

LAWRENCE HUMANE SOCIETY, INC.

Lawrence, Kansas

**FINANCIAL STATEMENTS
As of and for the Year Ended
December 31, 2018**

LAWRENCE HUMANE SOCIETY, INC.
Lawrence, Kansas

Table of Contents

| | <u>Page</u> |
|-----------------------------------|-------------|
| Independent Auditor's Report | 1 - 2 |
| Basic Financial Statements: | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7 - 12 |



MIZE & HOUSER
COMPANY P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lawrence Humane Society, Inc.
Lawrence, Kansas

We have audited the accompanying financial statements of the Lawrence Humane Society, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

www.mizehouser.com ■ mhco@mizehouser.com

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f

534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f

7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f

211 E Eighth Suite A ■ Lawrence, KS 66044-2771 ■ 785.842.8844 p ■ 785.842.9049 f

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lawrence Humane Society, Inc. as of December 31, 2018, the changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Mike Houser: Company PA

Certified Public Accountants
Lawrence, Kansas

July 19, 2019

LAWRENCE HUMANE SOCIETY, INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2018

ASSETS

| | |
|---|---------------------|
| Current assets | |
| Cash and cash equivalents | \$ 315,111 |
| Accounts receivable | 8,106 |
| Prepaid expenses | <u>20,829</u> |
| Total current assets | <u>344,046</u> |
| Long-term unconditional promises to give | |
| Capital campaign pledges receivable, less allowance of \$40,850 | <u>3,054,329</u> |
| Fixed Assets | |
| Construction in progress | 3,292,451 |
| Property, plant and equipment | 2,555,276 |
| Accumulated depreciation | <u>[1,379,324]</u> |
| Total fixed assets | <u>4,468,403</u> |
| Other assets | |
| Beneficiary interest in assets held by others | <u>1,197,077</u> |
| Total assets | <u>\$ 9,063,855</u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|---------------------|
| Current liabilities | |
| Accounts payable | \$ 51,484 |
| Payroll liabilities | <u>37,984</u> |
| Total current liabilities | <u>89,468</u> |
| Net assets | |
| Without donor restrictions | 4,700,455 |
| With donor restrictions | <u>4,273,932</u> |
| Total net assets | <u>8,974,387</u> |
| Total liabilities and net assets | <u>\$ 9,063,855</u> |

The notes to the financial statements are an integral part of this financial statement.

LAWRENCE HUMANE SOCIETY, INC.

STATEMENT OF ACTIVITIES
Year ended December 31, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| Revenues, gains, and other support | | | |
| Contracts | \$ 411,120 | \$ - | \$ 411,120 |
| Program fees | 472,881 | - | 472,881 |
| Donations | 513,553 | 3,995,558 | 4,509,111 |
| Grants | 75,555 | - | 75,555 |
| In-kind donations | 57,432 | - | 57,432 |
| Fundraising events | 227,219 | - | 227,219 |
| Investment income | | | |
| Interest income | 890 | 20,277 | 21,167 |
| Realized gains on investments | - | 2,375 | 2,375 |
| Unrealized gains on investments | - | [16,735] | [16,735] |
| Miscellaneous | 4,889 | - | 4,889 |
| Net assets released from restriction | <u>2,763,816</u> | <u>[2,763,816]</u> | <u>-</u> |
| Total revenues, gains, and other support | <u>4,527,355</u> | <u>1,237,659</u> | <u>5,765,014</u> |
| Expenses | | | |
| Program services | 1,152,475 | - | 1,152,475 |
| Supporting services | 440,246 | - | 440,246 |
| Fundraising | <u>261,174</u> | <u>-</u> | <u>261,174</u> |
| Total expenses | <u>1,853,895</u> | <u>-</u> | <u>1,853,895</u> |
| Change in net assets | 2,673,460 | 1,237,659 | 3,911,119 |
| Net assets, beginning of year | <u>2,026,995</u> | <u>3,036,273</u> | <u>5,063,268</u> |
| Net assets, end of year | <u>\$ 4,700,455</u> | <u>\$ 4,273,932</u> | <u>\$ 8,974,387</u> |

The notes to the financial statements are an integral part of this financial statement.

LAWRENCE HUMANE SOCIETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2018

| | Program Services | Supporting Services | Fundraising | Total |
|-------------------------------|---------------------|------------------------|-------------------|---------------------|
| Salaries | \$ 686,901 | \$ 154,017 | \$ 89,810 | \$ 930,728 |
| Payroll taxes and benefits | 77,279 | 44,871 | 9,216 | 131,366 |
| Bank fees | 11 | 34,274 | 2,503 | 36,788 |
| Computer and technology | - | 8,639 | - | 8,639 |
| Depreciation | 72,552 | - | - | 72,552 |
| Dues and subscriptions | 798 | 4,799 | 270 | 5,867 |
| Event expenses | 45 | - | 55,453 | 55,498 |
| Office expenses | - | 40 | - | 40 |
| Insurance | 581 | 15,856 | - | 16,437 |
| Legal and professional | - | 49,918 | 16,148 | 66,066 |
| Maintenance and repairs | 40,052 | 703 | - | 40,755 |
| Marketing | 13,735 | 13,007 | 70,519 | 97,261 |
| Miscellaneous | 1,728 | 2,309 | 19 | 4,056 |
| Postage and shipping | 278 | 689 | 2,797 | 3,764 |
| Sales and use tax | - | 414 | - | 414 |
| Supplies: General | 439 | 21,726 | 823 | 22,988 |
| Supplies: Animal care | 113,871 | 380 | 13,616 | 127,867 |
| Supplies: Medical program | 134,289 | 209 | - | 134,498 |
| Travel | 59 | 3,526 | - | 3,585 |
| Utilities | - | 84,869 | - | 84,869 |
| Volunteer & education program | 3,822 | - | - | 3,822 |
| Waste disposal | 6,035 | - | - | 6,035 |
| | <u>\$ 1,152,475</u> | <u>\$ 440,246</u> | <u>\$ 261,174</u> | <u>\$ 1,853,895</u> |
| Total Expenses | | | | |

The notes to the financial statements are an integral part of this financial statement.

LAWRENCE HUMANE SOCIETY, INC.

STATEMENT OF CASH FLOWS
Year ended December 31, 2018

| | |
|--|--------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ 3,911,119 |
| Adjustments to reconcile change in net assets to net cash provided [used] by operating activities: | |
| Depreciation | 72,552 |
| Changes in current assets and liabilities | |
| [Increase] decrease in receivables | 75,350 |
| [Increase] decrease in prepaid expenses | 6,503 |
| [Increase] decrease in capital campaign pledges receivable | [2,203,768] |
| Increase [decrease] in accounts payable | [37,169] |
| Increase [decrease] in payroll liabilities | <u>6,960</u> |
| Net cash provided [used] by operating activities | <u>1,831,547</u> |
| Cash flows from investing activities | |
| Change in beneficiary interest | 903,972 |
| Purchase of property and equipment | <u>[2,998,345]</u> |
| Net cash provided [used] by investing activities | <u>[2,094,373]</u> |
| Net increase [decrease] in cash | [262,826] |
| Cash as of beginning of period | <u>577,937</u> |
| Cash as of end of period | <u>\$ 315,111</u> |
| <u>Supplemental Information</u> | |
| Interest paid | <u>\$ -</u> |
| Income taxes paid | <u>\$ -</u> |

The notes to the financial statements are an integral part of this financial statement.

LAWRENCE HUMANE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Lawrence Humane Society, Inc. (the Organization) was incorporated as a 501(c)(3) organization under the laws of the State of Kansas on March 22, 1951. The Organization provides shelter, care, and advocacy to stray, homeless, and abused animals and nurtures the human-animal bond.

Definition of the Entity

Lawrence Humane Society, Inc. is a nonprofit corporation governed by a board, which shall consist of up to 15 members. Lawrence Humane Society, Inc. as an entity has been defined to include on a combined basis (a) Lawrence Humane Society, Inc. (b) organizations for which Lawrence Humane Society, Inc. is financially accountable, and (c) other organizations for which the nature and significance of their relationship with Lawrence Humane Society, Inc. are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in Lawrence Humane Society Inc.'s report.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 revenues and expenses during the reporting period. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restriction. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

LAWRENCE HUMANE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking, money market accounts and certificates of deposit. The Organization considers all cash to be cash equivalents.

Transfer of Assets to a Not-for-Profit that holds Contributions for Others

The Organization has monies transferred into a fund at Douglas County Community Foundation. The Organization provided the Foundation the power to modify the distribution of funds. The distribution of funds is limited to the income of the fund, net of the fees and expenses for purposes described in Code Section 170(c)(1) or (2)(B) that are consistent with the exempt status and purposes of the Foundation. The transferring of assets is presumed reciprocal in nature even if the transferring entity explicitly grants the recipient entity variance power when the transferring entity specifies itself as the beneficiary. As a result, the Organization recognized in the Statement of Financial Position \$2,101,049 as an asset. The asset is considered a beneficiary interest in assets held by others.

Support and Revenues

The Organization receives funding from donations, operational programming and governmental contracts. Revenues from donations are recognized when earned.

Revenue Recognition - Substantially all of the Organization's revenue is from service recipients, third party payers or governmental support. Income from government sources is recognized during the period the support is intended to cover. Prepayments are recorded as deferred revenue, while payments not yet received, but for which a commitment and fund availability has been established, are accrued as receivable.

Pledges Receivable and Allowance for Doubtful Accounts

Pledges receivable are valued at their estimated collectible amounts. The Organization uses estimates in computing the allowance for doubtful accounts. No interest accrues on past due receivables. Accounts are written off when deemed uncollectible. As of December 31, 2018, the amount of pledges receivables considered doubtful was \$40,850.

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets (five to thirty-nine years). Expenditures for routine maintenance and repairs are charged to expense as incurred.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income determined to be unrelated business taxable income (UBTI) would be taxable.

LAWRENCE HUMANE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization follows the accounting standards for uncertain tax positions. The Organization's policy prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this policy had no impact on the Organization's financial statements.

The Organization files as a tax-exempt organization. As of December 31, 2018, its 2015 through 2017 fiscal year tax returns are open for examination by the IRS.

Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest input that is significant to the fair value measurement. Assets and liabilities value at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted prices for similar assets and liabilities in not active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumption, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised value.

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

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.

Fair values are measured using independent pricing models or other model-based valuation techniques such as appraised values, adjusted for security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. The Organization does not have any assets or liabilities that are valued using Level I, Level II or Level III inputs as of December 31, 2018. The Organization considers beneficial interest in assets held by others to be classified at Level 3 within the fair value hierarchy. The beginning fair value of the beneficial interest was \$2,101,049 with \$1,187,374 in contributions made to the beneficial interest asset and \$5,917 recorded as investment income of the beneficial interest. The value of the beneficial interest as of December 31, 2017 was \$1,197,077.

LAWRENCE HUMANE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes a promise to give to Lawrence Humane Society, Inc. that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. For the year ended December 31, 2018 the Organization had net assets with donor restrictions which totaled \$4,273,932. Net assets with donor restrictions consisted of contributions received with a grantor imposed use restriction.

In-kind Donations

The Organization received donated professional services and the donated shelter food of \$57,432 for the year ended December 31, 2018. Such amounts, which are based upon information provided by third-party providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions and contracted staff services and rent on the accompanying statements of activities and statements of functional expenses.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits and payroll taxes which are allocated on the basis of estimates of direct service hours.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency. The reclassifications had no impact on previously reported net assets.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly.

2. CASH AND CREDIT RISK

At year end, the Organization's carrying amount of deposits and cash on hand was \$315,111 and the bank balance was \$297,766. The Federal Deposit Insurance Corporation (FDIC) insures demand and interest bearing accounts up to \$250,000 per bank. The deposits were covered by the FDIC in the amount of \$257,755. The remaining \$40,011 was unsecured as of December 31, 2018. The board has determined to accept the risk involved for under secured deposits.

LAWRENCE HUMANE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

3. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following at December 31, 2018:

| | |
|---|--------------------|
| Financial assets at year end | |
| Cash and cash equivalents | \$ 315,111 |
| Accounts receivable | 8,106 |
| Capital campaign pledges receivable | 3,054,329 |
| Beneficiary interest in assets held by others | <u>1,197,077</u> |
| Total financial assets | <u>4,574,623</u> |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | <u>[4,273,932]</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 300,691</u> |

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in a money market account.

4. ACCOUNTS RECEIVABLE

Accounts receivable occur due to the performance of services near the end of the year that have been billed but amounts have not been collected. The Organization considers all accounts to be collectible; accordingly, there is no provision for doubtful accounts in these financial statements. If amounts become uncollectible, the amount is charged to operations at that time.

5. PREPAID EXPENSES

Prepaid expenses consist of the following:

| | |
|------------------------|------------------|
| Prepaid Insurance | \$ 19,549 |
| Other Prepaid Expenses | <u>1,280</u> |
| | <u>\$ 20,829</u> |

6. FIXED ASSETS

Property and equipment are summarized by major classifications at December 31, 2018 as follows:

| | |
|--|---------------------|
| Nondepreciable fixed assets: | |
| Construction in progress | <u>\$ 3,292,451</u> |
| Depreciable fixed assets: | |
| Building and equipment | 2,553,246 |
| Improvements | <u>2,030</u> |
| Total depreciable fixed assets | 2,555,276 |
| Accumulated depreciation | <u>[1,379,324]</u> |
| Total depreciable fixed assets net of accumulated depreciation | <u>1,175,952</u> |
| Total fixed assets | <u>\$ 4,468,403</u> |

Depreciation expense for the year ended December 31, 2018 was \$72,552.

LAWRENCE HUMANE SOCIETY, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

7. COMPENSATED ABSENCES

The Organization provides for sick and vacation leave. Full time employees are entitled to five days of vacation leave during the first year of employment. In the second to fourth year of employment, full time employees are entitled to ten vacation days each year, with a maximum accrual of 21 days. On the fifth to ninth year, full time employees are entitled to 15 days each year, with a maximum accrual of 25 days. After the ninth year, full time employees are entitled to 25 vacation days each year, with a maximum accrual of 31 days. All accrued and unused vacation time is paid at the end of employment.

Sick leave is accrued at ten days per year for the regular full-time staff, with a maximum of 260 hours. All accrued and unused sick leave is not paid at the end of employment.

No provision for accrued compensated absences is made in these financial statements.

8. OPERATING LEASES

The Organization leases office equipment from unrelated parties under operating leases expiring in February 2021. Rental payments associated with operating leases are charged to expenses as incurred. Rental payments made under these operating leases were \$7,188. Minimum future lease payments under non-cancelable operating leases with terms in excess of one year are as follows:

| Year Ended | |
|---------------------|------------------|
| <u>December 31,</u> | |
| 2019 | \$ 7,188 |
| 2020 | 7,188 |
| 2021 | <u>1,198</u> |
| Total | <u>\$ 15,574</u> |

9. ECONOMIC DEPENDENCE

The Organization receives a substantial amount of its support from local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's programs and activities.

10. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to limited torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters. The Organization carries commercial insurance and has not incurred any losses in the past three years.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 19, 2019, the date in which the financial statements were available to be issued.