### Atlanta Children's Shelter, Inc.

#### **FINANCIAL STATEMENTS**

December 31, 2019 with Comparative totals for 2018



# Atlanta Children's Shelter, Inc. Table of Contents December 31, 2019 and 2018

	Page
REPORT Independent Auditors' Report	1
FINANCIAL STATEMENTS Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8





Carr, Riggs & Ingram, LLC 4004 Summit Boulevard NE Suite 800 Atlanta, GA 30319

770.394.8000 770.451.2873 (fax) CRIcpa.com

#### INDEPENDENT AUDITORS' REPORT

To the Board of Directors Atlanta Children's Shelter, Inc. Atlanta, Georgia

We have audited the accompanying financial statements of Atlanta Children's Shelter, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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.

#### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 financial statements referred to above present fairly, in all material respects, the financial position of Atlanta Children's Shelter, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

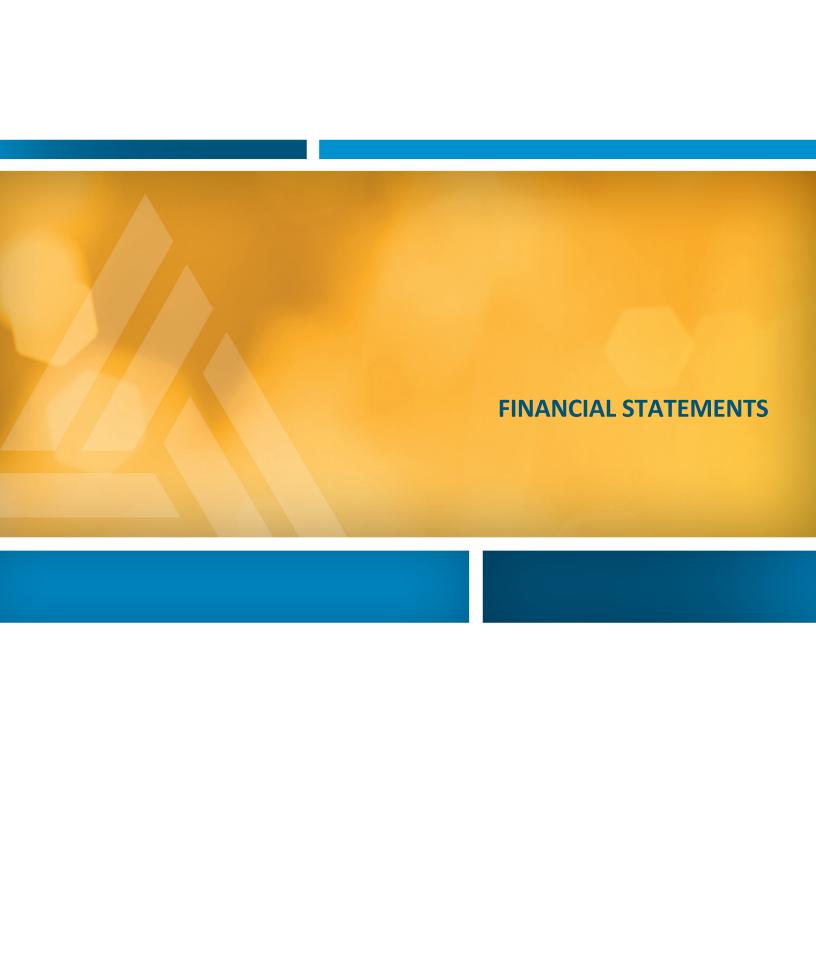
#### **Other Matter**

We have previously audited Atlanta Children's Shelter, Inc.'s 2018 financial statements, and our report dated August 8, 2019, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Atlanta, Georgia May 27, 2020



# Atlanta Children's Shelter, Inc. Statements of Financial Position

December 31,	2019							2018
		ithout Donor Restrictions		With Donor Restrictions		Total		omparative Total
Assets								
Current assets								
Cash and cash equivalents	\$	874,333	\$	297,049	\$	1,171,382	\$	967,198
Contributions receivable Grants receivable		103,769		-		103,769		69,745 28,368
Investments		2,389,714		-		2,389,714		1,897,231
Prepaid expenses and		, ,						
other assets		46,099		-		46,099		27,344
Total current assets		3,413,915		297,049		3,710,964		2,989,886
Property and equipment, net		481,794		-		481,794		442,819
Total assets	\$	3,895,709	\$	297,049	\$	4,192,758	\$	3,432,705
Liabilities and Net Assets								
Current liabilities								
Accounts payable	\$	5,443	\$	-	\$	5,443	\$	39,091
Accrued expenses		45,126		-		45,126		38,576
Total current liabilities		50,569		-		50,569		77,667
Net assets								
Without donor restrictions		3,845,140		_		3,845,140		3,013,122
With donor restrictions				297,049		297,049		341,916
Total net assets		3,845,140		297,049		4,142,189		3,355,038
Total liabilities and net assets	\$	3,895,709	\$	297,049	\$	4,192,758	\$	3,432,705

# Atlanta Children's Shelter, Inc. Statements of Activities

For the years ended December 31,	2019				2018		
		out Donor		th Donor	Total	Со	mparative Total
Support and other income and expenses Contributions Grants Special events, net of expenses of \$39,743 and \$75,170, respectively In-kind donations Investment income (loss), net	\$	587,467 277,074 408,047 183,976 309,066	\$	359,973 193,426 - -	\$ 947,440 470,500 408,047 183,976 309,066	\$	584,649 507,870 400,204 171,517 (120,604)
Net assets released from restrictions		598,266		(598,266)	309,000		(120,604)
Total support and other income and expenses  Expenses	,	2,363,896		(44,867)	2,319,029		1,543,636
Program services Supporting services		1,200,336		-	1,200,336		1,110,034
Management and general Fundraising		215,612 115,930		- -	215,612 115,930		193,832 120,010
Total expenses		1,531,878		-	1,531,878		1,423,876
Change in net assets		832,018		(44,867)	787,151		119,760
Net assets, at beginning of year		3,013,122		341,916	3,355,038		3,235,278
Net assets, at end of year	\$	3,845,140	\$	297,049	\$ 4,142,189	\$	3,355,038

# Atlanta Children's Shelter, Inc. Statement of Functional Expenses

For the year ended December 31, 2019

	Program	Ma	nagement			
	Services		nd General	Fundraising		Total
	00111000	<u> </u>	ia cenerai			
Salaries	\$ 465,464	\$	123,161	\$ 57,303	\$	645,928
Employee benefits	137,762		30,516	23,292		191,570
Payroll taxes	36,440		10,118	4,337		50,895
Retirement plan	5,991		1,999	1,678		9,668
Personnel costs	645,657		165,794	86,610		898,061
Direct client services	166,238		-	-		166,238
In-kind rent	100,965		7,278	5,697		113,940
Contract services	99,162		464	10		99,636
Utilities	41,316		3,236	2,357		46,909
Depreciation	46,774		-	-		46,774
IT services and supplies	32,588		2,727	1,819		37,134
Equipment, maintenance and repairs	15,817		953	5,567		22,337
Insurance	11,891		4,866	437		17,194
Dues and fees	6,213		7,714	2,846		16,773
Telecommunications	12,826		1,021	729		14,576
Accounting and legal fees	-		11,000	-		11,000
Training	1,321		32	4,941		6,294
Office supplies	3,769		5,575	911		10,255
Miscellaneous	2,341		1,129	807		4,277
Personnel expenses	3,355		706	197		4,258
Travel	4,060		4	176		4,240
Conferences	672		-	2,597		3,269
Food and food supplies	2,949		-	-		2,949
Board expenses	-		2,221	-		2,221
Postage	1,274		124	81		1,479
Printing	1,148		768	148		2,064
Total expenses	\$ 1,200,336	\$	215,612	\$ 115,930	<u>\$</u> 1	L,531,878

# Atlanta Children's Shelter, Inc. Statement of Functional Expenses (Continued)

For the year ended December 31, 2018

		_					
		Ū		nagement			<b>.</b>
		Services	aı	nd General		Fundraising	Total
Calarias		400 467		440.004	_	50 C74 A	500 C70
Salaries	\$	430,167	\$	110,834	\$	58,671 \$	
Employee benefits		135,528		29,606		21,636	186,770
Payroll taxes		32,988		9,172		6,227	48,387
Retirement plan		6,148		2,093		462	8,703
Personnel costs		604,831		151,705		86,996	843,532
Direct client services		142,077		_		-	142,077
In-kind rent		100,267		7,976		5,697	113,940
Depreciation		77,555		-		, -	77,555
Contract services		75,021		105		41	75,167
Utilities		40,844		3,228		2,306	46,378
IT services and supplies		22,700		1,800		1,385	25,885
Insurance		11,335		4,913		471	16,719
Dues and fees		4,246		8,083		4,367	16,696
Telecommunications		12,427		989		706	14,122
Equipment, maintenance and repairs		7,079		402		4,956	12,437
Accounting and legal fees		-		9,900		-	9,900
Training		1,202		210		7,178	8,590
Fundraising expenses		-		-		4,180	4,180
Miscellaneous		1,133		1,142		816	3,091
Travel		2,945		-		48	2,993
Office supplies		2,091		465		346	2,902
Board expenses		-		2,211		-	2,211
Personnel expenses		1,833		49		149	2,031
Printing		1,071		563		306	1,940
Postage		1,159		91		62	1,312
Food and food supplies		218		-		-	218
Tatalawaaaa	<b>,</b>	4 440 024	<u>۸</u>	402.022	,	420.040 6	4 422 076
Total expenses	<u> </u>	1,110,034	\$	193,832	\$	120,010 \$	1,423,876

#### Atlanta Children's Shelter, Inc. **Statements of Cash Flows**

For the years ended December 31,		2019	2018
Operating activities			
Change in net assets	\$	<b>787,151</b> \$	119,760
Adjustments to reconcile change in net assets	Ą	767,131 Ş	113,700
to net cash provided by (used in) operating activities:			
Depreciation		46,774	77,555
Loss on disposal of property and equipment		1,577	, -
Realized and unrealized losses (gains) on investments		(237,463)	196,317
Changes in:			
Contributions receivable		(34,024)	22,897
Grants receivable		28,368	(28,368)
Prepaid expenses and other assets		(18,755)	5 <i>,</i> 467
Accounts payable		(33,648)	30,640
Accrued expenses		6,550	(1,891)
Net cash provided by (used in) operating activities		546,530	422,377
Investing activities		()	
Purchases of property and equipment		(87,326)	(224.074)
Purchases of investments		(361,283)	(221,971)
Proceeds from sale of investments		106,263	
Net cash provided by (used in) investing activities		(342,346)	(221,971)
Net change in cash and cash equivalents		204,184	200,406
Net Change in cash and cash equivalents		204,104	200,400
Cash and cash equivalents, beginning of year		967,198	766,792
Cash and cash equivalents, end of year	\$	<b>1,171,382</b> \$	967,198
Reconciliation to Statement of Financial Position:		0=4.000 1	605 606
Cash and cash equivalents	\$	<b>874,333</b> \$	,
Restricted cash		297,049	341,916
Cash, cash equivalents and restricted cash at end of year	\$	<b>1,171,382</b> \$	967,198

#### **Note 1: DESCRIPTION OF THE ORGANIZATION**

Atlanta Children's Shelter, Inc. (the Organization) is a not-for-profit corporation organized exclusively for religious, charitable and/or educational purposes under Section 501(c)(3) of the Internal Revenue Code. The Organization provides loving, quality child development and support services for homeless families striving to become self-sufficient. Services are provided free of charge to homeless families with children ages one month to five years of age residing in homeless shelters in metropolitan Atlanta and surrounding areas. The Organization operates from a single leased facility in Atlanta, Georgia.

#### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### **Use of Estimates**

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for doubtful accounts, depreciable lives of property and equipment, the fair value of investments, and the allocation of functional expenses.

#### **Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

#### **Contributions and Grants Receivable**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Grants receivable consist of amounts due from state agencies and donors.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Contributions and Grants Receivable (continued)**

The Organization provides for doubtful receivables equal to the estimated collection losses that will be incurred in the collection of all receivables. The estimated losses are based on historical collection experience coupled with a review of the current status of all receivables. Management considers all outstanding accounts receivable to be fully collectible at December 31, 2019 and 2018.

#### **Investments**

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

#### **Property and Equipment**

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

Class of Asset	Estimated useful life (years)
0.033 017.0300	ine (years)
Leasehold improvements	7-20
Furniture and fixtures	5-7
Vehicles	5
Software	5

#### Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in it corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Net Assets (continued)**

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### Revenue Recognition

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

The Organization recognizes revenues as earned on grants, fees and special events based upon the date the services are completed.

The Organization's participants are primarily located near the metro-Atlanta area.

#### **Donated Assets**

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

#### **Functional Allocation of Expenses**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries and benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to rent and upkeep of the facility are allocated across functional areas based on a square footage basis.

#### **Income Taxes**

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions. The Organization had no unrelated business income for the years ended December 31, 2019 and 2018.

FASB ASC 740, Income Taxes (ASC 740), requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. Only tax positions that meet the more likely than not recognition threshold are recognized in accordance with ASC 740.

Management does not believe that the Organization has any material uncertain tax positions at December 31, 2019 or 2018.

#### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

#### **Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 27, 2020. See Note 11 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

#### **Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short- term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. For nonpublic entities, this guidance is effective for fiscal years beginning after December 15, 2018. Thus, on January 1, 2019 the Organization applied the provisions of this ASU in the statement of cash flows.

#### **Note 3: FINANCIAL ASSET AVAILABILITY**

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial positon date, reduced by amounts not available for general use within one year of the statement of financial positon date because of contractual or donor-imposed restrictions.

December 31,	2019	2018
Financial assets at year end: Cash and cash equivalents Contribution receivables Grant receivables	\$ 1,171,382 103,769	\$ 967,198 69,745 28,368
Investments	2,389,714	1,897,231
Total financial assets	3,664,865	2,962,542
Less amounts not available to be used within one year: Net assets with donor restrictions Undesignated investments not intended to be liquidated	297,049	341,916
within one year	2,389,714	1,897,231
Total amounts not available to be used within one year	2,686,763	2,239,147
Financial assets available to meet general expenditures over the next twelve months	\$ 978,102	\$ 723,395

#### **Note 4: INVESTMENTS**

Investments in marketable securities consist of the following:

ecember 31, 2019		Cost	Market Value		
Mutual funds and equity securities  Bonds and other fixed income	\$	1,333,144 842,082	\$	1,548,869 840,845	
Total investments in marketable securities	\$	2,175,226	\$	2,389,714	
December 31, 2018		Cost	M	arket Value	
Mutual funds and equity securities Bonds and other fixed income	\$	1,174,442 759,472	\$	1,174,583 722,648	
Total investments in marketable securities	\$	1,933,914	\$	1,897,231	

#### Note 5: PROPERTY AND EQUIPMENT

Property and equipment – net consist of the following:

December 31,		2019	2018
Leasehold improvements	\$	1,309,455	\$ 1,255,949
Furniture and fixtures		115,713	121,286
Vehicles		27,023	27,023
Software		27,110	27,110
		1,479,301	1,431,368
Less accumulated depreciation		(997,507)	(988,549)
	•		_
Property and equipment, net	\$	481,794	\$ 442,819

Depreciation expense for the years ended December 31, 2019 and 2018 was \$46,774 and \$77,555, respectively.

#### **Note 6: NET ASSETS**

A summary of net assets without donor restrictions follows:

December 31,	2019	2018
Undesignated	\$ 3,845,140	\$ 3,013,122
A summary of net assets with donor restrictions follows:		
December 31,	2019	2018
Purpose restricted Future leasehold improvements/childcare program Childcare expenses Social services expenses Total agency/salary bonus	\$ - 155,734 80,450 60,865	\$ 150,000 163,766 28,150
Total net assets with donor restrictions	\$ 297,049	\$ 341,916
A summary of net assets released from restrictions are as follows:		
For the year ended December 31,	2019	2018
Satisfaction of purpose restrictions	\$ 598,266	\$ 364,213

### Atlanta Children's Shelter, Inc. Notes to Financial Statements

#### **Note 7: FAIR VALUE MEASUREMENTS**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets'
- Inputs, other than quoted prices, that are:
  - Observable; or
  - Can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018. All have been valued using Level 1 inputs.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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 SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

#### Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2019, there were no significant transfers in or out of Levels 1, 2 or 3.

### Atlanta Children's Shelter, Inc. Notes to Financial Statements

#### **Note 8: CONCENTRATIONS OF CREDIT RISK**

The Organization has cash deposits with a financial institution which fluctuate from time to time in excess of federally insured limits. Cash and cash equivalents in excess of the federally insured limits totaled approximately \$921,400 and \$717,200 at December 31, 2019 and 2018, respectively. If this financial institution were not to honor its contractual liability, the Organization could incur losses. Management is of the opinion that there is no risk of loss because of the financial strength of the financial institution.

During 2019 and 2018, support revenue from one contributor amounted to approximately 11% of total support.

#### **Note 9: IN KIND DONATIONS**

The Organization operates in leased facilities that are under lease until November 13, 2021.

The landlord is providing these facilities without charge. These financial statements have reported an in-kind donation and in-kind rent expense of \$113,940 for the years ended 2019 and 2018. As a condition of the lease, the landlord designates three members of the Organization's Board.

Donations of goods are recorded as support at their estimated fair value at the time of donation. Unless specified otherwise by the donor, these donations are reported as unrestricted in the statement of activities. During the year ended December 31, 2019 and 2018, the Organization recognized donations of goods of approximately \$70,000 and \$57,600, respectively.

#### Note 10: 403(b) TAX SHELTERED ANNUITY

The Organization maintains a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code (the Plan). Employees become eligible to participate in the Plan on the first day of the month after they are hired. Participants can defer up to 10% of their salary, on which the Organization can elect on an annual basis to match up to 3% for all employees. All full-time employees are eligible to enroll in the Plan. Employees are fully vested and eligible for employer match only after one year of service in which at least 1,000 hours are served. Contributions to the Plan are made by employees through salary deferral. During the years ended December 31, 2019 and 2018, the Organization made matching contributions of \$9,668 and \$8,703, respectively.

#### **Note 11: SUBSEQUENT EVENTS**

Management evaluated all events and transactions that occurred after December 31, 2019 through May 27, 2020, the date the Organization's financial statements were available to be issued. The following items occurred:

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

### Atlanta Children's Shelter, Inc. Notes to Financial Statements

#### **Note 11: SUBSEQUENT EVENTS (Continued)**

During March 2020, the United States' Congress passed the Coronavirus Aid, Relief and Economic (CARES) Act of 2020 which was designed to address the fallout from the previously mentioned COVID-19 pandemic. The CARES Act promulgated several programs, one of which was the Payroll Protection Program (PPP) through which eligible businesses could apply for a forgivable loan intended to pay for up to eight weeks of a business's payroll costs, employee benefits, rent, utilities and mortgage interest, limited to certain restrictions. In April 2020, the Organization applied for a loan with a participating lender under the PPP program totaling approximately \$161,000. The Organization received the requested funding in May 2020. The Organization is currently in the eight week measurement period that will determine the amount of the loan proceeds that may ultimately be granted (forgiven) by the Small Business Administration. The Organization estimates that they will be able to use substantially all of the loan proceeds for qualified expenses and therefore anticipates full forgiveness. In the event that the proceeds are not fully spent during the measurement period on qualified expenses, the Organization plans to either return the non-granted portion of the proceeds immediately or to repay them within a two year period of time following that determination, with interest at 1%.