VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

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deming malone livesay + ostroff

Independent Auditors' Report

To the Board of Directors
Visually Impaired Preschool Services, Inc.
Louisville, Kentucky

We have audited the accompanying financial statements of Visually Impaired Preschool Services, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Visually Impaired Preschool Services, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deming, Malone, Livesay & Ostroff

Louisville, Kentucky
January 18, 2022

VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

Assets	2021	2020
Current Assets		
Cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 846,036	$ 609,544
Restricted cash	486,759	231,842
	1,332,795	841,386
Accounts receivable	71,518	23,636
Grants receivable	645,527	114,931
Pledges receivable	166,904	119,053
Cash value of life insurance	20,489	21,077
Prepaid expenses	4,063	2,333
Total current assets	2,241,296	1,122,416
Property and Equipment		
Building and improvements	2,929,253	2,849,550
Furniture and equipment	394,147	394,147
Vehicles	128,438	84,740
Construction in progress	474,668	86,389
	3,926,506	3,414,826
Less accumulated depreciation	1,344,047	1,241,256
	2,582,459	2,173,570
Total assets	$ 4,823,755	$ 3,295,986
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	208,619	21,350
Accrued expenses	83,047	45,814
Deferred revenue	48,250	25,475
Line of credit	49,000	13,367
Note payable		336,000
Total current liabilities	388,916	442,006
Net Assets		
Without donor restrictions:		
Undesignated	2,955,905	2,381,245
Board-designated for capital improvements	45,203	45,203
Total without donor restrictions	3,001,108	2,426,448
With donor restrictions:		
Purpose restrictions	916,360	129,070
Time-restricted for future periods	160,021	216,112
Perpetual in nature	357,350	82,350
Total with donor restrictions	1,433,731	427,532
Total net assets	4,434,839	2,853,980
Total liabilities and net assets	$ 4,823,755	$ 3,295,986

See Notes to Financial Statements.

VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions and grants	$ 871,517	$ 1,576,000	$ 2,447,517	$ 989,043	$ 795,973	$ 1,785,016
Program service fees	779,788		779,788	717,121		717,121
Special events	363,978		363,978	271,416		271,416
Net investment return	(447)		(447)	60		60
Forgiveness of debt - PPP loan	336,000		336,000			
Miscellaneous income	6,088		6,088	2,876		2,876
Rental income	11,900		11,900	13,200		13,200
Total operating revenue	2,368,824	1,576,000	3,944,824	1,993,716	795,973	2,789,689
Net assets released from restrictions	569,801	(569,801)		834,660	(834,660)	
Total revenues, gains and other support	2,938,625	1,006,199	3,944,824	2,828,376	(38,687)	2,789,689
Expenses						
Program services	1,894,719		1,894,719	1,912,601		1,912,601
General and administrative	336,094		336,094	341,103		341,103
Fundraising	133,152		133,152	169,343		169,343
Total expenses	2,363,965		2,363,965	2,423,047		2,423,047
Net increase (decrease) in total net assets	574,660	1,006,199	1,580,859	405,329	(38,687)	366,642
Net assets, beginning of year (restated)	2,426,448	427,532	2,853,980	2,021,119	466,219	2,487,338
Net assets, end of year	$ 3,001,108	$ 1,433,731	$ 4,434,839	$ 2,426,448	$ 427,532	$ 2,853,980

See Notes to Financial Statements.

VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2021 and 2020

	June 30, 2021				June 30, 2020			
	Preschool Services Programs	Management and General	Fund Raising	Total	Preschool Services Programs	Management and General	Fund Raising	Total
Salaries and wages	$ 1,239,258	$ 231,607	$ 68,787	$ 1,539,652	$ 1,171,374	$ 220,014	$ 91,044	$ 1,482,432
Payroll taxes	87,466	16,453	4,492	108,411	87,544	16,674	6,484	110,702
Employee benefits	148,469	21,434	6,118	176,021	145,714	22,516	8,617	176,847
Information technology	42,461	4,490	1,274	48,225	54,661	4,699	992	60,352
Depreciation	90,791	12,000		102,791	78,000	13,854		91,854
Special programs	36,008			36,008	54,933			54,933
Insurance	39,101	8,426		47,527	30,341	6,236		36,577
Repairs and maintenance	23,098	1,388		24,486	17,695	1,269		18,964
Professional fees		13,210		13,210		12,819	5,500	18,319
Dues and memberships	6,054	948		7,002	5,704	1,918		7,622
Occupancy	65,292	10,864		76,156	72,955	11,694		84,649
Interest expense	1,257			1,257		8,320		8,320
Travel and auto	20,640	130		20,770	83,429	1,357	1,168	85,954
Video production					472			472
Special events			8,126	8,126			26,609	26,609
Supplies	17,086			17,086	17,177	273		17,450
Telephone	29,782	3,914		33,696	16,866	5,346		22,212
Postage and handling	2,024	63	4,650	6,737	3,629	21	5,097	8,747
Printing and publications	1,766	7	319	2,092	14,323	16	1,586	15,925
Conferences, conventions and meetings	7,254	1,313	565	9,132	6,937	2,365	1,250	10,552
Contract services	10,786	1,890	18,168	30,844	15,326	3,692	8,731	27,749
Advertising and marketing	200			200	30,388			30,388
Donor recognition							3,637	3,637
Bad debt expense		2,340		2,340		2,068		2,068
Rental property expense	23,515			23,515				
Miscellaneous	2,411	5,617	20,653	28,681	5,133	5,952	8,628	19,713
	$ 1,894,719	$ 336,094	$ 133,152	$ 2,363,965	$ 1,912,601	$ 341,103	$ 169,343	$ 2,423,047

See Notes to Financial Statements.

VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Net increase in total net assets	$ 1,580,859	$ 366,642
Adjustments to reconcile net increase in total net assets		
to net cash provided by operating activities:		
Depreciation	102,791	91,854
Decrease in cash value of life insurance	588	488
Forgivenss of debt - PPP loan	(336,000)	
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(47,882)	19,981
Grants receivable	(530,596)	30,257
Pledges receivable	(47,851)	33,088
Prepaid expenses	(1,730)	5,097
Increase (decrease) in:		
Accounts payable	(1,368)	(2,011)
Accrued expenses	37,233	(51,171)
Deferred revenue	22,775	24,975
Net cash provided by operating activities	778,819	519,200
Cash Flows from Investing Activities		
Purchase of property and equipment	(323,043)	(130,960)
Cash Flows from Financing Activities		
Proceeds from note payable		336,000
Net (payments) advances on line of credit	35,633	(218,750)
Net cash provided by financing activities	35,633	117,250
Net increase in cash, cash equivalents, and restricted cash	491,409	505,490
Cash, cash equivalents, and restricted cash, beginning of year	841,386	335,896
Cash, cash equivalents, and restricted cash, end of year	$ 1,332,795	$ 841,386
Supplemental Schedule of Noncash Investing and Financing Activities		
Purchases of property and equipment in accounts payable	$ 188,637	
Interest paid	$ 1,257	$ 8,320

See Notes to Financial Statements.

VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities:

Visually Impaired Preschool Services, Inc. (VIPS) (the Organization) is a not-for-profit agency offering services to infants, toddlers, and preschoolers who are visually impaired, and to their families, with the objective of maximizing each child's developmental potential through direct services, advocacy and community education. VIPS is headquartered in Louisville, Kentucky and also has facilities in Lexington, Kentucky and Indianapolis, Indiana. It serves families within a 50-mile radius of each office through direct intervention, and to other areas of Kentucky and Indiana through outreach.

Summary of significant accounting policies:

This summary of significant accounting policies of Visually Impaired Preschool Services, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation:

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for specific operational purposes.

Net assets with donor restrictions – Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of estimates:

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

Cash, cash equivalents, and restricted cash:

For purposes of the statements of cash flows, the Organization considers cash, restricted cash, and investments with original maturities of three months or less to be cash, cash equivalents, and restricted cash.

Accounts, grants and pledges receivable:

The valuation of accounts, grants and pledges receivable is based upon a detail analysis of past due accounts and the history of uncollectible accounts. The Organization considers all accounts, grants and pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and equipment:

The Organization's policy is to capitalize asset purchases in excess of $5,000. Property and equipment are recorded at cost if purchased, or at fair value as of the date of donation, if donated, and are being depreciated on the straight-line method over their estimated useful lives. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in operations.

Compensated absences:

Compensated absences for sick pay have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Revenue recognition – contributions and grants:

Revenue for contributions and grants is recognized when cash, securities or other assets are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Revenue recognition – FASB ASC 606:

Contract revenue, as defined under ASC 606, is derived primarily from providing early childhood intervention services. Revenue is recognized at a point in time or over time as the services are rendered satisfying the performance obligations.

Revenue recognized over time:

The Organization recognizes revenue from certain contracts over time as services are rendered under the contracts using the input method as time has elapsed. The transaction price is based on the terms of the contracts and is the amount of consideration the Organization expects to be entitled to in exchange for services rendered. Certain contracts have performance indicators that require reimbursement if not met. The Organization records revenue based on its historical experience in meeting performance indicators. Contract amounts are billed bi-weekly or monthly as services are provided.

Revenue recognized at a point in time:

The Organization recognizes revenue from certain contracts at a point in time the service is rendered. Revenues are reported at the estimated net realizable amounts for services rendered. Transaction prices vary according to the type, level and volume of services rendered. The transactions price for services rendered to individuals covered under school district contracts are based on established billing rates approved by the district for the type and volume of services provided. The transaction price for services rendered under Kentucky and Indiana Early Intervention Services agreements are based on established rates set by the state agencies, depending on the type and level of service provided. The transaction price for other services is based on various established contracted rates. Amounts are generally billed on a bi-weekly or monthly basis as services are rendered.

Contract revenue is included in program service fees revenue on the statements of activities. Approximately 12% and 13% of revenues for the years ended June 30, 2021 and 2020, respectively, are derived under contracts, as defined under ASC 606. The following table disaggregates the Organization's contract revenue based on the timing of satisfaction of performance obligations for the years ended June 30, 2021 and 2020:

	2021	2020
Performance obligations satisfied over time	52%	27%
Performance obligations satisfied at a point in time	48%	73%

The Organization has determined that the nature, amount, timing and uncertainty of contract revenues and cash flows are affected by the economy and stability of the government. The current level of the Organization's operations and program services may be impacted if program funding is significantly decreased.

Revenue from annual fundraising events is recognized at a point in time when each event occurs.

Donated services and in-kind contributions:

Contributions other than cash are recorded at their fair value as of the date of donation. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions 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 Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization records donated services that require specific expertise and would normally have been purchased, and donated services that create or enhance non-financial assets, at fair value as of the date of donation. Those donated services that do not meet these specific criteria are not reflected in the financial statements. Contributed services included in the statements of activities for the year ended June 30, 2020 were approximately $30,000 for advertising services. There are no contributed services for the year ended June 30, 2021.

Functional expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain expenses are charged directly to program or general and administrative categories based on specific identification, while other expenses are allocated on the basis of estimates of time and effort.

Income taxes:

The Organization is exempt from federal, Kentucky and local income taxes as a not-for-profit corporation as described under Internal Revenue Code Section 501(c)(3). The Organization files an informational tax return in the U.S. federal jurisdiction and with the Kentucky Office of the Attorney General. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. Management does not believe that the Organization has unrelated business income for the years ended June 30, 2021 and 2020.

As of June 30, 2021 and 2020, the Organization did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

Advertising:

The costs of advertising are expensed as they are incurred. Total advertising expense for the years ended June 30, 2021 and 2020 were approximately $200 and $30,000, respectively.

Newly issued standards not yet effective:

The Financial Accounting Standards Board has issued accounting standards No. 2016-02, *Leases*, effective for years beginning after December 15, 2021, No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* effective for years beginning after June 15, 2021, and No. 2016-13, *Financial Instruments – Credit Losses,* effective for years beginning after December 15, 2022. The Organization is evaluating the impact that adoption of these standards will have on future financial position and results of operations.

Reclassification:

Certain reclassifications have been made to the June 30, 2020 financial statements to correspond to the current year's presentation. Total net assets and net change in total net assets are unchanged due to the reclassifications.

Subsequent events:

Subsequent events have been evaluated through January 18, 2022, which is the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Liquidity and Availability

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the June 30, 2021 and 2020 statements of financial position dates, consist of the following:

	2021	2020
Cash, cash equivalents and restricted cash	$ 1,332,795	$ 841,386
Accounts receivable	71,518	23,636
Grants receivable	645,527	114,931
Pledges receivable	166,904	119,053
Less funds with donor restrictions	(1,032,857)	(352,945)
	$1,183,887	$ 746,061

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Organization has a goal to maintain cash available to meet six months of normal payroll expenses, which average approximately $900,000.

The Organization maintains a line of credit in the total amount of $350,000, which could be drawn upon in the event of an unanticipated liquidity need. See Note 6.

Note 3. Pledges Receivable and Capital Campaign

During the year ended June 30, 2019, the Organization began a capital campaign to raise funds for the construction of the Family Resource Center in Indianapolis, with a goal of $2.5 million. For the years ended June 30, 2021 and 2020, $791,525 and $71,250, respectively, has been recognized in contributions and grants revenue as a result of the capital campaign. Additionally, the Organization has received $1.12 million of conditional in-kind contributions for the project (see Note 5).

Total pledges receivable as of June 30, 2021 and 2020 were as follows:

	2021	2020
Pledges receivable – capital campaign	$103,410	$ 47,352
Pledges receivable – other	70,000	80,000
	173,410	127,352
Less unamortized discount	(6,506)	(8,299)
Net pledges receivable	$166,904	$119,053
Amounts due in:		
Less than one year	$113,230	$ 57,352
One to five years	40,180	40,000
More than five years	20,000	30,000
	$173,410	$127,352

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rates 2.25%.

Two donors accounted for 96% and 100% of total gross pledges receivable of $173,410 and $127,352 as of June 30, 2021 and 2020, respectively.

Note 4. Endowment Funds

The Organization's endowment funds consist of assets held in various cash accounts. The endowment funds are donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowment net asset composition by type of fund as of June 30, 2021 and 2020 was as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		$357,350	$357,350

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds		$82,350	$82,350

Changes in endowment net assets for the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Endowment net assets, beginning of year	$ 82,350	$82,320
Contributions	275,000	30
Endowment net assets, end of year	$357,350	$82,350

Interpretation of relevant law:

The Organization has interpreted the Kentucky Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization’s investment policies.

Return objectives, risk parameters and strategies:

The Organization is in the process of adopting investment and spending policies for its endowment assets that are intended to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets.

The Board of Directors has the responsibility for development of the investment objectives and guidelines, the selection of the investment managers (Managers), and the regular monitoring of the Managers’ performance to help assure the effectiveness of the objectives and to initiate modification or changes, as needed.

Spending policy and how the investment objectives relate to spending policy:

The Organization is not currently drawing from any endowment funds. The Organization expects the future spending policy to allow for both growth of income and growth of endowment principal. This is consistent with the Organization’s objectives to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 5. Construction in Progress

In April 2020, the Organization entered into a construction contract to complete a buildout of the Family Resource Center at the Indianapolis, Indiana location. The Organization received a donation of a 6,000 square foot building related to this project, however, title to the property will not transfer to the Organization until completion of the buildout. The project is being financed through a capital campaign (see Note 3). The estimated total costs for the project are $2.075 million, with approximately $1.12 million of these costs being donated by the contractor and design teams working on the project as conditional in-kind contributions pending final completed costs. Construction on this project began in the summer of 2020 with an estimated completion date in late 2021. As of June 30, 2021, the Organization had incurred expenditures of approximately $473,000 on the project.

Note 6. Line of Credit

In August 2018, the Organization obtained a revolving line of credit from PNC Bank for $250,000, which was scheduled to expire on August 27, 2025, at which time any outstanding principal could have been converted to a term note. The line of credit bore interest at a variable rate, which was 3.83% at June 30, 2020, and was secured by the Organization's property on Goldsmith Lane in Louisville, Kentucky. Outstanding borrowings on the line of credit at June 30, 2020 were $13,367. The line of credit was closed in August 2020.

In August 2020, the Organization obtained a revolving line of credit from Stock Yards Bank for $350,000, which is scheduled to expire on August 19, 2022. The line of credit bears interest at a variable rate, which was 4.00% at June 30, 2021, and is secured by the Organization's property on Goldsmith Lane in Louisville, Kentucky. Outstanding borrowings on the line of credit at June 30, 2021 were $49,000.

The Organization also had a $100,000 unsecured line of credit which was renewable annually. Interest on this line of credit was at the bank's prime rate. There were no outstanding borrowings on this line of credit at June 30, 2019. This line of credit expired during the year ended June 30, 2020.

Note 7. Note Payable

In April 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of $336,000 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request, to the extent that the PPP Loan proceeds are used to pay certain expenses permitted by the Paycheck Protection Program, incurred by the Organization. The Organization applied for forgiveness of the PPP Loan with respect to these covered expenses and the loan was forgiven on December 18, 2020 by the Small Business Administration and recorded as forgiveness of debt on the statement of activities.

NOTES TO FINANCIAL STATEMENTS

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2021 and 2020, consisted of the following:

	6/30/21	6/30/20
Restricted by time:		
Metro United Way	$ 13,860	$ 18,731
United Way of the Bluegrass		16,200
Kosair Charities	56,250	75,000
Barth Foundation	1,000	1,000
Pledges	63,494	71,701
GE Appliances	25,000	
Elsa Sule Foundation		5,000
Elkhart Community Foundation		23,480
Heart of Kentucky United Way	417	5,000
Restricted by purpose:		
Dahmke Scholarship Fund	10,257	10,257
Lions Club – playground gate	3,478	
Etscorn Foundation – vehicle maintenance	26,732	15,430
Capital campaign – Family Resource Center	875,893	103,383
Held in perpetuity	357,350	82,350
Total net assets with donor restrictions	$1,433,731	$427,532

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	6/30/21	6/30/20
Time restrictions expired:		
WHAS Crusade for Children	$144,281	$153,226
Metro United Way	18,731	42,854
United Way of the Bluegrass	16,200	16,200
Kosair Charities	243,750	268,750
Children’s Charity Foundation		7,500
Barth Foundation		1,500
Sertoma Club		3,000
Pledges	8,207	8,008
Samerian Foundation		3,500
Stamps Farish Fund		10,000
Family Tree Foundation		2,000
Junior League of Indianapolis		5,000
Elsa Sule Foundation	5,000	
Elkhart Community Foundation	23,480	
Heart of Kentucky United Way	4,583	

	6/30/21	6/30/20
Purpose restrictions accomplished:		
Capital Campaign – Family Resource Center	19,015	99,735
Kentucky School for the Blind Foundation – house		125,000
Etscorn Foundation – vehicles	43,698	44,570
King's Daughters and Sons – computer equipment		11,787
Kentucky Colonels – equipment		4,988
IPA Foundation – technology		12,490
Jacob Koch Charitable Trust – technology	5,620	4,552
Neville Trust – newsletter		10,000
IPA Foundation – GPS Bipolar Ionization installation	6,350	
VV Cooke Foundation – technology	3,886	
Hannah Foundation – technology	5,000	
Suntrust Bank - virtual services	20,000	
Kiwanis Club – playframe materials	2,000	
	$569,801	$834,660

During the year ended June 30, 2012, the board designated $53,403 remaining from a capital campaign to be designated for future capital projects. Funds released from the board designated net assets for the years ended June 30, 2020 and prior were $8,200. There were no funds released from the board designated net assets for the year ended June 30, 2021.

Note 9. Operating Leases

The Organization conducts its central Kentucky operations from a leased facility located in Lexington, Kentucky. The current lease is for a term of six years expiring December 31, 2021. The Organization conducts its Indiana operations from a leased facility located in Indianapolis, Indiana under a year-to-year lease that expired November 30, 2020. This lease continued on a month-to- month basis following its expiration. The Organization also leases a parking lot facility and a bus turnaround under a year-to-year lease. Rental expense under these leases was $55,425 and $61,350 for the years ended June 30, 2021 and 2020, respectively. The future minimum rentals under operating leases with terms of one year or more as of June 30, 2021 are as follows:

Year ended June 30, 2022	$17,025

Note 10. Retirement Plan

The Organization has a tax deferred annuity retirement savings plan (Plan) which covers substantially all of its employees. Employees may contribute an amount of their gross pay subject to certain limitations. The Organization contributes 3% of covered employee compensation to all eligible employees, plus a matching contribution equal to 50% of the first 2% of salary reduction amounts an employee elects to contribute. Employer contributions for the years ended June 30, 2021 and 2020 were $46,366 and $44,556, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 11. Concentration of Credit Risk

The Organization maintains its cash accounts at various financial institutions in Louisville, Kentucky. Accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2021, uninsured cash balances were approximately $925,000.

Note 12. Contingencies

The COVID-19 outbreak in the United States has caused disruptions to businesses and organizations through mandated and voluntary closures. While these disruptions are expected to be temporary, there is considerable uncertainty about the duration of the outbreak, the federal and state government responses, and the impact on the economy and the Organization's vendors and individuals served. The extent of the impact on the Organization's future operations and cash flows is uncertain.

Note 13. Restatement

During the year ended June 30, 2021, it was determined that a capital campaign pledge receivable from the year ended June 30, 2019 had not been recorded, and that contribution revenue for the year ended June 30, 2020 was overstated as a result of payments received on the pledge receivable. The activity related to this pledge resulted in the Organization restating net assets with donor restrictions as follows:

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Balances at June 30, 2019, as previously reported	$2,021,119	$393,787	$2,414,906
Record pledges receivable		72,432	72,432
Balances at June 30, 2019, as restated	2,021,119	466,219	2,487,338
Increase (decrease) in net assets, as previously reported for the year ended June 30, 2020	405,329	(13,607)	391,722
Record change in contribution revenue		(25,080)	(25,080)
Balances at June 30, 2020, as restated	$2,426,448	$427,532	$2,853,980