

JOSEPH'S COAT
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019



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YEARS ENDED DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Joseph's Coat
St. Paul, Minnesota

We have audited the accompanying financial statements of Joseph's Coat, which comprise the statements of financial position as of December 31, 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 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 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 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.

Board of Directors
Joseph's Coat

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Joseph's Coat as of December 31, 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 19, 2021

**JOSEPH'S COAT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash | \$ 95,161 | \$ 36,469 |
| Certificates of Deposit | 168,740 | 167,380 |
| Investments (Cost of \$1,000,196 in 2020 and \$1,010,308 in 2019) | 1,150,847 | 1,080,961 |
| Grants Receivable | - | 5,000 |
| Other Assets | 5,244 | 9,898 |
| Property and Equipment, Net of Accumulated Depreciation | <u>1,392</u> | <u>2,384</u> |
| Total Assets | <u><u>\$ 1,421,384</u></u> | <u><u>\$ 1,302,092</u></u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable and Accrued Expenses | \$ 33,983 | \$ 8,713 |
| NET ASSETS | | |
| Without Donor Restrictions | 1,387,401 | 1,288,379 |
| With Donor Restrictions | - | 5,000 |
| Total Net Assets | <u>1,387,401</u> | <u>1,293,379</u> |
| Total Liabilities and Net Assets | <u><u>\$ 1,421,384</u></u> | <u><u>\$ 1,302,092</u></u> |

See accompanying Notes to Financial Statements.

**JOSEPH'S COAT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

| | 2020 | | |
|---|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE | | | |
| Grants | \$ 36,283 | \$ - | \$ 36,283 |
| Contributions | 254,297 | - | 254,297 |
| In-Kind Contributions | 802,174 | - | 802,174 |
| Consignment | 21,534 | - | 21,534 |
| Investment Income, Net of Investment Expenses of \$6,825 in 2020 and \$6,858 in 2019 | 95,826 | - | 95,826 |
| Paycheck Protection Program Loan Forgiveness | 33,400 | - | 33,400 |
| Net Assets Released from Restrictions | 5,000 | (5,000) | - |
| Total Revenue | 1,248,514 | (5,000) | 1,243,514 |
| EXPENSES | | | |
| Program Expenses | 1,081,980 | - | 1,081,980 |
| Management and General | 58,851 | - | 58,851 |
| Fundraising | 8,661 | - | 8,661 |
| Total Expenses | 1,149,492 | - | 1,149,492 |
| CHANGE IN NET ASSETS | 99,022 | (5,000) | 94,022 |
| Net Assets - Beginning of Year | 1,288,379 | 5,000 | 1,293,379 |
| NET ASSETS - END OF YEAR | <u>\$ 1,387,401</u> | <u>\$ -</u> | <u>\$ 1,387,401</u> |

See accompanying Notes to Financial Statements.

**JOSEPH'S COAT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

| | 2019 | | |
|---|-------------------------------|----------------------------|----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUE | | | |
| Grants | \$ 45,238 | \$ 5,000 | \$ 50,238 |
| Contributions | 200,751 | - | 200,751 |
| In-Kind Contributions | 1,468,122 | - | 1,468,122 |
| Consignment | 24,987 | - | 24,987 |
| Investment Income, Net of Investment Expenses of \$6,825 in 2020 and \$6,858 in 2019 | 146,405 | - | 146,405 |
| Paycheck Protection Program Loan Forgiveness | - | - | - |
| Net Assets Released from Restrictions | - | - | - |
| Total Revenue | <u>1,885,503</u> | <u>5,000</u> | <u>1,890,503</u> |
| EXPENSES | | | |
| Program Expenses | 1,750,758 | - | 1,750,758 |
| Management and General | 65,852 | - | 65,852 |
| Fundraising | 7,983 | - | 7,983 |
| Total Expenses | <u>1,824,593</u> | <u>-</u> | <u>1,824,593</u> |
| CHANGE IN NET ASSETS | 60,910 | 5,000 | 65,910 |
| Net Assets - Beginning of Year | <u>1,227,469</u> | <u>-</u> | <u>1,227,469</u> |
| NET ASSETS - END OF YEAR | <u><u>\$ 1,288,379</u></u> | <u><u>\$ 5,000</u></u> | <u><u>\$ 1,293,379</u></u> |

See accompanying Notes to Financial Statements.

**JOSEPH'S COAT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

| | 2020 | | | |
|--------------------------------------|---------------------|------------------|-----------------|---------------------|
| | Program | Administrative | Fundraising | Total |
| Salaries | \$ 136,723 | \$ 16,085 | \$ 8,043 | \$ 160,851 |
| Payroll Taxes | 10,505 | 1,236 | 618 | 12,359 |
| Total Personnel Expenses | 147,228 | 17,321 | 8,661 | 173,210 |
| Insurance | 6,800 | 1,700 | - | 8,500 |
| Legal and Accounting | - | 15,710 | - | 15,710 |
| Miscellaneous | 4,693 | 1,173 | - | 5,866 |
| Occupancy | 48,558 | 12,139 | - | 60,697 |
| Security | 15,724 | 3,929 | - | 19,653 |
| Office | 7,039 | 1,760 | - | 8,799 |
| Printing and Postage | 6,404 | 1,601 | - | 8,005 |
| Program Supplies | 29,240 | - | - | 29,240 |
| Repairs and Maintenance | 3,077 | 758 | - | 3,835 |
| Telephone | 695 | 174 | - | 869 |
| Travel | 2,598 | 649 | - | 3,247 |
| Contributed Merchandise and Clothing | 802,174 | - | - | 802,174 |
| Utilities | 6,956 | 1,739 | - | 8,695 |
| Depreciation | 794 | 198 | - | 992 |
| Total Expenses | <u>\$ 1,081,980</u> | <u>\$ 58,851</u> | <u>\$ 8,661</u> | <u>\$ 1,149,492</u> |

See accompanying Notes to Financial Statements.

JOSEPH'S COAT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

| | 2019 | | | |
|--------------------------------------|---------------------|------------------|-----------------|---------------------|
| | Program | Administrative | Fundraising | Total |
| Salaries | \$ 125,730 | \$ 14,790 | \$ 7,396 | \$ 147,916 |
| Payroll Taxes | 9,976 | 1,174 | 587 | 11,737 |
| Total Personnel Expenses | 135,706 | 15,964 | 7,983 | 159,653 |
| Insurance | 5,650 | 1,413 | - | 7,063 |
| Legal and Accounting | - | 15,107 | - | 15,107 |
| Miscellaneous | 10,375 | 2,593 | - | 12,968 |
| Occupancy | 46,205 | 11,550 | - | 57,755 |
| Security | 20,893 | 5,221 | - | 26,114 |
| Office | 20,694 | 5,174 | - | 25,868 |
| Printing and Postage | 7,704 | 1,926 | - | 9,630 |
| Program Supplies | 7,703 | - | - | 7,703 |
| Repairs and Maintenance | 5,970 | 1,470 | - | 7,440 |
| Telephone | 614 | 154 | - | 768 |
| Travel | 4,680 | 1,170 | - | 5,850 |
| Contributed Merchandise and Clothing | 1,468,122 | - | - | 1,468,122 |
| Utilities | 7,728 | 1,932 | - | 9,660 |
| Depreciation | 8,714 | 2,178 | - | 10,892 |
| Total Expenses | <u>\$ 1,750,758</u> | <u>\$ 65,852</u> | <u>\$ 7,983</u> | <u>\$ 1,824,593</u> |

See accompanying Notes to Financial Statements.

**JOSEPH'S COAT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | <u>2020</u> | <u>2019</u> |
|---|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 94,022 | \$ 65,910 |
| Adjustments to Reconcile Change in Net Assets to | | |
| Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 992 | 10,892 |
| Unrealized Gain on Investments | (79,997) | (124,031) |
| (Increase) Decrease in Current Assets: | | |
| Grants Receivable | 5,000 | (5,000) |
| Other Assets | 4,654 | (5,007) |
| Increase (Decrease) in Current Liabilities: | | |
| Accounts Payable and Accrued Expenses | 25,270 | (2,852) |
| Net Cash Provided (Used) by Operating Activities | <u>49,941</u> | <u>(60,088)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Certificates of Deposit | (1,360) | (922) |
| Purchase of Investments | (39,889) | (41,460) |
| Proceeds from the Sale of Investments | 50,000 | - |
| Net Cash Provided (Used) by Investing Activities | <u>8,751</u> | <u>(42,382)</u> |
| NET INCREASE (DECREASE) IN CASH | 58,692 | (102,470) |
| Cash - Beginning of Year | <u>36,469</u> | <u>138,939</u> |
| CASH - END OF YEAR | <u><u>\$ 95,161</u></u> | <u><u>\$ 36,469</u></u> |

See accompanying Notes to Financial Statements.

**JOSEPH'S COAT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Joseph's Coat (the Organization) is a nonprofit, inner city, free store providing clothing and household items for the poor and homeless. As a store-front community, they recognize the common need for the physical necessities of life as well as a sense of self-worth and meaning. They offer encouragement and support for persons in the midst of conflict confronted by crisis or moving through transition. They believe that their small size and simplicity fosters a sense of person-to-person sharing among those who receive and who give through donation or service. Joseph's Coat is a sign of hope, trust, and love to the people within their community.

Joseph's Coat mission statement is "a free store providing goods and services to those in need within an environment of dignity and respect." The Organization's vision statement further expresses the mission:

Joseph's Coat is valued for its compassionate accessible and effective service to the poor. As an inner city free store, Joseph's Coat serves multiple constituents within the community. It provides physical necessities and encouragement to those in need. It partners with donors so they can contribute the time, money, service, and goods directly to those who need them. It networks with other agencies to provide services to the poor. Joseph's Coat serves as a sign of hope, trust, and caring to the people within our community.

Financial Statement Presentation

Net assets and revenues, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization 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.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, which 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.

At December 31, 2020, the Organization had only net assets without donor restrictions. At December 31, 2019, the Organization had \$5,000 of net assets with donor restrictions that was restricted for time.

**JOSEPH'S COAT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Certificates of Deposit

Cash consists of a bank checking account. Certificates of deposit are stated at cost and have terms of 6 to 12 months. At times balances in cash and certificates of deposit may exceed the limits of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments

Investments are carried at fair value based on quoted market prices. Realized and unrealized gains and losses are recognized in the period in which they occur and are recorded in the statements of activities. Due to market volatility with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in future statements of activities.

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization has elected to measure all investments at fair value. The Organization may elect to measure newly acquired financial instruments at fair value in the future.

Property and Equipment

Property and equipment consists of leasehold improvements that are stated at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Depreciation is provided on a straight-line basis over the shorter of the term of the lease or useful life.

Revenue Recognition

Revenue is recognized on the accrual basis and generally consists of grants, contributions, in-kind contributions and consignment revenue. The consignment revenue is considered to be exchange revenue and is recognized as revenue when the performance obligations are met which is the sale of the goods. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions restricted by donors that have satisfied the donor-imposed restrictions during the year of the contribution are recorded as contributions without donor restrictions.

Donated Services

No amounts for contributed services have been reflected in the accompanying financial statements since the services do not meet accounting standards criteria for recognition. The criteria require that donated services create or enhance financial assets, require specialized skills which would be purchased if not donated and have an objective basis for measurement. However, many volunteers from the community have contributed time and services to the Organization throughout the year.

JOSEPH'S COAT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

The Organization reports gifts of clothing, household, and personal items as support without donor restrictions unless explicit donor stipulations specify how the donated-assets must be used. In-kind contributions are recorded at the estimated fair value on the date of donation. For the years ended December 31, 2020 and 2019, in-kind contributions were \$93 and \$71 per bag, respectively. Consignment contributions are items that are sold to support the operations of the Organization and are valued at the amount the items are sold for.

The Organization estimates the fair value of in-kind contributions by sampling distributed bags of items throughout the year. The Organization assigned value to the items in the bags based on the Internal Revenue Service guidelines and valuation guide for Goodwill Donors of each item based on quality and description. The average value calculated from the sample was used to determine in-kind valuation amount.

Fair Value Measurements

The Organization follows accounting standards that define fair value, establish a framework for measuring fair value in accordance with existing accounting principles generally accepted in the United States of America, and expand disclosures about fair value measurements. The framework provides a fair value hierarchy that prioritizes inputs according to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

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

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from the estimates used.

**JOSEPH'S COAT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expense

The cost of providing various program and other activities have been summarized on a natural basis in the statements of activities. Salaries and related expenses are allocated based on the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated on the best estimates of management. Contributed merchandise and clothing is allocated directly to program expenses.

Income Tax

The Organization has tax-exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC) and Minnesota Statute 290.05 and has been classified as an organization that is not a private foundation under the IRC and charitable contributions by donors are tax deductible. The Organization is not aware of any unrelated business income, which would be subject to tax.

The Organization follows guidance in the income tax standard regarding the recognition of uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization is not aware of any uncertain tax positions. The Organization's tax returns are subject to review and examination by federal and state authorities.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 19, 2021, the date the financial statements were approved to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other commitments. As part of the Organization's liquidity management, annual operating budgets are built so that revenue breaks even with expenses.

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31:

| | 2020 | 2019 |
|-------------------------|-------------------|-------------------|
| Cash | \$ 95,161 | \$ 36,469 |
| Certificates of Deposit | 168,740 | 167,380 |
| Total | <u>\$ 263,901</u> | <u>\$ 203,849</u> |

The Organization also has an investment balance of \$1,150,847 and \$1,080,961 as of December 31, 2020 and 2019, respectively. These investments are without donor restrictions.

JOSEPH'S COAT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

| | 2020 | 2019 |
|------------------------------------|---------------------|---------------------|
| Cash and Short-Term Investments | \$ 46,034 | \$ 23,095 |
| Equity Mutual Funds | 392,217 | 388,642 |
| Fixed Income Mutual Funds | 247,830 | 231,680 |
| Equity Exchange Traded Funds | 322,512 | 293,395 |
| Fixed Income Exchange Traded Funds | 142,254 | 144,149 |
| Total | <u>\$ 1,150,847</u> | <u>\$ 1,080,961</u> |

NOTE 4 FAIR VALUE MEASUREMENTS

The following table summarizes the valuation of the Organization's investments by the fair value hierarchy levels described in Note 1 as of December 31:

| | 2020 | | | |
|------------------------------------|---------------------|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Equity Mutual Funds | \$ 392,217 | \$ - | \$ - | \$ 392,217 |
| Fixed Income Mutual Funds | 247,830 | - | - | 247,830 |
| Equity Exchange Traded Funds | 322,512 | - | - | 322,512 |
| Fixed Income Exchange Traded Funds | 142,254 | - | - | 142,254 |
| Subtotal | <u>1,104,813</u> | <u>-</u> | <u>-</u> | <u>1,104,813</u> |
| Investments Held at Cost | - | - | - | 46,034 |
| Total | <u>\$ 1,104,813</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,150,847</u> |

| | 2019 | | | |
|------------------------------------|---------------------|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Equity Mutual Funds | \$ 388,642 | \$ - | \$ - | \$ 388,642 |
| Fixed Income Mutual Funds | 231,680 | - | - | 231,680 |
| Equity Exchange Traded Funds | 293,395 | - | - | 293,395 |
| Fixed Income Exchange Traded Funds | 144,149 | - | - | 144,149 |
| Subtotal | <u>1,057,866</u> | <u>-</u> | <u>-</u> | <u>1,057,866</u> |
| Investments Held at Cost | - | - | - | 23,095 |
| Total | <u>\$ 1,057,866</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,080,961</u> |

JOSEPH'S COAT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 OPERATING LEASE

The Organization leased building space under an operating lease which expires on December 13, 2029. The Organization is required to pay a monthly base rent. The lease also includes a provision that the Organization pay its pro-rata share of real estate taxes over a base amount and a common area maintenance fee. Rental expense for the years ended December 31, 2020 and 2019 was \$60,697 and \$57,755, respectively.

Future minimum lease payments as of December 31, 2020 are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2021 | \$ 42,150 |
| 2022 | 42,750 |
| 2023 | 43,350 |
| 2024 | 43,950 |
| 2025 | 44,550 |
| Thereafter | 181,803 |
| Total | <u>\$ 398,553</u> |

NOTE 6 CONCENTRATION OF REVENUE

Grants, contributions, and consignment revenue for year ended December 31, 2020 consisted of approximately 15% from one donor. There were no concentrations for the year ended December 31, 2019.

NOTE 7 RISKS AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. As a result, COVID-19 may impact various parts of the Organization's 2021 operations and financial results. Management believes that the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 8 PAYCHECK PROTECTION PROGRAM

On April 30, 2020, the Organization received proceeds in the amount of \$33,400 to fund payroll, rent, and utilities through the federal Paycheck Protection Program (PPP). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act.

JOSEPH'S COAT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8 PAYCHECK PROTECTION PROGRAM (CONTINUED)

The Organization initially classified this loan as a conditional contribution for accounting purposes. Management has determined the conditions were met as of December 31, 2020. The Organization recognized \$33,400 of income related to this agreement, which represents the portion of the PPP loan funds for which the performance barriers have been met. On November 10, 2020, the SBA formally approved forgiveness. The funds were recognized as revenue and are included in the government grants on the statement of activities and changes in net assets.

The SBA may review funding eligibility and use of fund for compliance with program requirements based on dollar thresholds and other factors. The amount of any liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. **CliftonLarsonAllen LLP**

