

MISSISSIPPI NEWS AND
INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

TABLE OF CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

599 C Steed Road
Ridgeland, MS 39157
601.898.8875
Fax: 601.898.2983

541 B Highway 80 West
Clinton, MS 39056
601.924.6842
Fax: 601.924.6679

200 South Main Street
Yazoo City, MS 39194
662.746.4581
Fax: 662.746.5384

www.mclcpa.net

*American Institute of
Certified Public Accountants*

*Mississippi Society of
Certified Public Accountants*

Brett C. Matthews, CPA
J. Raleigh Cutrer, CPA/PFS/ABV
Charles R. Lindsay, CPA
Matthew E. Freeland, CPA
Ken L. Guthrie, CPA
Joe Tommasini, CPA
Matthew A. Turnage, CPA
Kimberly L. Hardy, CPA/CFE
William (Bill) McCoy, CPA
Michelle R. Stonestreet, CPA

Shannon L. Adams, CPA
Samantha T. Gill, CPA
Lisa H. Hammarstrom, CPA
Kristel P. Hunt, CPA
Teresa F. Lusk, CPA
Tammy Burney Ray, CPA

Member of

CPAmerica

Member  Crowe Global



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mississippi News and Information Corporation
d/b/a Mississippi Today

We have audited the accompanying financial statements of Mississippi News and Information Corporation d/b/a Mississippi Today (the "Organization"), which comprise the statement of financial position as of December 31, 2019, the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 Organization'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 Organization'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 Mississippi News and Information Corporation d/b/a Mississippi Today as of December 31, 2019, and 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.

Report on Summarized Comparative Information

We have previously audited the Mississippi News and Information Corporation d/b/a Mississippi Today's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Matthews, Cutler & Lindberg, P.A." The signature is written in a cursive, flowing style.

July 13, 2020

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	ASSETS	
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 690,300	\$ 467,155
Accounts receivable	1,133	1,293
Contributions receivable - current	560,000	1,018,904
Grants receivable	194,750	-
Prepaid expenses	12,157	9,275
	1,458,340	1,496,627
LONG-TERM CONTRIBUTIONS RECEIVABLE, net	193,468	540,874
PROPERTY AND EQUIPMENT, net	32,724	48,623
OTHER ASSETS	2,133	3,564
	\$ 1,686,665	\$ 2,089,688
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 55,685	\$ 29,941
Deferred revenue	3,167	-
Deferred rent	3,226	4,608
	62,078	34,549
NET ASSETS		
Without donor restrictions	692,074	436,765
With donor restrictions	932,513	1,618,374
	1,624,587	2,055,139
	\$ 1,686,665	\$ 2,089,688

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Activities without donor restrictions	Activities with donor restrictions	Total	Total
REVENUE AND OTHER SUPPORT				
Contributions				
Major gifts	\$ 912,467	\$ 202,830	\$1,115,297	\$ 452,783
Grant income	131,822	188,809	320,631	1,580,866
Event sponsorships	-	-	-	19,307
Annual fund	105,906	-	105,906	50,732
In-kind	8,382	-	8,382	3,376
Advertising	10,807	-	10,807	11,983
Other income	7,466	-	7,466	1,645
Net assets released from restrictions	<u>1,077,500</u>	<u>(1,077,500)</u>	<u>-</u>	<u>-</u>
	<u>2,254,350</u>	<u>(685,861)</u>	<u>1,568,489</u>	<u>2,120,692</u>
Expenses				
Editorial	1,512,277	-	1,512,277	1,435,174
General and administration	171,457	-	171,457	165,457
Fundraising	315,307	-	315,307	151,718
	<u>1,999,041</u>	<u>-</u>	<u>1,999,041</u>	<u>1,752,349</u>
CHANGE IN NET ASSETS	255,309	(685,861)	(430,552)	368,343
NET ASSETS AT BEGINNING OF YEAR	<u>436,765</u>	<u>1,618,374</u>	<u>2,055,139</u>	<u>1,686,796</u>
NET ASSETS AT END OF YEAR	<u>\$ 692,074</u>	<u>\$ 932,513</u>	<u>\$1,624,587</u>	<u>\$ 2,055,139</u>

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019			2018	
	Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 901,594	\$ 99,500	\$ 181,300	\$1,182,394	\$1,002,648
Retirement	23,774	2,640	5,281	31,695	25,015
Employee benefits	101,454	11,584	17,144	130,182	119,759
Payroll taxes	<u>69,472</u>	<u>7,451</u>	<u>13,624</u>	<u>90,547</u>	<u>76,276</u>
	1,096,294	121,175	217,349	1,434,818	1,223,698
Accounting	-	10,100	-	10,100	12,568
Advertising and promotion	19,227	-	675	19,902	19,887
Conferences, conventions & meetings	16,513	-	117	16,630	22,169
Contract services	112,548	9,753	84,900	207,201	163,366
Depreciation and amortization	17,808	772	97	18,677	27,748
Dues and subscriptions	22,430	5,417	-	27,847	13,453
Events	16,040	-	5,347	21,386	38,845
Income tax expense	-	255	-	255	567
Insurance	17,872	2,031	406	20,309	14,942
Legal	12,836	5,789	-	18,625	13,540
Occupancy	75,529	8,583	1,717	85,828	88,571
Office expense	16,563	1,278	1,351	19,192	10,303
Office supplies	6,315	3,627	-	9,942	9,288
Telephone	16,555	1,075	1,612	19,242	14,282
Travel	51,652	-	1,417	53,069	64,761
Utilities	<u>14,096</u>	<u>1,602</u>	<u>320</u>	<u>16,018</u>	<u>14,361</u>
	<u>\$1,512,277</u>	<u>\$ 171,457</u>	<u>\$ 315,307</u>	<u>\$1,999,041</u>	<u>\$1,752,349</u>
	<u>76%</u>	<u>8%</u>	<u>16%</u>	<u>100%</u>	

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (430,552)	\$ 368,343
Adjustments to reconcile change in net assets to net cash used in operating activities		
Discount on contributions receivable	(12,594)	(30,096)
Depreciation expense	18,677	27,748
(Increase) decrease in		
Accounts receivable	160	1,726
Contributions receivable	818,904	(374,404)
Grants receivable	(194,750)	-
Prepaid expenses	(2,882)	3,349
Other assets	1,431	21
Increase (decrease) in		
Accounts payable and accrued expense	25,744	(159)
Deferred revenue	3,167	(833)
Deferred rent	<u>(1,382)</u>	<u>792</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	225,923	(3,513)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(2,778)</u>	<u>(1,155)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	223,145	(4,668)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>467,155</u>	<u>471,823</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR	<u>\$ 690,300</u>	<u>\$ 467,155</u>

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activity

Mississippi News and Information Corporation (the "Organization"), operating as Mississippi Today, was incorporated on October 3, 2014 as a nonpartisan, nonprofit digital news and information resource that aggressively and objectively covers state and local government affairs and community issues, including education, health, economic development, poverty and race, as well as Mississippi's social culture.

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard was effective for the Organization's year ended December 31, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. We have reviewed the provisions of Topic 606 and no changes were required in the presentation of the Organization's financial statements. Accordingly, there is no effect on net assets in connection with our implementation of Topic 606.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Adoption of Accounting Pronouncement - Continued

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have reviewed the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements and no changes were required to be made. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenues are recognized in the period in which they are earned and become measurable. This method allows matching of revenues earned during a period with the expenditures incurred.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In the opinion of management, such differences would not be significant.

Financial Statement Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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 organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Statement Presentation - Continued

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents and contributions receivable. The Organization maintains its cash account with a major financial institution which, at times, may exceed federally insured limits. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019 and 2018, the Organization's uninsured cash balance totaled \$394,819 and \$193,327, respectively. The Organization has not experienced any losses in this account and believes that its cash balance is not exposed to any significant risk. Contributions receivable are from limited sources, subjecting the Organization to a concentration of credit risk.

Contributions Receivable

Contributions receivable reflects donor commitments to the Organization, comprised of pledge and grant receivables. Pledged contributions expected to be collected in the current fiscal year are recorded as revenue without donor restrictions. Future collections (contribution pledges to be received and satisfied in subsequent fiscal years) are reported as revenue with donor restrictions at the present value of the estimated future cash flows using the discount rate commensurate with the risks involved even if their ultimate use is unrestricted.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions Receivable - Continued

The Organization performs ongoing reviews of contributions receivable for collectability. At December 31, 2019 and 2018, all balances were viewed as collectable and no allowance for uncollectable accounts was deemed necessary.

Property and Equipment

Property and equipment are capitalized at cost and depreciated on the straight-line basis over the estimated useful lives of the assets, ranging from three to seven years. The Organization capitalizes all acquisitions of property and equipment in excess of \$1,000 with a useful life of more than one year. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the asset or the related lease term.

Deferred Rent

The Organization has entered into an operating lease agreement containing a provision for future rent increases. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is reflected as deferred rent in the statement of financial position.

Contributions and Grants

Contributions and grants are recognized as revenue in the period unconditional promises to give are received. Conditional contributions are recognized when the conditions on which they depend are substantially met. Nonmonetary contributions are recorded at estimated fair value at date of receipt. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purposed 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.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising Revenue

Advertising payments received in advance of the agreement period are recorded as deferred revenue and recognized ratably over the agreement period as advertising income.

Functional Expenses

The cost of providing the Organization's programs and other services have been summarized on a functional basis in the statements of activities. The statement of functional expense presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

Income Taxes

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and State income taxes pursuant to Section 501(a) of the Code. The Organization is not classified as a private foundation for income tax purposes. However, certain advertising activities subject the Organization to unrelated business income tax under Section 512 of the Internal Revenue Code. Income from unrelated sources totaled \$10,807 and \$11,983 for the years ended December 31, 2019 and 2018, respectively. After the deducting expenses, there was no taxable income from these unrelated sources in 2019 or 2018. However, during the year ended December 31, 2018, the Organization paid \$567 for income tax resulting from the Tax Cuts and Jobs Act (TCJA), for tax on parking. Subsequently, this imposed tax was amended by Congress and a refund is expected to be received.

Management believes it has no uncertain tax positions, and accordingly, it will not recognize any liability for unrecognized tax benefits. Federal Form 990, Return of Organizations Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

2. CONTRIBUTIONS RECEIVABLE

At December 31, 2019 and 2018, a discount rate of 3% was used to discount the anticipated cash flows on long-term promises to give. Management considers all amounts to be fully collectible and accordingly, no allowance for doubtful accounts has been recorded.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

2. CONTRIBUTIONS RECEIVABLE - Continued

At December 31, amounts due from promises to give were as follows:

	2019	2018
Contributions due in less than one year	\$ 560,000	\$ 1,018,904
Contributions due in one to three years	200,000	560,000
	760,000	1,578,904
Less discount to net present value	(6,532)	(19,126)
Contributions receivable, net	\$ 753,468	\$ 1,559,778

Contributions receivable are presented in the statement of financial position as follows:

	2019	2018
Contributions receivable, current, net	\$ 560,000	\$ 1,018,904
Contributions receivable, long-term	193,468	540,874
	\$ 753,468	\$ 1,559,778

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, was as follows:

	2019	2018
Office equipment	\$ 70,091	\$ 67,313
Office furniture and fixtures	42,157	42,157
Leasehold improvements	5,540	5,540
	117,788	115,010
Less accumulated depreciation and amortization	(85,064)	(66,387)
Property and equipment, net	\$ 32,724	\$ 48,623

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

3. PROPERTY AND EQUIPMENT – Continued

Depreciation and amortization expense amounted to \$18,677 and \$27,748 for the years then ended December 31, 2019 and 2018, respectively.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available at December 31, for the following purposes:

	2019	2018
For Future Periods	\$ 932,513	\$ 1,618,374

5. LEASE COMMITMENTS

The Organization leases office space under a five-year non-cancelable operating lease from an affiliate of a board member. The lease requires the Organization to pay the insurance, taxes and other expenses in addition to the minimum monthly rental. Rent expense under the lease totaled \$82,228 and \$83,787, respectively for the years ended December 31, 2019 and 2018. A board member has pledged to pay 82% of the minimum rental amounts for the term of the lease. The pledge is included in contributions in the period the related rent expense is incurred.

Future minimum lease payments are as follows:

For the year ending	
<u>December 31,</u>	
2020	\$ 80,457
2021	80,457
2022	26,819
	\$187,732

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

6. RETIREMENT PLAN

The Organization offers full time employees the opportunity to participate in a 401(k) plan. Employees can participate in the plan to the extent allowable under Internal Revenue Service rules. The Organization's contribution to the plan is limited to 3% of the eligible employees' gross compensation. Retirement plan expense for years ended December 31, 2019 and 2018 was \$31,695 and \$25,015, respectively.

7. LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2019 reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Cash and cash equivalents	\$ 690,300
Accounts receivable	1,133
Contribution receivable	753,468
Grants receivable	<u>194,750</u>
Financial assets available	1,639,651
Less those unavailable for general expenditures within one year due to:	
Long-term contributions receivable, net	(193,468)
Subject to expenditure for specified purpose	<u>(712)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,445,471</u>

The Organization's average monthly costs were approximately \$164,000, for the year ended December 31, 2019, which excludes depreciation and in-kind expenses. The Organization has approximately 9 months of financial assets available to meet these costs for the year ended December 31, 2019.

MISSISSIPPI NEWS AND INFORMATION CORPORATION
d/b/a MISSISSIPPI TODAY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2019 and 2018, the Organization received contributions from board members in the amount of \$1,326,020 and \$547,440, respectively. At December 31, 2019 and 2018, the outstanding receivables from board members were \$200,000 and \$716,404, respectively.

9. SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the Organization has evaluated subsequent events through July 13, 2020, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of July 13, 2020 have been incorporated into these financial statements.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple entities. While the disruption is currently expected to be temporary, there are considerable uncertainties around the duration of the closings. The Organization does not expect this matter to have a major impact on operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

The Organization received loan proceeds in the amount of approximately \$257,500 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use as much of the loan amount for qualifying expenses.

The Organization also received the Economic Injury Disaster Loan advance of up to \$10,000. This advance is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue. This loan advance will not have to be repaid.