

ALIVE!, Inc.

Financial Statements
and
Independent Auditors' Report

June 30, 2019 and 2018



Halt Buzas & Powell, LTD

TRUST, INTEGRITY AND A COMMITMENT TO YOUR SUCCESS

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Independent Auditors' Report

To the Board of Directors
ALIVE!, Inc.
Alexandria, Virginia

We have audited the accompanying financial statements of ALIVE!, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 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.

Halt, Buzas & Powell, Ltd.

Alexandria, Virginia
December 7, 2019

ALIVE!, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 114,444	\$ 111,953
Accounts receivable, net	2,932	822
Contributions receivable	-	36,500
Investments	806,802	704,386
Inventory	29,412	42,344
Prepaid expenses	15,759	16,990
Property and equipment, net	<u>344,219</u>	<u>350,212</u>
Total assets	<u>\$ 1,313,568</u>	<u>\$ 1,263,207</u>
Liabilities and Net Assets		
Accounts payable	\$ 4,312	\$ 5,838
Accrued expenses	42,584	47,501
Deferred revenue, program service fees	1,966	-
Liability related to residents of ALIVE! House	<u>-</u>	<u>95</u>
Total liabilities	<u>48,862</u>	<u>53,434</u>
Net assets:		
Without donor restrictions	1,264,706	1,199,773
With donor restrictions	<u>-</u>	<u>10,000</u>
Total net assets	<u>1,264,706</u>	<u>1,209,773</u>
Total liabilities and net assets	<u>\$ 1,313,568</u>	<u>\$ 1,263,207</u>

See accompanying notes to the financial statements.

3.

ALIVE!, Inc.
Statement of Activities
For the Year Ended June 30, 2019

	Without donor restrictions	With donor restrictions	Total
Revenues:			
In-kind contributions	\$ 986,456	\$ -	\$ 986,456
Contributions	433,793	-	433,793
Foundation grants	336,979	-	336,979
Government reimbursements	256,486	-	256,486
Special fundraising events	141,850	-	141,850
Program service fees	111,647	-	111,647
United Way	36,335	-	36,335
Investment income	25,163	-	25,163
Rental income	7,500	-	7,500
Other income	105	-	105
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total revenues	<u>2,346,314</u>	<u>(10,000)</u>	<u>2,336,314</u>
Expenses:			
Program services:			
Food program	944,097	-	944,097
Child Development Center	512,069	-	512,069
Family assistance	453,577	-	453,577
ALIVE! House	<u>120,345</u>	<u>-</u>	<u>120,345</u>
Total program services	<u>2,030,088</u>	<u>-</u>	<u>2,030,088</u>
Support services:			
Fundraising	155,747	-	155,747
Management and general	<u>95,546</u>	<u>-</u>	<u>95,546</u>
Total support services	<u>251,293</u>	<u>-</u>	<u>251,293</u>
Total expenses	<u>2,281,381</u>	<u>-</u>	<u>2,281,381</u>
Change in net assets	64,933	(10,000)	54,933
Net assets, beginning of year	<u>1,199,773</u>	<u>10,000</u>	<u>1,209,773</u>
Net assets, end of year	<u>\$ 1,264,706</u>	<u>\$ -</u>	<u>\$ 1,264,706</u>

See accompanying notes to the financial statements.

4.

ALIVE!, Inc.
Statement of Activities
For the Year Ended June 30, 2018

	Without donor restrictions	With donor restrictions	Total
Revenues:			
In-kind contributions	\$ 922,756	\$ -	\$ 922,756
Contributions	516,508	10,000	526,508
Foundation grants	154,149	-	154,149
Government reimbursements	277,621	-	277,621
Special fundraising events	156,301	-	156,301
Program service fees	81,845	-	81,845
United Way	51,240	-	51,240
Investment income	27,137	-	27,137
Rental income	7,500	-	7,500
Other income	338	-	338
Net assets released from restrictions:			
Satisfaction of donor restrictions	<u>3,424</u>	<u>(3,424)</u>	<u>-</u>
Total revenues	<u>2,198,819</u>	<u>6,576</u>	<u>2,205,395</u>
Expenses:			
Program services:			
Food program	848,210	-	848,210
Child Development Center	522,930	-	522,930
Family assistance	433,320	-	433,320
ALIVE! House	<u>123,218</u>	<u>-</u>	<u>123,218</u>
Total program services	<u>1,927,678</u>	<u>-</u>	<u>1,927,678</u>
Support services:			
Fundraising	140,567	-	140,567
Management and general	<u>84,662</u>	<u>-</u>	<u>84,662</u>
Total support services	<u>225,229</u>	<u>-</u>	<u>225,229</u>
Total expenses	<u>2,152,907</u>	<u>-</u>	<u>2,152,907</u>
Change in net assets	45,912	6,576	52,488
Net assets, beginning of year	<u>1,153,861</u>	<u>3,424</u>	<u>1,157,285</u>
Net assets, end of year	<u>\$ 1,199,773</u>	<u>\$ 10,000</u>	<u>\$ 1,209,773</u>

See accompanying notes to the financial statements.

5.

ALIVE!, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Food program	Child Development Center	Family assistance	ALIVE! House	Total program services	Fundraising	Management and general	Total support services	Total expenses
Compensation	\$ 61,678	\$ 348,315	\$ 34,486	\$ 79,510	\$ 523,989	\$ 72,230	\$ 51,440	\$ 123,670	\$ 647,659
Depreciation	2,333	1,730	3,708	1,496	9,267	7,766	5,531	13,297	22,564
Employee benefits	896	23,246	9,489	3,779	37,410	2,642	1,882	4,524	41,934
Financial assistance	-	-	209,066	-	209,066	-	-	-	209,066
Food and kitchen supplies	68,221	44,226	-	-	112,447	-	-	-	112,447
In-kind food and furniture	732,157	-	126,136	-	858,293	-	-	-	858,293
In-kind rent	43,376	2,133	45,071	1,844	92,424	9,575	6,819	16,394	108,818
In-kind services	2,000	1,484	3,179	1,282	7,945	6,658	4,742	11,400	19,345
Insurance	2,319	1,721	3,687	1,487	9,214	7,722	5,499	13,221	22,435
Maintenance	1,472	9,168	980	1,297	12,917	1,267	1,079	2,346	15,263
Occupancy	1,438	14,976	2,286	922	19,622	4,787	3,409	8,196	27,818
Office expense	2,052	6,914	1,267	2,919	13,152	14,878	2,180	17,058	30,210
Operating supplies	6,669	16,586	5,257	1,351	29,863	3,083	252	3,335	33,198
Payroll taxes	4,744	25,263	2,680	6,071	38,758	5,612	3,997	9,609	48,367
Postage and shipping	161	130	256	123	670	8,593	846	9,439	10,109
Professional fees	12,155	4,376	3,398	1,371	21,300	7,118	5,069	12,187	33,487
Public relations	838	1,578	1,141	460	4,017	2,390	1,702	4,092	8,109
Security	11	-	-	697	708	-	-	-	708
Special activities	-	2,817	-	-	2,817	-	-	-	2,817
Staff development	308	5,076	100	316	5,800	209	149	358	6,158
Telephone	1,120	1,418	1,133	707	4,378	888	633	1,521	5,899
Utilities	149	912	257	14,713	16,031	329	317	646	16,677
Total expenses	<u>\$ 944,097</u>	<u>\$ 512,069</u>	<u>\$ 453,577</u>	<u>\$ 120,345</u>	<u>\$ 2,030,088</u>	<u>\$ 155,747</u>	<u>\$ 95,546</u>	<u>\$ 251,293</u>	<u>\$ 2,281,381</u>

See accompanying notes to the financial statements.

6.

ALIVE!, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Food program	Child Development Center	Family assistance	ALIVE! House	Total program services	Fundraising	Management and general	Total support services	Total expenses
Compensation	\$ 22,125	\$ 338,357	\$ 24,005	\$ 80,054	\$ 464,541	\$ 60,765	\$ 42,914	\$ 103,679	\$ 568,220
Depreciation	3,431	2,044	3,722	1,753	10,950	9,422	6,654	16,076	27,026
Employee benefits	1,472	33,577	1,597	2,174	38,820	4,042	2,854	6,896	45,716
Financial assistance	-	-	210,218	655	210,873	-	-	-	210,873
Food and kitchen supplies	95,207	36,154	-	-	131,361	-	-	-	131,361
In-kind food and furniture	663,116	-	126,136	-	789,252	-	-	-	789,252
In-kind rent	42,116	13,695	42,253	826	98,890	4,439	3,135	7,574	106,464
In-kind services	3,432	2,045	3,724	1,754	10,955	9,428	6,657	16,085	27,040
Insurance	3,904	6,890	3,960	7,492	22,246	1,832	1,295	3,127	25,373
Maintenance	1,813	14,125	1,021	2,152	19,111	1,395	985	2,380	21,491
Occupancy	1,616	13,695	1,753	826	17,890	4,439	3,135	7,574	25,464
Office expense	1,073	8,493	1,421	2,766	13,753	5,065	2,082	7,147	20,900
Operating supplies	1,298	16,413	5,382	1,153	24,246	2,251	1,589	3,840	28,086
Payroll taxes	1,672	23,557	1,814	6,113	33,156	4,592	3,243	7,835	40,991
Postage and shipping	383	236	416	213	1,248	1,298	744	2,042	3,290
Professional fees	2,688	4,281	2,917	1,374	11,260	19,481	5,214	24,695	35,955
Public relations	1,706	978	1,781	839	5,304	4,552	3,184	7,736	13,040
Security	18	-	18	653	689	-	-	-	689
Special activities	-	-	-	-	-	6,187	-	6,187	6,187
Staff development	24	5,967	26	30	6,047	65	46	111	6,158
Telephone	982	1,449	1,011	825	4,267	947	672	1,619	5,886
Utilities	134	974	145	11,566	12,819	367	259	626	13,445
Total expenses	<u>\$ 848,210</u>	<u>\$ 522,930</u>	<u>\$ 433,320</u>	<u>\$ 123,218</u>	<u>\$ 1,927,678</u>	<u>\$ 140,567</u>	<u>\$ 84,662</u>	<u>\$ 225,229</u>	<u>\$ 2,152,907</u>

See accompanying notes to the financial statements.

7.

ALIVE!, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>54,933</u>	\$ <u>52,488</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	22,564	27,026
Net realized and unrealized gains on investments	(5,011)	(19,945)
Donated securities	(32,422)	(30,495)
Decrease in allowance for doubtful accounts	(7,101)	(12,319)
Decrease (increase) in assets:		
Accounts receivable	4,991	13,722
Contributions receivable	36,500	(23,375)
Inventory	12,932	(1,096)
Prepaid expenses	1,231	686
Increase (decrease) in liabilities:		
Accounts payable	(1,526)	(10,171)
Accrued expenses	(4,917)	(6,888)
Deferred revenue, program service fees	1,966	-
Liability related to residents of ALIVE! House	<u>(95)</u>	<u>(23,657)</u>
Total adjustments	<u>29,112</u>	<u>(86,512)</u>
Net cash provided by (used in) operating activities	<u>84,045</u>	<u>(34,024)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(16,571)	-
Proceeds from sales of investments	135,941	23,000
Purchases of investments	<u>(200,924)</u>	<u>(70,151)</u>
Net cash used in investing activities	<u>(81,554)</u>	<u>(47,151)</u>
Net increase (decrease) in cash	2,491	(81,175)
Cash, beginning of year	<u>111,953</u>	<u>193,128</u>
Cash, end of year	<u>\$ <u>114,444</u></u>	<u>\$ <u>111,953</u></u>

See accompanying notes to the financial statements.

8.

ALIVE!, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

1. Organization

ALIVE!, Inc. (ALexandrians InVolved Ecumenically, referred to as the Organization) is a nonprofit organization that was incorporated in 1969 under the laws of the Commonwealth of Virginia to help people faced with emergency situations or long-term needs become capable of assuming self-reliant roles in the community. The Organization serves thousands of Alexandrians monthly with shelter; low-cost early childhood education and childcare; financial help for rent, utilities, medical care and other critical needs; emergency food; and deliveries of donated furniture and housewares.

2. Summary of Significant Accounting Policies

a. Basis of presentation

The Organization's financial statements are presented in accordance with generally accepted accounting principles for nonprofit organizations. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* represent resources that are not subject to donor imposed restrictions and are available for operations at management's discretion.
- *Net Assets With Donor Restrictions* represent resources restricted by donors. Some donor restrictions are temporary in nature and those restrictions will be met by actions of the Organization 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 purpose restriction is accomplished or time restriction has elapsed, donor restricted net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying statements of activities.

b. Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

ALIVEI, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

d. Fair value measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs used to measure fair value are categorized as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 - unobservable inputs which are typically based on the Organization's own assumptions, as there is little, if any, related market activity.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by the Organization at June 30, 2019 and 2018.

ALIVE!, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

e. Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to its exempt purpose. This code section enables the Organization to accept donations that qualify as charitable contributions to the donor. The Organization is subject to income taxes on taxable income from unrelated business activities. For the years ended June 30, 2019 and 2018, the Organization did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

The Organization is not aware of any activities that would jeopardize its tax-exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in the accompanying financial statements. As of June 30, 2019 and 2018, the Organization had no uncertain tax positions which should be recognized as a liability.

f. Accounts receivable, net

Accounts receivable are due in less than one year and stated at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2019 and 2018, the allowance for doubtful accounts totaled \$2,261 and \$9,362, respectively.

g. Contributions receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. All contributions receivable are expected to be collected in less than one year and are reported at their net realizable value. Reserves are established for receivables that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2018, all receivables are considered collectible, therefore no allowance for doubtful contributions receivable has been recognized. The Organization had no contributions receivable at June 30, 2019.

ALIVE!, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

h. Investments

Investments are reported at fair value and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor restrictions or law. The Organization purchases investment instruments that are exposed to various risks, such as fluctuations in market value and credit risk. It is reasonably possible that changes in risks in the near term could materially affect investment balances and amounts reported in the accompanying financial statements. Included in the definition of investments are high interest bearing deposit accounts (i.e. money market accounts).

Donated securities are recorded at their fair value on the date of the donation.

i. Inventory

Inventory is comprised of donated food and is valued using an estimated market valuation rate.

j. Property and equipment, net

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation. Donated property and equipment is stated at fair value at the date of donation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building	40 years
Vehicles	5 years
Furniture and equipment	3 - 15 years

The Organization's policy is to capitalize: 1) purchased property and equipment with costs greater than \$500 and estimated useful lives greater than one year, and 2) donated property and equipment with estimated values greater than \$500 and estimated useful lives greater than one year. Repairs and maintenance that do not significantly add to the value of assets are expensed as incurred.

ALIVE!, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

k. Measure of operations

The accompanying statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programmatic services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

l. Revenue recognition

i. Grants and contributions

Grants and contributions, including United Way, are recognized as revenue when received or promised and are recorded net of any current year allowance or discount. The Organization reports gifts of cash and other assets as net assets with donor restriction if they are received or promised with donor stipulations that limit the use of the donated assets to the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the accompanying statements of activities as net assets released from restrictions. Grants and contributions that are restricted by the donor are reported as without donor restriction if the restriction expires in the same reporting period in which the contribution is recognized.

ii. Government reimbursements

The Organization receives government monies to reimburse the Organization for tuition and food costs for children of some families enrolled in its Child Development Center. Government reimbursements are recorded as revenue in the same period that goods and services are provided.

iii. Special fundraising events

Special fundraising events revenue consists of revenue from various fundraisers held throughout the year. Revenue from such events is recognized when the event takes place. Funds received relating to future periods is recorded as deferred revenue in the accompanying financial statements.

ALIVE!, Inc.
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June 30, 2019 and 2018

iv. Program service fees

Program service fees are recognized as revenue in the period in which services are provided. Fees received relating to future periods are recorded as deferred revenue in the accompanying statements of financial position.

v. In-kind contributions

The fair value of donated materials, services, and facilities space are recorded as revenue and expense in the period they are donated. The fair value of donated property and equipment is also recorded as revenue and expense in the period they are donated, unless capitalized pursuant to the Organization's capitalization policies (see Note 2.j, Summary of Significant Accounting Policies, Property and equipment, net, page 12).

Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited. The Organization received \$19,345 and \$27,040 of in-kind contributed services for the years ended June 30, 2019 and 2018, respectively.

The Organization received in-kind contributions of materials and facilities valued at \$967,111 and \$895,716 for the years ended June 30, 2019 and 2018, respectively. Such amounts are classified as in-kind contribution revenue and expense and are allocated to the various programs and supporting services based on the program or support services directly benefited.

ALIVEI, Inc.
Notes to the Financial Statements
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m. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs, such as compensation, employee benefits, and payroll taxes have been allocated among programs and supporting services based on staff level of effort. Other costs that were not incurred for a specific program, such as, depreciation, insurance, maintenance, occupancy, office expenses, operating supplies, postage and printing, professional fees, public relations, staff development, telephone and utilities have been allocated among programs and supporting services based on staff level of effort that was not directly attributable to a program or supporting service.

n. Adoption of new accounting standard

The Organization has adopted the financial statement presentation and disclosure standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The change has been applied as of these financial statements with no effect on beginning net assets.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements. The organization plans to adopt the new ASU at the required implementation date.

ALIVE!, Inc.
Notes to the Financial Statements
June 30, 2019 and 2018

3. Liquidity and Availability

The following represents the Organization's financial assets at June 30:

Financial assets at year end:	<u>2019</u>	<u>2018</u>
Cash	\$ 114,444	\$ 111,953
Investments, short term	714,349	704,386
Accounts receivable, net	2,932	822
Contributions receivable	<u>-</u>	<u>36,500</u>
 Total financial assets	 <u>831,725</u>	 <u>853,661</u>
Less amounts not available within one year:		
Net assets with donor restrictions	-	(10,000)
Less net assets with purpose restrictions to be met in less than a year	<u>-</u>	<u>10,000</u>
Total	<u>-</u>	<u>-</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 831,725</u>	 <u>\$ 853,661</u>

The Organization has established a reserve policy to maintain financial assets to cover operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts, certificates of deposit, and stocks. The Organization also has investments with a maturity over 12 months, which are excluded from above, but the Organization can liquidate these investments if needed.

4. Concentrations of Credit Risk

The Organization maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2019 and 2018, there were no deposits in excess of FDIC limits.

5. Investments and Fair Value Measurements

Investments are comprised of the following at June 30:

	<u>2019</u> Cost	<u>2019</u> Fair Value	<u>2018</u> Cost	<u>2018</u> Fair Value
Equity funds	\$ 118,800	\$ 201,765	\$ 111,046	\$ 180,790
Certificates of deposit	226,797	226,797	222,298	222,298
Money market accounts	<u>378,240</u>	<u>378,240</u>	<u>301,298</u>	<u>301,298</u>
 Total investments	 <u>\$ 723,837</u>	 <u>\$ 806,802</u>	 <u>\$ 634,642</u>	 <u>\$ 704,386</u>

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The table below presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equity funds	\$ 201,765	\$ -	\$ 201,765
Certificates of deposit	-	226,797	226,797
Money market accounts	<u>378,240</u>	<u>-</u>	<u>378,240</u>
Total investments	<u>\$ 580,005</u>	<u>\$ 226,797</u>	<u>\$ 806,802</u>

The table below presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equity funds	\$ 180,790	\$ -	\$ 180,790
Certificates of deposit	-	222,298	222,298
Money market accounts	<u>301,298</u>	<u>-</u>	<u>301,298</u>
Total investments	<u>\$ 482,088</u>	<u>\$ 222,298</u>	<u>\$ 704,386</u>

6. Property and Equipment, Net

The following is a summary of property and equipment held at June 30:

	<u>2019</u>	<u>2018</u>
Building	\$ 676,907	\$ 661,562
Vehicles	92,119	92,119
Furniture and equipment	76,431	75,205
Land	<u>28,039</u>	<u>28,039</u>
Property and equipment	873,496	856,925
Accumulated depreciation	<u>(529,277)</u>	<u>(506,713)</u>
Total property and equipment, net	<u>\$ 344,219</u>	<u>\$ 350,212</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$22,564 and \$27,026, respectively.

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7. Liability Related To The Residents of ALIVE! House

During the year ended June 30, 2018, a separate bank account was maintained for the benefit of the Organization's residents and was included in cash on the accompanying statements of financial position. An initial deposit of \$2,500 was provided by the Organization to establish and maintain the account. At June 30, 2018, \$5,510 belonged to the Organization and was used for the assistance of residents living expenses and maintenance of the account. All other funds in the account belonged to residents and were reported as a liability on the accompanying statements of financial position. At June 30, 2018, liabilities related to the residents of ALIVE! House amounted to \$95. During the year ended June 30, 2019, the bank account was closed and no liabilities related to the account were outstanding at June 30, 2019.

8. Retirement Plan

The Organization provides a retirement plan for its employees through a Section 403(b) defined contribution plan. The plan covers all eligible employees upon completion of one year of service. The Organization contributes an amount equal to 2% of salaries for those employees with one to five years of service and 5% thereafter for each eligible employee. Retirement plan contributions for the years ended June 30, 2019 and 2018 were \$12,899 and \$14,936, respectively.

9. Net Assets With Donor Restrictions

Net assets were released from donor restrictions in the amount of \$10,000 and \$3,424 for the years ended June 30, 2019 and 2018, respectively, by incurring expenses satisfying the Child Development Center purpose restriction.

At June 30, 2018 net assets totaling \$10,000 were available for ALIVE! House renovations and Child Development Center purposes. There were no net assets with donor restrictions for the year ended June 30, 2019.

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10. Commitment

Operating leases

In June 2012, the Organization entered into a lease agreement for office space. The agreement, which is renewed annually, had a base monthly rent of \$2,122. In July 2018, the base monthly rent increased to \$2,334. The Organization paid \$27,818 and \$25,464 under the lease for the years ended June 30, 2019 and 2018, respectively.

The market rent for the space, however, is estimated to be twice that amount. Consequently, an additional \$27,818 and \$25,464 was recognized as in-kind revenue and expense for the years ended June 30, 2019 and 2018, respectively. Additionally, the Organization received donated warehouse space valued at \$81,000 and was recognized as in-kind revenue and expense for the years ended June 30, 2019 and 2018. The total annual rent expense was \$136,636 and \$131,928 for the years ended June 30, 2019 and 2018, respectively.

11. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 7, 2019, which is the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, these financial statements.