

VISALIA EMERGENCY AID COUNCIL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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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, 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. 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, 2020 and 2019 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 & Aguayo, Inc

Visalia, California
September 21, 2020

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 363,582	\$ 60,831
Prepaid Expenses	9,736	11,787
Investments	54,102	62,752
Total Current Assets	427,420	135,370
PROPERTY AND EQUIPMENT, NET	1,089,706	1,102,761
TOTAL ASSETS	\$ 1,517,126	\$ 1,238,131
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 9,112	\$ 11,890
Accrued Payroll	18,588	22,197
Compensated Absences	14,266	10,365
Deferred Revenue	61,076	9,500
Note Payable, Current Portion	17,503	15,671
Total Current Liabilities	120,545	69,623
LONG TERM LIABILITIES		
SBA Paycheck Protection Program Loan	80,565	-
Note Payable, Net of Current Portion	462,399	479,906
TOTAL LIABILITIES	663,509	549,529
NET ASSETS		
Without Donor Restrictions		
Unrestricted, Undesignated	796,207	637,812
With Donor Restrictions		
Purpose Restricted	7,410	790
Time Restricted	50,000	50,000
TOTAL NET ASSETS	853,617	688,602
TOTAL LIABILITIES AND NET ASSETS	\$ 1,517,126	\$ 1,238,131

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Unrestricted	With Donor Restrictions	Total	Unrestricted	With Donor Restrictions	Total
SUPPORT, REVENUES, AND RECLASSIFICATIONS						
Contributions	\$ 237,240	\$ 13,300	\$ 250,540	\$ 115,629	\$ 63,370	\$ 178,999
In-Kind Donations	747,577	-	747,577	771,280	-	771,280
Thrift Store Sales	334,452	-	334,452	407,351	-	407,351
Grant Income	69,674	-	69,674	-	-	-
Fundraising	302,436	-	302,436	321,642	-	321,642
Interest and Dividend Income	1	1,122	1,123	22	907	929
Realized Gain (Loss) on Sale of Investments	-	1,103	1,103	-	(4)	(4)
Unrealized Gain (Loss) on Investments	-	(110)	(110)	-	1,945	1,945
TOTAL SUPPORT AND REVENUE	1,691,380	15,415	1,706,795	1,615,924	66,218	1,682,142
Net Assets Released from Restrictions	8,795	(8,795)	-	98,555	(98,555)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	1,700,175	6,620	1,706,795	1,714,479	(32,337)	1,682,142

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Unrestricted	With Donor Restrictions	Total	Unrestricted	With Donor Restrictions	Total
EXPENSES						
Program Expenses	\$ 1,309,380	\$ -	\$ 1,309,380	\$ 1,402,744	\$ -	\$ 1,402,744
Support Services:						
Management and General	48,136	-	48,136	55,520	-	55,520
Fundraising	184,264	-	184,264	194,381	-	194,381
TOTAL EXPENSES	<u>1,541,780</u>	<u>-</u>	<u>1,541,780</u>	<u>1,652,645</u>	<u>-</u>	<u>1,652,645</u>
CHANGE IN NET ASSETS	158,395	6,620	165,015	61,834	(32,337)	29,497
NET ASSETS, Beginning of the Period	<u>637,812</u>	<u>50,790</u>	<u>688,602</u>	<u>575,978</u>	<u>83,127</u>	<u>659,105</u>
NET ASSETS, End of the Period	<u>\$ 796,207</u>	<u>\$ 57,410</u>	<u>\$ 853,617</u>	<u>\$ 637,812</u>	<u>\$ 50,790</u>	<u>\$ 688,602</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, 2020**

	Program Services			Support Services			Total
	Social and Community Services	Thrift Shop	Sub Total	Management and General	Fundraising	Sub Total	
Salaries and Related Expenses	\$ 77,481	\$ 224,493	\$ 301,974	\$ 26,334	\$ 75,529	\$ 101,863	\$ 403,837
Utilities	16,481	25,601	42,082	5,899	1,112	7,011	49,093
Direct Client Assistance	811,033	-	811,033	-	-	-	811,033
Fundraising Expense	-	-	-	-	94,292	94,292	94,292
Contract Services	1,823	3,634	5,457	1,740	1,061	2,801	8,258
Legal and Accounting	800	800	1,600	3,080	800	3,880	5,480
Insurance	5,524	10,017	15,541	7,072	3,618	10,690	26,231
Advertising	49	2,009	2,058	492	569	1,061	3,119
Office Expense	4,956	2,913	7,869	2,277	3,561	5,838	13,707
Supplies	804	3,308	4,112	132	128	260	4,372
Vehicle Expense	2,061	6,667	8,728	100	266	366	9,094
Repairs and Maintenance	3,366	5,596	8,962	-	95	95	9,057
Bank Charges	707	5,430	6,137	419	1,594	2,013	8,150
Volunteer and Training Expense	2,235	134	2,369	441	704	1,145	3,514
Taxes and Fees	65	288	353	150	180	330	683
Miscellaneous Expense	155	870	1,025	-	755	755	1,780
Interest Expense	-	27,053	27,053	-	-	-	27,053
Depreciation	34,110	28,917	63,027	-	-	-	63,027
TOTAL EXPENSES	\$ 961,650	\$ 347,730	\$ 1,309,380	\$ 48,136	\$ 184,264	\$ 232,400	\$ 1,541,780

See accompanying notes and independent accountant's review report.

**VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services			Support Services			Total
	Social and Community Services	Thrift Shops	Sub Total	Management and General	Fundraising	Sub Total	
Salaries and Related Expenses	\$ 106,122	\$ 283,626	\$ 389,748	\$ 30,011	\$ 79,193	\$ 109,204	\$ 498,952
Utilities	13,060	23,996	37,056	4,582	1,003	5,585	42,641
Direct Client Assistance	796,800	-	796,800	-	-	-	796,800
Fundraising Expense	3,913	3,952	7,865	-	102,204	102,204	110,069
Contract Services	2,418	3,844	6,262	3,016	109	3,125	9,387
Legal and Accounting	800	800	1,600	800	800	1,600	3,200
Insurance	4,527	9,309	13,836	7,408	3,366	10,774	24,610
Advertising	2,707	3,279	5,986	1,022	882	1,904	7,890
Office Expense	6,245	2,604	8,849	5,283	3,822	9,105	17,954
Supplies	1,219	2,644	3,863	701	300	1,001	4,864
Vehicle Expense	2,723	10,970	13,693	-	454	454	14,147
Repairs and Maintenance	21,058	13,238	34,296	-	-	-	34,296
Bank Charges	444	6,326	6,770	1,268	1,709	2,977	9,747
Volunteer and Training Expense	1,119	-	1,119	1,256	196	1,452	2,571
Taxes and Fees	31	53	84	173	-	173	257
Miscellaneous Expense	222	186	408	-	343	343	751
Interest Expense	-	25,884	25,884	-	-	-	25,884
Depreciation	12,003	36,622	48,625	-	-	-	48,625
TOTAL EXPENSES	\$ 975,411	\$ 427,333	\$ 1,402,744	\$ 55,520	\$ 194,381	\$ 249,901	\$ 1,652,645

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 165,015	\$ 29,497
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	63,027	48,625
Unrealized (Gain) Loss on Investments	110	(1,945)
(Increase) Decrease in Operating Assets:		
Prepaid Expenses	2,051	14,951
Restricted Cash	-	32,337
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(2,777)	(16,930)
Accrued Payroll	(3,609)	2,160
Sales Tax Payable	-	(2,177)
Compensated Absence	3,901	5,123
Accrued Expenses	-	(1,011)
Deferred Revenue	51,576	(26,000)
	279,294	84,630
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Property and Equipment	(49,972)	(446,179)
Acquisition of Investments	(1,122)	(9,536)
Proceeds from Sale of Investments	9,661	120
	(41,433)	(455,595)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Borrowing	80,565	-
Payments on Notes Payable	(15,675)	(19,756)
	64,890	(19,756)
Net Increase (Decrease) in Cash	302,751	(390,721)
Cash - Beginning of Period	60,831	451,552
CASH - END OF PERIOD	\$ 363,582	\$ 60,831

See accompanying notes and independent accountant's review report.

**VISALIA EMERGENCY AID COUNCIL, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Non-Cash Financing Activity:		
Cost of Property and Equipment Acquisitions	\$ 49,972	\$ 446,179
Less Financed Acquisitions	-	-
Net Cash Paid for Property and Equipment	\$ 49,972	\$ 446,179
Interest Paid	\$ 27,053	\$ 25,884

See accompanying notes and independent accountant's review report.

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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.

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.

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. For the years ended June 30, 2020 and 2019, the Organization did not maintain any balances that were considered 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 \$114,767 and \$-0- at June 30, 2020 and 2019, 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.

VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

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, 2020 and 2019, advertising expense totaled \$3,119 and \$7,890, respectively.

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, 2020 AND 2019**

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, 2020 and 2019 was \$63,027 and \$48,625, respectively.

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, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions 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 \$747,577 and \$771,280 during the years ended June 30, 2020 and 2019, 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.

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 and related taxes are posted to designated classes such as Thrift Store, Pantry or Fundraising. The Executive Director and Administrative Assistant's payroll and related taxes are divided 4 ways and posted to each class.

Utility Expenses - All bills for the Thrift Store are posted to the Thrift Store program. 25% of the utility costs related to the Pantry are allocated to administration and 75% to the Pantry and is based on square footage

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

Recent Accounting Pronouncements Adopted

During the year ended June 30, 2020, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958) - *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. There was no effect for the years ended June 30, 2020 or 2019.

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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 September 21, 2020 and the date the financial statements were available to be issued.

2. Investments

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

	2020		2019
Equities	\$ -		\$ 9,650
Fixed Income	54,102		53,102
	\$ 54,102		\$ 62,752

As of June 30, 2020 and 2019, all investments were considered Level 1 investments.

3. Property and Equipment

Property and equipment consisted of the following:

	Balance 6/30/19	Additions	Deletions		Balance 6/30/20
Land	\$ 126,000	\$ -	\$ -		\$ 126,000
Buildings and Improvements	1,493,663	49,972	-		1,543,635
Office Furniture and Equipment	69,650	-	-		69,650
Automotive Equipment	113,544	-	40,344		73,200
Thrift Store Equipment	10,770	-	-		10,770
Total Assets	1,813,627	\$ 49,972	\$ 40,344		1,823,255
Accumulated Depreciation	710,866	\$ 63,027	\$ 40,344		733,549
	\$ 1,102,761				\$ 1,089,706

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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, 2020 and 2019 was \$14,266 and \$10,365, 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, matures on May 6, 2022 and bears 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. intends to use the entire loan amount for qualifying expenses prior to the date the first payment is due.

6. Note Payable

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

	<u>2020</u>	<u>2019</u>
Note Payable to Bank of the West payable in monthly installments of \$3,479, including interest at 5.25% through April 2038, secured by deed of property.	\$ 479,902	\$ 495,577
Less Current Portion	<u>17,503</u>	<u>15,671</u>
Long-Term Portion	<u>\$ 462,399</u>	<u>\$ 479,906</u>

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

6. Note Payable (Continued)

Maturities of long-term debt are as follows:

Year Ended June 30,		
2021	\$	17,503
2022		16,797
2023		18,566
2024		19,517
2025		20,643
2026 and Thereafter		386,876
	\$	479,902

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2020	2019
Subject To Expenditures For Specific Purposes:		
Food distribution for the elderly	\$ 2,410	\$ 790
Food distribution to the public in general	5,000	-
	7,410	790
Subject To Spending Policy And Appropriation:		
Investment In perpetuity for which earnings are expendable to support the Organization's mission	50,000	50,000
	\$ 57,410	\$ 50,790

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

8. Endowment Net Assets

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

	2020	2019
Endowment net assets, beginning of year	\$ 50,000	\$ 51,433
Investment Return - investment income and net appreciation	2,115	2,848
Appropriation of endowment assets for expenditure	(2,115)	(4,281)
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, 2020 and 2019 was \$-0- for both years.

10. Operating Leases

The Organization leases office equipment under long-term operating leases which expire at various times. For the years ended June 30, 2020 and 2019, lease expense was \$2,483 and \$2,008, respectively.

Future obligations over the lease terms of the Organization's long-term lease as of June 30, 2020 were as follows:

Year Ended June 30,	
2021	\$ 1,704
2022	1,704
2023	1,704
2024	1,704
2025 and Thereafter	1,136
Total Minimum Lease Payments	\$ 7,952

VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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.

	2020	2019
Financial assets at year-end:		
Cash	\$ 363,582	\$ 60,831
Investments	54,102	62,752
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	(7,410)	(790)
Financial assets available to meet cash needs for general expenditures within one year	\$ 360,274	\$ 72,793

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