POINTS OF LIGHT FOUNDATION

FINANCIAL STATEMENTS

As of and for the Years Ended September 30, 2020 and 2019

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 Financial Statements

We have audited the financial statements of Points of Light Foundation (the "Foundation") (a Delaware nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows 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 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 Foundation'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 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 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 Foundation as of September 30, 2020 and 2019, 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.

Cherry Bekaert LLP

Atlanta, Georgia
April 16, 2021

POINTS OF LIGHT FOUNDATION
STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2020 AND 2019

ASSETS	**2020**	**2019**
Current Assets:		
Cash and cash equivalents	$ 3,595,772	$ 1,822,554
Contributions receivable, net	199,347	243,000
Accounts receivable, net	106,393	863,234
Prepaid expenses and other assets	1,066,677	248,904
Total Current Assets	4,968,189	3,177,692
Noncurrent Assets:		
Investments	8,786,864	8,430,572
Contributions receivable, net	-	43,974
Property and equipment, net	3,187,454	3,062,678
Total Assets	$ 16,942,507	$ 14,714,916
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 338,995	$ 523,319
Accrued expenses	799,812	1,046,981
Line of credit	-	504,376
Loan payable, current	91,863	89,602
Notes payable, current	64,179	60,450
Deferred revenue	5,710,821	4,548,766
Total Current Liabilities	7,005,670	6,773,494
Noncurrent Liabilities:		
Paycheck Protection Program loan	1,228,773	-
Loan payable, net of current portion	948,416	1,023,021
Notes payable, net of current portion	1,633,555	1,697,742
Total Liabilities	10,816,414	9,494,257
Net Assets (Deficits):		
Without Donor Restrictions:		
Net investment in property and equipment	2,147,175	1,950,055
Undesignated	(3,593,076)	(3,514,497)
Total Without Donor Restrictions	(1,445,901)	(1,564,442)
With Donor Restrictions:		
Subject to purpose or time restrictions	649,609	70,080
Endowments	6,922,385	6,715,021
Total With Donor Restrictions	7,571,994	6,785,101
Total Net Assets	6,126,093	5,220,659
Total Liabilities and Net Assets	$ 16,942,507	$ 14,714,916

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

POINTS OF LIGHT FOUNDATION
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains:			
Corporate partnership revenue	$ 6,751,415	$ -	$ 6,751,415
Program service revenue	1,193,070	-	1,193,070
Annual conference revenue	951,189	-	951,189
Membership dues	904,193	-	904,193
Contributions	740,674	2,539,167	3,279,841
Donated goods and services	235,090	-	235,090
Investment return, net	136,871	522,364	659,235
Special event revenue	1,553,758	-	1,553,758
Other revenue	46,138	-	46,138
Net assets released from restrictions	2,274,638	(2,274,638)	-
Total Revenue, Support, and Gains	14,787,036	786,893	15,573,929
Expenses:			
Program Expenses:			
Corporate solutions	2,478,362	-	2,478,362
Capacity building	2,489,459	-	2,489,459
Recognition, youth and family	3,721,747	-	3,721,747
Other program expenses	495,966	-	495,966
Total Program Expenses	9,185,534	-	9,185,534
Supporting Expenses:			
Management and general	4,305,408	-	4,305,408
Fundraising expenses	1,177,553	-	1,177,553
Total Supporting Expenses	5,482,961	-	5,482,961
Total Expenses	14,668,495	-	14,668,495
Change in net assets	118,541	786,893	905,434
Net assets, beginning of year	(1,564,442)	6,785,101	5,220,659
Net assets, end of year	$ (1,445,901)	$ 7,571,994	$ 6,126,093

POINTS OF LIGHT FOUNDATION
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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	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	$ 1,109,529	$ 1,369,014	$ 1,960,672	$ 244,237	$ 4,683,452	$ 3,036,755	$ 1,031,448	$ 4,068,203	$ 8,751,655
Program and affiliate mission support	720,121	543,811	296,669	-	1,560,601	4,939	-	4,939	1,565,540
Professional services	459,156	323,576	740,386	30,718	1,553,836	364,383	62,437	426,820	1,980,656
Travel and convening	43,771	105,198	69,185	8,111	226,265	80,860	21,440	102,300	328,565
Office expenses	91,782	36,873	78,664	210,424	417,743	172,869	41,151	214,020	631,763
Media, advertising, and printing	5,255	5,449	379,939	53	390,696	84,089	167	84,256	474,952
Dues and subscription services	31,561	79,031	16,019	891	127,502	229,204	17,840	247,044	374,546
Interest, fees, and penalties	4,499	13,361	35,939	-	53,799	98,415	2,076	100,491	154,290
Postage and shipping	138	607	123,314	563	124,622	6,702	422	7,124	131,746
Depreciation	2,827	11,517	19,813	-	34,157	98,350	-	98,350	132,507
Other expenses	9,723	1,022	1,147	969	12,861	128,842	572	129,414	142,275
Total Expenses	$ 2,478,362	$ 2,489,459	$ 3,721,747	$ 495,966	$ 9,185,534	$ 4,305,408	$ 1,177,553	$ 5,482,961	$ 14,668,495

POINTS OF LIGHT FOUNDATION
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, and 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

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 905,434	$ 1,204,722
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	132,507	124,606
Provision for doubtful accounts receivable	25,921	25,000
Net realized and unrealized gains on investments	(535,239)	(50,199)
Noncash rental income from affiliate	(60,458)	(56,939)
Change in operating assets and liabilities:		
Contributions receivable, net	87,627	(114,500)
Accounts receivable	730,920	(260,594)
Prepaid expenses and other assets	(817,773)	11,661
Accounts payable	(184,324)	287,967
Accrued expenses	(247,169)	(23,066)
Deferred revenues	1,162,055	1,054,881
Net cash flows from operating activities	1,199,501	2,203,539
Cash flows from investing activities:		
Purchase of investments	(8,512,260)	(161,958)
Proceeds from sales of investments	8,691,207	-
Purchase of property and equipment	(257,283)	(5,750)
Net cash flows from investing activities	(78,336)	(167,708)
Cash flows from financing activities:		
Proceeds from line of credit	-	831,136
Proceeds from Paycheck Payment Protection loan	1,228,773	-
Payments on line of credit	(504,376)	(1,780,000)
Principal payments on note payable	-	(3,718)
Principal payments on loan payable	(72,344)	(84,383)
Net cash flows from financing activities	652,053	(1,036,965)
Net increase in cash and cash equivalents	1,773,218	998,866
Cash and cash equivalents, beginning of year	1,822,554	823,688
Cash and cash equivalents, end of year	$ 3,595,772	$ 1,822,554
Supplemental disclosure of cash flows information:		
Cash and cash equivalents paid for interest	$ 54,248	$ 58,620
Loan payable refinanced with new loan payable	$ 1,070,046	$ -

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.

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 Accounting – The 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 ("U.S. GAAP").

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 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.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. State law (substantially in conformity with the *Uniform Prudent Management of Institutional Funds Act of 2007*), authorizes expenditures of appreciation (both realized and unrealized) in the value of endowment funds subject to a standard of business care and prudence. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or state law.

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.

Contributions and Contributions Receivable, Net – Contributions are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been 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.

Note 2—Summary of significant accounting policies (continued)

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 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.

Contributions receivable are comprised primarily of unconditional contributions for general support of the Foundation and promises to give from the annual gala.

Accounts Receivable, Net – Accounts receivable are stated at cost less an allowance for doubtful accounts. Management's determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions, and other risks inherent in the accounts receivable portfolio.

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 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, Net – 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
Furniture and fixtures	5 years
Leasehold improvements	Lesser of 10 years or lease term
Equipment	3 years

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, 2020 and 2019.

Note 2—Summary of significant accounting policies (continued)

Fair Value of Financial Instruments – Assets and liabilities recorded at fair value in the 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.

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, 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 financial statements since it does not require a specialized skill.

Note 2—Summary of significant accounting policies (continued)

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 in-kind contributions and expense. In-kind contributions received totaled $235,090 and $320,957 for the years ended September 30, 2020 and 2019, respectively. In-kind contributions are included in contribution revenues without donor restriction in the accompanying statements of activities.

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 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 (year ended September 30, 2019)
	Charged directly to each program (year ended September 30, 2020)
Employee Benefits	Proportion of salaries charged directly to each program
Depreciation	Number of FTE's
Facilities costs	Square footage

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in these 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.

Income Tax Status – The Foundation has received a determination letter from the Internal Revenue Service 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. 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 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, 2020 and 2019.

New Pronouncements – On October 1, 2019, the Foundation adopted FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,* using the modified prospective approach. Under the modified prospective approach, the year ended September 30, 2019 financial statements have not been restated and continues to be reported under the accounting standards in effect for that period. As a result of applying the clarifying guidance in this new standard, the Foundation recognized $540,914 in contributions revenue for the year ended September 30, 2020 that would have previously been reported as deferred revenues and reclassified $2,289,167 to contributions for the year ended September 30, 2020 out of revenue previously reported in corporate partnership revenue in the statement of activities.

Note 2—Summary of significant accounting policies (continued)

On October 1, 2019, the Foundation adopted ASU 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash.* This standard requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The Foundation adopted this standard retrospectively for all periods presented. There were no material impacts to the financial statements and underlying accounting as a result of this adoption.

Future Pronouncements – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU improves the current revenue recognition standards by establishing principles to report useful information to users of 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, 2021. Management is evaluating the impact of the adoption of the ASU on the Foundation's financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classifications affecting the pattern of expense recognition in the statement of activities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. This standard is effective for fiscal year ending September 30, 2023. Management is currently evaluating the impact of this standard on the Foundation's financial statements. See Note 12 for the Foundation's current lease commitments.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The guidance in this ASU will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, for each category of contributed nonfinancial assets recognized the following will have to be disclosed: (1) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, the organization will disclose the programs or other activities in which those assets were used, (2) the organization's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, (3) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, and (4) a description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition. This standard is effective for fiscal year ending September 30, 2023. Management is currently evaluating the impact of this standard on the Foundation's 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:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	$ 3,595,772	$ 1,822,554
Contributions receivable, net	199,347	243,000
Accounts receivable, net	106,393	863,234
Investments, at fair value	8,786,864	8,430,572
Total financial assets	12,688,376	11,359,360
Less amounts not available to be used for general expenditures within one year:		
Subject to donor purpose or time restrictions	649,609	70,080
Endowment	6,922,385	6,715,021
Financial assets not available to be used within one year	7,571,994	6,785,101
Financial assets available to meet general expenditures within one year	$ 5,116,382	$ 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 $3,000,000, which it can draw upon (see Note 7). At September 30, 2020, the Foundation had a balance of approximately $3,000,000 available to draw on the line of credit.

Note 4—Contributions and accounts receivable

Contributions receivable consist of the following at September 30:

	2020	2019
Amounts due in:		
Less than one year	$ 214,347	$ 268,000
One to five years	-	50,000
	214,347	318,000
Less:		
Present value discount	-	(6,026)
Allowance for uncollectible pledges	(15,000)	(25,000)
Total contributions receivable, net	$ 199,347	$ 286,974

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:

	2020	2019
Sponsorship receivables	$ -	$ 616,756
Program receivables	121,643	292,583
Gross accounts receivable	121,643	909,339
Less provision for doubtful accounts	(15,250)	(46,105)
Total accounts receivable, net	$ 106,393	$ 863,234

Note 5—Investments

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

September 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity Funds	$ 5,544,520	$ -	$ -	$ 5,544,520
Fixed income funds	2,723,332	-	-	2,723,332
Money market funds	519,012	-	-	519,012
Total investments	$ 8,786,864	$ -	$ -	$ 8,786,864
September 30, 2019				
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

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

	2020	2019
Interest and dividends	$ 158,986	$ 209,160
Unrealized gains (losses), net	(819,665)	76,971
Realized gains (losses), net	1,354,904	(26,772)
Investment fees	(34,990)	(47,144)
	$ 659,235	$ 212,215

Note 6—Property and equipment, net

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

	2020	2019
Land	$ 973,107	$ 973,107
Building and building improvements	3,067,259	3,067,259
Furniture and fixtures	174,173	-
Leasehold improvements	83,109	-
Equipment	5,750	5,750
Subtotal	4,303,398	4,046,116
Less accumulated depreciation	(1,115,944)	(983,438)
Property and equipment, net	$ 3,187,454	$ 3,062,678

Depreciation expense for the years ended September 30, 2020 and 2019 was $132,504 and $124,606, 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, the interest rate on the line of credit was 3.77%. This agreement was secured by investments deposited with the lender and other assets of the Foundation. The bank could demand partial or full payment of the credit line obligations at any time. Advances under the line of credit arrangement were automatically renewed annually and had no specific term or duration. At September 30, 2019, the outstanding balance on the line of credit was $504,376. The balance on this line of credit was paid in full in December 2019 and the agreement was terminated.

On December 18, 2019, the Foundation entered into a secured line of credit arrangement with maximum borrowings of $3,000,000 with a commercial bank to meet short-term cash requirements, bearing a variable interest rate of prime plus 1.50%. At September 30, 2020, the interest rate on the line of credit was 2.50%. Repayment terms are interest only payments and all outstanding principal and interest is due at maturity on December 18, 2021. This agreement was secured by endowment investments deposited with the lender. The bank may demand partial or full payment of the credit line obligations at any time. At September 30, 2020, there were no outstanding borrowings on this line of credit arrangement.

Note 8—Long-term debt

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

	2020	2019
Loan payable	$ 1,040,279	$ 1,112,623
Note payable - Hands on Atlanta	1,697,734	1,758,192
	2,738,013	2,870,815
Less current portion	(156,042)	(150,052)
Total long-term debt	$ 2,581,971	$ 2,720,763

Note 8—Long-term debt (continued)

On October 5, 2011, the Foundation and Hands on Atlanta ("HOA") entered into an agreement for the Foundation to purchase the building and land from HOA for a total purchase price of $3,925,000. The purchase price was funded with proceeds from a $1,800,000 commercial loan with a bank and issuance of a $2,125,000 note payable to HOA. The Foundation and HOA simultaneously signed a 25-year lease agreement which allows HOA to lease space in the building from the Foundation. The Foundation and HOA agreed, in lieu of making payments on the note payable or rental payments the amounts owed between the parties would be offset on an annual basis. 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 outstanding note payable balance at the sale date, which would be equivalent to 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).

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 was required to adhere to various covenants under the bank loan.

On May 5, 2020, the Foundation entered into a 10-year loan agreement with a commercial bank to refinance $1,070,046 of the remaining loan balance from the original loan of $1,800,000. The bank loan is collateralized by the acquired land and building and bears interest at a fixed rate of 3.50%. Monthly principal and interest payments of $10,607 are due starting June 15, 2020 through the maturity date of May 15, 2030. The Foundation was required to adhere to various covenants under the loan agreement. At September 30, 2020, management believes the Foundation was in compliance with those covenants.

Maturities of long-term debt in periods subsequent to September 30, 2020 are as follows:

	Loan Payable	HOA Note Payable	Total
2021	$ 91,863	$ 64,179	$ 156,042
2022	95,176	68,137	163,313
2023	98,609	72,340	170,949
2024	102,095	76,801	178,896
2025	105,848	81,539	187,387
Thereafter	546,688	1,334,738	1,881,426
	$ 1,040,279	$ 1,697,734	$ 2,738,013

Note 9—Paycheck Protection Program loan

On April 13, 2020, the Foundation received a loan under the Paycheck Protection Program ("PPP") loan for an amount of $1,228,773, which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), and administered by the Small Business Administration ("SBA"). The application for the PPP loan requires the Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Foundation. This certification further requires the Foundation to consider its current business activity and its ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to its operations. The receipt of the funds from the PPP loans and the forgiveness of the PPP loans is dependent on the Foundation having initially qualified for the PPP loans and qualifying for the forgiveness of such PPP loans based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loans. If the PPP loans are not forgiven, the Foundation will need to repay the PPP Loans over the applicable repayment period, commencing after the applicable deferral period.

Note 10—Related party transactions

During the years ended September 30, 2020 and 2019, the Foundation received $22,888 and $102,276, respectively, in contributions from members of its Board of Directors. There were no contributions receivable from members of the Board of Directors as of September 30, 2020. Contributions receivable from members of the Board of Directors were $57,000 as of September 30, 2019.

Note 11—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, 2020 and 2019, the Foundation paid $179,004 and $155,987, 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. As of September 30, 2020 and 2019, the Foundation held assets of $57,656 and $34,785 and under the Deferred Compensation Plan. These assets are reported in other assets on the 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 statements of financial position at September 30, 2020 and 2019, respectively.

Note 12—Commitments and contingencies

Operating Leases (the Foundation as Lessee) – 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 were $265,117 and $268,453 for the years ended September 30, 2020 and 2019, respectively.

Note 12—Commitments and contingencies (continued)

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

2021	$ 19,514
2022	11,048
	$ 30,562

Operating Leases (Foundation as Lessor) – The Foundation leases office space to two not-for-profit organizations in its building under operating leases. Rental income from these leases were $186,970 and $141,502 for the years ended September 30, 2020 and 2019, respectively.

Approximate future minimum rentals to be received on leases as of September 30, 2020 are as follows:

2021	$ 93,073
2022	63,401
2023	5,292
	$ 161,766

Note 13—Net assets with donor restrictions

Net assets with donor restrictions at September 30, 2020 and 2019, have been restricted by the donors for the following purpose restrictions:

	2020	2019
Subject to purpose restriction:		
Capacity building	$ 526,688	$ -
Corporate solutions	52,841	-
Service enterprise program	70,080	70,080
Total subject to purpose restriction	649,609	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	920,537	473,146
Building maintenance	(25,872)	214,155
	894,665	687,301
Total subject to NFP spending policy and appropriation	6,922,385	6,715,021
Total net assets with donor restrictions	$ 7,571,994	$ 6,785,101

Note 13—Net assets with donor restrictions (continued)

Net assets with donor restrictions for the years ended September 30, 2020 and 2019, were released from donor restrictions by incurring expense satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2020	2019
Purpose restrictions accomplished:		
Capacity building	$ 1,090,812	$ -
Corporate solutions	88,826	-
Management and general	125,000	-
Other program expenses	170,000	-
Recognition, youth and family	485,000	-
Appropriation from endowment assets for expenditure	315,000	-
Total net assets released from restrictions	$ 2,274,638	$ -

Note 14—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 U.S. 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 14—Endowments (continued)

At September 30, 2020 and 2019, the Foundation had the following endowment net assets composition:

September 30, 2020	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	-	894,665	894,665
Endowment net assets	$ -	$ 6,922,385	$ 6,922,385
September 30, 2019			
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

Changes in endowment net assets for the years ended September 30, 2020 and 2019 are as follows:

	September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, October 1, 2019	$ -	$ 6,715,021	$ 6,715,021
Contributions	-	-	-
Investment return, net	-	522,364	522,364
Appropriation of endowment assets for expenditure	-	(315,000)	(315,000)
Endowment net assets, September 30, 2020	$ -	$ 6,922,385	$ 6,922,385

	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

Note 14—Endowments (continued)

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. At September 30, 2020, funds with an original gift value of $750,000, fair values of $724,128 and deficiencies of $25,872 were reported in net assets with donor restrictions. There were no such deficiencies at September 30, 2019. These deficiencies resulted from approved appropriation of endowment fund earnings that was deemed prudent by the Board of Directors of the Foundation and approved by the donor.

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 U.S. 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 15—Risks and uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") a global pandemic, which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. As a result of the spread of COVID-19, economic uncertainties have arisen, which may likely negatively impact operating results of the Foundation. Other financial impacts could occur though such potential impact is unknown at this time.

Note 16—Subsequent events

Management has evaluated all events or transactions through April 16, 2021, the date the financial statements are available for issuance, for potential recognition or disclosure in the financial statements.

On November 25, 2020, the Foundation received notification from the SBA that the PPP loan, plus accrued interest received on April 13, 2020, was fully forgiven.

In accordance with Section 1102 of the CARES Act, signed on December 27, 2020, the Foundation applied for and received a second PPP loan on February 11, 2021 totaling $1,228,773. Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans including accrued interest to the extent the Foundation incurs certain qualifying expenses and maintains a certain level of average full-time equivalent employees during the measurement period following closing of the loan. Any portion of the loan that is not forgiven has a term of 60 months with an interest rate of 1%.