
**DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a DOWNTOWN HAMPTON CHILD DEVELOPMENT CENTER**

FINANCIAL REPORT

June 30, 2020 and 2019

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Timothy W. Whitlock, CPA, PLC

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INDEPENDENT AUDITOR'S REPORT

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Downtown Hampton Child Care Council, Inc.
t/a Downtown Hampton Child Development Center

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I have audited the accompanying financial statements of Downtown Hampton Child Care Council, Inc. t/a Downtown Hampton Child Development Center (a nonprofit organization), which comprise the statements of financial position as of June 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Downtown Hampton Child Care Council, Inc. t/a Downtown Hampton Child Development Center as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Timothy W. Whitlock, CPA, PLC

Hampton, Virginia
November 5, 2020

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 791,083	\$ 622,914
Accounts receivable	12,290	4,550
Unconditional promises to give, net	473,109	396,050
Prepaid expenses	5,567	6,864
Endowment investments:		
Cash and cash equivalents	1,256	1,607
Investments	209,334	205,269
Property and equipment, net	<u>29,268</u>	<u>41,984</u>
	-	-
TOTAL ASSETS	<u>\$ 1,521,907</u>	<u>\$ 1,279,238</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 8,840	\$ 24,872
Note Payable Old Point National Bank	<u>159,700</u>	<u>-</u>
TOTAL LIABILITIES	<u>168,540</u>	<u>24,872</u>
NET ASSETS		
Unrestricted	1,140,052	1,059,190
Temporarily restricted	9,988	2,764
Permanently restricted	<u>203,327</u>	<u>192,412</u>
TOTAL NET ASSETS	<u>1,353,367</u>	<u>1,254,366</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,521,907</u>	<u>\$ 1,279,238</u>

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

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

STATEMENT OF ACTIVITIES

Year ended June 30, 2020

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Grants from governmental agencies	\$ 358,489	\$ -	\$ -	\$ 358,489
Contributions				
United Way	153,646	-	-	153,646
Fund raising	373,306	-	-	373,306
Endowment	(10,915)	-	10,915	-
In-kind	-	-	-	-
Other	49,652	43,400	-	93,052
Program service fees	516,588	-	-	516,588
Interest income	3,940	-	-	3,940
Other income	805	-	-	805
Endowment funds gains (losses)	7,263	-	-	7,263
Net assets released from restrictions:				
Restrictions satisfied by payments	36,176	(36,176)	-	-
	1,488,950	7,224	10,915	1,507,089
TOTAL REVENUES, GAINS AND OTHER SUPPORT				
EXPENSES				
Program services	1,215,080	-	-	1,215,080
Supporting services				
Management and general	63,811	-	-	63,811
Fund-raising	129,197	-	-	129,197
TOTAL EXPENSES	1,408,088	-	-	1,408,088
CHANGE IN NET ASSETS	80,862	7,224	10,915	99,001
NET ASSETS AT BEGINNING OF YEAR	1,059,190	2,764	192,412	1,254,366
NET ASSETS AT END OF YEAR	\$ 1,140,052	\$ 9,988	\$ 203,327	\$ 1,353,367

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

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

STATEMENT OF ACTIVITIES

Year ended June 30, 2019

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Grants from governmental agencies	\$ 281,286	\$ -	\$ -	\$ 281,286
Contributions				
United Way	150,179	-	-	150,179
Fund raising	311,313	-	-	311,313
Endowment	(8,247)	-	8,247	-
In-kind	-	-	-	-
Other	29,453	86,945	-	116,398
Program service fees	563,711	-	-	563,711
Interest income	1,636	-	-	1,636
Other income	160	-	-	160
Endowment funds gains (losses)	14,465	-	-	14,465
Net assets released from restrictions:				
Restrictions satisfied by payments	87,445	(87,445)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,431,401	(500)	8,247	1,439,148
EXPENSES				
Program services	1,163,767	-	-	1,163,767
Supporting services				
Management and general	75,731	-	-	75,731
Fund-raising	91,320	-	-	91,320
TOTAL EXPENSES	1,330,818	-	-	1,330,818
CHANGE IN NET ASSETS	100,583	(500)	8,247	108,330
NET ASSETS AT BEGINNING OF YEAR	958,607	3,264	184,165	1,146,036
NET ASSETS AT END OF YEAR	\$ 1,059,190	\$ 2,764	\$ 192,412	\$ 1,254,366

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

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020

	Program Services	Supporting Services		Total
		Management and General	Fund-raising	
Compensation and related expenses				
Compensation	\$ 776,588	\$ 42,065	\$ 97,983	\$ 916,636
Employee benefits	87,577	4,432	8,826	100,835
Payroll taxes	56,639	3,268	7,612	67,519
	<u>920,804</u>	<u>49,765</u>	<u>114,421</u>	<u>1,084,990</u>
Advertising	-	-	-	-
Bad debts	-	-	10,296	10,296
Bank service charges	16,460	-	-	16,460
Board activities	269	90	-	359
Classroom supplies	12,193	-	-	12,193
Contract services	-	-	-	-
Depreciation	18,285	-	95	18,380
Equipment maintenance	3,464	2,639	2,151	8,254
Food service	62,142	-	-	62,142
Grant expenses	11,022	-	-	11,022
Insurance	26,034	1,552	-	27,586
Janitorial	21,845	-	-	21,845
Licenses and registrations	1,120	-	-	1,120
Marketing and public relations	-	-	-	-
Miscellaneous	589	-	-	589
Occupancy	94,812	-	-	94,812
Office supplies	3,211	803	-	4,014
Parent involvement	-	-	-	-
Postage	198	199	1,151	1,548
Printing	685	189	538	1,412
Professional fees	9,588	6,763	-	16,351
Staff development	3,244	-	-	3,244
Telephone	7,077	816	263	8,156
Travel	2,038	995	282	3,315
	<u>\$ 1,215,080</u>	<u>\$ 63,811</u>	<u>\$ 129,197</u>	<u>\$ 1,408,088</u>

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

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2019

	Program Services	Supporting Services		Total
		Management and General	Fund-raising	
Compensation and related expenses				
Compensation	\$ 719,170	\$ 50,306	\$ 66,770	\$ 836,246
Employee benefits	74,745	5,079	6,120	85,944
Payroll taxes	52,463	3,905	5,183	61,551
	<u>846,378</u>	<u>59,290</u>	<u>78,073</u>	<u>983,741</u>
Advertising	-	-	-	-
Bad debts	-	-	9,185	9,185
Bank service charges	16,265	-	-	16,265
Board activities	1,286	429	-	1,715
Classroom supplies	13,684	-	-	13,684
Contract services	-	-	-	-
Depreciation	6,577	-	327	6,904
Equipment maintenance	4,345	1,833	2,081	8,259
Food service	84,703	-	-	84,703
Grant expenses	22,592	-	-	22,592
Insurance	22,600	1,519	-	24,119
Janitorial	21,635	-	-	21,635
Licenses and registrations	1,115	-	-	1,115
Marketing and public relations	-	-	-	-
Miscellaneous	609	-	-	609
Occupancy	94,812	-	-	94,812
Office supplies	2,078	520	-	2,598
Parent involvement	-	-	-	-
Postage	115	116	1,107	1,338
Printing	678	42	-	720
Professional fees	8,728	10,169	-	18,897
Staff development	6,518	-	-	6,518
Telephone	6,983	805	261	8,049
Travel	2,086	1,008	286	3,360
	<u>\$ 1,163,767</u>	<u>\$ 75,731</u>	<u>\$ 91,320</u>	<u>\$ 1,330,818</u>

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

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

STATEMENT OF CASH FLOWS

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 99,001	\$ 108,330
Change in net assets		
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,380	6,904
Loss on disposal of assets	189	-
Endowment (gains) losses	(7,263)	(14,465)
(Increase) decrease in operating assets:		
Accounts receivable	(7,740)	405
Unconditional promises to give	(77,059)	(48,106)
Prepaid expenses	1,297	(1,112)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(16,032)	15,460
Contributions restricted for long-term	-	-
Net cash provided by (used in) operating activities	<u>10,773</u>	<u>67,416</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution from endowment investments	3,549	3,407
Purchase of property and equipment	(5,853)	(35,306)
Net cash used in investing activities	<u>(2,304)</u>	<u>(31,899)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
CARES Act long-term debt	159,700	-
Endowment contributions restricted for long-term	-	-
Net cash provided by (used in) financing activities	<u>159,700</u>	<u>-</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	168,169	35,517
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>622,914</u>	<u>587,397</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 791,083</u>	<u>\$ 622,914</u>

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

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Downtown Hampton Child Care Council, Inc. t/a Downtown Hampton Child Development Center (the Organization) was established as a nonprofit corporation in southeastern Virginia in 1981, arising from a church and volunteer supported organization, which began in 1971. The Organization's support comes primarily from state and local government grants and user fees.

The Organization nurtures young children by providing an affordable, quality preschool program that develops the "whole child" and ensures school readiness.

Basis of Accounting

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

Financial Statement Presentation

The Organization is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. Almost all of accounts receivable relates to government reimbursements to be received after year end and therefore no allowance is deemed necessary.

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes. Additionally, the Organization has been determined by the Internal Revenue Service not to be a "private foundation".

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 and disclosures. Actual results could differ from those estimates.

Functional Expenses

Functional Expenses have been allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized for the related activities.

Investments

Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. The Organization reclassifies temporarily restricted net assets to unrestricted net assets when the donated or acquired assets are placed in service. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Concentration of Grants

Approximately 24% and 20% of the Organization's funding in 2020 and 2019, respectively, was provided from the Virginia Preschool Initiative Grant through the Hampton City Schools and other federal and local government programs.

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Organization expenses advertising costs as they are incurred.

Date of Management Review

Subsequent events have been evaluated through November 5, 2020, which is the date the financial statements were available to be issued.

NOTE 2 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are for other goods and services such as technology improvements, books, programs, and a clothing and shoe fund.

Permanently restricted net assets consist entirely of donor-restricted endowment fund assets. The Organization follows the Uniform Management of Institutions Funds Act of 1972 (UMIFA) and its own governing documents. UMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. The Organization's donors have not placed restrictions on the use of the investment income or appreciation from the donor-restricted endowment funds except to maintain its status as a Section 501(c)(3) organization.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give are as follows:	<u>2020</u>	<u>2019</u>
Unrestricted promises	\$ 512,853	\$ 434,214
Permanent endowment	-	-
Total unconditional promises to give	<u>512,853</u>	<u>434,214</u>
Less discount to net present value	(20,031)	(17,319)
Less allowance for uncollectible promises	<u>(19,713)</u>	<u>(20,845)</u>
Net unconditional promises to give	<u>\$ 473,109</u>	<u>\$ 396,050</u>
Receivable in less than one year	\$ 163,800	\$ 138,447
Receivable from one to two years	<u>130,948</u>	<u>107,593</u>
	<u>\$ 294,748</u>	<u>\$ 246,040</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 2%.

NOTE 4 – INVESTMENTS

Long-term investments are stated at fair value and consist of equity and fixed income securities. Fair values and unrealized appreciation (depreciation) at June 30, 2020 and 2019, are summarized as follows:

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 4 – INVESTMENTS (concluded)

	<u>June 30, 2020</u>			<u>June 30, 2019</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Investments restricted to:						
Permanent						
Endowment	\$188,025	\$210,590	\$ 22,565	\$189,890	\$206,876	\$ 16,986

Investment returns (losses) of \$ 7,263 and \$ 14,465 net of fees were recorded in 2020 and 2019, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 139,865	\$ 147,688
Leasehold improvements	24,825	24,825
Vehicles	<u>35,306</u>	<u>35,306</u>
	199,996	207,819
Accumulated depreciation	<u>(170,728)</u>	<u>(165,835)</u>
	<u>\$ 29,268</u>	<u>\$ 41,984</u>

NOTE 6 – ENDOWMENT FUNDS

The Organization's endowment consists of approximately 45 individual funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization utilizes an independent third party manager for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The spending policy calculates the amount of money annually distributed from the various endowment funds for administration. The current spending policy is to distribute the investment income and maintain the purchasing power of endowment assets. The Endowment Fund distributed earnings of \$3,549 and \$3,406 to the Organization in 2020 and 2019, respectively.

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 – GRANTS AND FUNDING FROM GOVERNMENTAL AGENCIES

The Organization has been awarded a grant from the U.S. Department of Agriculture to subsidize the cost of providing meals to the children in the program. The grant is received on a reimbursement basis following the submission of the number of meals provided during the month.

The Organization has also been awarded grants from the City of Hampton and Hampton City Schools to provide affordable, quality preschool programs.

Other funding is received from the Virginia Department of Social Services.

Each grant is considered an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the years ended June 30, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Grant receipts	\$ 353,212	\$ 272,981
Grant expenditures	<u>358,489</u>	<u>281,286</u>
Reimbursement receivable	<u>\$ 5,277</u>	<u>\$ 8,305</u>

NOTE 8 – DONATED SERVICES

A number of volunteers have donated their time in the Organization's program. No amounts have been included in the financial statements for donated services as no objective basis is available to measure the value of such services.

Hampton City Schools contributed the use of yellow school buses and drivers to accommodate the at risk program. No objective basis is available to measure the value of such service.

NOTE 9 – FINANCIAL INSTRUMENTS

The Organization maintains cash balances at an institution located in southeastern Virginia. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, the Organization's uninsured cash balances total \$541,083.

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of temporary cash investments. The Organization places its temporary cash investments with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to promises receivable are limited due to number of contributors and their dispersion across different industries. As of June 30, 2020, the Organization had no significant concentrations of credit risk associated with these areas.

NOTE 10 – FUNDRAISING ACTIVITIES

Total fund-raising expenses for the years ended June 30, 2020 and 2019 were \$147,585 and \$112,170, respectively. Fund-raising expenses directly related to the special events and netted against fund-raising revenue in 2020 and 2019 totaled \$18,388 and \$20,850, respectively.

DOWNTOWN HAMPTON CHILD CARE COUNCIL, INC.
t/a Downtown Hampton Child Development Center

NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 11 – EMPLOYEE BENEFITS

The Organization maintains a tax-deferred annuity plan qualified under Section 401(k) of the Internal Revenue Code. The plan covers full-time employees of the Organization. The Organization matches employee contributions to the plan of up to 7% of gross salaries. An employee is fully vested after three years of employment.

NOTE 12 – OPERATING LEASE

The Organization rents space under a year to year operating lease that expires June 30, 2020. The lease calls for monthly rent of \$7,901.

Rental expenses of \$94,812 were paid for the year ended June 30, 2019.

NOTE 13 – NOTE PAYABLE

The Organization received a loan from Old Point National Bank in the amount of \$159,700 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 27, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. No determination has been made as to whether the Organization will be eligible for forgiveness, in whole or in part. The loan bears interest at the rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning February 27, 2020. The loan may be repaid at any time with no prepayment penalty.

The Organization is waiting for the final regulations and application as to the eligible amount of forgiveness to be granted for this loan. The Organization expects that the loan will be forgiven in its entirety and there will be no repayment amounts to disclose.