

**Attack Poverty**

**Financial Statements**

**June 30, 2020 and 2019**

Attack Poverty  
June 30, 2020 and 2019

Table of Contents

	<u>Page(s)</u>
Independent Auditors' Report .....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities .....	4-5
Statements of Functional Expenses .....	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-17

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Attack Poverty

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Attack Poverty (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to 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 U.S. generally accepted accounting principles; 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 audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 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 Attack Poverty as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**Prior Period Financial Statements**

The financial statements of Attack Poverty as of and for the year ended June 30, 2019 were audited by other auditors whose report dated March 25, 2020, expressed an unmodified opinion on those statements.

*Pamell Ken Forster of Texas, P.C.*

February 4, 2021

## Attack Poverty

## Statements of Financial Position

	June 30,	
	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 2,757,601	\$ 1,378,833
Unconditional promises to give	351,092	3,046,271
Prepaid expenses	<u>7,886</u>	<u>12,154</u>
Total current assets	<u>3,116,579</u>	<u>4,437,258</u>
Property and equipment, net	1,556,454	1,274,651
Unconditional promises to give, non-current	-	75,000
Other assets	<u>18,051</u>	<u>5,897</u>
Total assets	<u>\$ 4,691,084</u>	<u>\$ 5,792,806</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 163,350	\$ 47,618
Refundable advances	66,706	-
Current portion of notes payable	<u>7,110</u>	<u>7,346</u>
Total current liabilities	<u>237,166</u>	<u>54,964</u>
Notes payable, net of current portion	<u>136,513</u>	<u>143,749</u>
Total liabilities	<u>373,679</u>	<u>198,713</u>
Commitments and contingencies		
Net assets		
Without donor restrictions		
Board-designated reserve	165	165
Undesignated	1,997,006	1,415,017
With donor restrictions	<u>2,320,234</u>	<u>4,178,911</u>
Net assets	<u>4,317,405</u>	<u>5,594,093</u>
Total liabilities and net assets	<u>\$ 4,691,084</u>	<u>\$ 5,792,806</u>

*See accompanying notes to financial statements.*

## Attack Poverty

## Statement of Activities

For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Contributions	\$ 1,841,004	\$ 1,522,793	\$ 3,363,797
Program revenue	91,551	-	91,551
Other income	1,540	-	1,540
Net assets released from restrictions	<u>3,381,470</u>	<u>(3,381,470)</u>	<u>-</u>
Total revenue and support	<u>5,315,565</u>	<u>(1,858,677)</u>	<u>3,456,888</u>
Expenses			
Program services	4,174,397	-	4,174,397
Supporting activities			
Management and general	373,287	-	373,287
Fundraising	<u>185,892</u>	<u>-</u>	<u>185,892</u>
Total support services	<u>559,179</u>	<u>-</u>	<u>559,179</u>
Total expenses	<u>4,733,576</u>	<u>-</u>	<u>4,733,576</u>
Changes in net assets	581,989	(1,858,677)	(1,276,688)
Net assets at beginning of year	<u>1,415,182</u>	<u>4,178,911</u>	<u>5,594,093</u>
Net assets at end of year	<u>\$ 1,997,171</u>	<u>\$ 2,320,234</u>	<u>\$ 4,317,405</u>

*See accompanying notes to financial statements.*

## Attack Poverty

## Statement of Activities

For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Contributions	\$ 1,118,647	\$ 6,469,787	\$ 7,588,434
Special events	136,236	-	136,236
Less: direct benefit to donors	(35,687)	-	(35,687)
Program revenue	58,807	-	58,807
Other income	5,621	-	5,621
Net assets released from restrictions	<u>2,891,560</u>	<u>(2,891,560)</u>	<u>-</u>
Total revenue and support	<u>4,175,184</u>	<u>3,578,227</u>	<u>7,753,411</u>
Expenses			
Program services	3,751,480	-	3,751,480
Supporting activities			
Management and general	283,048	-	283,048
Fundraising	<u>298,651</u>	<u>-</u>	<u>298,651</u>
Total support services	<u>581,699</u>	<u>-</u>	<u>581,699</u>
Total expenses	<u>4,333,179</u>	<u>-</u>	<u>4,333,179</u>
Changes in net assets	(157,995)	3,578,227	3,420,232
Net assets at beginning of year	<u>1,573,177</u>	<u>600,684</u>	<u>2,173,861</u>
Net assets at end of year	<u>\$ 1,415,182</u>	<u>\$ 4,178,911</u>	<u>\$ 5,594,093</u>

*See accompanying notes to financial statements.*

## Attack Poverty

## Statement of Functional Expenses

For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and related items	\$ 1,485,579	\$ 182,830	\$ 89,393	\$ 1,757,802
Professional fees	69,147	121,008	40,447	230,602
Printing and postage	8,437	664	8,893	17,994
Office expense	27,224	12,127	27,497	66,848
Insurance	28,960	17,342	471	46,773
Promotion and development	70,865	1,104	3,356	75,325
Special events	28,566	851	5,871	35,288
Home repairs	2,224,036	6,334	716	2,231,086
Occupancy	77,310	16,686	6,751	100,747
Utilities	40,283	2,184	686	43,153
Property taxes	6,171	-	-	6,171
Interest expense	-	6,957	-	6,957
Depreciation	107,636	5,200	1,811	114,647
Other expenses	183	-	-	183
Total expenses	<u>\$ 4,174,397</u>	<u>\$ 373,287</u>	<u>\$ 185,892</u>	<u>\$ 4,733,576</u>

*See accompanying notes to financial statements.*

## Attack Poverty

## Statement of Functional Expenses

For the Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related items	\$ 1,406,655	\$ 192,934	\$ 113,146	\$ 1,712,735
Professional fees	137,767	14,218	85,583	237,568
Printing and postage	5,664	1,259	722	7,645
Office expense	35,249	18,200	40,634	94,083
Insurance	26,396	6,634	1,281	34,311
Promotion and development	110,281	5,345	26,892	142,518
Special events	15,467	513	36,252	52,232
Home repairs	1,767,867	11,600	23,850	1,803,317
Occupancy	100,951	16,302	5,326	122,579
Utilities	42,938	2,855	652	46,445
Interest expense	6,282	-	-	6,282
Depreciation	95,963	-	-	95,963
Other expenses	-	13,188	-	13,188
	<u>3,751,480</u>	<u>283,048</u>	<u>334,338</u>	<u>4,368,866</u>
Total expenses				
Less: direct benefits to donors	<u>-</u>	<u>-</u>	<u>(35,687)</u>	<u>(35,687)</u>
	<u>\$ 3,751,480</u>	<u>\$ 283,048</u>	<u>\$ 298,651</u>	<u>\$ 4,333,179</u>

*See accompanying notes to financial statements.*

## Attack Poverty

## Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (1,276,688)	\$ 3,420,232
Adjustments to reconcile change in net assets to cash flows provided by operating activities:		
Depreciation expense	114,647	95,963
Change in assets and liabilities:		
Unconditional promises to give	2,770,179	(2,821,271)
Prepaid expenses	4,268	360
Other assets	(12,154)	223
Accounts payable and accrued expenses	115,732	(56,757)
Refundable advances	66,706	-
Net cash provided by operating activities	<u>1,782,690</u>	<u>638,750</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(396,450)</u>	<u>(233,373)</u>
Net cash used in investing activities	<u>(396,450)</u>	<u>(233,373)</u>
Cash flows from financing activities		
Payments on long-term debt	<u>(7,472)</u>	<u>(6,945)</u>
Net cash used in financing activities	<u>(7,472)</u>	<u>(6,945)</u>
Net increase in cash	1,378,768	398,432
Cash and cash equivalents at beginning of year	<u>1,378,833</u>	<u>980,401</u>
Cash and cash equivalents at end of year	<u>\$ 2,757,601</u>	<u>\$ 1,378,833</u>

*See accompanying notes to financial statements.*

## Attack Poverty

## Notes to Financial Statements

June 30, 2020 and 2019

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**Nature of activities

Attack Poverty (the "Organization") is a Texas nonprofit organization incorporated on March 17, 2011. The Organization was created to partner with the local church to adopt pockets of poverty and launch what are called "Friends of Locations" in order to bring together communities of resource with communities of need. The Friends of Locations are long-term partnerships with local churches, residents and stakeholders who are committed to community transformation. Additional initiatives include: in-school student support, after school programs, literacy, GED completion, job readiness training and home repair. The Organization is supported through contributions received from individuals, corporations, and foundations.

Basis of presentation

The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Accordingly, these financial statements present the financial position, results of operations, and cash flows of the Organization.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

*Net assets without donor restrictions* - net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

*Net assets with donor restrictions* - net assets subject to donor-imposed stipulations that specify a use for a contributed asset. When a purpose restriction or a time restriction ends, net assets with donor restrictions are released to net assets without donor restrictions and reported in the accompanying statements of activities.

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.

Cash and cash equivalents

The Organization considers all unrestricted highly-liquid investments with original maturities of three months or less when purchased to be cash equivalents.

## Attack Poverty

## Notes to Financial Statements

June 30, 2020 and 2019

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)**Contributions, receivables, and unconditional promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor for future periods or a specific purpose are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, 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. Donor restricted contributions in which the restrictions are met in the same year as received are recorded as unrestricted contributions in the accompanying statements of activities. Conditional contributions, which are those that include a barrier to overcome and include a right of return, are recorded once they become unconditional. The Organization has no conditional contributions at June 30, 2020.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated 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 restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained; the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free interest rates applicable to the years in which the promises are to be received. Promises to give due at June 30, are as follows:

	<u>2020</u>	<u>2019</u>
Receivable within one year	\$ 351,092	\$ 3,046,271
Receivable in one to five years	<u>-</u>	<u>75,000</u>
	<u>\$ 351,092</u>	<u>\$ 3,121,271</u>

The Organization provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of receivables. This estimate is based on historical experience coupled with a review of the current status of existing receivables. The allowance and associated receivables are reduced when the receivables are determined to be uncollectible. Management considered all amounts collectible at June 30, 2020 and 2019, and therefore no allowance has been recorded.

## Attack Poverty

## Notes to Financial Statements

June 30, 2020 and 2019

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)**Contributions, receivables, and unconditional promises to give (continued)

During April 2020, the Organization applied for and received a \$339,646 loan issued pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act. The loan bears interest at 1% per annum and has required principal and interest payments commencing in November 2020, with a maturity of April 2022. The loan can be fully or partially forgiven, as detailed in the terms of the PPP, but generally requires that workers remain employed through the end of December 2020, and the funds are used to pay for designated expenses as defined in the PPP. The remaining portion of the loan that is considered to be a conditional promise to give as of June 30, 2020 totals \$47,236 and is included in refundable advances on the statement of financial position. Management expects the loan to be forgiven in total, with the remaining portion being recognized as contribution revenue during the year ended June 30, 2021. The Organization considers the funds to be a conditional contribution until qualifying expenses are incurred. The Organization recognized \$292,410 as contribution revenue during the year ended June 30, 2020.

Program revenue recognition

Program revenue is primarily derived from the sale of merchandise and is recognized at the time title transfers.

Property and equipment

Purchased property and equipment are stated at cost, and donated assets are recorded at fair value at the date of donation. Such donations are reported as increases in net assets without restrictions unless the donor has restricted the donated asset to a specific purpose. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated lives for computing depreciation on property and equipment are:

<u>Asset Classification</u>	<u>Useful Life (Months)</u>
Leasehold improvements	Length of lease
Computer software	36
Computer hardware	60
Office equipment	60
Vehicles	60
Office furniture	84
Buildings	360

## Attack Poverty

## Notes to Financial Statements

June 30, 2020 and 2019

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)**Long-lived asset impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2020 and 2019.

Fair value considerations

The Organization uses fair value to measure financial and certain nonmonetary financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability.

Donated services and materials

Donated noncash assets are recorded as donations at their fair values at the date of donation. Significant volunteer services and materials are donated to the Organization by various individuals, companies, and other organizations. Fair value of donated services is recognized in the financial statements only if the services either create or enhance a non-financial asset or requires specialized skills, are provided by entities or persons possessing those skills, and would be purchased if they were not donated. Volunteer services have not been recorded in the financial statements as they do not meet the requirements to record.

Functional expense allocation

The Organization allocates expenses on a functional basis among various programs and supporting activities. Expenses that can be identified with a specific program and supporting activity are allocated directly according to their natural expenditure classifications. Other expenses that are common to several functions are allocated based on various methods, including square footage and percent of time dedicated to each function.

Marketing and promotion costs

Marketing and promotion costs are expensed as incurred. The Organization expensed approximately \$15,648 and \$40,145 in marketing and promotion costs for the years ended June 30, 2020 and 2019, respectively.

Income taxes

The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Organization files as a tax exempt organization.

## Attack Poverty

## Notes to Financial Statements

June 30, 2020 and 2019

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)**Income taxes (continued)

The Organization recognizes the impact of an uncertain tax position only if the position is "more-likely-than-not" of being sustained if the position were to be challenged by a taxing authority. The preparation of the Organization's various tax returns requires the use of estimates for federal and state income tax purposes. These estimates may be subjected to review by the respective taxing authorities. A revision, if any, to an estimate may result in an assessment of additional taxes, penalties and interest. At this time, a range in which the estimates may change is not quantifiable, and a change, if any, is not expected to be material. The Organization accounts for interest and penalties relating to uncertain tax positions in the current period statement of activities, as necessary; however, there are currently no uncertain tax positions.

Financial instruments, credit risk, and concentration of credit risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents and receivables. The Organization maintains cash accounts primarily in federally insured financial institutions. From time to time the balances of these accounts exceed the federally insured limits; however, no losses have been incurred in connection with such cash balances.

Unconditional promises to give consist of contributions receivable from individuals, private foundations and corporations in the geographical areas where the Friends of Locations are located. For the year ended June 30, 2020, approximately 47% of the Organization's contribution revenue came from two donors. Additionally, approximately 71% of the Organization's unconditional promises to give is from one of those donors. Although the Organization is directly affected by the financial stability of its donors, management does not believe significant credit risk exists at June 30, 2020.

Recently adopted accounting standard

In June 2018, the FASB issued an accounting standards update ("ASU") for not-for-profit entities No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, with the stated purpose of providing guidance in evaluating whether transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. The requirements in this guidance are effective for fiscal years beginning after December 15, 2019. The Organization implemented the ASU as of July 1, 2019, on a modified prospective basis. No reclassifications or restatements were necessary.

## Attack Poverty

## Notes to Financial Statements

June 30, 2020 and 2019

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)**Recent accounting pronouncements

In May 2014, the FASB issued an ASU on a comprehensive new revenue recognition standard that will supersede Accounting Standards Codification 605, *Revenue Recognition*. The ASU creates a framework under which an entity will allocate the transaction price to separate performance obligations and recognize revenue when each performance obligation is satisfied. Under the ASU, entities will be required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation, and determining when an entity satisfies its performance obligations. The ASU allows for either full retrospective adoption, meaning that the standard is applied to all of the periods presented with a cumulative catch-up as of the earliest period presented, or modified retrospective adoption. The standard is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period, for nonpublic entities. The Organization is still evaluating the impact that the ASU will have on its financial statements and related disclosures and has not yet determined the method by which it will adopt the standard.

Reclassification

Certain amounts in the 2019 financial statements have been reclassified in order to conform to the current year presentation. These reclassifications had no effect on total net assets or change in net assets for the year ended June 30, 2019.

**Note 2 - Property and Equipment**

Property and equipment at June 30, is as follows:

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 77,637	\$ 77,637
Furniture and equipment	162,281	134,115
Buildings	1,121,227	1,121,227
Construction in progress	124,592	-
Land	281,598	40,406
Leasehold improvements	<u>159,885</u>	<u>157,385</u>
	1,927,220	1,530,770
Less: accumulated depreciation	<u>(370,766)</u>	<u>(256,119)</u>
Total property and equipment, net	<u>\$ 1,556,454</u>	<u>\$ 1,274,651</u>

Depreciation expense amounted to \$114,647 and \$95,963 for the years ended June 30, 2020 and 2019, respectively.

## Attack Poverty

## Notes to Financial Statements

June 30, 2020 and 2019

**Note 3 - Line of Credit and Note Payable**

The Organization has a line of credit with a bank, secured by real property, that provides for maximum borrowings of \$250,000 with interest at the bank's prime rate plus 1.00% (4.25% at June 30, 2020) and matures on August 31, 2021. There were no borrowings during 2020 and 2019, and no balance outstanding as of June 30, 2020 or 2019.

The Organization has a note payable with a financial institution, bearing interest at 4.25% per annum, requires principal and interest payments totaling \$1,102 monthly, matures July 2035, and is secured by liens against real property, improvements, furniture, fixtures and equipment. Future annual principal payments as of June 30, 2020, are as follows:

Year Ending June 30,		
2021	\$	7,110
2022		7,418
2023		7,739
2024		8,061
2025		8,424
Thereafter		<u>104,871</u>
	\$	<u>143,623</u>

**Note 4 - Net Assets**

Net assets with donor restrictions are available at June 30, for the following purposes:

	<u>2020</u>	<u>2019</u>
Overhead support in future years	\$ 348,969	\$ 859,083
COVID-19 support	285,681	-
Home repair	807,033	2,325,228
Capital- Rosenberg resource center	<u>878,551</u>	<u>994,600</u>
	<u>\$ 2,320,234</u>	<u>\$ 4,178,911</u>

During the years ended June 30, 2020 and 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes in the amounts of \$3,381,470 and \$2,891,560, respectively.

Board-designated net assets totaled \$165 at June 30, 2020 and 2019. The Board of Directors has voted to place these funds in interest-bearing accounts to use as a reserve for future operations.

## Attack Poverty

## Notes to Financial Statements

June 30, 2020 and 2019

**Note 5 - Commitments and Contingencies**

The Organization leases office spaces under operating leases expiring through September 2023, with future commitments for the following fiscal years as follows:

Year Ended June 30,	Amount
2021	\$ 80,037
2022	81,805
2023	83,131
2024	12,940
	<u>\$ 257,913</u>

Rent expense amounted to \$100,747 and \$120,218 for 2020 and 2019, respectively.

**Note 6 - Employee Benefit Plan**

Employees of the Organization are eligible for participation in a defined contribution retirement plan designed in accordance with Internal Revenue Code Section 403(b)(9). The plan was established for employees of participating employers of Attack Poverty and is offered to full-time employees who have completed at least one year of service. The Organization contributed \$825 and \$12,853 to the plan during the years ended June 30, 2020 and 2019, respectively.

**Note 7 - Liquidity and Availability of Resources**

The Organization's financial assets available for general expenditure within one year at June 30, is as follows:

	2020	2019
Cash and cash equivalents	\$ 2,757,601	\$ 1,378,833
Unconditional promises to give	<u>351,092</u>	<u>3,121,271</u>
Total financial assets	3,108,693	4,500,104
Board-designated reserves	(165)	(165)
Donor restricted contribution related to building construction	(878,551)	(994,600)
Donor restricted contribution due greater than twelve months	<u>-</u>	<u>(75,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,229,977</u>	<u>\$ 3,430,339</u>

## Attack Poverty

## Notes to Financial Statements

June 30, 2020 and 2019

**Note 7 - Liquidity and Availability of Resources (Continued)**

The Organization is substantially supported by contributions and service provider contracts, and regularly monitors liquidity required to meet its operating needs. Restricted funds provided for ongoing program activities are considered to be available for general expenditures. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization aspires to have an operating reserve policy to designate a minimum of three months of average recurring operating costs. Once the account is funded, amounts could be made available from the operating reserve fund to cover general operating needs, if necessary.

**Note 8 - Subsequent Events**

In September 2020, the Organization entered into a construction contract for approximately \$2,250,000 for a construction of a new facility that will be funded by donations already received, promised and the line of credit. Management has reviewed for subsequent events through February 4, 2021, which was the date the financial statements were available to be issued. No other events have occurred that require disclosure.