638	37,750	33,084
Office supplies and expense	23,449	11,099	18,463	53,011	43,474
Information technology	2,789	8,276	2,299	13,364	23,073
Occupancy	161,103	65,858	33,609	260,570	70,002
Travel and meals	42,208	8,107	1,864	52,179	73,762
Conferences and meetings	98,897	-	-	98,897	83,335
Insurance	6,105	365	303	6,773	3,361
Subscriptions and research	34,496	1,360	3,171	39,027	32,851
Depreciation	-	17,503	-	17,503	5,437
Staff development and other	4,660	293	-	4,953	8,080
Expense by function	<u>\$ 1,624,173</u>	<u>\$ 339,453</u>	<u>\$ 244,222</u>	<u>\$ 2,207,848</u>	<u>\$ 2,187,948</u>
Expenses reported on a net basis on the statement of activities					
Event expense	-	-	-	-	46,530
Total Expenses	<u>\$ 1,624,173</u>	<u>\$ 339,453</u>	<u>\$ 244,222</u>	<u>\$ 2,207,848</u>	<u>\$ 2,234,478</u>



## THE IMPACT FUND

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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#### NOTE 1: NATURE OF ACTIVITIES

The Impact Fund (the Organization) is a California nonprofit public benefit corporation founded in 1992. The Organization supports class action public interest litigation and awards grants in the areas of human and civil rights, environmental justice, and for the relief of poverty. The Organization also provides technical support, advice, counseling, training, and representation to public interest lawyers. In addition, the Organization acts as co-counsel in appropriate class action cases as well as filing amicus or "friend of the court" briefs in cases affecting impact litigation or civil rights enforcement.

#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Accounting**

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

##### **Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net assets without donor restrictions* – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net assets with donor restrictions* – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

##### **Classification of Transactions**

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for

## THE IMPACT FUND

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

#### **Accounting for Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

#### **Attorney Fees and Costs**

The Organization accounts for attorney fees and costs as revenue when approved by a court via either a judgement or settlement approval and following an analysis of collectability. In co-counsel arrangements, the Organization may delay recognition for any portion of fees that depend on co-counsel agreement as to amount. As a result, recognition of attorney fees and costs may occur sometimes significantly after the related period in which work was performed.

#### **Seminars and Education**

The Organization hosts an annual class action conference in the spring of most years. In addition, it offers a variety of webinars and other trainings. Revenue is recognized as a result of these activities when the related services are performed or events occur.

#### **Reimbursable Grant Repayment**

Grants made to support public interest litigation are reimbursable to the Organization in certain circumstances. In the event the grantee recovers attorney's fees and/or costs by settlement, judgment or otherwise, the Organization requires repayment of the grant with interest. The Organization, at its sole discretion, may waive the interest charge and/or a portion of the amount to be reimbursed if its management concludes that because of a limited fee and/or cost recovery, it would be appropriate to do so. The Organization records grants as an expense in the period conditions for an award are satisfied including approval by the Grants Advisory Committee. Grant repayment and related interest is recorded as revenue in the period actually received as the possibility and amount of future reimbursements is not predictable and may depend on success in litigation or other factors

#### **Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as

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### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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of June 30, 2020 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

#### **Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2020.

#### **Accounts Receivable**

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on a cost reimbursement or performance grants. The Organization considers all accounts receivable to be fully collectible at June 30, 2020. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### **Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all operating cash held in banks or certificates of deposit with original maturity dates of three months or less to be cash equivalents. Cash and cash equivalents held in investment accounts for investment purposes are classified with investment balances. For purposes of the statement of cash flows the Organization treats transfers of funds to the investment account as purchases of investments, and withdrawals from the investment account into its operating account as proceeds from investments.

#### **Concentration of Credit Risk**

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

#### **Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	5 years
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### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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Leasehold improvement 7 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

#### Deferred Revenue

Deferred revenue consists of funds received in advance of performance obligations or held to cover costs and fees arising out of litigation settlements.

#### Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on estimated allocations maintained at the staff level.

Telephone and internet services, insurance, occupancy, supplies and other expenses that cannot be directly identified are allocated on the basis of such staff allocation for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Depreciation is charged to management and general. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities.

#### Changes in Accounting Principles

In June 2018, the FASB issued *ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The adoption of this update did not have a material effect on the Organization's financials.

#### Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should

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### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

#### Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

#### NOTE 3: INVESTMENTS

Investments are stated at fair value and consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 104,421	\$ 64,638
Bond funds	114,433	-
Corporate bonds	271,782	135,872
Government bonds	291,808	517,106
Domestic stock	612,224	561,957
Foreign holdings	<u>35,761</u>	<u>39,575</u>
Total	<u>\$ 1,430,429</u>	<u>\$ 1,319,148</u>

Investment activity consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Realized and unrealized gain (loss), net	\$ 99,526	\$ 115,572
Interest and dividends	<u>11,755</u>	<u>9,929</u>
Total	<u>\$ 111,281</u>	<u>\$ 125,501</u>

#### Credit Risk

The Organization's investment policy limits fixed income holdings to investment grade securities.

#### Interest Rate Risk

The prices of fixed-income securities may be sensitive to changes in interest rates. The Organization generally invests in short term securities with maturities of 3 years or less.

#### NOTE 4: FAIR VALUE MEASUREMENTS

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

Fair values of assets measured on recurring basis were as follows as of June 30, 2020:

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**Notes to the Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 104,421	\$ -	\$ 104,421
Domestic stocks	612,224	-	612,224
Foreign holdings	35,761	-	35,761
Bond funds	114,433	-	114,433
Corporate bonds	-	271,782	271,782
Government bonds	-	<u>291,808</u>	<u>291,808</u>
Total	<u>\$ 866,839</u>	<u>\$ 563,590</u>	<u>\$ 1,430,429</u>

The Organization uses the following methods for level 2 fair value as of June 30, 2020.

*Bond holdings* - Based on the values shown on the Organization's investment statements on the last trading day of the year. The Organization's broker may report such values based on pricing service inputs including inputs from third parties. The Organization works to avoid holdings with stale pricing indicators.

**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 71,444	\$ 25,957
Leasehold improvements	36,384	19,280
Less accumulated depreciation	<u>(36,466)</u>	<u>(18,963)</u>
Total	<u>\$ 71,362</u>	<u>\$ 26,274</u>

**NOTE 6: PAYCHECK PROTECTION PROGRAM LOAN**

The Organization received a \$174,615 paycheck protection program (PPP) loan bearing interest of 1% and maturing May 2022 which it accounts for under FASB 470. Based on the guidance in FASB ASC 405-20-40-1, the proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Organization has been "legally released" or (2) the Organization pays off the loan. The Organization expects all principal amounts will be forgiven or repaid within one year.

**NOTE 7: COMMITMENTS**

**Operating Leases**

The Organization is on a month to month new lease-agreement with terms through August 2026. Future minimum lease payments were as follows for the years ended June 30:

2021	\$ 277,974
2022	286,313
2023	294,902
2024	303,750
2025	312,862
Thereafter	<u>376,218</u>
Total	<u>\$ 1,852,019</u>

## THE IMPACT FUND

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

Rent expense was \$264,991 and \$70,002 for the years ended June 30, 2020 and 2019, respectively.

#### NOTE 8: CONTINGENCIES

##### Grant Awards

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

##### Retirement Plan Contributions

The Organization identified an ambiguity regarding retirement plan eligibility between the plan document and the employee handbook which had been changed over time. The Organization engaged a consultant to calculate additional amounts potentially due for all employees potentially affected. The Organization has accrued \$16,742 in additional retirement plan contributions during the year ended June 30, 2020. The final amount of such catchup contributions may vary from this amount.

##### Sabbatical

The Organization offers an eight-week sabbatical to staff following five years of employment subject to certain conditions and limitations. Sabbaticals do not vest, and are not paid out if not taken, and scheduling must be approved by management. Given the small number of staff no reasonable estimate for the liability resulting from this benefit is available.

#### NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Clean Water	\$ 148,710	\$ 73,244
Fellowship	-	60,000
Just Earth	-	49,570
Economic & Social Justice	200,000	-
MCLE Training	<u>15,000</u>	<u>-</u>
Total	<u>\$ 363,710</u>	<u>\$ 182,814</u>

#### NOTE 10: SPECIAL EVENT

The Organization postponed its annual fundraising event due to the COVID pandemic for the year ended June 30, 2020, resulting in a reduction of revenue from special events.

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### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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#### NOTE 11: RETIREMENT PLAN

The Organization has established a Simplified Employee Pension (SEP) Plan for its employees. The SEP is subject to the provisions of the Internal Revenue Code Section 408(k). The Organization makes discretionary contributions for eligible employees which totaled \$16,742 and \$4,033 for the years ended June 30, 2020 and 2019, respectively.

#### NOTE 12: OUTREACH SUPPORT

In addition to the amounts recognized for financial statement reporting purposes, the Organization received approximately \$435,650 and \$148,480 in donated advertising services during the years ended June 30, 2020 and 2019, respectively, which assisted the Organization in engaging with a broader audience. The Organization would not have otherwise purchased such service, and such amounts are not recognized for financial statement purposes.

#### NOTE 13: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 are:

Cash and cash equivalents	\$ 1,049,501
Investments	1,430,429
Less: Purpose-restricted net assets	<u>(363,710)</u>
Total	<u>\$ 2,116,220</u>

As part of the Organization's liquidity management plan, the Organization maintains funds in excess of immediate requirements in savings and investment accounts.

#### NOTE 14: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of January 21, 2021, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

##### **Public Health Order - Coronavirus**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic which affected activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.