POINTS OF LIGHT FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended September 30, 2019 and 2018

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

POINTS OF LIGHT FOUNDATION

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

The Board of Directors
Points of Light Foundation
Atlanta, Georgia

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Points of Light Foundation (the "Foundation") (a Delaware nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related consolidated statement of functional expenses for the year ended September 30, 2019, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated 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 Foundation'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2019 and 2018, and 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.

Changes in Financial Statement Presentation

As discussed in Note 2, the Foundation adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.* The ASU has been applied retrospectively to all periods presented, with the exception of the disclosure of liquidity and availability of resources and the consolidated statement of functional expenses, which have been implemented prospectively as allowed under the provisions of ASU 2016-14. Our opinion is not modified with respect to this matter.

Cherry Bekaert LLP

Atlanta, Georgia
February 13, 2020

POINTS OF LIGHT FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2019 AND 2018

ASSETS	**2019**	**2018**
Current Assets:		
Cash and cash equivalents	$ 1,822,554	$ 823,688
Contributions receivable, net	243,000	103,500
Accounts receivable, net	863,234	602,640
Prepaid expenses and other assets	248,904	260,565
Total Current Assets	3,177,692	1,790,393
Noncurrent Assets:		
Investments	8,430,572	8,218,415
Contributions receivable, net	43,974	93,974
Property and equipment, net	3,062,678	3,181,534
Total Assets	$ 14,714,916	$ 13,284,316
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 523,319	$ 235,352
Accrued expenses	1,046,981	1,070,047
Line of credit	504,376	1,453,240
Loan payable, current	89,602	85,249
Notes payable, current	60,450	60,662
Deferred revenue	4,548,766	3,493,885
Total Current Liabilities	6,773,494	6,398,435
Noncurrent Liabilities:		
Loan payable, net of current portion	1,023,021	1,111,757
Notes payable, net of current portion	1,697,742	1,758,187
Total Liabilities	9,494,257	9,268,379
Net Assets (Deficits):		
Without Donor Restrictions:		
Net investment in property and equipment	1,950,055	1,984,528
Undesignated	(3,514,497)	(4,515,944)
Total Without Donor Restrictions	(1,564,442)	(2,531,416)
With Donor Restrictions:		
Subject to purpose or time restrictions	70,080	-
Endowments	6,715,021	6,547,353
Total With Donor Restrictions	6,785,101	6,547,353
Total Net Assets	5,220,659	4,015,937
Total Liabilities and Net Assets	$ 14,714,916	$ 13,284,316

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

POINTS OF LIGHT FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains:			
Corporate partnership revenue	$ 10,536,188	$ -	$ 10,536,188
Program service revenue	1,451,934	-	1,451,934
Annual conference revenue	1,859,065	-	1,859,065
Membership dues	885,603	-	885,603
Federal grant revenue	9,734	-	9,734
Contributions	1,546,242	70,080	1,616,322
Donated goods and services	320,957	-	320,957
Investment return, net	44,547	167,668	212,215
Special event revenue	2,833,585	-	2,833,585
Total Revenue, Support, and Gains	19,487,855	237,748	19,725,603
Expenses:			
Program Expenses:			
Corporate solutions	5,406,125	-	5,406,125
Capacity building	4,185,657	-	4,185,657
Recognition, youth and family	3,819,375	-	3,819,375
Other program expenses	688,315	-	688,315
Total Program Expenses	14,099,472	-	14,099,472
Supporting Expenses:			
Management and general	3,817,226	-	3,817,226
Fundraising expenses	604,183	-	604,183
Total Supporting Expenses	4,421,409	-	4,421,409
Total Expenses	18,520,881	-	18,520,881
Change in net assets	966,974	237,748	1,204,722
Net assets, beginning of year	(2,531,416)	6,547,353	4,015,937
Net assets, end of year	$ (1,564,442)	$ 6,785,101	$ 5,220,659

POINTS OF LIGHT FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains:			
Corporate partnership revenue	$ 13,282,825	$ -	$ 13,282,825
Program service revenue	2,329,180	-	2,329,180
Annual conference revenue	2,131,136	-	2,131,136
Membership dues	750,856	-	750,856
Federal grant revenue	355,265	-	355,265
Contributions	2,099,492	-	2,099,492
Donated goods and services	434,534		434,534
Investment return, net	96,601	377,924	474,525
Special event revenue	291,330	-	291,330
Bad debt recoveries	158,880	-	158,880
Net assets released from restrictions	100,000	(100,000)	-
Total Revenue, Support, and Gains	22,030,099	277,924	22,308,023
Expenses:			
Program Expenses:			
Corporate solutions	4,642,007	-	4,642,007
Capacity building	5,522,311	-	5,522,311
Recognition, youth and family	3,432,813	-	3,432,813
Other program expenses	2,078,683	-	2,078,683
Total Program Expenses	15,675,814	-	15,675,814
Supporting Expenses:			
Management and general	3,691,605	-	3,691,605
Fundraising expenses	968,139	-	968,139
Total Supporting Expenses	4,659,744	-	4,659,744
Total Expenses	20,335,558	-	20,335,558
Change in net assets	1,694,541	277,924	1,972,465
Net assets, beginning of year	(4,225,957)	6,269,429	2,043,472
Net assets, end of year	$ (2,531,416)	$ 6,547,353	$ 4,015,937

POINTS OF LIGHT FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2019

	Program Services					Supporting Expenses			
	Corporate Solutions	Capacity Building	Recognition, Youth and Family	Other Program Expenses	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and benefits	$ 1,906,793	$ 1,827,281	$ 1,787,787	$ 348,567	$ 5,870,428	$ 1,931,670	$ 341,919	$ 2,273,589	$ 8,144,017
Program and affiliate mission support	3,137,923	516,155	352,034	2,208	4,008,320	-	-	-	4,008,320
Professional services	117,757	1,384,531	342,500	44,371	1,889,159	678,562	168,431	846,993	2,736,152
Travel and convening	228,500	338,804	595,780	97,660	1,260,744	129,119	59,139	188,258	1,449,002
Office expenses	1,557	3,019	19,575	192,130	216,281	436,078	650	436,728	653,009
Media, advertising and printing	104	16,832	494,758	1,627	513,321	50,444	193	50,637	563,958
Dues and subscription services	4,613	40,663	44,434	55	89,765	197,481	18,541	216,022	305,787
Interest, fees, penalties	1,355	49,502	36,594	695	88,146	170,109	1,987	172,096	260,242
Postage and shipping	1,129	1,598	129,884	922	133,533	14,239	1,926	16,165	149,698
Depreciation	6,008	7,209	15,620	-	28,837	87,358	8,411	95,769	124,606
Other expenses	386	63	409	80	938	122,166	2,986	125,152	126,090
Total Expenses	$ 5,406,125	$ 4,185,657	$ 3,819,375	$ 688,315	$ 14,099,472	$ 3,817,226	$ 604,183	$ 4,421,409	$ 18,520,881

POINTS OF LIGHT FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 1,204,722	$ 1,972,465
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	124,606	148,951
Provision for doubtful accounts	25,000	-
Net realized losses (gains) on investments	26,772	(17,827)
Net unrealized gains on investments	(76,971)	(311,400)
Noncash rental income from affiliate	(56,939)	(53,630)
Change in operating assets and liabilities:		
Contributions receivable	(114,500)	268,023
Accounts receivable	(260,594)	(330,879)
Prepaid expenses and other assets	11,661	(20,729)
Accounts payable	287,967	(253,534)
Accrued expenses	(23,066)	(35,896)
Deferred revenues	1,054,881	(1,079,518)
Net cash from operating activities	2,203,539	286,026
Cash flows from investing activities:		
Purchase of investments	(161,958)	(145,177)
Purchase of property and equipment	(5,750)	-
Net cash from investing activities	(167,708)	(145,177)
Cash flows from financing activities:		
Proceeds from line of credit	831,136	85,359
Payments on line of credit	(1,780,000)	(1,000,000)
Principal payments on note payable	(3,718)	(52,022)
Principal payments on loan payable	(84,383)	(80,234)
Net cash from financing activities	(1,036,965)	(1,046,897)
Net increase (decrease) in cash and cash equivalents	998,866	(906,048)
Cash and cash equivalents, beginning of year	823,688	1,729,736
Cash and cash equivalents, end of year	$ 1,822,554	$ 823,688
Supplemental disclosure of cash flows information:		
Cash and cash equivalents paid for interest	$ 58,620	$ 70,269

Note 1—Description of organization

Points of Light Foundation (the "Foundation") organized on May 21, 1990, is a not-for-profit organization incorporated under the laws of the state of Delaware. The Foundation works to increase the number of volunteers throughout the world and the impact of the work they do. Funds for the Foundation's operations are raised primarily through contributions from corporate activations, private and corporate donors, grants from the U.S. government, sponsorships, conference registration, software sales, sale of recognition items, and membership dues.

The Foundation mobilizes millions of people through direct outreach, its 250 affiliates in 29 countries around the world, and partnerships with corporate, faith, and nonprofit organizations. The Foundation brings the power of volunteers to bear on a wide range of issues from hunger to veteran support and education to emergency preparedness.

The Foundation works with companies to find innovative ways to engage their employees and customers in volunteer service; encourages companies to deploy their greatest resource – their employees' time and talents – to help solve pressing social problems. The Foundation also works to support youth by partnering with teachers, parents, schools, community organizations, and businesses. The Foundation's youth service enterprise, GenerationOn, gives kids the tools and resources they need in service and volunteering and to make their mark on the world.

The Foundation manages signature events, programs, and projects for national days of service. The Foundation's annual Conference on Volunteering and Service is the world's largest gathering of volunteer service leaders, bringing together nonprofit, corporate, and government leaders each year to learn, exchange ideas, and develop volunteer-driven solutions to 21st-century challenges.

The Foundation recognizes the contributions of volunteers. The Daily Point of Light Award, established by President George H.W. Bush during his presidency, honors individuals and groups improving their communities. Another award, the President's Volunteer Service Award, encourages and recognizes citizens for their commitment to ongoing volunteer service and civic engagement.

The Foundation harnesses the power of National Service as a solution for community issues. Through public private partnerships, groups of National Service members support Veterans, educate individuals, and support student attendance. During the fiscal year 2018, the Foundation terminated its participation in certain federal funded grant programs.

In August 2016, the Foundation formed Points of Light Asia, Ltd., to support growth of the Foundation's volunteer mobilization mission and corporate partnerships in the region. Points of Light Asia, Ltd. is incorporated as a public company limited by guarantee under Singapore law, with the Foundation as its sole member. Points of Light Asia, Ltd.'s only revenue is through funding received from the Foundation in the United States. During 2019, Points of Light Asia Ltd. was dissolved.

Note 2—Summary of significant accounting policies

Basis of Consolidation – The consolidated financial statements include the accounts and activities of the Foundation and Points of Light Asia, Ltd. All intercompany transactions and balances have been eliminated in the consolidated financial statements.

Basis of Accounting – The consolidated financial statements of the Foundation are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Note 2—Summary of significant accounting policies (continued)

Basis of Presentation – The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors. The Foundation has chosen to provide further classification information about net assets without donor restrictions on the consolidated statements of financial position. The sub-classifications are as follows:

Net Investment in Property and Equipment – Represents net assets invested in property and equipment, net of accumulated depreciation and related debt.

Undesignated – Represents cumulative net assets without donor restrictions excluding those net assets invested in property and equipment.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by the donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when the stipulated time restriction ends or the purposes restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents – The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Foundation has deposits at financial institutions that exceed the amount of available federal insurance coverage. The Foundation mitigates this risk by depositing and investing cash with major financial institutions. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments – Investments are reported at fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. Changes in fair value of securities are reflected as investment gains or losses in the consolidated statements of activities. Investment income, realized gains and losses, and unrealized gains and losses on investments are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulations.

Property and Equipment – Property and equipment are recorded at cost or, in the case of donated property and equipment, at fair value at the time of the contribution. Leasehold improvements represent the cost of the build out on leased property and are being amortized over the life of the lease. Expenditures for property and equipment in excess of $5,000 are capitalized. Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset.

Buildings and building improvements	25 years
Leasehold improvements	Lesser of 10 years or lease term

Note 2—Summary of significant accounting policies (continued)

Long-Lived Asset Impairment – The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds fair value. No asset impairment was recognized during the years ended September 30, 2019 and 2018.

Fair Value of Financial Instruments – Assets and liabilities recorded at fair value in the consolidated statements of financial position are categorized based on the level of judgment associated with the inputs to measure their fair value. 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. There is a three-tier fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and the Foundation's assumptions (unobservable inputs). Fair value measurements are classified under the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Pricing inputs other than Level 1 which are either directly or indirectly observable.

Level 3 – Unobservable pricing inputs developed using the Foundation's estimates and assumptions, which reflect those that market participants would use in pricing an asset or liability.

The carrying amounts of cash and cash equivalents, accounts receivable, contribution receivables, and accounts payable and accrued expenses approximate fair value because of the relative terms and short maturity of these financial instruments. The carrying value of loans and notes payable approximates fair value since the interest rates for that debt is equal to what the Foundation would incur based on prevailing interest rates of observable inputs for similar debt and terms of the various debt agreements.

Revenue Recognition – Revenue is reported as increases in net assets without donor restriction unless the use of the related assets is limited by donor imposed purpose or time restrictions. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recognized as revenue in the period received or upon the receipt of an unconditional promise to give. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date the donation is received, stock contributions are immediately liquidated upon receipt and the cash value is recorded. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the fiscal year in which the contributions are recognized.

Contributions, including unconditional promises to give, that are expected to be collected within one year are recognized as revenue in the period received and reported, 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, utilizing discount rates commensurate with the associated risk. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions in the consolidated statements of activities. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as the age of the receivable, creditworthiness of parties, historical collection experience, type of contribution, and nature of fund-raising activity.

Note 2—Summary of significant accounting policies (continued)

Corporate partnership revenue results from the obligation of the Foundation to provide either goods or services, such as corporate activation and corporate consulting, to the provider of the funds in exchange for the funds received. Corporate partnership revenue is recognized when the service and/or good has been provided or other contractual obligations have been fulfilled.

Program service revenue is generated from revenue sharing agreements, volunteer service awards, training, and rental income. Annual conference revenue is generated from conference registration fees and corporate sponsorship revenues from the Foundation's annual Conference on Volunteering and Service. Membership dues represent Corporate Service Council membership fees and affiliate membership dues. These revenue sources are recognized when the service and/or good has been provided or other contractual obligations have been fulfilled.

Special event revenue, including Daily Point of Light ("DPOL"), represent contributions from donors primarily received for special events such as the Foundation's annual Tribute event. Special event revenue is recognized as revenue in the period received or upon the receipt of an unconditional promise to give; conditional promises to give are not recognized until the required conditions have been substantially met.

Deferred revenue represents income which have been received, but for which the prescribed services have not yet been performed as estimated by management. This revenue will be recognized as income when the related services are provided.

Donated Goods and Services – Volunteers have made contributions of their time to the Foundation's program and supporting services. The value of this contributed time is not reflected in the consolidated financial statements since it does not require a specialized skill. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated goods or services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received as revenue and expense.

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

The expenses that are allocated include the following:

Expense	**Method of Allocation**
Salaries	Estimated time and effort
Employee Benefits	Proportion of salaries charged directly to each program
Depreciation	Number of FTE's

Use of Estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and disclosures. Although these estimates are based on management's best knowledge of current events and actions that the Foundation may undertake in the future, actual results may be different from the estimates. Significant items subject to such estimates and assumptions include but are not limited to, carrying amount of property and equipment and allowances and discounts for contributions receivables. Actual results could differ from those estimates.

Note 2—Summary of significant accounting policies (continued)

Income Tax Status – The Foundation has received a determination letter from the Internal Revenue Service ("IRS") stating that it qualifies for exemption from federal income taxes as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The Foundation evaluates its uncertain tax positions using the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*. The Foundation follows the criterion that an individual tax position has to meet some or all of the benefits of that position to be recognized in the Foundation's consolidated financial statements. The Foundation has a policy to record interest and penalties, if any, related to income tax matters in income tax expense. The Foundation has applied the more likely than not criterion to all the tax positions for which the statute of limitations remain open and has determined that the tax positions satisfy such criterion and that no provision for income taxes is required for the years ended September 30, 2019 and 2018.

Adopted Accounting Pronouncement – On August 18, 2016, FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of the consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented with the exception of the disclosure of liquidity and availability of resources and consolidated statement of functional expenses, which have been implemented prospectively as allowed under the provisions of ASU 2016-14.

Upcoming Accounting Pronouncements – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU improves the current revenue recognition standards by establishing principles to report useful information to users of consolidated financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. ASU 2014-09 is effective for the year ending September 30, 2020. Management is evaluating the impact of the adoption of the ASU on the Foundation's consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. These amendments require the recognition of lease assets and lease liabilities on the consolidated statements of financial position by lessees for those leases currently classified as operating leases under *Leases (Topic 840)*. ASU 2016-02 is effective for the year ending September 30, 2021. Early adoption is permitted. Management is evaluating the impact of the adoption of the ASU on the Foundation's consolidated financial statements. See Note 11 for the Foundation's current lease commitments.

In November 2016, the FASB issued ASU 2016-18, *Restricted Cash,* which adds and clarifies guidance on the presentation of changes in restricted cash on the consolidated statements of cash flows and requires restricted cash to be included with cash and cash equivalents in the consolidated statements of cash flows. The amendments are effective for fiscal year September 30, 2020. Management is evaluating the impact of this standard on the Foundation's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The guidance in this ASU clarifies the accounting guidance for contributions received and contributions made. The amendments in this ASU will 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. This guidance is effective for the year ending September 30, 2020. Management is evaluating the impact of this standard on the Foundation's consolidated financial statements.

Note 3—Liquidity and availability of resources

The table below represents financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year at September 30, 2019:

Financial assets at year-end:	
Cash and cash equivalents	$ 1,822,554
Contributions receivable, net	243,000
Accounts receivable, net	863,234
Investments, at fair value	8,430,572
Total financial assets	11,359,360
Less amounts not available to be used for general expenditures within one year:	
Subject to donor purpose or time restrictions	70,080
Endowment	6,715,021
Financial assets not available to be used within one year	6,785,101
Financial assets available to meet general expenditures within one year	$ 4,574,259

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Foundation has a committed line of credit of $3,850,000, which it can draw upon (See Note 7). At September 30, 2019, the Foundation had a balance of approximately $3,350,000 available to draw on the line of credit.

Note 4—Contributions and accounts receivable

Contributions receivable consist of the following at September 30:

	2019	2018
Amounts due in:		
Less than one year	$ 268,000	$ 136,833
One to five years	50,000	100,000
	318,000	236,833
Less:		
Present value discount	(6,026)	(6,026)
Allowance for uncollectible pledges	(25,000)	(33,333)
Total contributions receivable, net	$ 286,974	$ 197,474

Estimated future cash flows to be received after one year were discounted at rates of 4%, which incorporates a risk factor for collectability.

Note 4—Contributions and accounts receivable (continued)

Accounts receivable consist of the following at September 30:

	2019	2018
Sponsorship receivables	$ 616,756	$ -
Program receivables	292,583	611,142
Federal grants receivable	-	34,261
Gross accounts receivable	909,339	645,403
Less provision for doubtful accounts	(46,105)	(42,763)
Total accounts receivable, net	$ 863,234	$ 602,640

Note 5—Investments

Investments are recorded at fair value and are composed of the following:

September 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Exchange traded funds:				
Equities	$ 5,139,355	$ -	$ -	$ 5,139,355
Fixed income	2,731,618	-	-	2,731,618
Money market funds	559,599	-	-	559,599
Total investments	$ 8,430,572	$ -	$ -	$ 8,430,572
September 30, 2018				
Exchange traded funds:				
Equities	$ 5,153,367	$ -	$ -	$ 5,153,367
Fixed income	2,614,750	-	-	2,614,750
Money market funds	450,298	-	-	450,298
Total investments	$ 8,218,415	$ -	$ -	$ 8,218,415

Investment returns consist of the following for the years ended September 30:

	2019	2018
Interest and dividends	$ 209,160	$ 191,463
Unrealized gains, net	76,971	311,400
Realized (losses) gains, net	(26,772)	17,827
Investment fees	(47,144)	(46,165)
	$ 212,215	$ 474,525

Note 6—Property and equipment, net

Property and equipment, net consist of the following at September 30:

	2019	2018
Land	$ 973,107	$ 973,107
Building and building improvements	3,067,259	3,067,259
Equipment	5,750	-
Subtotal	4,046,116	4,040,366
Less accumulated depreciation	(983,438)	(858,832)
Property and equipment, net	$ 3,062,678	$ 3,181,534

Depreciation expense for the years ended September 30, 2019 and 2018 was $124,606 and $148,951, respectively.

Note 7—Line of credit

On January 9, 2017, the Foundation entered into a short-term, secured line of credit with maximum borrowings of $3,850,000 with a commercial bank to meet short-term cash requirements, bearing a variable interest rate of 30-day LIBOR plus 1.75%. At September 30, 2019 and 2018, the interest rate on the line of credit was 3.77% and 4.01%, respectively. This agreement was secured by investments deposited with the lender and assets of the Foundation. The bank may demand partial or full payment of the credit line obligations at any time.

At September 30, 2019 and 2018, the outstanding balance on the line of credit was $504,376 and $1,453,240, respectively. Advances under the line of credit arrangement are automatically renewed annually and have no specific term or duration.

Note 8—Long-term debt

Long-term debt consist of the following at September 30:

	2019	2018
Loan payable	$ 1,112,623	$ 1,197,006
Note payable - Hands on Atlanta	1,758,192	1,815,131
Note payable - Corporation for National and Community Service	-	3,718
	2,870,815	3,015,855
Less current portion	(150,052)	(145,911)
Total long-term debt	$ 2,720,763	$ 2,869,944

On October 5, 2011, the Foundation entered into a loan agreement with a bank to borrow $1,800,000 to finance a portion of the $3,925,000 purchase price for the building and land from Hands on Atlanta (“HOA”). The $1,800,000 bank loan is collateralized by the acquired land and building and bears interest at a fixed rate of 5.99%. On December 20, 2013, the Foundation executed an amendment to loan agreement, which changed the interest rate of the loan from 5.99% to 4.99%. Monthly principal and interest payments on the loan are based on a 20-year amortization schedule and a balloon payment for the balance at the end of 10 years (2021). The Foundation is required to adhere to various covenants under the bank loan. At September 30, 2019 and 2018, the Foundation was not in compliance with these covenants and has received waivers from the lender for failure to meet these covenants.

Note 8—Long-term debt (continued)

In addition, on October 5, 2011, the Foundation and HOA agreed to treat the remaining $2,125,000 of the purchase price for the land and building as a note payable to HOA. In lieu of making payments on the note payable the Foundation and HOA signed a 25-year lease agreement whereby the Foundation and HOA agreed to treat the remainder as a note payable and prepaid rent on the 25-year lease agreement. The note payable represents the present value of the rent due over the course of the lease, discounted at 6%. If the Foundation sells the building, the note payable for the present value of the remainder of the prepaid rent would be due to HOA. In addition, in accordance with the purchase agreement of the building and land, HOA also transferred its interest in a $750,000 endowment to the Foundation. The earnings on this endowment are restricted to be used for major maintenance on the building (See Note 13).

On December 15, 2015, the Foundation entered into a note payable to the Corporation for National and Community Service ("CNCS") to repay certain penalties and disallowed costs associated with its participation in various CNCS programs. Principal and interest at 1% per annum are due in monthly installments of $3,716 through December 5, 2018. The outstanding balance was paid in full as of September 30, 2019.

Maturities of long-term debt in periods subsequent to September 30, 2019 are as follows:

	Loan Payable	HOA Note Payable	Total
2020	$ 89,602	$ 60,450	$ 150,052
2021	1,023,021	64,179	1,087,200
2022	-	68,137	68,137
2023	-	72,340	72,340
2024	-	76,801	76,801
Thereafter	-	1,416,285	1,416,285
	$ 1,112,623	$ 1,758,192	$ 2,870,815

Note 9—Related party transactions

During the years ended September 30, 2019 and 2018, the Foundation received $102,276 and $107,351, respectively, in contributions from members of its Board of Directors. Contributions receivable from members of the Board of Directors were $57,000 and $4,500 as of September 30, 2019 and 2018, respectively.

Note 10—Retirement plans

The Foundation provides a 403(b) retirement plan (the "Plan") for all employees. Under the Plan, the Foundation matches 50% of employee contributions to the Plan up to a maximum of 3.5% of each employee's annual compensation, as defined by the Plan agreement and can make additional discretionary contribution. During the years ended September 30, 2019 and 2018, the Foundation paid $155,987 and $179,084, respectively, in matching contributions to the Plan and made no discretionary contribution.

On December 1, 2017, the Foundation also began sponsoring a 457(b) Deferred Compensation Plan (the "Deferred Compensation Plan") primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees who are eligible for participation and elect to make salary deferrals under the Deferred Compensation Plan. These assets are fully vested and available to the participating employees at the point of termination of employment from the Foundation.

Note 10—Retirement plans (continued)

As of September 30, 2019 and 2018, the Foundation held assets of $34,785 and $13,656 and under the Deferred Compensation Plan. These assets are reported in other assets on the consolidated statements of financial position, and are designated by the Foundation to pay future payments. The associated Deferred Compensation Plan liabilities mirroring the amounts noted above reported in accrued expenses on the consolidated statements of financial position at September 30, 2019 and 2018, respectively.

Note 11—Commitments and contingencies

Operating Leases – The Foundation has entered into various lease agreements. The Foundation is a party to a lease agreement for the parking lot adjacent to the Atlanta office space. This lease agreement can be terminated by the lessor at any time. The Foundation also leases office space in New York and Washington, DC and leases office equipment for its various facilities.

Rent expense for these leases was $268,453 and $411,348 for the years ended September 30, 2019 and 2018, respectively.

Future minimum lease payments required under these leases are as follows:

2020	$ 223,763
2021	18,796
2022	11,048

Note 12—Net assets with donor restrictions

Net assets with donor restrictions at September 30, 2019 and 2018 have been restricted by the donors for the following purpose restrictions:

	2019	2018
Subject to purpose restriction:		
Service enterprise program	$ 70,080	$ -
Total subject to purpose restriction	70,080	-
Subject to NFP spending policy and appropriation:		
Endowment corpus invested in perpetuity	6,027,720	6,027,720
Accumulated earnings on endowments restricted for use as follows:		
General Operations	473,146	329,543
Building maintenance	214,155	190,090
	687,301	519,633
Total subject to NFP spending policy and appropriation	6,715,021	6,547,353
Total net assets with donor restrictions	$ 6,785,101	$ 6,547,353

Note 12—Net assets with donor restrictions (continued)

Net assets with donor restrictions for the years ended September 30, 2019 and 2018 were released from donor restrictions by incurring expense satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2019	2018
Purpose restriction accomplished:		
Hands on Network ServiceWorks	$ -	$ 100,000
Total net assets released from restrictions	$ -	$ 100,000

Note 13—Endowments

The Foundation's donor-restricted endowments consist of endowments that support general operations and building maintenance.

The Foundation's endowments are subject to the general provisions of the *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA"). Under the provisions of this state law, the Board of Directors may appropriate for expenditure underwater endowment funds as is deemed prudent for the uses and purposes for which the endowment funds was established. The Foundation has applied GAAP when allocating investment gains to the net asset classes.

The Foundation has interpreted UPMIFA as requiring the preservation of the historic value (corpus) of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (1) the original value of gifts donated to permanent endowments, (2) the original value of subsequent gifts to permanent endowments, and (3) accumulations to permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds. If endowment assets earn investment returns beyond the amount necessary to maintain the endowment assets' historic value, such excess is available for appropriation and, therefore, classified as net assets with donor restrictions until appropriated by the Foundation for expenditure. The Foundation considers available endowment earnings as being appropriated for expenditure when the actual qualified expenditure occurs.

In accordance with the UPMIFA, the Foundation 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 purposes of the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation or deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Foundation; and
(7) The investment policies of the Foundation.

Note 13—Endowments (continued)

At September 30, 2019 and 2018, the Foundation had the following endowment net assets composition:

September 30. 2019	Without Donor Restrictions	With Donor Restrictions	Total
Original donor restricted gift amounts required to be maintained into perpetuity by the donor	$ -	$ 6,027,720	$ 6,027,720
Accumulated investment earnings	-	687,301	687,301
Endowment net assets	$ -	$ 6,715,021	$ 6,715,021
September 30. 2018			
Original donor restricted gift amounts required to be maintained into perpetuity by the donor	$ -	$ 6,027,720	$ 6,027,720
Accumulated investment earnings	-	519,633	519,633
Endowment net assets	$ -	$ 6,547,353	$ 6,547,353

Changes in endowment net assets for the years ended September 30, 2019 and 2018 are as follows:

	September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2018	$ -	$ 6,547,353	$ 6,547,353
Contributions	-	-	-
Investment return, net	-	167,668	167,668
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, September 30, 2019	$ -	$ 6,715,021	$ 6,715,021

	September 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2017	$ (53,239)	$ 6,222,668	$ 6,169,429
Contributions	-	-	-
Investment return, net	53,239	324,685	377,924
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, September 30, 2018	$ -	$ 6,547,353	$ 6,547,353

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. The Foundation has interpreted UMPIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no endowment funds with deficiencies at September 30, 2019 and 2018.

Note 13—Endowments (continued)

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of relevant market indices while assuming a moderate level of investment risk.

In order to satisfy its long-term rate of return objectives, the Foundation's investment strategy is to approximate the returns of a balanced portfolio that is 60% stock and 40% bonds. The performance guideline for a balanced portfolio would be the S&P 500 for the stock portion, the Barclays Aggregate Bond index for the bonds, and the US Treasury Bill (3 Month) for the cash. The Foundation guideline allows the portfolio allocation to be adjusted to move anywhere between 50% to 70% stock and 30% to 50% bonds, allowing to maintain up to a 10% cash balance. The Foundation portfolio is a diversified balanced portfolio. The overall diversified balanced approach is a moderate risk approach

The Foundation has a policy (the spending policy) of appropriating for expenditure annually 5% of its endowment fund's average fair value as measured over a three-year market period. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 14—Subsequent events

Management has evaluated all events or transactions through February 13, 2020, the date the consolidated financial statements are available for issuance, for potential recognition or disclosure in the consolidated financial statements.