VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2020 and 2019

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Independent Auditors' Report

To the Board of Directors
Visually Impaired Preschool Services, Inc.
Louisville, Kentucky

We have audited the accompanying financial statements of Visually Impaired Preschool Services, Inc. (a not-for-profit 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Visually Impaired Preschool Services, Inc. as of June 30, 2020 and 2019, 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.

Deming, Malone, Livesay & Ostroff

Louisville, Kentucky
November 9, 2020

VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

Assets	2020	2019
Current Assets		
Cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	$ 609,544	$ 108,277
Restricted cash	231,842	227,619
	841,386	335,896
Accounts receivable	23,636	43,617
Grants receivable	114,931	145,188
Pledges receivable	71,701	79,709
Cash value of life insurance	21,077	21,565
Prepaid expenses	2,333	7,430
Total current assets	1,075,064	633,405
Property and Equipment		
Building and improvements	2,849,550	2,849,549
Furniture and equipment	394,147	394,147
Vehicles	84,740	40,170
Construction in progress	86,389	
	3,414,826	3,283,866
Less accumulated depreciation	1,241,256	1,149,402
	2,173,570	2,134,464
Total assets	$ 3,248,634	$ 2,767,869
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	21,350	23,361
Accrued expenses	45,814	96,985
Deferred revenue	25,475	500
Line of credit	13,367	232,117
Note payable	336,000	
Total current liabilities	442,006	352,963
Net Assets		
Without donor restrictions:		
Undesignated	2,381,245	1,969,735
Board-designated for capital improvements	45,203	51,384
Total without donor restrictions	2,426,448	2,021,119
With donor restrictions:		
Purpose restrictions	81,718	69,663
Time-restricted for future periods	216,112	241,804
Perpetual in nature	82,350	82,320
Total with donor restrictions	380,180	393,787
Total net assets	2,806,628	2,414,906
Total liabilities and net assets	$ 3,248,634	$ 2,767,869

See Notes to Financial Statements.

VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions and grants	$ 989,043	$ 821,053	$ 1,810,096	$ 791,476	$ 538,754	$ 1,330,230
Program service fees	719,997		719,997	680,087		680,087
Special events	271,416		271,416	369,517		369,517
Net investment return	60		60	1,453		1,453
Rental income	13,200		13,200			
Total operating revenue	1,993,716	821,053	2,814,769	1,842,533	538,754	2,381,287
Net assets released from restrictions	834,660	(834,660)		577,339	(577,339)	
Total revenues, gains and other support	2,828,376	(13,607)	2,814,769	2,419,872	(38,585)	2,381,287
Expenses						
Program services	1,912,601		1,912,601	1,906,653		1,906,653
General and administrative	341,103		341,103	365,512		365,512
Fundraising	169,343		169,343	197,044		197,044
Total expenses	2,423,047		2,423,047	2,469,209		2,469,209
Net increase (decrease) in total net assets	405,329	(13,607)	391,722	(49,337)	(38,585)	(87,922)
Net assets, beginning of year (restated)	2,021,119	393,787	2,414,906	2,070,456	432,372	2,502,828
Net assets, end of year	$ 2,426,448	$ 380,180	$ 2,806,628	$ 2,021,119	$ 393,787	$ 2,414,906

See Notes to Financial Statements.

VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2020 and 2019

	June 30, 2020				June 30, 2019			
	Preschool Services Programs	Management and General	Fund Raising	Total	Preschool Services Programs	Management and General	Fund Raising	Total
Salaries and wages	$ 1,171,374	$ 220,014	$ 91,044	$ 1,482,432	$ 1,137,233	$ 239,718	$ 83,871	$ 1,460,822
Payroll taxes	87,544	16,674	6,484	110,702	82,857	17,026	5,868	105,751
Employee benefits	145,714	22,516	8,617	176,847	146,547	11,647	7,456	165,650
Information technology	54,661	4,699	992	60,352	24,319	3,938	848	29,105
Depreciation	78,000	13,854		91,854	76,855	8,052		84,907
Special programs	54,933			54,933	75,952			75,952
Insurance	30,341	6,236		36,577	29,624	8,414		38,038
Repairs and maintenance	17,695	1,269		18,964	28,670	1,535		30,205
Professional fees		12,819	5,500	18,319		22,614		22,614
Dues and memberships	5,704	1,918		7,622	8,976	2,252		11,228
Occupancy	72,955	11,694		84,649	74,966	11,341		86,307
Interest expense		8,320		8,320		10,770		10,770
Travel and auto	83,429	1,357	1,168	85,954	116,367	1,895	726	118,988
Video production	472			472	5,603			5,603
Special events			26,609	26,609			85,106	85,106
Supplies	17,177	273		17,450	10,639	1,155		11,794
Telephone	16,866	5,346		22,212	18,615	5,575		24,190
Postage and handling	3,629	21	5,097	8,747	4,272	288	5,386	9,946
Printing and publications	14,323	16	1,586	15,925	10,111	132		10,243
Conferences, conventions and meetings	6,937	2,365	1,250	10,552	19,629	2,201	275	22,105
Contract services	15,326	3,692	8,731	27,749	22,194	6,594	2,544	31,332
Advertising and marketing	30,388			30,388	780			780
Donor recognition			3,637	3,637			3,228	3,228
Bad debt expense		2,068		2,068		5,450		5,450
Miscellaneous	5,133	5,952	8,628	19,713	12,444	4,915	1,736	19,095
	$ 1,912,601	$ 341,103	$ 169,343	$ 2,423,047	$ 1,906,653	$ 365,512	$ 197,044	$ 2,469,209

See Notes to Financial Statements.

VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Net increase (decrease) in total net assets	$ 391,722	$ (87,922)
Adjustments to reconcile net increase (decrease) in total net assets to net cash provided by operating activities:		
Depreciation	91,854	84,907
Decrease in cash value of life insurance	488	371
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	19,981	(32,894)
Grants receivable	(101,536)	
Pledges receivable	139,801	74,306
Prepaid expenses	5,097	(3,260)
Increase (decrease) in:		
Accounts payable	(2,011)	(7,600)
Accrued expenses	(51,171)	10,803
Deferred revenue	24,975	(9,772)
Net cash provided by operating activities	519,200	28,939
Cash Flows from Investing Activities		
Purchase of property and equipment	(130,960)	(295,625)
Cash Flows from Financing Activities		
Proceeds from note payable	336,000	
Net (payments) advances on line of credit	(218,750)	232,117
Net cash provided by financing activities	117,250	232,117
Net increase (decrease) in cash, cash equivalents, and restricted cash	505,490	(34,569)
Cash, cash equivalents, and restricted cash, beginning of year	335,896	370,465
Cash, cash equivalents, and restricted cash, end of year	$ 841,386	$ 335,896
Supplemental Schedule of Noncash Investing and Financing Activities		
Interest paid	$ 8,320	$ 9,515

See Notes to Financial Statements.

VISUALLY IMPAIRED PRESCHOOL SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of activities:

Visually Impaired Preschool Services, Inc. (VIPS) is a not-for-profit agency offering services to infants, toddlers, and preschoolers who are visually impaired, and to their families, with the objective of maximizing each child's developmental potential through direct services, advocacy and community education. VIPS is headquartered in Louisville, Kentucky and also has facilities in Lexington, Kentucky and Indianapolis, Indiana. It serves families within a 50-mile radius of each office through direct intervention, and to other areas of Kentucky and Indiana through outreach.

Summary of significant accounting policies:

This summary of significant accounting policies of Visually Impaired Preschool Services, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation:

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for specific operational purposes.

Net assets with donor restrictions – Net assets subject to donor 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.

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 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.

Cash, cash equivalents, and restricted cash:

For purposes of the statements of cash flows, the Organization considers cash, restricted cash, and investments with original maturities of three months or less to be cash and cash equivalents.

Accounts, grants and pledges receivable:

The valuation of accounts, grants and pledges receivable is based upon a detail analysis of past due accounts and the history of uncollectible accounts. The Organization considers all accounts, grants and pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Property and equipment:

The Organization's policy is to capitalize asset purchases in excess of $2,500. Property and equipment are recorded at cost if purchased, or at fair value as of the date of donation, if donated, and are being depreciated on the straight-line method over their estimated useful lives. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in operations.

Compensated absences:

Compensated absences for sick pay have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

NOTES TO FINANCIAL STATEMENTS

Revenue recognition – contributions and grants:

Revenue for contributions and grants is recognized when cash, securities or other assets are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Revenue recognition – FASB ASC 606:

Contract revenue, as defined under ASC 606, is derived primarily from providing early childhood intervention services. Revenue is recognized at a point in time or over time as the services are rendered satisfying the performance obligations.

Revenue recognized over time:

The Organization recognizes revenue from certain contracts over time as services are rendered under the contracts using the input method as time has elapsed. The transaction price is based on the terms of the contracts and is the amount of consideration the Organization expects to be entitled to in exchange for services rendered. Certain contracts have performance indicators that require reimbursement if not met. The Organization records revenue based on its historical experience in meeting performance indicators. Contract amounts are billed bi-weekly or monthly as services are provided.

Revenue recognized at a point in time:

The Organization recognizes revenue from certain contracts at a point in time the service is rendered. Revenues are reported at the estimated net realizable amounts for services rendered. Transaction prices vary according to the type, level and volume of services rendered. The transactions price for services rendered to individuals covered under school district contracts are based on established billing rates approved by the district for the type and volume of services provided. The transaction price for services rendered under Kentucky and Indiana Early Intervention Services agreements are based on established rates set by the state agencies, depending on the type and level of service provided. The transaction price for other services is based on various established contracted rates. Amounts are generally billed on a bi-weekly or monthly basis as services are rendered.

Contract revenue is included in program service fees revenue on the statements of activities. Approximately 23% of revenues are derived under contracts, as defined under ASC 606. The following table disaggregates the Organization's contract revenue based on the timing of satisfaction of performance obligations for the year ended June 30, 2020:

Performance obligations satisfied over time	27%
Performance obligations satisfied at a point in time	73%

The Organization has determined that the nature, amount, timing and uncertainty of contract revenues and cash flows are affected by the economy and stability of the government. The current level of the Organization's operations and program services may be impacted if program funding is significantly decreased.

Revenue from annual fundraising events is recognized at a point in time when each event occurs.

Donated services and in-kind contributions:

Contributions other than cash are recorded at their fair value as of the date of donation. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization records donated services that require specific expertise and would normally have been purchased, and donated services that create or enhance non-financial assets, at fair value as of the date of donation. Those donated services that do not meet these specific criteria are not reflected in the financial statements. Contributed services included in the statements of activities for the year ended June 30, 2020 are approximately $30,000 for advertising services. There were no contributed services for the year ended June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

Functional 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. Certain expenses are charged directly to program or general and administrative categories based on specific identification, while other expenses are allocated on the basis of estimates of time and effort.

Income taxes:

The Organization is exempt from federal, Kentucky and local income taxes as a not-for-profit corporation as described under Internal Revenue Code Section 501(c)(3). The Organization files an informational tax return in the U.S. federal jurisdiction and with the Kentucky Office of the Attorney General. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income. Management does not believe that the Organization has unrelated business income for the years ended June 30, 2020 and 2019.

As of June 30, 2020 and 2019, the Organization did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

Advertising:

The costs of advertising are expensed as they are incurred. Total advertising expense for the years ended June 30, 2020 and 2019 were approximately $30,000 and $800, respectively.

Newly issued standard not yet effective:

The Financial Accounting Standards Board has issued accounting standard No. 2016-02, *Leases*, effective for years beginning after December 15, 2021. The Organization is evaluating the impact that adoption of this standard will have on future financial position and results of operations.

NOTES TO FINANCIAL STATEMENTS

Accounting changes:

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* including all related amendments (Topic 606). The core principal of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps, (1) identify the contract(s), (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when or as the entity satisfies a performance obligation. The Organization has adopted this standard using a full retrospective method of application to all periods presented, with no effect on net assets. There was no material change to the Organization's revenue recognition due to the adoption of ASU No. 2014-09.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows* (Topic 230). The standard requires that a statement of cash flows detail the change during the period in total cash, cash equivalents, and amounts generally described as restricted cash or cash equivalents. The Organization has implemented Topic 230 and has adjusted the presentation in the financial statements accordingly. The adoption of this standard has been applied retrospectively to all periods presented.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* The standard provides guidance to determine whether transactions are contributions or exchange transactions and whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 under a modified prospective basis. Accordingly, there is no effect on previously reported net assets.

Reclassification:

Certain reclassifications have been made to the June 30, 2019 financial statements to correspond to the current year's presentation. Total net assets and net decrease in total net assets are unchanged due to the reclassifications.

Subsequent events:

Subsequent events have been evaluated through November 9, 2020, which is the date the financial statements were available to be issued.

Note 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 June 30, 2020 and 2019 statements of financial position dates, consist of the following:

	2020	2019
Cash and cash equivalents	$ 841,386	$ 335,896
Accounts receivable	23,636	43,617
Grants receivable	114,931	145,188
Pledges receivable	71,701	79,709
Less funds with donor restrictions	(305,593)	(151,983)
	$ 746,061	$ 452,427

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Organization has a goal to maintain cash available to meet six months of normal payroll expenses, which average approximately $900,000.

The Organization maintains a line of credit in the total amount of $250,000, which could be drawn upon in the event of an unanticipated liquidity need. See Note 6.

Note 3. Pledges Receivable

Pledges receivable consist of the following:

	2020	2019
Amounts due in:		
One year or less	$ 10,000	$ 10,000
One to five years	40,000	40,000
More than five years	30,000	40,000
Total pledges receivable	80,000	90,000
Less discount to net present value	(8,299)	(10,291)
Net pledges receivable	$ 71,701	$ 79,709

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 2.5%. All pledges receivable are from one donor.

Note 4. Construction in Progress

In April 2020, the Organization entered into a construction contract to complete a buildout of the Family Resource Center at the Indianapolis, Indiana location. The Organization has received a donation of a 6,000 square foot building related to this project, however, title to the property will not transfer to the Organization until completion of the buildout. The project will be financed through a capital campaign (see Note 5). The estimated total costs for the project are $2.075 million, with approximately $1.12 million of these costs being donated by the contractor and design teams working on the project as conditional in-kind contributions pending final completed costs. Construction on this project began in the summer of 2020 with an estimated completion date in April 2021. As of June 30, 2020, the Organization had incurred expenditures of approximately $80,000 on the project.

Note 5. Capital Campaign

During the year ended June 30, 2019, the Organization began a capital campaign to raise funds for the construction of the Family Resource Center in Indianapolis, with a goal of $2.5 million. For the years ended June 30, 2020 and 2019, $96,330 and $71,814, respectively, has been recognized in contributions and grants revenue as a result of the capital campaign. Additionally, the Organization has received $1.12 million of conditional in-kind contribution for the project (see Note 4).

Note 6. Line of Credit

In August 2018, the Organization obtained a revolving line of credit from PNC Bank for $250,000, which expires on August 27, 2025, at which time any outstanding principal will be converted to a term note. The line of credit bears interest at a variable rate, which was 3.83% and 6.08% at June 30, 2020 and 2019, respectively, and is secured by the Organization's property on Goldsmith Lane in Louisville, Kentucky. Outstanding borrowings on the line of credit at June 30, 2020 and 2019 were $13,367 and $232,117, respectively.

The Organization also had a $100,000 unsecured line of credit which was renewable annually. Interest on this line of credit was at the bank's prime rate. There were no outstanding borrowings on this line of credit at June 30, 2019. This line of credit expired during the year ended June 30, 2020.

Subsequent to year-end, the Organization closed the line of credit with PNC Bank and obtained a new line of credit from Stock Yards Bank for $350,000. This line of credit bears interest at a variable rate and matures in August 2022, and is secured by the Organization's property on Goldsmith Lane.

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2020 and 2019, consisted of the following:

	Balance 6/30/20	Balance 6/30/19
Restricted by time:		
Metro United Way	$ 18,731	$ 42,854
WHAS Crusade for Children		26,791
United Way of the Bluegrass	16,200	16,200
Kosair Charities	75,000	43,750
Children's Charity Foundation		7,500
Barth Foundation	1,000	1,500
Sertoma Club		3,000
Pledges	71,701	79,709
Samerian Foundation		3,500
Stamps Farish Fund		10,000
Family Tree Foundation		2,000
Junior League of Indianapolis		5,000
Elsa Sule Foundation	5,000	
Elkhart Community Foundation	23,480	
Heart of Kentucky United Way	5,000	
Restricted by purpose:		
Dahmke Scholarship Fund	10,257	10,227
Etscorn Foundation – vehicle maintenance	15,430	
Capital campaign – Family Resource Center	56,031	59,436
Held in perpetuity	82,350	82,320
Total net assets with donor restrictions	$380,180	$393,787

NOTES TO FINANCIAL STATEMENTS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2020 and 2019:

	6/30/20	6/30/19
Time restrictions expired:		
WHAS Crusade for Children	$153,226	$156,455
Metro United Way	42,854	83,490
United Way of the Bluegrass	16,200	20,000
Kosair Charities	268,750	206,250
Children's Charity Foundation	7,500	10,000
Barth Foundation	1,500	1,500
Sertoma Club	3,000	3,000
Pledges	8,008	10,000
Samerian Foundation	3,500	
Stamps Farish Fund	10,000	
Family Tree Foundation	2,000	
Junior League of Indianapolis	5,000	
PNC Bank Foundation		10,000
Ninestar		5,000
Hoover Family Foundation		8,850
Purpose restrictions accomplished:		
Capital Campaign – Family Resource Center	99,735	20,158
Kentucky School for the Blind Foundation – house	125,000	
Etscorn Foundation – vehicles	44,570	
King's Daughters and Sons – computer equipment	11,787	
Kentucky Colonels – equipment	4,988	
IPA Foundation – technology	12,490	
Jacob Koch Charitable Trust – technology	4,552	
Neville Trust – newsletter	10,000	
Community Foundation of Louisville – video		3,280
Etscorn Foundation – classroom expansion		21,000
Dahmke Scholarship Fund		500
Mazeppa Lions Club – adaptive technology		1,500
Capital contributions – classroom expansion		16,356
	$834,660	$577,339

During the year ended June 30, 2012, the board designated $53,403 remaining from a capital campaign to be restricted for future capital projects. Funds released from the board designated net assets for the year ended June 30, 2020 were $6,181. There were no funds released during the year ended June 30, 2019.

Note 8. Operating Leases

The Organization conducts its central Kentucky operations from a leased facility located in Lexington, Kentucky. The current lease is for a term of six years expiring December 31, 2021. The Organization conducts its Indiana operations from a leased facility located in Indianapolis, Indiana under a year-to-year lease that expires November 30, 2020. The Organization also leases a parking lot facility and a bus turnaround under a year-to-year lease. Rental expense under these leases was approximately $61,350 and $60,700 for the years ended June 30, 2020 and 2019, respectively. The future minimum rentals under operating leases with terms of one year or more as of June 30, 2020 are as follows:

Year ended June 30, 2021	$30,000
2022	15,000

Note 9. Retirement Plan

The Organization has a tax deferred annuity retirement savings plan (Plan) which covers substantially all of its employees. Employees may contribute an amount of their gross pay subject to certain limitations. The Organization contributes 3% of covered employee compensation to all eligible employees, plus a matching contribution equal to 50% of the first 2% of salary reduction amounts an employee elects to contribute. Employer contributions for the years ended June 30, 2020 and 2019 were $44,556 and $38,116, respectively.

Note 10. Concentration of Credit Risk

The Organization maintains its cash accounts at various financial institutions in Louisville, Kentucky. Accounts at these institutions are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2020, uninsured cash balances were approximately $504,000.

Note 11. Note Payable

In April 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of $336,000 (the "PPP Loan"). The PPP loan bears interest at a fixed rate of 1.0% per annum. Interest is deferred during the deferral period, which ends on the date that the loan forgiveness amount is remitted by the U.S. Small Business

Administration to the lender, or ten months after the end of the covered period, for those borrowers who do not apply for forgiveness. The loan is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request, to the extent that the PPP loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loan with respect to these covered expenses.

To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

Note 12. Restatement

During the year ended June 30, 2020, it was determined that some net assets restricted in perpetuity should have previously been reported as board-designated funds without donor restrictions rather than as perpetual in nature with donor restrictions. This has been adjusted by restating beginning net assets with donor restrictions and beginning net assets without donor restrictions.

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total
Balances at June 30, 2018, as previously reported	$2,019,072	$483,756	$2,502,828
Reclassified	51,384	(51,384)	
Balances at June 30, 2018, as restated	$2,070,456	$432,372	$2,502,828

Note 13. Contingencies

The COVID-19 outbreak in the United States has caused disruptions to businesses and organizations through mandated and voluntary closures. While these disruptions are expected to be temporary, there is considerable uncertainty about the duration of the outbreak, the federal and state government responses, and the impact on the economy and the Organization's vendors and individuals served. The extent of the impact on the Organization's future operations and cash flows is uncertain.

Note 14. Subsequent Events

In July 2020, the Organization was notified by the Louisville Downtown Lions Club that it has been awarded a $75,000 grant for the purpose of creating a scholarship endowment for VIPS.