THE DETROIT INSTITUTE FOR CHILDREN

AUDITED FINANCIAL STATEMENTS

Years ended June 30, 2020 and 2019

THE DETROIT INSTITUTE FOR CHILDREN

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
The Detroit Institute for Children

Report on the Financial Statements

We have audited the accompanying financial statements of Detroit Institute for Children (a Michigan nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Detroit Institute for Children as of June 30, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Farmington Hills, Michigan
November 30, 2020

THE DETROIT INSTITUTE FOR CHILDREN
STATEMENTS OF FINANCIAL POSITION

	June 30, 2020	June 30, 2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 995,520**	$ 268,329
Contract accounts receivable, net	**367,329**	468,360
Other receivables	**31,254**	33,245
Prepaid expenses and deposits	**20,899**	32,846
Total current assets	**1,415,002**	802,780
MARKETABLE SECURITIES	**508,483**	480,798
BENEFICIAL INTEREST IN REMAINDER TRUSTS ADMINISTERED BY OTHER TRUSTEES	**203,619**	195,920
PROPERTY AND EQUIPMENT	**19,000**	27,234
TOTAL ASSETS	**$ 2,146,104**	$ 1,506,732
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	**$ 18,918**	$ 25,864
Current portion of long-term debt	**6,656**	5,000
Current portion of capital lease obligations	**4,997**	4,839
Accrued expenses	**31,776**	39,599
Total current liabilities	**62,347**	75,302
CAPITAL LEASE OBLIGATIONS	**7,677**	12,638
LONG-TERM DEBT	**13,344**	-
Total liabilities	**83,368**	87,940
NET ASSETS		
Without donor restriction	**1,790,511**	1,054,994
With donor restriction	**272,225**	363,798
Total net assets	**2,062,736**	1,418,792
TOTAL LIABILITIES AND NET ASSETS	**$ 2,146,104**	$ 1,506,732

See notes to financial statements.

THE DETROIT INSTITUTE FOR CHILDREN
STATEMENT OF ACTIVITIES
Year ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenue and support			
Contract revenues	$ 3,912,230	$ -	$ 3,912,230
Gifts and bequests	207,555	71,307	278,862
United Way Community Services	27,825	-	27,825
Investment income, net	14,615	-	14,615
Miscellaneous income	10,532	-	10,532
Paycheck Protection Program Grant	666,500	-	666,500
Net assets released from restrictions	162,880	(162,880)	-
Total revenue and support	5,002,137	(91,573)	4,910,564
Expenses			
Program services:			
Contractual services	3,824,735	-	3,824,735
Supporting services:			
Management and general	308,297	-	308,297
Fundraising	133,588	-	133,588
Total expenses	4,266,620	-	4,266,620
Increase (decrease) in net assets	735,517	(91,573)	643,944
Net assets, beginning of year	1,054,994	363,798	1,418,792
Net assets, end of year	**$ 1,790,511**	**$ 272,225**	**$ 2,062,736**

THE DETROIT INSTITUTE FOR CHILDREN
STATEMENT OF ACTIVITIES
Year ended June 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenue and support			
Contract revenues	$ 3,891,582	$ -	$ 3,891,582
Gifts and bequests	215,980	142,277	358,257
United Way Community Services	20,372	-	20,372
Investment income, net	16,054	-	16,054
Miscellaneous income	313	-	313
Net assets released from restrictions	95,208	(95,208)	-
Total revenue and support	4,239,509	47,069	4,286,578
Expenses			
Program services:			
Contractual services	3,775,319	-	3,775,319
Supporting services:			
Management and general	376,426	-	376,426
Fundraising	140,673	-	140,673
Total expenses	4,292,418	-	4,292,418
Increase (decrease) in net assets	(52,909)	47,069	(5,840)
Net assets, beginning of year	1,107,903	316,729	1,424,632
Net assets, end of year	**$ 1,054,994**	**$ 363,798**	**$ 1,418,792**

THE DETROIT INSTITUTE FOR CHILDREN
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2020 and 2019

	2020				2019			
	Contractual Services	Management and General	Fund-Raising	Total Functional Expenses	Contractual Services	Management and General	Fund-Raising	Total Functional Expenses
Salaries and wages	**$ 2,952,732**	**$ 116,026**	**$ 75,074**	**$ 3,143,832**	$ 2,863,392	$ 187,802	$ 73,791	$ 3,124,985
Taxes - payroll	**243,194**	**9,556**	**6,183**	**258,933**	233,975	15,346	6,030	255,351
Employee benefits	**195,095**	**18,642**	**4,502**	**218,239**	178,071	13,204	4,695	195,970
Employee mileage	**20,198**	**3,957**	**1,019**	**25,174**	43,137	5,393	836	49,366
Professional fees	**299,242**	**107,810**	**3,767**	**410,819**	345,478	117,105	5,073	467,656
Supplies	**37,778**	**7,166**	**1,035**	**45,979**	41,602	11,845	1,105	54,552
Purchased services	**3,776**	**2,679**	**688**	**7,143**	8,461	1,534	1,207	11,202
Utilities	**13,455**	**4,087**	**4,087**	**21,629**	9,394	3,131	3,131	15,656
Insurance	**14,304**	**4,768**	**4,768**	**23,840**	12,297	4,099	4,099	20,495
Printing	**1,059**	**3,633**	**3,864**	**8,556**	326	1,224	14,708	16,258
Rent	**12,510**	**4,170**	**4,170**	**20,850**	11,880	3,960	3,960	19,800
Other expense	**25,674**	**21,562**	**22,525**	**69,761**	22,835	9,894	20,548	53,277
Interest expense	**-**	**2,335**	**-**	**2,335**	-	399	-	399
Depreciation and amortization	**5,718**	**1,906**	**1,906**	**9,530**	4,471	1,490	1,490	7,451
	$ 3,824,735	**$ 308,297**	**$ 133,588**	**$ 4,266,620**	$ 3,775,319	$ 376,426	$ 140,673	$ 4,292,418

See notes to financial statements.

THE DETROIT INSTITUTE FOR CHILDREN
STATEMENTS OF CASH FLOWS

	Years ended June 30, 2020	2019
OPERATING ACTIVITIES		
Change in net assets	**$ 643,944**	$ (5,840)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation and amortization	**9,530**	7,451
Net realized and unrealized gain on investments	**(3,056)**	(6,122)
Paycheck Protection Program loan forgiveness	**(666,500)**	-
Changes in current assets and liabilities:		
Contract accounts receivable	**101,031**	(105,639)
Beneficial interest in remainder trusts administered by other trustees	**(7,699)**	11,315
Other receivables	**1,991**	(28,230)
Prepaid expenses	**11,947**	(2,592)
Accounts payable and accrued expenses	**(14,769)**	4,637
Net cash provided by (used in) operating activities	**76,419**	(125,020)
INVESTING ACTIVITIES		
Expenditures for property and equipment	**(1,296)**	-
Proceeds from sale of investments	**77,302**	217,602
Purchases of investments	**(101,931)**	(198,766)
Net cash provided by (used in) investing activities	**(25,925)**	18,836
FINANCING ACTIVITIES		
Long term debt borrowing	**686,500**	-
Payments on capital lease obligations	**(4,803)**	(2,377)
Payments of long-term debt	**(5,000)**	(5,000)
Net cash provided (used in) financing activities	**676,697**	(7,377)
NET CHANGE IN CASH	**727,191**	(113,561)
CASH, Beginning of year	**268,329**	381,890
CASH, End of year	**$ 995,520**	$ 268,329
NON-CASH INVESTING ACTIVITY:		
Capital lease acquisition	**$ -**	$ 19,855
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid during the year for interest	**$ 2,335**	$ 399

See notes to financial statements.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Institute and Nature of Activities

The Detroit Institute for Children ("the Institute") provides comprehensive diagnostic services and treatment for children and young adults with special needs in Michigan.

The mission of the Institute is to provide a passionate, integrated approach to services for Michigan's children with special needs and their families. The Institute specializes in providing care for children with developmental, learning, emotional and physical disabilities including specialized early intervention programs for children from birth to 5 years.

The Institute provides therapeutic and mental health services including occupational and physical therapies, speech language pathology, social work, psychological and special education evaluations and consultations in schools exclusively in the State of Michigan, primarily the City of Detroit and the surrounding metropolitan areas. Additionally, workshops are provided at little or no cost to parents and professionals who provide care and support to children with special needs.

Basis of Presentation

The financial statements of the Institute have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountant (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Institute and changes therein are classified as follows:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Institute. These net assets may be used at the discretion of the Institute management and the board of trustees.
>
> **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Institute or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include, but are not limited to, allowances for bad debts and contractual allowance and estimated useful lives of assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks and cash on hand. For the purpose of the statement of cash flows, the Institute considers all highly-liquid investments that are not included with marketable securities and purchased with original maturities of three months or less to be cash equivalents. The Institute had, at times throughout the year, bank balances that exceeded FDIC federally insured limits. Management has deemed this as a normal business risk.

Investments

The Institute records its investments in marketable equity securities in accordance with ASC topic Not-for-Profit entities Investments. Accordingly, investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value. Any related gains or losses are reported in the statement of activities.

Contract Accounts Receivable

Contract accounts receivable are stated at invoiced amount less an allowance for doubtful accounts if an allowance is deemed necessary by management. The provision for the allowance is based on management's assessment of historical and expected net collections. Management has determined that no allowance is necessary at June 30, 2020 and 2019.

Property and Equipment and Depreciation and Amortization

Purchased property and equipment are stated at cost. Donated property and equipment is recorded at fair market value at the date of the gift. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these fixed assets to determine whether carrying values have been impaired. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 7 years.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Beneficial Interest in Remainder Trusts Administered by Other Trustees

The Institute is a remainder beneficiary in various trusts administered by other trustees. A receivable is recorded at the present value of the amount held by the trustee that is due to the Institute, which is calculated using the lesser of the life expectancy of the income beneficiaries and the life of remainder trusts. The Institute uses a discount rate commensurate with the risks involved to discount the contribution receivable. Valuations are reviewed annually by management by updating life expectancy of the income beneficiaries, discount rates and the fair value of the underlying investments. The discount rates used for the years ended June 30, 2020 and 2019 were 0.35% and 2.22%, respectively. Subsequent changes to the fair value of the beneficial interest are reflected in the statement of activities as part of gifts and bequests.

Revenue and Revenue Recognition

Contract Revenue

The Institute's revenue under contracts from customers is comprised of therapeutic and mental health services provided to children and young adults. This contract revenue is reported on a fee per service basis net of an uncollectible allowance. The Institute recognizes revenue at the amount to which it expects to be entitled to when the control of the goods or services is transferred to the student. Control is generally transferred when the Institute has present right to payment and the significant risks and rewards of ownership of the goods or services are transferred to its students. Revenue is recognized over time as services are performed. The Institute's contracts with customers generally do not contain any significant variable consideration.

Contributions

All contributions are considered to be for unrestricted use unless specifically restricted by the donor. 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. However, donor restricted contributions whose restrictions are met in the same reporting period are reported by the Institute as unrestricted support in the financial statements. Contributions of cash and other assets are reported as revenue when received and measured at fair value.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Institute is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At June 30, 2020 and 2019, there were no uncertain tax positions that require accrual.

New Accounting Pronouncements

The following accounting pronouncements are effective for annual periods beginning after December 15, 2018, and accordingly implemented for the Institute.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized 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. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Institute adopted the ASU effective July 1, 2019. Management performed an assessment of the Institute's revenue streams and determined that the adoption of the standard has no impact on the revenue recognition for the year ended 2020 or 2019.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The ASU provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. Management performed an assessment of the Institute's contributions and determined the adoption of the standard has no impact on the recognition of contributions for the year ended June 30, 2020 or 2019.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall Recognition and Measurement of Financial Assets and Financial Liabilities (Topic 825)*. The ASU is intended to enhance the reporting model for financial instruments to provide users of financial instruments with more decision-useful information and addresses certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. Management performed an assessment on the Insitute's equity investments and determined the adoption of the standard has no impact on the fair value measurements for the year ended June 30, 2020 and 2019.

Functional Expenses

Direct identifiable expenses are charged to programs and supporting services accordingly. Expenses related to more than one function are charged to program services and support services based on management's estimates of periodic time and expense allocation. 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 the organization. Although the allocation method used is considered appropriate, other methods could be used that would produce different results.

Subsequent Events

The Institute has performed a review of events subsequent to the balance sheet date through November 30, 2020, the date the financials were available to be issued.

Subsequent to year end, the Institute changed its fiscal year end from June 30 to September 30.

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 statement of financial position date, comprise the following:

	June 30, 2020	June 30, 2019
Cash and cash equivalents	$ 995,520	$ 268,329
Investments, at fair value	712,102	676,718
Contracts receivable	367,329	468,360
Other receivable	31,254	33,245
	2,106,205	1,446,652
Less those unavailable for general expenditures within one year due to time restrictions	(203,619)	(195,920)
	$ 1,902,586	$ 1,250,732

The Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Institute also realizes there could be unanticipated liquidity needs, The Institute has a line of credit in the amount of $200,000 which it could draw upon, as further described in Note 6.

NOTE 3 – MARKETABLE SECURITIES

The cost and fair value of the Institute's investments at June 30, 2020 and 2019 are as follows:

June 30, 2020	Cost	Fair Value	Unrealized Gain
Mutual funds	$ 491,089	$ 508,483	$ 17,394

June 30, 2019	Cost	Fair Value	Unrealized Gain
Mutual funds	$ 469,874	$ 480,798	$ 10,924

NOTE 3 – MARKETABLE SECURITIES (Continued)

The composition of investment income for the years ended is as follows:

	June 30, 2020	June 30, 2019
Interest and dividend income	$ 16,149	$ 14,482
Realized and unrealized gains	3,056	6,122
Investment fees	(4,590)	(4,550)
Total investment income	$ 14,615	$ 16,054

NOTE 4 – FAIR VALUE MEASUREMENTS

The 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) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute 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.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Equities: Valued at the closing price reported in the active market on which the individual securities are traded.

Beneficial interests in remainder trusts administered by other trustees: Valued at the NAV, based on the fair value of the underlying investments held by the remainder trusts less remainder trusts' liabilities. The fair value of the underlying investments is provided by the other trustees annually. Due to the minimal observable inputs, the beneficial interests in remainder trusts are classified as Level 3.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Institute believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Institute's holdings in mutual funds and equities were level one assets on the fair value hierarchy as of June 30, 2020 and 2019.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	2020	2019
Software	$ 6,327	$ 6,327
Other depreciable property	21,545	20,250
Equipment	20,911	20,911
Total cost	48,783	47,488
Less accumulated depreciation and amortization	29,783	20,254
Property and equipment, net	$ 19,000	$ 27,234

NOTE 6 – LINE OF CREDIT AND LONG-TERM DEBT

As of June 30, 2020, the Institute has a line of credit with a bank. The Institute may borrow up to $200,000. At June 30, 2020 and 2019, there were no borrowings outstanding on this line of credit. Interest is payable at a monthly rate of 2.0% about the LIBOR rate (an effective rate of 2.2% and 4.4% at June 30, 2020 and 2019, respectively). The line of credit is collateralized by the investments held at Huntington National Bank.

Long-term debt consists of the following for the years ended June 30, 2020 and 2019:

	2020	2019
Note payable to the previous members of Pediatric Potential, LLC in annual payments of $5,000. The note was paid in full in 2020.	$ -	$ 5,000
Paycheck Protection Program Loan through the Small Business Administration. The note requires monthly principal payments of $833 including interest at 1% The note matures in April 2022. However, some or all of the loan may be forgiven based on certain requirements. See Note 12.	20,000	$ -
	20,000	5,000
Less portion due within one year	6,656	5,000
	$ 13,344	$ -

Maturities of long-term debt are as follows:

Year ending June 30,	Total
2021	$ 6,656
2022	13,344
	$ 20,000

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following purpose or time restrictions at June 30, 2020 and 2019:

	2020	2019
Testing supplies and tool kits	$ 4,000	$ 5,012
Summer program	59,606	51,866
Workshops and training	5,000	111,000
Time restriction	203,619	195,920
Total temporarily restricted net assets	$ 272,225	$ 363,798

NOTE 8 – CAPITAL LEASES

The Institute leases office equipment, with a cost of $19,855, under a capital lease expiring December 2022. The effective interest rate of the lease is 2.48%. This asset is depreciated over the lower of the lease term or its estimated useful life and is recorded as a component of property and equipment. Depreciation expense on the asset for the years ended June 30, 2020 and 2019 was $3,971 and $1,985, respectively. Accumulated depreciation of the asset held under capital lease was $5,956 and $1,985 as of June 30, 2020 and 2019, respectively.

Future minimum property and equipment lease payments under the capital lease are as follows:

Years ending June 30,	Amount
2021	$ 5,219
2022	5,219
2023	2,610
Total minimum lease payments	13,048
Less: amount representing interest	374
Present value of minimum capital lease payments	12,674
Less: current portion	(4,997)
Long-term obligation under capital lease	$ 7,677

NOTE 9 – OPERATING LEASES

The Institute leases office space with monthly payments approximating $1,800 expiring November 2020. Lease expense for the years ended June 30, 2020 and 2019 was $20,850 and $19,800, respectively.

The Institute leases various office equipment for payments totaling approximately $79 per month expiring at various dates through July 2025. Lease expense for the years ended June 30, 2020 and 2019 was $947 and $3,467, respectively.

Total lease expense for the years ended June 30, 2020 and 2019 was $21,797 and $23,267, respectively.

Minimum future rental payments under non-cancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2020 are as follows:

Year ending June 30,	Amount
2021	$ 10,079
2022	1,147
2023	1,152
2024	1,152
2025	1,152
Thereafter	96
	$ 14,778

NOTE 10 – BENEFICIAL INTEREST IN REMAINDER TRUSTS ADMINISTERED BY OTHER TRUSTEES AND FAIR VALUE DISCLOSURES

At June 30, 2020 and 2019, the fair value of beneficial interests in remainder trusts administered by other trustees, by fair value hierarchy, are:

	June 30,	
	2020	2019
	Level 3	Level 3
Beneficial interest in remainder trusts administered by other trustees	$ 203,619	$ 195,920

NOTE 10 – BENEFICIAL INTEREST IN REMAINDER TRUSTS ADMINISTERED BY OTHER TRUSTEES AND FAIR VALUE DISCLOSURES (Continued)

Changes in beneficial interest listed above measured by fair value using significant unobservable inputs (Level 3) during the years ended are as follows:

	June 30, 2020	June 30, 2019
Beginning balance	$ 195,920	$ 207,235
Termination of trust	-	(15,712)
Increase in value due to market value change	7,699	4,397
	$ 203,619	$ 195,920

NOTE 11 – RETIREMENT PLAN

The Institute has a defined contribution retirement plan available to substantially all employees. Participants may make basic tax-free contributions of their compensation up to the legal limit prescribed by Section 403(b) of the Internal Revenue Code. The Institute can make a discretionary contribution to the Plan based on 3% of employee's annual gross income for those employees who contribute 3% or more of their eligible annual gross income. Employer matching contributions of $24,159 and $7,948 were made for the years ended June 30, 2020 and 2019, respectively. Employer contributions are vested after working three (3) calendar years with at least 1,000 hours in each of the three years. The Institute incurred expenses of $2,385 and $4,195 related to this plan, including fees, during the years ended June 30, 2020 and 2019, respectively.

NOTE 12 – PAYCHECK PROTECTION PROGRAM ("PPP") LOAN

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus disease ("COVID-19") a pandemic. The extent of COVID-19's effect on the Institute's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Institute's finances. However, if the pandemic continues to evolve into a severe worldwide health crisis, the disease could have a material adverse effect on the Institute's activities, results of operations, financial condition and cash flow.

NOTE 12 – PAYCHECK PROTECTION PROGRAM (“PPP”) LOAN (Continued)

On April 23, 2020, the Institute received a PPP refundable advance of $686,500 under the Coronavirus Aid, Relief and Economic Security Act. This refundable advance, which is in the form of a promissory note dated April 23, 2020, is between the Institute and Huntington National Bank, and the satisfaction of conditions of the advance are subject to review by the Small Business Administration (SBA).

The terms of the refundable advance require the Institute to meet certain conditions regarding an economic need for the advance as well as incurring qualifying expenses such as payroll costs, benefits, rents and utilities during a 24-week period. All or a portion of the refundable advance may be recognized as contribution revenue upon meeting the conditions and the incurrence of allowable qualifying expenses. As of June 30, 2020, the Institute recorded contribution revenue of $666,500 as it determined it had substantially met all conditions of the refundable advance up to that amount. There is a remaining estimated liability of $20,000 at June 30, 2020.

According to the terms of the refundable advance, the Institute would be required to repay all or a portion of the refundable advance if it is later determined that it failed to meet the certain conditions. The Institute believes it has substantially met its performance obligations and intends to apply for full forgiveness of the refundable advance. No assurance is provided that the Institute will obtain forgiveness of the refundable advance in whole or in part. The application is due no later than 10 months from balance sheet date. Both Huntington National Bank and the SBA must review and approve the forgiveness application.

Additionally, the application for the refundable advance required the Institute, in good faith, to certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Institute. Subsequently released guidance instructs all applications and recipients to take into account their current business activity and the Organization’s ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to their business.

Should any portion of the refundable advance be repayable by the SBA, the Institute will record the amount of refundable advance to be repaid as a loan which carries an interest rate at 1% per annum, payable in monthly installments over a 2 year term. There is no prepayment penalty. The loan, if recorded, will be subject to the customary provisions for a loan of this type, including customer events of default, related to, among other things, payment defaults and breaches of the provisions of the loan.

According to the rules of the SBA, the Institute is required to retain documentation for 6 years after the date of refundable advance is forgiven or repaid in full and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Institute’s judgments pertaining to satisfying conditions of the refundable advance, the Institute may be required to adjust previously reported amounts and disclosures in the financial statements.