

BISHOP SULLIVAN CENTER, INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

Bishop Sullivan Center, Inc.
Consolidated Financial Statements
June 30, 2020

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Board of Directors

Bishop Sullivan Center, Inc.

Kansas City, Missouri

Independent Accountant's Review Report

We have reviewed the accompanying consolidated financial statements of Bishop Sullivan Center, Inc. (a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Samyn & Martin, LLC
Overland Park, Kansas
August 20, 2020

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**Bishop Sullivan Center, Inc.
Consolidated Statements Of Financial Position
June 30, 2020**

	Operations Fund	Designated Fund	Endowment Fund	Capital Fund	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 983,019	\$ -	\$ 442,744	\$ -	\$ 1,425,763
Investments - short-term	-	-	3,106,293	-	3,106,293
Loans receivable	275	-	-	-	275
Loans receivable - related party	3,550	-	-	-	3,550
Prepaid assets	17,154	-	-	-	17,154
Total current assets	<u>1,003,998</u>	<u>-</u>	<u>3,549,037</u>	<u>-</u>	<u>4,553,035</u>
Fixed assets					
Furniture and fixtures	-	-	-	264,480	264,480
Buildings and improvements	-	-	-	2,145,761	2,145,761
Automobiles	-	-	-	61,209	61,209
Accumulated depreciation	-	-	-	(604,782)	(604,782)
Total fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,866,668</u>	<u>1,866,668</u>
Investments - long-term	-	-	1,849,741	-	1,849,741
Total assets	<u>\$ 1,003,998</u>	<u>\$ -</u>	<u>\$ 5,398,778</u>	<u>\$ 1,866,668</u>	<u>\$ 8,269,444</u>
Liabilities and net assets					
Current liabilities					
Accrued liabilities	\$ 20,753	\$ -	\$ -	\$ -	\$ 20,753
Notes payable, PPP loan, current	57,671	-	-	-	57,671
Total current liabilities	<u>78,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,424</u>
Notes payable, PPP loan, long term	138,408	-	-	-	138,408
Net assets	-	-	-	-	-
With donor restrictions	787,166	-	5,398,778	1,866,668	8,052,612
Without donor restrictions	787,166	-	5,398,778	1,866,668	8,052,612
Total net assets	<u>1,574,332</u>	<u>-</u>	<u>10,797,556</u>	<u>3,733,336</u>	<u>16,105,224</u>
Total liabilities and net assets	<u>\$ 1,003,998</u>	<u>\$ -</u>	<u>\$ 5,398,778</u>	<u>\$ 1,866,668</u>	<u>\$ 8,269,444</u>

See accountant's review report and notes to financial statements

Bishop Sullivan Center, Inc.
Consolidated Statement Of Cash Flows
Year Ended June 30, 2019

	Operations Fund	Designated Fund	Endowment Fund	Capital Fund	Total
Cash flows from operating activities:					
Changes in net assets	\$ 324,131	\$ -	\$ (49,892)	\$ (69,555)	\$ 204,684
Adjustments to reconcile changes in net assets to net cash (used in) provided by:					
Operating activities					
Depreciation	-	-	-	104,068	104,068
Realized (gain)/loss on fixed assets	-	-	-	(2,862)	(2,862)
Realized (gain)/loss on investments	-	-	51,739	-	51,739
Unrealized (gain)/loss on investments	-	-	91,061	-	91,061
Change in assets and liabilities					
Prepaid assets	(17,154)	-	-	-	(17,154)
Loans receivable	(275)	-	-	-	(275)
Loans receivable -related party	(3,550)	-	-	-	(3,550)
Due (to) from other funds	-	-	-	-	-
Accrued liabilities	3,042	-	-	-	3,042
Cash provided by (used in) operating activities	306,194	-	92,908	31,651	430,753
Investing Activities:					
Proceeds (Purchases) of investments, net	-	-	325,301	-	325,301
Purchases of fixed assets	-	-	-	(31,651)	(31,651)
Cash provided by (used in) investing activities	-	-	325,301	(31,651)	293,650
Financing Activities:					
Proceeds from Notes Payable, PPP Loan	196,079	-	-	-	196,079
Cash provided by (used in) financing activities	196,079	-	-	-	196,079
Increase (decrease) in cash and cash equivalents	502,273	-	418,209	-	920,482
Cash at July 1, 2019	480,746	-	24,535	-	505,281
Cash at June 30, 2020	\$ 983,019	\$ -	\$ 442,744	\$ -	\$ 1,425,763
Non-cash disclosures:					
Interest paid	\$ -	\$ -	\$ -	\$ -	\$ -
Income taxes paid	-	-	-	-	-

See accountant's review report and notes to financial statements

Bishop Sullivan Center, Inc.
Consolidated Statement Of Activities
Year Ended June 30, 2020

	Operations Fund (Without donor restrictions)	Designated Fund (With donor restrictions)	Endowment Fund (Without donor restrictions)	Capital Fund (Without donor restrictions)	Total
Revenues and gains					
Contributions					
Individual	\$ 1,521,606	\$ -	\$ -	\$ -	1,521,606
Religious	32,723	-	-	-	32,723
Foundation	116,673	-	-	-	116,673
Corporation	145,268	-	-	-	145,268
Community fund	26,850	-	-	-	26,850
Individual - restricted	-	199,226	-	-	199,226
Religious - restricted	-	3,145	-	-	3,145
Foundation - restricted	-	238,372	-	-	238,372
Government - restricted	-	73,034	-	-	73,034
Corporation - restricted	-	15,940	-	-	15,940
Community fund - restricted	-	20,450	-	-	20,450
Interest and dividend income	5,263	-	92,908	-	98,171
Realized gain/(loss) on investments	-	-	(51,739)	-	(51,739)
Unrealized gain/(loss) on investments	-	-	(91,061)	-	(91,061)
Transfers	(31,650)	-	-	31,650	-
Net assets released from restrictions:					
Restrictions satisfied by expenditures	550,167	(550,167)	-	-	-
Total revenues and gains	2,366,900	-	(49,892)	31,650	2,348,658
Expenses and losses					
Program Development	49,548	-	-	-	49,548
Job placement	301,706	-	-	-	301,706
Pantry	377,840	-	-	-	377,840
Food kitchen	397,326	-	-	-	397,326
Social Services	523,332	-	-	-	523,332
Merrill program	157,638	-	-	-	157,638
Public information and fund raising	130,151	-	-	-	130,151
General and administrative	105,228	-	-	101,205	206,433
Total expenses and losses	2,042,769	-	-	101,205	2,143,975
Increase/(decrease) in net assets	324,131	-	(49,892)	(69,555)	204,684
Net assets - July 1, 2019	463,035	-	5,448,670	1,936,223	7,847,928
Net assets - June 30, 2020	\$ 787,166	\$ -	\$ 5,398,778	\$ 1,866,668	\$ 8,052,612
	(Without donor restrictions)	(With donor restrictions)	(Without donor restrictions)	(Without donor restrictions)	

See accountant's review report and notes to financial statements

Bishop Sullivan Center, Inc.
Consolidated Statement Of Functional Expenses
Year Ended June 30, 2020

	Program Development	Job Placement	Program			Supporting Services			Total
			Pantry	Food Kitchen	Social Services	Merrill Program	Public Information & Fund Raising	Administration	
Expenses									
Salaries, wages and benefits	\$ 37,507	\$ 197,910	\$ 167,751	\$ 160,147	\$ 195,562	\$ 114,218	\$ 48,570	\$ 157,078	\$ 1,078,743
Client's rent and household	-	9,201	-	-	140,624	-	-	-	149,825
Client's utilities and transportation	-	21,518	-	-	91,516	-	-	-	113,034
Client's medical	-	562	-	-	3,200	-	-	-	3,762
Auction	-	-	-	-	-	-	25,251	-	25,251
Golf tournament	-	-	-	-	-	-	24,427	-	24,427
Food services	-	-	139,244	146,419	-	-	-	-	285,663
Other program expenses	256	10,329	18,136	40,440	30,982	7,531	16,642	-	124,316
Postage and printing	141	746	632	604	737	431	183	592	4,067
Telephone	420	2,217	1,879	1,794	2,190	1,279	544	1,759	12,083
Technology	859	4,532	3,841	3,667	4,478	2,615	1,112	3,597	24,701
Utilities	1,410	7,438	6,305	6,019	7,350	4,293	1,825	5,904	40,544
Insurance	2,306	12,169	10,314	9,847	12,024	7,023	2,986	9,658	66,327
Office supplies	291	1,535	1,301	1,242	1,517	886	377	1,219	8,369
Professional services	914	4,824	4,089	3,903	4,767	2,784	1,184	3,829	26,293
Repairs and maintenance	1,122	5,920	5,018	4,790	5,850	3,417	1,453	4,699	32,268
Depreciation	3,618	19,093	16,183	15,450	18,866	11,019	4,686	15,154	104,068
Miscellaneous	704	3,712	3,147	3,004	3,668	2,142	911	2,946	20,234
Total Expenses	\$ 49,548	\$ 301,706	\$ 377,840	\$ 397,326	\$ 523,332	\$ 157,638	\$ 130,151	\$ 206,434	\$ 2,143,975

See accountant's review report and notes to financial statements

Bishop Sullivan Center, Inc.
Notes to Consolidated Financial Statements
June 30, 2020

1. Summary of Significant Accounting Policies

Nature of Operations

Inspired by Christian faith, Bishop Sullivan Center shows God's love to people in financial hardship by providing food, help in finding jobs, and other aid. Beyond material assistance, Bishop Sullivan Center strives to build relationships between those who live in poverty and those who do not, promoting mutual understanding and affirming the dignity of all. The Center has two locations in Kansas City, Missouri and one location in Kansas City, Kansas.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Principles of Consolidation:

The accompanying consolidated financial statements include the accounts of Bishop Sullivan Center, Inc. and its wholly owned subsidiary, BSC Foundation, LLC (collectively the "Center"). BSC Foundation, LLC exists to hold the investments of Bishop Sullivan Center, Inc. Intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

Financial statement presentation follows the recommendations for Not-for-profit organizations. The Center reports 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 stipulations.
- Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or passage of time.

The Center reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as "net asset released from restrictions". The Center reports gifts of land, buildings, and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donor assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center

Bishop Sullivan Center, Inc.
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reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to the Center, the accounts of the Center are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified into funds established according to their nature and purposes. Separate accounts are maintained for each fund, however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all transactions have been recorded by fund group.

The Operations Fund, which includes unrestricted resources, represents the portion of expendable funds that are available for support of Center operations.

The Designated Fund consists of net assets subject to the restrictions of the donor.

The Endowment Fund includes unrestricted resources and represents the investments of the Center. Income from investments is utilized subject to the approval of the Board.

The Capital fund includes unrestricted resources and consists of the fixed assets of the Center and the depreciation of those assets.

Cash and Cash Equivalents

The Center considers cash, money market funds, and certificates of deposit with maturities of three months or less as cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Center to concentration of credit risk consist primarily of cash and investments listed in Note 3. From time to time throughout the year, the Center had cash balances in financial institutions that exceeded the FDIC insured limits. As of June 30, 2020, the Center had approximately \$782,679 in excess of FDIC insured limits.

Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue collected and expenses paid during the reporting period. Actual results could differ from those estimates.

Bishop Sullivan Center, Inc.
Notes to Consolidated Financial Statements
June 30, 2020

Property and Equipment

Property and equipment is carried at cost when purchased. Depreciation is provided on straight line and accelerated methods based on the useful lives, generally 3 to 39 years, of the assets. Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements, which extend the useful life of an asset, are capitalized and depreciated over the remaining estimated useful life of the asset. When assets are retired or sold, the costs and related accumulated depreciation and amortization are eliminated and any resulting gain or loss is reflected in operations. Any property and equipment donated to the Center is recorded at their fair market value at the time of receipt.

Loans Receivable

Loans receivable are stated at the amount the Center expects to collect from outstanding balances and do not bear interest. The Center provides for probable uncollectible amounts through an allowance for doubtful accounts if an allowance is deemed necessary. The allowance for doubtful accounts is the Center's best estimate of the amount of probable losses in the Center's existing loans receivable, however, changes in circumstances relating to loans receivable may result in a requirement for additional allowances in the future. On a periodic basis, management evaluates its loans receivable and determines the requirement for an allowance for doubtful accounts based on its assessment of the current and collectible status of individual accounts with past due balances over 90 days. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. See Note 9 for further details.

Income Taxes

The Center is a not-for-profit organization generally exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. The Center is liable for federal income taxes at corporate income tax rates on gross unrelated business income in excess of \$1,000. Contributions to the Center qualify for a charitable contribution deduction. Management of the Center feels that there have not been any uncertain tax positions. For the year ended June 30, 2020, the Center has recorded no income tax expense because there was no unrelated business income. The Center files information returns in the United States. As of June 30, 2020, the Organization's tax years ending June 30, 2017, 2018, and 2019 are subject to examination by the tax authorities.

Revenue Recognition

The Center records contributions, gifts, and grants when they are earned and received. Promised contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional and is clearly collectible. Revenue from program activities are recorded when the services are provided and the revenue is earned and collectible. The Center uses the allowance method to determine uncollectible promises receivable. The allowance

Bishop Sullivan Center, Inc.
Notes to Consolidated Financial Statements
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is based on prior years' experience and management's analysis of specific promises made.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Center generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Center, but these services do not meet the criteria for recognition as contributed services.

Functional Allocation of Expenses

The costs of providing program and support functions have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to both program and support function and, therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include postage, printing, telephone, technology, utilities, insurance, office supplies, professional fees, repairs and maintenance, depreciation, and miscellaneous office expenses. The expenses are allocated based on salaries, wages, and benefits in each program.

Fair Value of Financial Instruments

Carrying amounts of the Center's cash and cash equivalents, accounts receivable, and investments approximate its fair value. See Note 4 for further information.

Recent pronouncements

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)*, ("ASU 2016-02"). The purpose of ASU 2016-02 is to provide financial statement users a better understanding of the amount, timing, and uncertainty of cash flows arising from leases. The adoption of ASU 2016-02 will result in the recognition of a right-to-use asset and a lease liability for most operating leases. New disclosure requirements include qualitative and quantitative information about the amounts recorded in the financial statements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. ASU 2016-02 requires a modified retrospective transition by means of a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year in which the guidance is effective with the option to elect certain practical expedients. The Center is currently evaluating the impact of ASU 2016-02 on its financial statements.

Management has reviewed recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, other than those noted above, and feel they did not or will not have a material impact on the Organization's present or future financial statements.

Bishop Sullivan Center, Inc.
Notes to Consolidated Financial Statements
June 30, 2020

Year end

The Company has adopted June 30 as its year end.

2. Restrictions on Net Assets

As of June 30, 2020, \$8,052,612 is reflected in these financial statements as net assets without donor restrictions. As of June 30, 2020, there are no restrictions on net assets.

During the year ended June 30, 2020, \$550,167 of donor-restricted net assets were released from restriction because the restrictions were satisfied by expenditures.

3. Liquidity and Availability of Financial Assets

The following reflects the Center's financial assets, as of June 30, 2020, available within one year of the balance sheet date for general expenditure:

Cash and cash equivalents	\$ 1,425,763
Loans receivable – related party	3,825
Prepaid assets	17,154
Short-term Investments, at fair market value	<u>3,106,293</u>
Financial assets at June 30, 2020	4,553,035
Less amounts unavailable for general expenditures within one year, due to:	
Board restrictions	(-)
Donor restrictions	<u>(-)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,553,035</u>

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Endowment Fund Investments and Fair Value

The endowment fund consists of short-term and long-term investments of excess operating cash. None of the assets in the endowment fund bear donor restrictions or board restrictions. The Center has adopted investment policies with the objective of promote long-term growth of capital while seeking to maintain the purchasing power of the principal assets. Their goal is to minimize the probability of loss of principal over the investment horizon by placing emphasis on minimizing return volatility rather than maximizing total return. The goal and objectives of the funds are long-term in nature. The Center strives to keep 0-5% in cash, 30-65% in equities, and 30-65% in fixed income investments. The Center's spending policy for the endowment fund is to make funds available for general expenditures if

Bishop Sullivan Center, Inc.
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there is an emergency need or a shortfall of general funds for operating expenditures.

Actual returns in any given year may vary depending on market conditions. Investments in marketable securities with readily determinable fair market values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Short-term investments consist of equity securities and debt securities with maturities twelve months or less from the balance sheet date. Long-term investments consist of debt securities with maturities greater than twelve months from the balance sheet date.

The Center complies with the provisions of ASC 820-10, "Fair Value Measurements and Disclosures". ASC 820-10 relates to financial assets and financial liabilities. ASC 820-10 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

ASC 820-10 defines fair value as 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. ASC 820-10 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources and (2) an entity's own assumptions, about market participants assumptions, which are developed based on the best information available in the circumstances. The three levels of the fair value hierarchy under ASC 820-10-35 are described below:

Level 1. Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2. Valuations based on quoted prices for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.

Level 3. Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Center utilizes the best available information in measuring fair value. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include cash, accounts receivable, and accounts payable. Fair values were assumed to approximate carrying values because they are short term in nature and their carrying amounts approximate fair values or they are payable on demand.

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Investments are carried at fair market value and consist of the following as of June 30, 2020. All investments are Level 1 as described above.

Equities	\$ 2,484,141
Fixed income	2,471,893
	<u>\$ 4,956,034</u>

A description of the valuation methodologies used for assets and liabilities measured at fair value is set forth below:

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. While management believes the Center's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Interest income, realized and unrealized gains and losses are reflected in the statement of activities. The total endowment account was \$5,448,669 as of June 30, 2019. For the year ended June 30, 2020, interest and dividend income totaled \$129,521, realized losses on investments sold were \$51,739, unrealized losses on investments held were \$91,061, and expenses charged by the management company were \$36,612. Investment income is shown net of the related investment expenses in these financial statements. The total endowment account was \$5,398,778 as of June 30, 2020.

5. Property, Equipment, and Improvements

Property, equipment, and improvements consist of the following as of June 30, 2020:

Furniture and fixtures	\$ 264,480
Buildings and improvements	2,145,761
Automobiles	61,209
	<u>2,471,450</u>
Less: Accumulated depreciation & amortization	<u>(604,782)</u>
	<u>\$ 1,866,668</u>

Depreciation expense was \$104,068 for the year ended June 30, 2020.

6. Defined Contribution Pension Plan

The Center maintains a defined contribution salary-deferral plan for the benefit of eligible employees. Participation is available to full-time employees. Participants are automatically fully vested in their elective deferrals and deferral matching

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contributions. Center contributions to the plan for the year ended June 30, 2020 were approximately \$13,334.

7. Unconditional Promises to Give

Unconditional promises to give are recorded as receivables and revenue when promised and deemed collectible. During the year ended June 30, 2020, the Center did not receive any unconditional promises to give and, therefore, has no receivables as of June 30, 2020.

8. Commitments and Prepaid Assets

The Center leases its Troost location. The lease runs through June 14, 2037. The Center has agreed to pay monthly rent in the amount equal to the monthly insurance premium for the property. For the year ended June 30, 2020, rent expense related to this lease was \$16,654. Future minimum lease payments will equal the future annual insurance premiums. For the year ended June 30, 2021, the rental payment for the property increased to \$17,154. As of June 30, 2020, this amount had been paid and is reflected in these financial statements as a prepaid asset.

9. Related Party Transactions and Loans Receivable

During the year ended June 30, 2020, the Center loaned \$5,000 to a related party. The related party has paid back \$1,450 during the year and the balance as of June 30, 2020 was \$3,550. During the year ended June 30, 2020, the Center loaned \$1,200 to an unrelated party. The unrelated party has paid back \$925 during the year and the balance as of June 30, 2020 was \$275. Total loans receivable as of June 30, 2020 was \$3,825. There is no interest being charged on the loans.

10. Notes Payable – Paycheck Protection Program Loan

During the year ended June 30, 2020, the Center received a Small Business Administration Payroll Protection Program (“PPP”) loan of \$196,079. The note bears 1% interest and matures in April of 2022. No payments are due on this loan for six months. Thereafter, principal and interest will be due and payable in 17 equal monthly payments based on the current outstanding principal balance. If the Center spends the funds in a fashion that complies with the PPP provisions, the loan, or a portion thereof, will be forgiven and will not require repayment. Management of the Center believes that the funds have been spent in compliance with the PPP Provisions and that the loan will be forgiven. Until the loan is officially forgiven by the Small Business Administration, it will be shown in these financial statements as a note payable.

11. Subsequent Events

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through August 20, 2020, the date the financial statements were issued. As of this date, nothing has happened that requires recognition or disclosure.