

VISALIA EMERGENCY AID COUNCIL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020 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.

Emphasis of a Matter - Recent Accounting Pronouncement Adopted

As discussed in Note 1 to the financial statements, during the year ended June 30, 2021, Visalia Emergency Aid Council, Inc. adopted the provisions of Accounting Standards Update (ASU) No. 2014-09, *Not-for-Profit Entities (Topic 606) - Revenue from Contracts with Customers*.



Visalia, California
November 22, 2021

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 457,054	\$ 363,582
Prepaid Expenses	10,665	9,736
Investments	55,665	54,102
Total Current Assets	523,384	427,420
PROPERTY AND EQUIPMENT, NET	1,087,456	1,089,706
TOTAL ASSETS	\$ 1,610,840	\$ 1,517,126
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 10,591	\$ 9,112
Accrued Payroll	9,056	18,588
Compensated Absences	11,740	14,266
Unearned Revenue	71,280	61,076
Note Payable, Current Portion	17,605	17,503
Total Current Liabilities	120,272	120,545
LONG TERM LIABILITIES		
SBA Paycheck Protection Program Loan	-	80,565
Note Payable, Net of Current Portion	445,695	462,399
TOTAL LIABILITIES	565,967	663,509
NET ASSETS		
Without Donor Restrictions		
Unrestricted, Undesignated	989,074	796,207
With Donor Restrictions		
Purpose Restricted	5,799	7,410
Time Restricted	50,000	50,000
TOTAL NET ASSETS	1,044,873	853,617
TOTAL LIABILITIES AND NET ASSETS	\$ 1,610,840	\$ 1,517,126

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Unrestricted	With Donor Restrictions	Total	Unrestricted	With Donor Restrictions	Total
SUPPORT, REVENUES, AND RECLASSIFICATIONS						
Contributions	\$ 153,892	\$ 4,400	\$ 158,292	\$ 237,240	\$ 13,300	\$ 250,540
In-Kind Donations	858,725	-	858,725	747,577	-	747,577
Thrift Store Sales	476,756	-	476,756	334,452	-	334,452
Grant Income	70,546	-	70,546	69,674	-	69,674
Fundraising	271,002	-	271,002	302,436	-	302,436
SBA Paycheck Protection Program Loan Forgiveness	80,565	-	80,565	-	-	-
Interest and Dividend Income	-	887	887	1	1,122	1,123
Realized Gain on Sale of Investments	-	-	-	-	1,103	1,103
Unrealized Gain (Loss) on Investments	-	676	676	-	(110)	(110)
TOTAL SUPPORT AND REVENUE	1,911,486	5,963	1,917,449	1,691,380	15,415	1,706,795
Net Assets Released from Restrictions	7,574	(7,574)	-	8,795	(8,795)	-
TOTAL SUPPORT, REVENUES, AND RECLASSIFICATIONS	1,919,060	(1,611)	1,917,449	1,700,175	6,620	1,706,795

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Unrestricted	With Donor Restrictions	Total	Unrestricted	With Donor Restrictions	Total
EXPENSES						
Program Expenses	\$ 1,502,409	\$ -	\$ 1,502,409	\$ 1,309,380	\$ -	\$ 1,309,380
Support Services:						
Management and General	113,034	-	113,034	48,136	-	48,136
Fundraising	110,750	-	110,750	184,264	-	184,264
TOTAL EXPENSES	<u>1,726,193</u>	<u>-</u>	<u>1,726,193</u>	<u>1,541,780</u>	<u>-</u>	<u>1,541,780</u>
CHANGE IN NET ASSETS	192,867	(1,611)	191,256	158,395	6,620	165,015
NET ASSETS, Beginning 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>
NET ASSETS, End 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>

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 Shop	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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>			<u>Support Services</u>			<u>Total</u>
	<u>Social and Community Services</u>	<u>Thrift Shops</u>	<u>Sub Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Sub Total</u>	
Salaries and Related Expenses	\$ 75,996	\$ 220,194	\$ 296,190	\$ 25,787	\$ 74,044	\$ 99,831	\$ 396,021
Pension	1,485	4,299	5,784	547	1,485	2,032	7,816
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 CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 191,256	\$ 165,015
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation	71,901	63,027
Unrealized (Gain) Loss on Investments	(676)	110
(Increase) Decrease in Operating Assets:		
Prepaid Expenses	(929)	2,051
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	1,479	(2,777)
Accrued Payroll	(9,532)	(3,609)
Compensated Absences	(2,526)	3,901
Unearned Revenue	10,204	51,576
	<u>261,177</u>	<u>279,294</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Property and Equipment	(69,651)	(49,972)
Acquisition of Investments	(887)	(1,122)
Proceeds from Sale of Investments	-	9,661
	<u>(70,538)</u>	<u>(41,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from SBA Paycheck Protection Program Loan	-	80,565
Payments on Notes Payable	(97,167)	(15,675)
	<u>(97,167)</u>	<u>64,890</u>
Net Increase in Cash	93,472	302,751
Cash - Beginning of Period	<u>363,582</u>	<u>60,831</u>
CASH - END OF PERIOD	<u>\$ 457,054</u>	<u>\$ 363,582</u>

See accompanying notes and independent accountant's review report.

**VISALIA EMERGENCY AID COUNCIL, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Non-Cash Financing Activity:		
Cost of Property and Equipment Acquisitions	\$ 69,651	\$ 49,972
Less Financed Acquisitions	<u>-</u>	<u>-</u>
Net Cash Paid for Property and Equipment	<u>\$ 69,651</u>	<u>\$ 49,972</u>
Interest Paid	<u>\$ 25,112</u>	<u>\$ 27,053</u>

See accompanying notes and independent accountant's review report.

VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 and 2020, 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 \$228,032 and \$114,767 at June 30, 2021 and 2020, 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, 2021 AND 2020

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, 2021 and 2020, advertising expense totaled \$2,391 and \$3,119, 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, 2021 AND 2020**

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, 2021 and 2020 was \$71,901 and \$63,027, 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, 2021 AND 2020

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 \$858,725 and \$747,577 during the years ended June 30, 2021 and 2020, 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 Pronouncement Adopted

During the year ended June 30, 2021, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2014-09, *Not-for-Profit Entities (Topic 606) - Revenue from Contracts with Customers* and all related amendments. This update eliminates the transaction and industry-specific revenue recognition guidance and replaces it with a principle-based approach for determining revenue recognition. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There was no effect on the financial statements for the years ending June 30, 2021 or 2020.

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 22, 2021 and the date the financial statements were available to be issued.

2. Investments

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

	2021	2020
Fixed Income	\$ <u>55,665</u>	\$ <u>54,102</u>
	\$ <u><u>55,665</u></u>	\$ <u><u>54,102</u></u>

As of June 30, 2021 and 2020, all investments were considered Level 1 investments.

3. Property and Equipment

Property and equipment consisted of the following:

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
Land	\$ 126,000	\$ -	\$ -	\$ 126,000
Buildings and Improvements	1,543,635	36,030	-	1,579,665
Office Furniture and Equipment	69,650	-	-	69,650
Automotive Equipment	73,200	33,621	-	106,821
Thrift Store Equipment	<u>10,770</u>	<u>-</u>	<u>-</u>	<u>10,770</u>
Total Assets	1,823,255	\$ <u><u>69,651</u></u>	\$ <u><u>-</u></u>	1,892,906
Accumulated Depreciation	<u>733,549</u>	\$ <u><u>71,901</u></u>	\$ <u><u>-</u></u>	<u>805,450</u>
	\$ <u><u>1,089,706</u></u>			\$ <u><u>1,087,456</u></u>

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, 2021 and 2020 was \$11,740 and \$14,266, 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. The loan was forgiven on June 18, 2021

6. Note Payable

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

	2021	2020
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.	\$ 463,300	\$ 479,902
Less Current Portion	17,605	17,503
Long-Term Portion	\$ 445,695	\$ 462,399

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

6. Note Payable (Continued)

Maturities of long-term debt are as follows:

Year Ended June 30,		
2022	\$	17,605
2023		18,566
2024		19,517
2025		20,643
2026		21,769
2026 and Thereafter		365,200
	\$	463,300

7. Net Assets with Donor Restrictions

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

	2021	2020
Subject To Expenditures For Specific Purposes:		
Food distribution for the elderly	\$ 5,799	\$ 2,410
Food distribution to the public in general	-	5,000
	5,799	7,410
Subject To Spending Policy And Appropriation:		
Investment In perpetuity for which earnings are expendable to support the Organization's mission	50,000	50,000
	\$ 55,799	\$ 57,410

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

8. Endowment Net Assets

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

	2021	2020
Endowment net assets, beginning of year	\$ 50,000	\$ 50,000
Investment Return - investment income and net appreciation	1,563	2,115
Appropriation of endowment assets for expenditure	(1,563)	(2,115)
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, 2021 and 2020 was \$7,534 and \$7,816, 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, 2021 and 2020, lease expense was \$2,129 and \$2,483, respectively.

Future obligations over the lease terms of the Organization's long-term lease as of June 30, 2021 were as follows:

Year Ended June 30,	
2022	\$ 1,704
2023	1,704
2024	1,704
2025	1,136
2026 and Thereafter	-
Total Minimum Lease Payments	\$ 6,248

**VISALIA EMERGENCY AID COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 457,054	\$ 363,582
Investments	55,665	54,102
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	<u>(5,799)</u>	<u>(7,410)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ <u>456,920</u>	 \$ <u>360,274</u>

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.