World Pediatric Project

Financial Statements

June 30, 2020 and 2019

Keiter
Your Opportunity Advisors

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WORLD PEDIATRIC PROJECT

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Keiter
Your Opportunity Advisors

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
World Pediatric Project
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of World Pediatric Project (the "Organization"), which comprise the statements of financial position as of June 30, 2020 and 2019, 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Pediatric Project as of June 30, 2020 and 2019, 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.

Keiter

October 6, 2020
Glen Allen, Virginia

WORLD PEDIATRIC PROJECT

Statements of Financial Position
June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	$ 1,917,218	$ 1,813,579
Pledges receivable, current	511,700	500,960
Other receivables	2,613	52,500
Prepaid expenses	36,754	60,538
Total current assets	2,468,285	2,427,577
Property and equipment:		
Furniture, equipment and website	1,682,920	1,613,234
Less: accumulated depreciation and amortization	(1,133,366)	(851,018)
Net property and equipment	549,554	762,216
Other assets:		
Pledges receivable - net, long-term	229,370	309,242
Investments	387,561	378,509
Total other assets	616,931	687,751
	$ 3,634,770	$ 3,877,544
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 75,104	$ 26,997
Accrued rent	8,722	21,623
Payroll Protection Program liabliity (Note 7)	22,645	-
Funds held for others	6,000	6,000
Total current liabilities	112,471	54,620
Net assets:		
Without donor restrictions:		
Undesignated	1,878,356	1,900,167
Board-designated endowment	141,408	142,028
Total without donor restrictions	2,019,764	2,042,195
With donor restrictions	1,502,535	1,780,729
Total net assets	3,522,299	3,822,924
	$ 3,634,770	$ 3,877,544

See accompanying notes to financial statements.

WORLD PEDIATRIC PROJECT

Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains (losses):			
Auction and special events	$ 2,507,675	$ -	$ 2,507,675
Contributions	1,854,622	648,274	2,502,896
In-kind contributions	21,936,035	-	21,936,035
Interest and dividend income	16,814	11,975	28,789
Unrealized investment losses, net	(5,491)	(3,812)	(9,303)
Realized investment losses	(2,226)	(3,491)	(5,717)
Payroll Protection Program forgiveness	430,255	-	430,255
Other revenue	990	-	990
Total revenues and gains (losses)	26,738,674	652,946	27,391,620
Net assets released from restrictions	931,140	(931,140)	-
Total revenues, gains (losses), and other support	27,669,814	(278,194)	27,391,620
Expenses:			
Program services	24,960,158	-	24,960,158
Management and general	819,842	-	819,842
Fundraising	1,912,245	-	1,912,245
Total expenses	27,692,245	-	27,692,245
Change in net assets	(22,431)	(278,194)	(300,625)
Net assets, beginning of year	2,042,195	1,780,729	3,822,924
Net assets, end of year	$ 2,019,764	$ 1,502,535	$ 3,522,299

See accompanying notes to financial statements.

WORLD PEDIATRIC PROJECT

Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains (losses):			
Auction and special events	$ 2,815,283	$ -	$ 2,815,283
Contributions	1,661,921	772,063	2,433,984
In-kind contributions	27,389,417	-	27,389,417
Interest and dividend income	11,116	3,894	15,010
Unrealized investment losses, net	(2,295)	(805)	(3,100)
Realized investment gains	4,691	7,544	12,235
Total revenues and gains (losses)	31,880,133	782,696	32,662,829
Net assets released from restrictions	819,793	(819,793)	-
Total revenues, gains (losses), and other support	32,699,926	(37,097)	32,662,829
Expenses:			
Program services	30,463,369	-	30,463,369
Management and general	663,673	-	663,673
Fundraising	1,897,623	-	1,897,623
Total expenses	33,024,665	-	33,024,665
Change in net assets	(324,739)	(37,097)	(361,836)
Net assets, beginning of year	2,366,934	1,817,826	4,184,760
Net assets, end of year	$ 2,042,195	$ 1,780,729	$ 3,822,924

See accompanying notes to financial statements.

WORLD PEDIATRIC PROJECT

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	$ 1,133,597	$ 611,963	$ 961,891	$ 2,707,451
Nonemployee compensation	21,056	-	9,198	30,254
Payroll processing	3,392	1,057	2,169	6,618
Recruitment expenses	80	155	999	1,234
Staff development	188	436	338	962
In-country personnel	407,389	-	-	407,389
Patient expenses	596,487	-	-	596,487
International sponsorships	14,514	-	-	14,514
Volunteer program	1,876	-	-	1,876
Capacity building programs	47,792	-	-	47,792
Medical missions	372,231	-	-	372,231
Program development	15,672	22,328	3,722	41,722
Special events expense	-	-	521,932	521,932
Professional fees	69,533	18,955	38,909	127,397
Marketing	416	1,636	20,532	22,584
Communications expense	13,357	2,710	6,515	22,582
Facility and equipment	115,043	39,514	75,510	230,067
Office expenses	10,197	4,900	33,547	48,644
Travel and related expenses	22,079	23,942	45,131	91,152
Other business expense	52,466	44,000	88,497	184,963
Depreciation and amortization	144,562	45,176	92,610	282,348
Medical fees - in-kind	21,917,785	-	-	21,917,785
Miscellaneous	446	3,070	10,745	14,261
	$ 24,960,158	$ 819,842	$ 1,912,245	$ 27,692,245

See accompanying notes to financial statements.

WORLD PEDIATRIC PROJECT

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	$ 1,102,692	$ 481,650	$ 899,670	$ 2,484,012
Nonemployee compensation	24,820	-	20,806	45,626
Payroll processing	3,655	730	2,260	6,645
Recruitment expenses	370	55	15,114	15,539
Staff development	80	1,305	2,461	3,846
In-country personnel	403,336	-	-	403,336
Patient expenses	463,497	-	-	463,497
International sponsorships	19,487	-	-	19,487
Volunteer program	1,936	-	53	1,989
Missouri Kids	20,000	-	-	20,000
Capacity building programs	84,876	-	-	84,876
Medical missions	505,640	-	-	505,640
Program development	31,813	-	-	31,813
Special events expense	-	-	507,160	507,160
Professional fees	48,004	45,194	64,583	157,781
Marketing	278	161	24,235	24,674
Communications expense	13,884	3,491	6,859	24,234
Facility and equipment	124,065	36,165	81,250	241,480
Office expenses	9,526	5,504	53,017	68,047
Travel and related expenses	30,309	20,672	37,517	88,498
Other business expense	39,856	33,419	88,467	161,742
Depreciation and amortization	150,898	32,216	93,009	276,123
Medical fees - in-kind	27,383,767	-	-	27,383,767
Miscellaneous	580	3,111	1,162	4,853
	$ 30,463,369	$ 663,673	$ 1,897,623	$ 33,024,665

See accompanying notes to financial statements.

WORLD PEDIATRIC PROJECT

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ (300,625)	$ (361,836)
Adjustments to reconcile the change in net assets to net cash from operations:		
Depreciation and amortization	282,348	276,123
Payroll Protection Loan forgiveness	(430,255)	-
Reinvested interest and dividends	(19,072)	(6,395)
Realized loss (gain) on investments	5,717	(12,235)
Unrealized loss on investments	9,303	3,100
Changes in operating assets and liabilities:		
Pledges receivable - net	69,132	408,073
Other receivables	49,887	(12,500)
Prepaid expenses	23,784	7,062
Accounts payable and accrued expenses	48,107	(10,874)
Accrued rent	(12,901)	(8,002)
Funds held for others	-	1,000
Net cash (used in) provided by operating activities	(274,575)	283,516
Cash flows from investing activities:		
Purchase of property and equipment	(69,686)	(23,052)
Purchase of investments	(5,000)	(5,000)
Net cash used in investing activities	(74,686)	(28,052)
Cash flows from financing activities:		
Proceeds from Payroll Protection Program loan	452,900	-
Net change in cash and cash equivalents	103,639	255,464
Cash and cash equivalents, beginning of year	1,813,579	1,558,115
Cash and cash equivalents, end of year	$ 1,917,218	$ 1,813,579

See accompanying notes to financial statements.

WORLD PEDIATRIC PROJECT

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization: World Pediatric Project (the "Organization") is a nonprofit humanitarian organization linking worldwide pediatric surgical, diagnostic and preventative resources to heal critically ill children in developing countries. World Pediatric Project also helps build indigenous health care capacity – saving lives now while transforming pediatric health outcomes for years to come.

In March 2020, COVID-19 was declared a worldwide health pandemic and has had a significant impact on the national and global economy. Due to the pandemic, the Organization has become unable to send teams out of the country to perform its usual services, and has been forced to delay and alter its usual fundraising events. Management implemented certain cost-cutting techniques and obtained a Paycheck Protection Program Loan (see Note 7). The ultimate impact of COVID-19 on the Organization's financial statements is unknown and unable to be quantified at this time.

Basis of Accounting: The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"), which require reporting information regarding its financial position and activities according to these two classes of net assets:

Net assets without donor restrictions are net assets that are not subject to donor-imposed stipulations. If the Board of Directors specifies a purpose where none has been stated by the original donor, such assets are classified as Board-designated within net assets without donor restrictions.

Net assets with donors restrictions are net assets which are stipulated by donors for specific purposes, use restrictions, or are restricted in perpetuity. For net assets restricted for specific actions or the passage of time, once a restriction expires, the net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. For net assets restricted in perpetuity, the original fair value of the gift will be maintained permanently by the Organization and use of all or part of the income earned on any related investments is for general or specific purposes.

Estimates: The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization considers as cash equivalents all short term, highly liquid investments with maturities of three months or less at date of acquisition.

1. Summary of Significant Accounting Policies, Continued:

Pledges Receivable: Unconditional promises to give, which include pledges and grants receivable at their net present value in the year promised, are recognized as contributions with or without donor restrictions as appropriate. Conditional promises are recorded when donor stipulations are substantially met.

Property and Equipment: Property and equipment and website development costs are recorded at cost for purchased assets and at fair value for donated items. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the related assets, which range from three to seven years. Upon retirement or sale of an asset, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

Investments: The Organization's investments are reported at readily determinable fair value in the statements of financial position. The fair value of marketable equity and debt securities is determined using quoted market prices. Unrealized gains and losses are included in the statements of activities.

Credit Risk: The Organization maintains its cash and cash equivalent balances in multiple financial institutions. The balances in the financial institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. Funds held by brokerage houses are insured by the Securities Investors Protection Corporation up to a ceiling of $500,000, including cash claims of up to $250,000. The Organization periodically has balances in excess of insured limits.

Income Taxes: The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Income Tax Uncertainties: Management has evaluated the effects of accounting guidance related to uncertain income tax positions and concluded that the Organization had no significant financial statement exposure to uncertain income tax positions at June 30, 2020 and 2019. The Organization is not currently under audit by any tax jurisdiction.

Contributed Materials, Hospital Charges and Services: The value of contributed materials and the value of contributed services and hospital charges that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and are of the type that would have been purchased if not contributed, amounted to $21,936,035 for 2020 and $27,389,417 for 2019 and have been recognized at their fair value as determined either by the donor or estimated by management in the financial statements. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, campaign solicitations and various committee assignments. The value of these services could not be estimated and is not recognized in the financial statements.

1. Summary of Significant Accounting Policies, Continued:

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on recording organizational expenses in departmental categories that align with these functions. Program services expenses represents the various costs associated with providing medical services including salaries, patient expenses, medical missions, rent and other program related expenses. Fundraising expenses include the work of the Development team. Management and General expenses reflect a variety of business functions including human resources, professional services, rent, travel, and other business related expenses.

Newly Adopted Accounting Standard: In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made", which is intended to provide specific criteria to determine whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. The ASU provides a framework for determining whether a contribution is conditional or unconditional. Prior to the ASU, FASB's new revenue recognition standard eliminated exchange guidance and added additional disclosure requirements that are not relevant to these types of transactions. Specific to contribution or grants received by the Organization, the amendments in this ASU are effective for fiscal years beginning after December 15, 2018 with early adoption permitted. Specific to contributions or grants awarded by the Organization, the amendments in this ASU are effective for fiscal years beginning after December 15, 2019 with early adoption permitted. The Organization adopted this guidance for the year ended June 30, 2020 with retrospective presentation in the financial statements. This adoption had no material impact on the financial statements.

Subsequent Events: Management has evaluated subsequent events through October 6, 2020, the date the financial statements were available to be issued, and has determined that other than the lease amendment described in Note 8, there are no subsequent events to be reported in the accompanying financial statements.

2. Net Assets with Donor Restrictions:

In 2020 and 2019, the Organization received donor-imposed restricted contributions for direct costs of program services for children needing critical care and time-restricted contributions. Accordingly, the Organization recorded restricted gifts of $673,774 during 2020 and $772,063 during 2019. The amounts released from restrictions and expended for children needing critical care were $722,650 during 2020 and $547,611 during 2019. The amounts released from time restrictions due to collecting of pledges receivable were $208,490 during 2020 and $272,182 during 2019.

3. Pledges Receivable:

The present value of estimated future cash flows of pledges receivable, discounted at the risk-free rate of 0.29% at June 30, 2020 and 1.76% at June 30, 2019, are expected to be received as follows at June 30:

	2020	2019
Amounts due in:		
Less than one year	$ 511,700	$ 500,960
One to five years	230,833	320,000
	742,533	820,960
Less:		
Discount on pledges receivable	1,463	10,758
	$ 741,070	$ 810,202

Three donors accounted for 84% of net pledges receivable at June 30, 2020 and two donors accounted for 75% of net pledges receivable at June 30, 2019.

4. Investments:

The costs of investments and their related carrying values (market) by major investment type were as follows at June 30:

	2020		2019	
	Cost	Market	Cost	Market
Equities & Options	$ 28,153	$ 39,700	$ 11,006	$ 13,255
ETPs, Mutual, Closed-End, & Interval Funds	352,842	347,210	354,229	364,641
Cash & Cash Equivalents	651	651	613	613
	$ 381,646	$ 387,561	$ 365,848	$ 378,509

5. Endowment Funds:

The Organization’s endowment consists of two endowed named funds established to support the cause of the Organization. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with UPMIFA, the Organization considers the factors on the following page in making a determination to appropriate or accumulate funds in the endowment funds designated by the Board of Directors.

5. **Endowment Funds, Continued:**

Interpretation of Relevant Law: The Board of Directors of the Organization has interpreted the 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 explicit 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 permanent endowment, (b) the original value of subsequent gifts given to the permanent 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 funds in the endowment fund designated by the Board:

- The duration and preservation of the fund
- The purposes of the Organization and a donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Return Objectives and Risk Parameters: The Organization has adopted investment and spending policies for endowment funds that attempt to provide a predictable stream of funding to the Organization's programs supported by endowments. In addition to providing a predictable stream of funding, the adopted investment and spending policies also seek to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds over time to provide an average rate of return of more than five percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Organization has a policy of limiting spending to generally five percent of the value of endowment funds. In establishing this policy, the Organization considered the long-term expected return on endowments. Accordingly, over the long term, the Organization expects the current spending policy to allow the endowment fund to grow consistent with the objective of maintaining the purchasing power of the endowment assets.

5. Endowment Funds, Continued:

Endowment net asset composition by type of fund was as follows as of June 30, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund:			
Originial donor-restricted gift	$ -	$ 196,499	$ 196,499
Accumulated investment gains	-	69,654	69,654
Board-designated fund	141,408	-	141,408
Total funds	$ 141,408	$ 266,153	$ 407,561

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund:			
Originial donor-restricted gift	$ -	$ 196,499	$ 196,499
Accumulated investment gains	-	64,982	64,982
Board-designated fund	142,028	-	142,028
Total funds	$ 142,028	$ 261,481	$ 403,509

Changes in endowment funds were as follows for the years ended June 30, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, July 1, 2018	$ 137,131	$ 250,848	$ 387,979
Investment income	2,501	3,894	6,395
Realized investment gains	4,691	7,544	12,235
Unrealized investment losses	(2,295)	(805)	(3,100)
Net assets, June 30, 2019	142,028	261,481	403,509
Investment income	7,097	11,975	19,072
Realized investment losses	(2,226)	(3,491)	(5,717)
Unrealized investment losses	(5,491)	(3,812)	(9,303)
Net assets, June 30, 2020	$ 141,408	$ 266,153	$ 407,561

The balance of endowment funds with donor restrictions shown above includes $20,000 of pledges receivable to be collected between 2021 and 2024.

6. Fair Value Measurements:

The Organization follows FASB guidance, which provides a framework for measuring fair value under GAAP, for all financial assets and liabilities measured at fair value on a recurring basis.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of the three levels.

These levels are:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets. Level 1 assets and liabilities include debt and equity securities traded in an active exchange market, as well as certain U.S. Treasury securities that are traded by dealers or brokers in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuation is determined using model-based techniques that use significant assumptions not observable in the market and significant to the fair value measurement.

The fair value of the Organization's investments in securities of $387,561 at June 30, 2020 and $378,509 at June 30, 2019 was determined based upon Level 1 valuation criteria.

7. Paycheck Protection Program Liability:

In response to the economic instability caused by COVID-19, the "CARES Act" was passed by Congress and signed into law by the President on March 27, 2020. The Paycheck Protection Program was a component of the CARES Act and provided for a loan ("PPP Loan") to provide a direct incentive for employers to keep their employees on the payroll. A PPP loan is eligible for full or partial forgiveness if the funds are used for qualifying costs including payroll, rent, mortgage interest, or utilities, as further defined in the CARES Act.

7. Paycheck Protection Program Liability, Continued:

The Organization applied for and was approved for a PPP Loan in the amount of $452,900, The Loan was funded on April 27, 2020. The loan accrues interest at 1.0%, but payments are not required to begin for six months after the funding of the PPP Loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan is uncollateralized and is fully guaranteed by the Federal government.

As of June 30, 2020, based on the expenses incurred by the Organization, management believes $430,255 of the PPP Loan will be forgiven. Based on its facts and circumstances, the Organization elected to recognize the loan forgiveness as of June 30, 2020, shown as Paycheck Protection Program forgiveness in the accompanying statements of activities. The remaining $22,645 not expected to be forgiven is included as a liability in the accompanying statements of financial position.

8. Leases:

The Organization leases office space and equipment under operating lease agreements. Rental expense was $248,333 for 2020 and $246,686 for 2019. Rental expense is included in the accompanying statements of functional expenses within in-country personnel and facility and equipment.

As of June 30, 2020, the Organization leases office space in Richmond through December 31, 2021 and in St. Louis through June 30, 2023. These leases provide for certain rent holidays and annual rent escalations. The Organization recognizes rent expense on a straight-line basis over the life of the leases. This policy resulted in the recognition of accrued rent of $8,722 at June 30, 2020 and $21,623 at June 30, 2019.

Subsequent to year end, the Organization amended its Richmond office space lease to extend through December 2023 while also reducing the total amount of space leased. As this occurred after year end, the effects are not included in the balance of accrued rent as of June 30, 2020.

Future minimum payments under operating lease obligations, including the effects of the amendment previously described, consist of the following:

Year Ending June 30,	Amount
2021	$ 139,354
2022	162,553
2023	165,478
2024	60,918
Total	$ 528,303

9. Contingencies:

From time to time, the Organization may be involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position, results of operations, or cash flows.

Pursuant to its Articles of Incorporation, the Organization has certain obligations to indemnify its officers and directors for certain events or occurrences while serving at the Organization's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Organization's insurance policies serve to further limit its exposure. The Organization believes that the estimated fair value of these indemnification obligations is minimal.

10. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	$ 1,917,218	$ 1,813,579
Pledges receivable	511,700	500,960
Other receivables	2,613	52,500
Investments	387,561	378,509
Total financial assets available within one year	2,819,092	2,745,548
Less:		
Donor-imposed restrictions	(687,634)	(1,104,647)
Board-designated endowment	(141,408)	(142,028)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,990,050	$ 1,498,873

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures become due. In addition, the Organization has board-designated net assets without donor restrictions that, while not intended to spend for purposes other than those identified, could be made available for current operations, if necessary.

11. Defined Contribution Retirement Plan:

The Organization sponsors a defined contribution retirement plan which covers all employees who meet eligibility requirements. The plan enables participants to make contributions, and the Organization may elect to match the employee's contribution. The Organization did not make any matching contributions to the plan during 2020 or 2019.

12. New Accounting Guidance:

Leases: In February 2016, the FASB issued new guidance over leases which requires that all leasing activity with initial terms in excess of twelve months be recognized on the balance sheet with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance, or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of operations. On the statement of cash flows, the principal portion of the finance lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of operations. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The new standard will be effective for periods beginning after December 15, 2021, and will require entities to use a modified retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.