

VISALIA EMERGENCY AID COUNCIL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Visalia Emergency Aid Council, Inc.
Visalia, California

We have reviewed the accompanying financial statements of Visalia Emergency Aid Council, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, except for the issues noted in the Known Departures From Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departures From Accounting Principles Generally Accepted in the United States of America

As disclosed in Note 1 to the financial statements, the Organization receives contributions of clothing and household goods to be sold in the Organization's thrift store. Accounting principles generally accepted in the United States of America require that inventory on hand be accounted for on the statement of financial position. Management has informed us that such inventory on hand is not included on the accompanying statement of financial position at year-end. Management has not determined the effect of this departure from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows.

For the years ended June 30, 2022 and 2021 the Organization has not included a description of the the Organization's endowment investment policies required by ASC 958-205-50-1B. Management has not determined the effect of this departure from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows.

Pine, Pedroncelli & Aguilera, Inc
Visalia, California
November 16, 2022

**VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 539,421	\$ 457,054
Prepaid Expenses	27,539	10,665
Investments	3,160	5,665
Total Current Assets	570,120	473,384
PROPERTY AND EQUIPMENT, NET	1,034,418	1,087,456
OTHER ASSETS		
Restricted Investments - Endowments	50,000	50,000
TOTAL ASSETS	\$ 1,654,538	\$ 1,610,840

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

LIABILITIES AND NET ASSETS	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 34,495	\$ 10,591
Accrued Payroll	10,694	9,056
Compensated Absences	8,519	11,740
Unearned Revenue	69,134	71,280
Note Payable, Current Portion	<u>18,566</u>	<u>17,605</u>
Total Current Liabilities	141,408	120,272
LONG TERM LIABILITIES		
Note Payable, Net of Current Portion	<u>366,321</u>	<u>445,695</u>
TOTAL LIABILITIES	<u>507,729</u>	<u>565,967</u>
NET ASSETS		
Without Donor Restrictions		
Unrestricted, Undesignated	1,052,685	989,074
With Donor Restrictions		
Purpose Restricted	44,124	5,799
Perpetual In Nature	<u>50,000</u>	<u>50,000</u>
TOTAL NET ASSETS	<u>1,146,809</u>	<u>1,044,873</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,654,538</u>	<u>\$ 1,610,840</u>

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUES, AND RECLASSIFICATIONS						
Contributions of Cash	\$ 141,995	\$ 28,800	\$ 170,795	\$ 153,892	\$ 4,400	\$ 158,292
Contributions of Nonfinancial Assets	787,778	-	787,778	858,725	-	858,725
Thrift Store Sales	522,376	-	522,376	476,756	-	476,756
Grant Income	-	61,396	61,396	70,546	-	70,546
Fundraising	329,931	-	329,931	271,002	-	271,002
SBA Paycheck Protection Program Loan Forgiveness	-	-	-	80,565	-	80,565
Interest and Dividend Income	-	666	666	-	887	887
Realized Gain on Sale of Asset	1,200	-	1,200	-	-	-
Realized Loss on Sale of Investments	-	(2)	(2)	-	-	-
Unrealized Gain (Loss) on Investments	-	(3,169)	(3,169)	-	676	676
TOTAL SUPPORT AND REVENUE	1,783,280	87,691	1,870,971	1,911,486	5,963	1,917,449
Net Assets Released from Restrictions	49,366	(49,366)	-	7,574	(7,574)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	1,832,646	38,325	1,870,971	1,919,060	(1,611)	1,917,449

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES						
Program Expenses	\$ 1,541,288	\$ -	\$ 1,541,288	\$ 1,502,409	\$ -	\$ 1,502,409
Support Services:						
Management and General	68,459	-	68,459	113,034	-	113,034
Fundraising	159,288	-	159,288	110,750	-	110,750
TOTAL EXPENSES	<u>1,769,035</u>	<u>-</u>	<u>1,769,035</u>	<u>1,726,193</u>	<u>-</u>	<u>1,726,193</u>
CHANGE IN NET ASSETS	63,611	38,325	101,936	192,867	(1,611)	191,256
NET ASSETS, Beginning of the Period	<u>989,074</u>	<u>55,799</u>	<u>1,044,873</u>	<u>796,207</u>	<u>57,410</u>	<u>853,617</u>
NET ASSETS, End of the Period	<u>\$ 1,052,685</u>	<u>\$ 94,124</u>	<u>\$ 1,146,809</u>	<u>\$ 989,074</u>	<u>\$ 55,799</u>	<u>\$ 1,044,873</u>

See accompanying notes and independent accountant's review report.

**VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services			Support Services			Total
	Social and Community Services	Thrift Shop	Sub Total	Management and General	Fundraising	Sub Total	
Salaries and Related Expenses	\$ 157,880	\$ 297,631	\$ 455,511	\$ 37,391	\$ 63,545	\$ 100,936	\$ 556,447
Pension	410	2,817	3,227	1,902	1,623	3,525	6,752
Utilities	14,084	28,247	42,331	7,506	5,533	13,039	55,370
Direct Client Assistance	868,141		868,141			-	868,141
Fundraising Expense	-	-	-	-	73,767	73,767	73,767
Contract Services	2,144	4,108	6,252	2,312	834	3,146	9,398
Legal and Accounting	1,679	1,634	3,313	800	800	1,600	4,913
Insurance	5,472	6,469	11,941	7,990	3,419	11,409	23,350
Advertising	179	155	334	-	511	511	845
Office Expense	4,796	4,026	8,822	6,520	4,983	11,503	20,325
Supplies	3,634	6,093	9,727	30	297	327	10,054
Vehicle Expense	6,818	10,366	17,184	130	992	1,122	18,306
Repairs and Maintenance	5,178	5,612	10,790	34	98	132	10,922
Bank Charges	388	8,266	8,654	1,402	1,647	3,049	11,703
Volunteer and Training Expense	477	332	809	2,250	1,239	3,489	4,298
Taxes and Fees	62	859	921	192	-	192	1,113
Miscellaneous Expense	-	807	807	-	-	-	807
Interest Expense	-	23,215	23,215	-	-	-	23,215
Depreciation	38,074	31,235	69,309	-	-	-	69,309
TOTAL EXPENSES	\$ 1,109,416	\$ 431,872	\$ 1,541,288	\$ 68,459	\$ 159,288	\$ 227,747	\$ 1,769,035

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services			Support Services			Total
	Social and Community Services	Thrift Shops	Sub Total	Management and General	Fundraising	Sub Total	
Salaries and Related Expenses	\$ 73,367	\$ 273,955	\$ 347,322	\$ 86,405	\$ 55,385	\$ 141,790	\$ 489,112
Pension	1,130	4,219	5,349	1,356	829	2,185	7,534
Utilities	16,512	27,279	43,791	5,315	550	5,865	49,656
Direct Client Assistance	935,523	-	935,523	-	-	-	935,523
Fundraising Expense	-	-	-	-	43,551	43,551	43,551
Contract Services	1,491	4,154	5,645	1,636	673	2,309	7,954
Legal and Accounting	2,088	1,988	4,076	1,071	1,038	2,109	6,185
Insurance	6,371	6,766	13,137	7,296	2,979	10,275	23,412
Advertising	20	1,948	1,968	-	423	423	2,391
Office Expense	5,152	2,733	7,885	6,148	2,826	8,974	16,859
Supplies	1,869	2,949	4,818	-	-	-	4,818
Vehicle Expense	6,033	6,549	12,582	44	239	283	12,865
Repairs and Maintenance	800	8,746	9,546	2,452	415	2,867	12,413
Bank Charges	194	7,436	7,630	521	1,419	1,940	9,570
Volunteer and Training Expense	3,362	175	3,537	486	423	909	4,446
Taxes and Fees	-	2,587	2,587	185	-	185	2,772
Miscellaneous Expense	-	-	-	119	-	119	119
Interest Expense	-	25,112	25,112	-	-	-	25,112
Depreciation	40,265	31,636	71,901	-	-	-	71,901
TOTAL EXPENSES	\$ 1,094,177	\$ 408,232	\$ 1,502,409	\$ 113,034	\$ 110,750	\$ 223,784	\$ 1,726,193

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 101,936	\$ 191,256
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	69,309	71,901
Unrealized (Gain) Loss on Investments	3,169	(676)
(Increase) Decrease in Operating Assets:		
Prepaid Expenses	(16,874)	(929)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	23,904	1,479
Accrued Payroll	1,638	(9,532)
Compensated Absences	(3,221)	(2,526)
Unearned Revenue	(2,146)	10,204
	177,715	261,177
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Property and Equipment	(16,271)	(69,651)
Acquisition of Investments	(666)	(887)
Proceeds from Sale of Investments	2	-
	(16,935)	(70,538)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Notes Payable	(78,413)	(97,167)
	(78,413)	(97,167)
Net Increase in Cash	82,367	93,472
Cash - Beginning of Period	457,054	363,582
CASH - END OF PERIOD	\$ 539,421	\$ 457,054

See accompanying notes and independent accountant's review report.

**VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Non-Cash Financing Activity:		
Cost of Property and Equipment Acquisitions	\$ <u>16,271</u>	\$ <u>69,651</u>
Net Cash Paid for Property and Equipment	\$ <u>16,271</u>	\$ <u>69,651</u>
Interest Paid	\$ <u>23,215</u>	\$ <u>25,112</u>

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies

Nature of Activities

In 1930 the Visalia Relief Council was founded through the efforts of the Associated Charities organization. The Council was formed to coordinate charity works so that duplication of efforts was minimized. In 1956, the name was changed to Visalia Community Council and in September 1970 incorporated. In 1979, the name was changed to Visalia Emergency Aid Council, Inc. (the Organization) to better reflect the purpose of the Organization. The Organization conducts its affairs under management of an elected Board of Directors, a salaried executive director, and various paid staff and unpaid volunteers.

Sources of revenue include government programs, merchandise sales, various fundraising events and contributions

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The amount on deposit exceeded the \$250,000 insured limit per account by approximately \$311,502 and \$228,032 at June 30, 2022 and 2021, respectively.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions:

Purpose/Time Restricted - Net asset subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When restriction expires, 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.

Perpetual - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest and dividends is recorded when earned.

Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - 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 for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Buildings, improvements, vehicles, office equipment and office furniture are valued at cost when purchased or fair market value at the time of the gift less allowance for depreciation computed by the use of the straight-line method of depreciation over the estimated useful lives of the assets. The following estimated useful lives are used depending on the type of asset:

Buildings and Improvements
Office Furniture and Equipment
Automotive Equipment
Thrift Store Equipment

Improvements are capitalized, while expenditures for maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

Depreciation expense for the years ended June 30, 2022 and 2021 was \$69,309 and \$71,901, respectively.

Use of Estimates

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

Support and Restrictions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions. Donations of cash are reported as restricted support if they are received with donor stipulations that limit the use of the donated asset. 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.

VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of in-kind contributions reflected at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donations of food and children's toys which were valued at \$787,778 and \$858,725 during the years ended June 30, 2022 and 2021, respectively. This amount has been reported as both in-kind contribution revenue on the statement of activities and direct client assistance on the statement of functional expenses. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organizations programs and fundraising campaigns but which do not meet the criteria for financial statement recognition.

Income Taxes

Visalia Emergency Aid Council, Inc. has received an exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, the Organization has made no provision for income taxes in the accompanying financial statements.

Functional Expenses

The statement of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include:

Payroll Expenses - All employee payroll or related taxes are posted to designated classes such as Thrift Shops, Pantry, Fundraising Management/General. The Executive Director and Administrative Assistant's payroll and related taxes are divided at 25% for each class.

Utility Expenses - Utility expenses for the building are allocated based on square footage of the building, resulting in a 25% allocation to Management/General and 75% to Pantry.

Insurance and other shared bills are allocated based on management's estimate between the programs and management/general.

Advertising

The Organization uses advertising to promote its programs among the population it serves. All advertising is non-direct advertising and is expensed as incurred. During the years ended June 30, 2022 and 2021, advertising expense totaled \$845 and \$2,391, respectively.

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

1. Summary of Significant Accounting Policies (Continued)

Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 16, 2022 and the date the financial statements were available to be issued.

2. Investments

The following is a summary of investments at June 30,:

	2022	2021
Fixed Income	\$ <u>53,160</u>	\$ <u>55,665</u>
	\$ <u><u>53,160</u></u>	\$ <u><u>55,665</u></u>

As of June 30, 2022 and 2021, all investments were considered Level 1 investments.

3. Property and Equipment

Property and equipment consisted of the following:

	Balance 6/30/21	Additions	Deletions	Balance 6/30/22
Land	\$ 126,000	\$ -	\$ -	\$ 126,000
Buildings and Improvements	1,579,665	-	-	1,579,665
Office Furniture and Equipment	69,650	-	-	69,650
Automotive Equipment	106,821	-	4,000	102,821
Thrift Store Equipment	10,770	16,271	-	27,041
	<u>1,892,906</u>	<u>\$ 16,271</u>	<u>\$ 4,000</u>	<u>1,905,177</u>
Total Assets	1,892,906	\$ <u>16,271</u>	\$ <u>4,000</u>	1,905,177
Accumulated Depreciation	805,450	\$ <u>69,309</u>	\$ <u>4,000</u>	<u>870,759</u>
	<u>\$ 1,087,456</u>			<u>\$ 1,034,418</u>

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

4. Compensated Absences

Regular full-time and regular part-time employees who have been continuously employed are allowed to accrue a total of one year's worth of vacation time based on length of employment plus 40 hours. Annual leave is paid to employees upon termination of employment and is accrued in the financial statements. Accrued compensated absences as of June 30, 2022 and 2021 was \$8,519 and \$11,740, respectively.

5. SBA Paycheck Protection Program Loan

On May 6, 2020, Visalia Emergency Aid Council, Inc. was granted a loan (the "loan") from Bank of the West in the amount of \$80,565, pursuant to the U.S. Small Business Administration (the "SBA") Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The SBA PPP Loan, which was in the form of a note dated May 7, 2020 issued by Bank of the West, maturing on May 6, 2022 and bearing interest at a rate of 1% per annum, payable monthly commencing on November 6, 2020. The note may be prepaid at any time prior to the maturity with no prepayment penalties. Under the terms of the PPP, certain amounts may be forgiven if they are used for qualifying expenses as described in the CARES Act. Visalia Emergency Aid Council, Inc. utilized the entire loan amount for qualifying expenses prior to the date the first payment was due. The loan was forgiven on June 18, 2021.

6. Note Payable

Long-term debt consisted of the following at June 30,:

	<u>2022</u>	<u>2021</u>
Note Payable to Bank of the West payable in monthly installments of \$3,479, including interest at 4.93% through August 2028, secured by deed of property.	\$ 384,887	\$ 463,300
Less Current Portion	<u>18,566</u>	<u>17,605</u>
Long-Term Portion	<u>\$ 366,321</u>	<u>\$ 445,695</u>

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

6. Note Payable (Continued)

Maturities of long-term debt as of June 30, 2022 are as follows:

Year Ended June 30,	
2023	\$ 18,566
2024	19,517
2025	20,643
2026	21,769
2027	22,957
2028 and Thereafter	<u>281,435</u>
	<u>\$ 384,887</u>

7. Net Assets with Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject To Expenditures For Specific Purposes:		
Food distribution for the elderly	\$ 44,124	\$ 5,799
Subject To Spending Policy And Appropriation:		
Investment In perpetuity for which earnings are expendable to support the Organization's mission	<u>50,000</u>	<u>50,000</u>
	<u>\$ 94,124</u>	<u>\$ 55,799</u>

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

8. Endowment Net Assets

Changes in endowment net assets with donor restrictions for the years ended June 30,:

	2022	2021
Endowment net assets, beginning of year	\$ 50,000	\$ 50,000
Investment Return - investment income and net appreciation	664	1,563
Appropriation of endowment assets for expenditure	(664)	(1,563)
Endowment net assets, end of year	\$ 50,000	\$ 50,000

In accordance with the instructions from the Estate of Maxine Wyeth Hadley, the principal distribution of \$50,000 must be held in perpetuity with the income therefrom to be used for the charitable purposes of the Organization.

9. Simple IRA Retirement Plan

All eligible employees are covered by the Organization's SIMPLE IRA plan to which the Organization matches the first 3% of the employees' contribution. The related pension expense for the years ended June 30, 2022 and 2021 was \$6,752 and \$7,534, respectively.

10. Operating Leases

The Organization leases office equipment under a long-term operating lease which expires February 10, 2025. For the years ended June 30, 2022 and 2021, lease expense was \$2,129 each year.

Future obligations over the lease terms of the Organization's long-term lease as of June 30, 2022 were as follows:

Year Ended June 30,	
2023	\$ 1,704
2024	1,704
2025	1,136
2026	-
2027 and Thereafter	-
Total Minimum Lease Payments	\$ 4,544

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11. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

	2022	2021
Financial assets at year-end:		
Cash	\$ 539,421	\$ 457,054
Investments	53,160	55,665
Less those unavailable for general expenditure within one year due to:		
Investments held in annuity trust	(50,000)	(50,000)
Restricted by donor with purpose restrictions	(44,124)	(5,799)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 498,457	 \$ 456,920

The Organization's policy is to maintain financial assets to meet three months of general operations.

12. Reclassifications

Certain reclassifications have been made to the prior period's financial statements in order to conform them to the classifications used for the current year. These reclassifications had no effect on reported change in net assets.