

INFANT CRISIS SERVICES, INC.

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
MARCH 31, 2021 AND 2020

TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT



INFANT CRISIS SERVICES, INC.
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March 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Infant Crisis Services, Inc.
Oklahoma City, OK 73105

We have audited the accompanying financial statements of Infant Crisis Services, Inc., (a nonprofit organization), which comprise the statements of financial position as of March 31, 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 organization'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 organization'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 Infant Crisis Services, Inc., as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HSPG & Associates, P.C.

July 15, 2021

HSPG & ASSOCIATES, PC

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INFANT CRISIS SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 2,334,986	\$ 699,377
Investments	2,316,230	2,480,904
Contributions receivable, net	427,270	543,254
Accrued interest receivable	1,700	4,212
Beneficial interest in assets held by others	110,486	84,095
Inventory	435,508	292,664
Prepaid expenses	58,524	53,268
Artwork	201,321	201,321
Property and equipment, net	6,412,938	6,677,629
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 12,298,963</u>	<u>\$ 11,036,724</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 162,150	\$ 44,933
Accrued compensation	60,070	65,594
Paycheck Protection Program forgivable loan	283,700	-
Capital lease liability	31,066	41,421
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>536,986</u>	<u>151,948</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	3,546,321	2,403,862
Designated by the Board for maintenance reserve	785,535	771,372
Designated by the Board for program reserve	250,618	285,000
Invested in property and equipment, net	6,412,938	6,677,629
With donor restrictions	766,565	746,913
	<u> </u>	<u> </u>
TOTAL NET ASSETS	<u>11,761,977</u>	<u>10,884,776</u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,298,963</u>	<u>\$ 11,036,724</u>

The accompanying notes are an integral part of these financial statements.

INFANT CRISIS SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021 (with comparative totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Comparative Total
REVENUE AND SUPPORT				
Contributions	\$ 2,087,918	\$ 3,950	\$ 2,091,868	\$ 2,044,358
Grants and sponsorships	474,350	-	474,350	487,007
Investment income, net	724,965	-	724,965	(121,185)
Special event revenues	425,448	179,169	604,617	1,073,330
Other income	-	-	-	177
Release from restrictions	163,467	(163,467)	-	-
Total revenue and support	<u>3,876,148</u>	<u>19,652</u>	<u>3,895,800</u>	<u>3,483,687</u>
EXPENSES				
Program services	2,560,055	-	2,560,055	3,081,640
Management and general	130,263	-	130,263	141,460
Cost of direct benefit to donors	18,785	-	18,785	252,148
Fundraising	309,496	-	309,496	353,144
Total expenses	<u>3,018,599</u>	<u>-</u>	<u>3,018,599</u>	<u>3,828,392</u>
Change in net assets	857,549	19,652	877,201	(344,705)
NET ASSETS, BEGINNING OF YEAR	10,137,863	746,913	10,884,776	11,229,481
NET ASSETS, END OF YEAR	<u>\$ 10,995,412</u>	<u>\$ 766,565</u>	<u>\$ 11,761,977</u>	<u>\$ 10,884,776</u>

The accompanying notes are an integral part of these financial statements.

INFANT CRISIS SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 1,812,337	\$ 232,021	\$ 2,044,358
Grants and sponsorships	366,757	120,250	487,007
Investment income, net	(121,185)	-	(121,185)
Special event revenues	1,073,330	-	1,073,330
Other income	177	-	177
Release from restrictions	297,950	(297,950)	-
	<u>3,429,366</u>	<u>54,321</u>	<u>3,483,687</u>
EXPENSES			
Program services	3,081,640	-	3,081,640
Management and general	141,460	-	141,460
Cost of direct benefit to donors	252,148	-	252,148
Fundraising	353,144	-	353,144
	<u>3,828,392</u>	<u>-</u>	<u>3,828,392</u>
Change in net assets	(399,026)	54,321	(344,705)
NET ASSETS, BEGINNING OF YEAR	10,536,889	692,592	11,229,481
NET ASSETS, END OF YEAR	<u>\$ 10,137,863</u>	<u>\$ 746,913</u>	<u>\$ 10,884,776</u>

The accompanying notes are an integral part of these financial statements.

INFANT CRISIS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

	Program Services	Management and General	Cost of Direct Benefit to Donors	Fundraising	Total
Salaries	\$ 862,581	\$ 78,416	\$ -	\$ 179,237	\$ 1,120,234
Benefits	88,866	8,078	-	18,465	115,409
Payroll taxes	70,402	6,400	-	14,629	91,431
	<u>1,021,849</u>	<u>92,894</u>	<u>-</u>	<u>212,331</u>	<u>1,327,074</u>
Essential program items	1,043,166	-	-	-	1,043,166
Professional fees	19,586	20,850	-	3,891	44,327
Supplies, printing and postage	15,218	2,656	-	39,501	57,375
Occupancy	58,075	1,166	-	1,165	60,406
Advertising, community awareness	30,869	-	-	27,254	58,123
Travel and local transportation	3,586	94	-	202	3,882
Insurance	40,019	2,570	-	1,595	44,184
Appreciation, gifts and awards	1,286	300	-	75	1,661
Conferences and meetings	3,773	1,057	-	144	4,974
Bad debts	-	-	-	15,663	15,663
Information technology	47,171	3,103	-	2,102	52,376
Special events	-	-	18,785	-	18,785
	<u>1,262,749</u>	<u>31,796</u>	<u>18,785</u>	<u>91,592</u>	<u>1,404,922</u>
Total expenses before depreciation	2,284,598	124,690	18,785	303,923	2,731,996
Depreciation	275,457	5,573	-	5,573	286,603
Total expenses	<u>\$ 2,560,055</u>	<u>\$ 130,263</u>	<u>\$ 18,785</u>	<u>\$ 309,496</u>	<u>\$ 3,018,599</u>

The accompanying notes are an integral part of these financial statements.

INFANT CRISIS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020

	Program Services	Management and General	Cost of Direct Benefit to Donors	Fundraising	Total
Salaries	\$ 954,765	\$ 86,797	\$ -	\$ 198,393	\$ 1,239,955
Benefits	98,642	8,967	-	20,497	128,106
Payroll taxes	74,289	6,754	-	15,437	96,480
	<u>1,127,696</u>	<u>102,518</u>	<u>-</u>	<u>234,327</u>	<u>1,464,541</u>
Essential program items	1,428,061	-	-	-	1,428,061
Professional fees	22,597	20,625	-	7,414	50,636
Supplies, printing and postage	32,094	2,466	-	36,170	70,730
Occupancy	57,539	1,199	-	1,199	59,937
Advertising, community awareness	22,583	-	-	30,756	53,339
Travel and local transportation	15,687	240	-	267	16,194
Insurance	43,068	1,465	-	1,507	46,040
Appreciation, gifts and awards	9,459	656	-	467	10,582
Conferences and meetings	2,475	2,800	-	565	5,840
Bad debts	-	40	-	30,983	31,023
Information technology	52,866	3,878	-	3,916	60,660
Special events	-	-	252,148	-	252,148
	<u>1,686,429</u>	<u>33,369</u>	<u>252,148</u>	<u>113,244</u>	<u>2,085,190</u>
Total expenses before depreciation	2,814,125	135,887	252,148	347,571	3,549,731
Depreciation	267,515	5,573	-	5,573	278,661
Total expenses	<u>\$ 3,081,640</u>	<u>\$ 141,460</u>	<u>\$ 252,148</u>	<u>\$ 353,144</u>	<u>\$ 3,828,392</u>

The accompanying notes are an integral part of these financial statements.

INFANT CRISIS SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 877,201	\$ (344,705)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	286,603	278,661
Investment loss / (income), net	(724,965)	121,185
Bad debt expense	15,663	31,023
Change in operating assets and liabilities:		
Donation, purchases of inventory	(142,844)	(128,962)
Accrued interest receivable	2,512	1,112
Contributions receivable	100,321	(104,442)
Prepaid expenses	(5,256)	(5,651)
Accounts payable	117,217	19,802
Accrued compensation	(5,524)	(147)
Net cash provided by (used in) operating activities	<u>520,928</u>	<u>(132,124)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	858,567	290,371
Purchases of property and equipment	(21,912)	(23,136)
Proceeds from beneficial interest in assets held by others	4,681	4,152
Net cash provided by investing activities	<u>841,336</u>	<u>271,387</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments made on capital lease liability	(10,355)	-
Proceeds from Paycheck Protection Program forgivable loan	283,700	-
Net cash provided by financing activities	<u>273,345</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,635,609	139,263
CASH AND CASH EQUIVALENTS, Beginning of year	699,377	560,114
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,334,986</u>	<u>\$ 699,377</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Fixed assets acquired via capital leases	<u>\$ -</u>	<u>\$ 41,421</u>

The accompanying notes are an integral part of these financial statements.

INFANT CRISIS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – Infant Crisis Services, Inc. (“ICS”) operates as a voluntary not-for-profit organization providing food, formula, diapers and clothing for infants and toddlers in need throughout central Oklahoma. Services are provided at its main location in Oklahoma City and also through the BabyMobile, a mobile food and diaper pantry currently serving Oklahoma county and surrounding counties. ICS was founded in 1984 and operated as a branch organization of the Westminster Presbyterian Church, Inc. until January 4, 1991, when it was incorporated as a separate and independent organization. ICS funding sources are from the private sector and include individuals, corporations, foundations, religious, and other organizations.

Basis of accounting – The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation – Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Financial statement presentation reports information regarding ICS’s financial position and activities as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash equivalents – ICS considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Donated assets – Donated marketable securities and other non-cash donations with readily determinable fair values are recorded as contributions at their estimated fair values at the date of the donation.

Individuals, businesses and other organizations contribute substantial amounts of goods and services (consisting primarily of formula, food, clothing, and similar items for infants) toward the fulfillment of projects initiated by ICS. To the extent that contributions of goods and services are made under the control of ICS, are objectively measurable, and represent program or support expenditures which would otherwise be incurred by ICS personnel, they are reflected in contributions, program expense, and inventory in the accompanying financial statements. These goods and services have been valued at their estimated fair market value at the date of receipt.

For the years ended March 31, 2021 and 2020, ICS has reported in-kind contributions in the amount of \$717,786 and \$954,144, respectively, as contributions in the accompanying statements of activities.

Revenue Recognition – Contributions are recognized when the donor makes a promise to unconditionally give to ICS. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recorded when the conditions on which they depend are substantially met. Unconditional promises to give that are receivable within the next 12 months are recorded at their net realizable value. Unconditional promises to give that are receivable in subsequent years are reported at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. ICS uses the allowance method to estimate the amount of unconditional promises receivable for which collection is not probable. The allowance is based upon prior years' experience and management's analysis of specific promises made. At March 31, 2021 and 2020, ICS recorded an allowance for uncollectible promises to give of \$32,806 and \$47,767, respectively.

Revenue is recognized when earned. Special event revenues and payments under cost-reimbursable grants received in advance are deferred to the applicable period in which the related event occurs or expenditures are incurred, respectively.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position. Fair values are based on quoted market prices or otherwise determined as provided by a financial institution or fund manager. Investment income and gains and losses are reported as unrestricted unless a specific restriction applies. Net investment income (loss) is reported in the statement of activities and consists of the following:

	2021	2020
Interest and dividends	\$ 62,603	\$ 85,283
Unrealized and realized gains (losses)	670,296	(199,942)
Investment management fees	(7,934)	(6,526)
	<u>\$ 724,965</u>	<u>\$ (121,185)</u>

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying financial statements.

Beneficial interest in assets held by others – ICS follows the Accounting Standards Codification (“ASC”) guidance which requires a not-for-profit organization that transfers assets to a community foundation and specifies itself as the beneficiary to recognize its beneficial interest in the assets transferred (see Note 4). ICS carries its beneficial interest in the assets held by the Oklahoma City Community Foundation, Inc. (“OCCF”) and Communities Foundation of Oklahoma (“CFO”) at fair value.

Inventory – Inventory is comprised of formula, food, diapers, clothing, and similar items. Donated inventories are recorded at estimated fair market value at the date of the gift.

Artwork – ICS received a restricted contribution of artwork requiring ICS to hold the artwork in perpetuity or return it to the donor.

Property and equipment – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. ICS’s capitalization threshold is \$1,000 for assets acquired with an economic useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are five to seven years for equipment and automobiles and twenty to forty years for buildings and improvements.

ICS reports gifts of property and equipment as net assets without donor restriction unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction. Absent explicit donor restrictions addressing the length of time those long-lived assets must be maintained, ICS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Concentration of credit risk – ICS maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. As of March 31, 2021 and 2020, ICS’ balances with financial institutions subject to FDIC coverage exceeded such coverage by \$1,088,401 and \$167,583, respectively. ICS has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash or cash equivalents.

Income tax status – ICS is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as other than a private foundation. ICS is subject to routine audits by taxing jurisdictions. None of ICS’ federal or state income tax returns are currently under examination by the Internal Revenue Service or the Oklahoma tax commission. Management believes it is no longer subject to income tax examinations for years prior to 2018.

Functional allocation of expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between programs, fundraising, cost of direct benefit to donors, and management and general based on evaluations of the related activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of ICS. ICS policy is to allocate the administrative expenses of the program services based on the various direct costs related to each program. The joint costs of informational materials and activities that include a fundraising appeal are allocated between the program expenses, management and general, and fundraising expenses based upon the programs and supporting services benefitted.

The principal programs of ICS are comprised of:

Main location services – This program serves clients through its main Oklahoma City office. Services offered include food, formula, diapers and clothing. Additional services provided include referrals to other community resources and car seat distribution events.

BabyMobile services – This mobile unit program provides food, formula and diapers to targeted neighborhoods across Oklahoma County and surrounding counties. Emergency disaster relief is also provided through the BabyMobile when needed.

The funds spent on these programs are accounted for as essential program items in the statement of functional expenses.

Fair value measurements – ICS reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that ICS can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Inputs that are unobservable and significant to the overall fair value measurement. In these situations, ICS develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Assets subject to fair value measurement disclosure requirements include investments and beneficial interest in assets held by others (see Note 6). ICS has no liabilities carried at fair value on a recurring basis and no assets or liabilities carried at fair value on a non-recurring basis at March 31, 2021 or 2020.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

Advertising – Advertising costs are expensed as incurred and totaled approximately \$58,123 and \$53,339 for the years ended March 31, 2021 and 2020, respectively.

Subsequent events – ICS has evaluated subsequent events through July 15, 2021, the date the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the 2021 financial statements.

Recent accounting pronouncements – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02 *Leases* (Topic 842). The purpose of the guidance is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position as well as providing additional disclosure requirements related to leasing arrangements. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021, though early adoption is permitted.

In September 2020, the FASB issued ASU No. 2020-07 *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* which increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit (“NFP”) organizations including transparency on how those assets are used and how they are valued. The ASU requires an NFP to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires an NFP to disclose certain information related to the types of contributed nonfinancial assets received, whether they were utilized or monetized, the NFP’s policy, if any, about monetizing rather than utilizing such assets, and valuation techniques used to determine the valuation of such contributed assets. The amendments for this ASU are to be applied retrospectively and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted.

Management is currently evaluating the impact that adopting the above recent accounting pronouncements will have on ICS’ financial statements in future reporting periods.

2. LIQUIDITY AND AVAILABILITY

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

	2021	2020
Cash and cash equivalents	\$ 2,334,986	\$ 699,377
Investments	2,316,230	2,480,904
Contributions receivable - current	186,805	200,482
Accrued interest	1,700	4,212
Distributions from beneficial interests in assets held by others	<u>7,595</u>	<u>5,781</u>
	4,847,316	3,390,756
Less:		
Board designated assets - maintenance reserve	(785,535)	(771,372)
Board designated assets - program reserve	(250,618)	(285,000)
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 3,811,163</u></u>	<u><u>\$ 2,334,384</u></u>

In addition to financial assets available for general expenditures, ICS’ board designated reserves are also available subject to approval by the board of directors for building maintenance or program expenditures.

ICS receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations

to be available to meet cash needs for general expenditures. ICS manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

3. PROMISES TO GIVE

Promises to give are expected to be realized as follows as of March 31:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 186,805	\$ 200,482
Due in one to five years	267,552	365,235
Due in more than five years	<u>8,217</u>	<u>28,832</u>
	462,574	594,549
Less: Allowance	(32,806)	(47,767)
Less: Discount to present value at a rate of 1%	<u>(2,498)</u>	<u>(3,528)</u>
	<u>\$ 427,270</u>	<u>\$ 543,254</u>

4. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

ICS is the designated beneficiary of donor advised funds at OCCF and CFO (collectively referred to as the "Community Foundations"). These funds were contributed to the Community Foundations by ICS and other third-party contributors. The Community Foundations have variance power over all contributions. ICS follows the standard, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others" to account for these funds. Assets transferred by ICS remain on the statement of financial position as beneficial interests in assets held by others. Contributions from third parties are disclosed below, but not recognized as assets of ICS. ICS receives a distribution from funds held at OCCF and CFO each year based on a percentage of the average fair market value of the funds over the previous eight quarters. The balance of the funds at March 31, 2021 and 2020 was as follows:

	<u>2021</u>		<u>2020</u>	
	Beneficial Interest in Assets Held by Others	Donated by third parties (disclosure only)	Beneficial Interest in Assets Held by Others	Donated by third parties (disclosure only)
OCCF	\$ 99,452	\$ 229,838	\$ 75,730	\$ 174,447
CFO	<u>11,034</u>	<u>7,361</u>	<u>8,365</u>	<u>5,482</u>
	<u>\$ 110,486</u>	<u>\$ 237,199</u>	<u>\$ 84,095</u>	<u>\$ 179,929</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of March 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 458,809	\$ 458,809
Building and improvements	7,508,002	7,508,002
Office furniture and equipment	1,470,361	1,448,449
Automobiles	<u>223,046</u>	<u>223,046</u>
	9,660,218	9,638,306
Less: accumulated depreciation	<u>(3,247,280)</u>	<u>(2,960,677)</u>
	<u>\$ 6,412,938</u>	<u>\$ 6,677,629</u>

Depreciation expense charged to operations was \$286,603 and \$278,661 for the years ended March 31, 2021 and 2020, respectively.

6. FAIR VALUE MEASUREMENTS

Assets measured at fair value consist of the following:

	<u>As of March 31, 2021</u>				
	<u>Carrying Amount</u>	<u>Total Fair Value</u>	<u>Fair Value Measurements Using</u>		
			<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS					
Investments:					
Fixed income securities:					
Corporate bonds	\$ 104,347	\$ 104,347	\$ -	\$ 104,347	\$ -
Mutual funds	415,795	415,795	415,795		
Equity securities:					
Mutual funds	<u>1,796,088</u>	<u>1,796,088</u>	<u>1,796,088</u>	<u>-</u>	<u>-</u>
Total investments	2,316,230	2,316,230	2,211,883	104,347	-
Beneficial interest in assets held by others	<u>110,486</u>	<u>110,486</u>	<u>-</u>	<u>-</u>	<u>110,486</u>
	<u>\$ 2,426,716</u>	<u>\$ 2,426,716</u>	<u>\$ 2,211,883</u>	<u>\$ 104,347</u>	<u>\$ 110,486</u>

As of March 31, 2020					
	Carrying Amount	Total Fair Value	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
ASSETS					
Investments:					
Fixed income securities:					
Corporate bonds	\$ 606,127	\$ 606,127	\$ -	\$ 606,127	\$ -
Certificates of deposit	548,322	548,322	-	548,322	-
Mutual funds	171,947	171,947	171,947	-	-
Equity securities:					
Mutual funds	1,154,508	1,154,508	1,154,508	-	-
Total investments	2,480,904	2,480,904	1,326,455	1,154,449	-
Beneficial interest in assets held by others					
	84,095	84,095	-	-	84,095
	<u>\$ 2,564,999</u>	<u>\$ 2,564,999</u>	<u>\$ 1,326,455</u>	<u>\$ 1,154,449</u>	<u>\$ 84,095</u>

Following is a description of methodologies used for instruments measured at fair value.

Fixed income and equity securities – When quoted prices are available in an active market, securities are classified within Level 1 of the hierarchy. Investments classified as Level 1 include common stocks and mutual funds. Other investments, such as corporate and U.S. Government bonds and certificates of deposit are classified within Level 2 of the hierarchy due to their proprietary nature and are independently valued by the fund manager or quoted market prices in nonactive markets.

Beneficial interest in assets held by others – The fair value of ICS’ beneficial interest in assets held by others is based on the fair value of fund investments as reported by the Community Foundations. These are considered to be level 3 investments.

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended March 31, 2021 and 2020.

	2021	2020
Balance at beginning of year	\$ 84,095	\$ 96,035
Purchases / contributions	-	-
Investment return, net	31,072	(7,788)
Distributions	(4,681)	(4,152)
Balance at end of year	<u>\$ 110,486</u>	<u>\$ 84,095</u>

The summary of changes in fair value of Level 3 assets has been prepared to reflect the activity in the same categories as those provided by the Community Foundations. Net investment performance includes realized and unrealized gains (losses) on investments, investment income, and administrative fees and is included in investment income in the accompanying statement of activities. Typically, distributions decrease ICS’ respective financial asset and increase cash at the time of distribution.

7. CAPITAL LEASE

ICS entered into a 5-year lease for warehouse equipment starting on March 30, 2020. Capital lease assets are included with office furniture and equipment (see Note 5) with a carrying value of \$28,995 and \$37,279 as of March 31, 2021 and 2020, respectively. There is no penalty for early pay-off of the lease. Approximate future minimum lease payments under the noncancelable lease as of March 31, 2021 is:

<u>Year Ended</u>	
2022	\$ 8,886
2023	8,886
2024	8,886
2025	8,886
	<u>35,542</u>
Less: Amounts representing interest	<u>(2,406)</u>
	<u>\$ 33,137</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes:		
Boots & Ball Gowns event	\$ 179,169	\$ -
Car Seat operations	53,423	50,233
Warehouse equipment	29,562	40,749
Safe Sleep operations	15,287	15,287
Specialty formula	9,503	33,791
Other	2,531	11,466
	<u>289,475</u>	<u>151,526</u>
Subject to passage of time	275,769	394,066
Not subject to spending policy or appropriation:		
Artwork	201,321	201,321
Total net assets with donor restrictions	<u>\$ 766,565</u>	<u>\$ 746,913</u>

9. RETIREMENT PLAN

ICS maintains a Simple IRA salary deferral retirement plan for eligible employees. ICS has elected to contribute up to 3% of compensation for participating employees. Employer contributions for 2021 and 2020 totaled \$33,916 and \$31,422, respectively.

10. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, building insurance, maintenance, and depreciation, which are allocated on a square footage basis; salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort; and office expenses,

and information technology, which are allocated on a blended rate of square footage and time and effort.

11. COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the proliferation of the COVID-19 virus followed by local government implementation of guidelines for businesses and individuals significantly restricting normal business operations. ICS's management believes they have been able to adjust to the temporary change in normal operations in a manner to minimize the impact to their financial position.

12. PAYCHECK PROTECTION PROGRAM FORGIVABLE LOAN

In April 2020, ICS received a forgivable loan from the federal government as part of the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of \$283,700 bearing annual interest of 1.00%. Principal and interest of this loan can be fully forgiven based on ICS incurring qualifying expenses during the defined Covered Period (April 13, 2020 to September 27, 2020) as well as meeting other criteria related to employee retention. Management expects to receive full forgiveness within the provisions of the loan program. ICS has ten months from the end of the Covered Period to apply for forgiveness. If any portion of the loan is not forgiven, repayment of the loan will commence with principal and interest payments to be repaid over a two-year period.

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