HORIZONS FOR YOUTH

FINANCIAL STATEMENTS

June 30, 2020
And for the Year Then Ended

HORIZONS FOR YOUTH

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D&A
Desmond &Ahern, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditors' Report

Board of Directors
Horizons for Youth
Chicago, Illinois

We have audited the accompanying financial statements of Horizons for Youth (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 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Jun 30, 2020 financial statements referred to above present fairly, in all material respects, the financial position of Horizons for Youth as of November 13, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 11 to the financial statements, a certain error that resulted in the overstatement of total net assets as of June 30, 2019, was discovered by management of the Organization during the current year. Accordingly, amounts reported for contributions receivable and net assets have been restated in the fiscal year 2020 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2019, to correct the error. Our opinion is not modified with respect to that matter.

Desmond & Ahern, Ltd

November 13, 2020
Chicago, IL

HORIZONS FOR YOUTH
STATEMENT OF FINANCIAL POSITION
June 30, 2020

Assets		
Current Assets		
Cash and equivalents	$	871,548
Contributions receivable, net of $3,930 allowance for doubtful accounts		421,070
Prepaid expenses		14,093
Total current assets		1,306,711
Property and Equipment		
Equipment		33,491
Leasehold improvements		8,169
Less accumulated depreciation and amortization		(30,628)
Net property and equipment		11,032
Other Assets		
Cash - endowment		116,017
Investments - endowment		738,417
Contributions receivables, net of $63,114 discount on long term pledges		836,886
Total other assets		1,691,320
Total Assets	$	3,009,063
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$	9,237
Credit card payable		6,166
Payroll liabilities		10,048
Refundable advance (Note 10)		155,200
Total current liabilities		180,651
Net Assets		
Without donor restrictions		
Undesignated		803,476
With donor restrictions		
Purpose restricted - future period		1,219,000
Perpetual in nature - endowment		805,936
Total net assets		2,828,412
Total Liabilities and Net Assets	$	3,009,063

HORIZONS FOR YOUTH
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Revenues and Other Support	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Total
Contributions				
Corporations	$ 295,931	$ -	$ -	$ 295,931
Foundations	396,636	1,200,000	-	1,596,636
Government	10,880	-	-	10,880
Individual	482,645	-	125,000	607,645
No Ordinary Evening	484,970	-	-	484,970
Special event, net	701,456	-	-	701,456
In-kind	232,841	-	-	232,841
Unrealized gain on investments	18,487	-	-	18,487
Dividend and interest income	15,905	-	-	15,905
Net assets released from restrictions	293,853	(113,853)	(180,000)	-
Total revenues and other support	2,933,604	1,086,147	(55,000)	3,964,751
Expenses				
Program	1,977,973	-	-	1,977,973
Administrative and general	214,232	-	-	214,232
Fundraising	379,878	-	-	379,878
Total expenses	2,572,083	-	-	2,572,083
Change in net assets	361,521	1,086,147	(55,000)	1,392,668
Net assets, beginning of year (restated)	441,955	132,853	860,936	1,435,744
Net assets, end of year	$ 803,476	$ 1,219,000	$ 805,936	$ 2,828,412

See independent auditor's report and notes to financial statements.

HORIZONS FOR YOUTH
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program	Administrative and General	Fundraising	Total
Salaries and payroll taxes	$ 601,044	$ 102,515	$ 221,924	$ 925,483
Employee benefits	36,778	6,224	13,579	56,581
Bad debt	-	25,000	-	25,000
Bank and credit card fees	-	28,010	-	28,010
Depreciation	2,302	390	849	3,541
Emergency family assistance	81,919	-	-	81,919
Equipment and software	8,646	1,273	15,147	25,066
Fundraising expenses	-	-	15,459	15,459
Insurance	-	7,976	-	7,976
Meals and entertainment	5,093	2,179	1,009	8,281
Miscellaneous	3,051	2,453	500	6,004
Occupancy	40,179	934	16,179	57,292
Postage and mailing	1,729	-	1,912	3,641
Printing	2,118	-	16,811	18,929
Professional fees	92,112	31,633	55,693	179,438
Program fees	261,109	-	-	261,109
Subscriptions	14,267	2,414	5,268	21,949
Supplies	12,890	2,244	9,638	24,772
Telephone and internet	5,279	952	-	6,231
Travel and meetings	11,602	35	5,910	17,547
Tuition and scholarship expense	797,855	-	-	797,855
Total Expenses	$ 1,977,973	$ 214,232	$ 379,878	$ 2,572,083

See independent auditor's report and notes to financial statements.

HORIZONS FOR YOUTH
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

Cash Flows from Operating Activities		
Change in net assets	$	1,392,668
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized/realized gain on investments		(34,392)
Depreciation		3,541
(Increase) decrease in assets		
Accounts receivable		(1,194,386)
Endowment received		75,000
Due from DDS (Note 7)		10,181
Prepaid expenses and other assets		(2,831)
Increase (decrease) in liabilities		
Accounts payable		(9,043)
Credit card payable		(13,848)
Accrued expenses		7,871
Due to DDS (Note 7)		(897)
Net cash provided by operating activities		233,864
Cash Flows from Investing Activities		
Purchase of fixed assets		(5,799)
Proceeds from sale of investments		150,645
Net cash provided by investing activities		144,846
Cash Flows from Financing Activities		
Repayment of note payable		(100,000)
Proceeds from PPP loan		155,200
Net cash provided by financing activities		55,200
Net increase in cash and equivalents		433,910
Cash and equivalents, beginning of year		553,655
Cash and equivalents, end of year	$	987,565
Summary of Cash and Equivalents		
Cash and equivalents	$	871,548
Cash - endowment		116,017
Total cash and equivalents, end of year	$	987,565

See independent auditor's report and notes to financial statements.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organization

Horizons for Youth (the "Organization") was founded in 1990 as a not-for-profit organization dedicated to providing education and personal support for children from financially disadvantaged neighborhoods throughout the Chicago area. The Organization enables children from low-resource areas of Chicago to become the first in their families to graduate from college and achieve their full potential. Among the programs offered by the Organization are a financial scholarship program, child enrichment program, summer program, and mentoring program.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with the accounting principles generally accepted in the United States of America ("GAAP").

Basis of Presentation

As required by the generally accepted accounting principles for Not-for-Profit accounting, the Organization is required to report information regarding its financial position and activities according to two classes:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Such gifts include gifts without restrictions, including restricted gifts whose donor-imposed restrictions were met during the year.

With donor restrictions – Net assets subject to donor-imposed restrictions which will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift is to be held in perpetuity and that only the income be made available for programs.

Cash and Equivalents

Cash and equivalents consist of bank deposits in federally insured accounts. At times, balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments with an original maturity or anticipated liquidation of three months or less and all certificates of deposit to be cash equivalents. No cash was paid for interest or taxes during the year ended June 30, 2020.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the year. Actual results could differ from those estimates.

Income Tax Status
The Organization was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private Organization under Section 509(a)(1).

The tax-exempt purpose of the Organization and the nature in which it operates is described above. Management believes the Organization continues to operate in compliance with its tax-exempt purpose. Thus, no provision for income tax has been provided for in the financial statements. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the IRS, generally for three years after it has been filed.

The Organization has adopted the requirements for accounting for uncertain tax positions and management has determined that the Organization was not required to record a liability related to uncertain tax positions as of June 30, 2020.

Support and Revenue
The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as net assets without donor restricted 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 regarding 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. During the year ending June 30, 2020 no such gifts of land, buildings, or equipment were received.

The Organization did not have any revenue from contracts for the year ending June 30, 2020.

HORIZONS FOR YOUTH
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Contributions Receivable

Contributions receivable represent amounts promised by donors (unconditional promises to give), some of which are due in installments. The Organization uses the allowance method to determine uncollectible unconditional promises to give. An allowance of $3,930 was deemed necessary at June 30, 2020.

Contributions receivable with due dates extending beyond one year are discounted using Treasury Bill rates at 1.56% annual rate of interest as of June 30, 2020. Discount on long term contributions receivable was $63,114 as of June 30, 2020.

Every year, management reviews its outstanding receivables to ensure collectability. When it has been determined that the receivable will not be collected, management recognizes a loss associated with the receivable. For the year ended June 30, 2020, bad debt expense was recorded in the amount of $25,000.

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization received $48,750 of donated services for the year ending June 30, 2020.

Many individuals have made significant contributions of time to the Organization's programs and support functions, but the value of this contributed time does not meet the above criteria for recognition of contributed services contained per Generally Accepted Accounting Principles.

In-Kind Contributions and Donated Facilities

In addition to receiving cash contributions, the Organization may receive in-kind contributions and donated facilities from various contributors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase donations by a like amount. For the year ending June 30, 2020, the Organization received $184,091 of in-kind donations as such.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to the specific program or supporting service. Expenses related to more than one function are allocated to program expenses and supporting services as the basis of periodic time and expense reviews made by management.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Concentration of Risk
During the year ended June 30, 2020, contributions from the Organization's largest two donors amounted to approximately 50% of total revenues and support. Changes in the donor selection or economy could have a significant impact on future revenues.

Contingency
The Organization's operations could be significantly impacted by the novel coronavirus pandemic after the Organization fiscal year end of June 30, 2020. Management is maintaining operations to the extent possible however some operations will be affected. The value of several of the Organization's assets could be affected by this crisis. It is not possible to reasonably estimate the effect of this Crisis on the Organization or whether would be material to the Organization's financial statements as of June 30, 2020. See Note 10 for additional disclosures.

Subsequent Events
Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through November 13, 2020, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.

Change in Accounting Principle
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organizations financial statements reflect the application of ASC 606 guidance beginning in fiscal year 2020.

No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Accounting Standards Update
The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. Revenue recognition related to contribution revenue remained unchanged.

Note 2 – Financial Assets and Liquidity Resources

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets, at year-end	
Cash and equivalents	$ 871,548
Contributions receivable	425,000
Total financial assets, at year-end	1,296,548
Less amount not available to be used within one year:	
Allowance for doubtful accounts	(3,930)
Restricted by donor for purpose - future periods	(1,219,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 73,618

The Organization moderately relies on contributions with donor restrictions, all of which will be released in future periods. In addition, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Note 3 – Property and Equipment

Expenditures for property and equipment, and items which substantially increase the useful lives of existing assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of these assets ranging from five to thirty-nine years. The Organization capitalizes all expenditures and contributions of property and equipment over $5,000. Depreciation expense for the year ended June 30, 2020 was $3,541.

Note 4 – Investments and Fair Value Measurements

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Generally accepted accounting principles define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the transaction and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

Generally accepted accounting principles also establish a fair value hierarchy that requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest of input that is significant to the fair value measurement. Generally accepted accounting principles establish three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or dissimilar assets of liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities;

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

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Note 4 – Investments and Fair Value Measurements (cont.)

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment consists of the following components for the year ended June 30, 2020:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 738,417	$ -	$ -	$ 738,417

Investment carrying cost and fair market value for the year ended June 30, 2020:

	Cost Basis	FMV
Mutual Funds	$ 716,244	$ 738,417

Note 5 – Operating Lease

The Organization entered into a 3-year lease with one facility located in Chicago, Illinois effective January 1, 2015 through May 31, 2018. This lease was renewed effective from June 1, 2018 through May 31, 2021 with annual rent of $36,000. Total occupancy expense included on the statement of activities for the fiscal year ended June 30, 2020 amounted to $46,720.

Future minimum lease payments for the year ending June 30, 2021 are $33,000.

Note 6 – Special Events

The Organization hosted an annual event, "On Cloud Nine." A summary of the event is as follows for the year ended June 30, 2020:

Sponsorships	$ 580,100
Donations	113,478
Tickets	58,600
Raffle and auction	42,598
Revenue from special events	794,776
Less direct benefit to donors	(93,320)
Net revenues from special events	$ 701,456

Note 7 – Related Party

The Organization had a former member of management and board or directors that is a trustee on the Declan Drumm Sullivan Memorial Fund (DDS), which makes donations to Horizons for Youth stemming from an annual fundraising event, No Ordinary Evening. Horizons for Youth collects payments from donors and sponsors on behalf of the Fund. Horizons also pays event expenses, for which it is reimbursed by the Fund.

Note 8 – Net Assets With Donor Restriction (Purpose Restricted)

As of June 30, 2020, the Organization has $1,219,000 in net assets with donor restrictions available for used in future periods.

Note 9 – Net Assets With Donor Restriction (Perpetual Endowment)

The Organization accounts for endowment net assets by preserving the fair value of the original donation as of the gift date to the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, the Organization classifies as endowment net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

It is the policy of the Organization to manage the endowment fund in a manner that will, at a minimum, preserve and maintain the real purchasing power of the principal (with exceptions noted below) while allowing for annual distributions to support the Organization's mission statement in accordance with the Organization's investment policy. The Board of Directors meets regularly to ensure that the objectives of the investment policy are being met, and that the strategies used to meet the objectives are in accordance with the investment policy.

Note 9 – Net Assets With Donor Restriction (Endowment) (cont.)

During the year ended June 30, 2020, the Organization's Board of Directors voted, with written approval from two endowment contributors, to modified the endowment fund and investment policy. This allows the Organization to take a loan against the endowment principal balance in the amount up to $350,000. The Board of Directors must determine it necessary and prudent and have an approved a plan to replace the loaned amount withdrawn within a reasonable period time. As of June 30, 2020, the Organization has a loan outstanding in the amount of $150,000.

Changes and composition in endowment net assets for the fiscal year ending June 30, 2020 are as follows:

	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Endowment net assets, beginning of year	$ 14,297	$ -	$ 860,936	$ 875,233
Contributions	-	-	125,000	125,000
Unrealized gain	18,487	-	-	18,487
Dividends and interest	15,714	-	-	15,714
Restriction released by donor	(30,000)	30,000	(180,000)	(180,000)
Endowment net assets, end of year	$ 18,498	$ 30,000	$ 805,936	$ 854,434

Note 10 – Paycheck Protection Loan

On April 29, 2020, the Organization received loan proceeds in the amount of $155,200 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 twenty-four 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 twenty-four-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 believes it has used the for purposes consistent with the PPP and elected to follow ASC 958-605 and record the loan as a refundable advance where once forgiveness conditions are substantially met or explicitly waived, the entity would reduce the refundable advance and record a contribution for the amount forgiven. The Organization has elected to keep the funds of $155,200 remaining as a refundable advance.

Note 11 – Correction of Error

The Organization has restated its previously issued fiscal year 2019 financial statements to record the balances noted below as of June 30, 2019. The restatement resulted in the decrease in contributions receivable and total net assets.

The following is the effect on the net assets as of June 30, 2019:

	Without Donor Restrictions	Purpose Restricted	Perpetual in Nature	Total
Net assets as of June 30, 2019, originally reported	$ 481,955	$ 132,853	$ 860,936	$ 1,475,744
Prior period adjustments	(40,000)	-	-	(40,000)
Net assets as of June 30, 2019, restated	$ 441,955	$ 132,853	$ 860,936	$ 1,435,744