Girls Incorporated of Worcester

Financial Statements for the Years Ended June 30, 2020 and 2019 and Independent Auditors' Report

GIRLS INCORPORATED OF WORCESTER

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Girls Incorporated of Worcester
Worcester, Massachusetts

We have audited the accompanying financial statements of Girls Incorporated of Worcester (a 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.

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 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 Girls Incorporated of Worcester 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.

Stowe & Degon LLC

October 22, 2020

GIRLS INCORPORATED OF WORCESTER

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS:		
Cash, cash equivalents and restricted cash	$ 1,908,168	$ 1,687,909
Pledges receivable, net	66,508	180,711
Grants and other receivable	56,391	104,734
Prepaid expenses and other assets	20,151	31,081
Total current assets	2,051,218	2,004,435
PROPERTY AND EQUIPMENT, net	4,553,630	3,772,227
INVESTMENTS	5,643,839	5,850,243
BENEFICIAL INTEREST IN TRUST	918,058	923,784
PLEDGES RECEIVABLE, non current	31,676	19,292
TOTAL ASSETS	$ 13,198,421	$ 12,569,981
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 349,277	$ 29,659
Accrued expenses	78,893	68,146
Deferred revenue	80,775	82,130
Current portion of long-term debt (Note 6)	84,002	-
Total current liabilities	592,947	179,935
LONG-TERM DEBT, net of current portion (Note 6)	106,998	-
TOTAL LIABILITIES	699,945	179,935
NET ASSETS:		
Without donor restrictions	11,021,706	10,252,017
With donor restrictions	1,476,770	2,138,029
Total net assets	12,498,476	12,390,046
TOTAL LIABILITIES AND NET ASSETS	$ 13,198,421	$ 12,569,981

See notes to financial statements.

GIRLS INCORPORATED OF WORCESTER

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
REVENUE AND OTHER SUPPORT:			
Allocated by the United Way of Central MA	$ -	$ 146,607	$ 146,607
Grant and contribution revenue	498,496	487,923	986,419
Program fees	240,189	-	240,189
Capital campaign contributions	-	371,511	371,511
In-kind contributions	48,545	-	48,545
Rental income	9,100	-	9,100
Registration fees	7,965	-	7,965
Dividend and interest income, net of investment fees of $17,810	118,609	3,597	122,206
Net assets released from restrictions for operations	1,666,825	(1,666,825)	-
Total revenue and other support	2,589,729	(657,187)	1,932,542
EXPENSES:			
Program services	1,512,731	-	1,512,731
Support services	465,581	-	465,581
Payments to national organization	12,620	-	12,620
Total expenses	1,990,932	-	1,990,932
Change in net assets from operating activities	598,797	(657,187)	(58,390)
NONOPERATING ACTIVITIES:			
Investment return, net	170,892	1,654	172,546
Change in beneficial interest in trust	-	(5,726)	(5,726)
Total nonoperating activities	170,892	(4,072)	166,820
Change in net assets	769,689	(661,259)	108,430
NET ASSETS - BEGINNING	10,252,017	2,138,029	12,390,046
NET ASSETS - ENDING	$ 11,021,706	$ 1,476,770	$ 12,498,476

See notes to financial statements.

GIRLS INCORPORATED OF WORCESTER

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES:			
REVENUE AND OTHER SUPPORT:			
Allocated by the United Way of Central MA	$ -	$ 163,796	$ 163,796
Grant and contribution revenue	322,319	560,301	882,620
Program fees	327,636	-	327,636
Capital campaign contributions	-	115,064	115,064
In-kind contributions	43,679	-	43,679
Rental income	7,620	-	7,620
Registration fees	7,075	-	7,075
Dividend and interest income, net of investment fees of $17,490	209,022	2,626	211,648
Net assets released from restrictions for operations	865,235	(865,235)	-
Total revenue and other support	1,782,586	(23,448)	1,759,138
EXPENSES:			
Program services	1,407,713	-	1,407,713
Support services	399,050	-	399,050
Payments to national organization	12,620	-	12,620
Total expenses	1,819,383	-	1,819,383
Change in net assets from operating activities	(36,797)	(23,448)	(60,245)
NONOPERATING ACTIVITIES:			
Gain on sale of property and equipment	24,500	-	24,500
Investment return, net	160,565	2,152	162,717
Change in beneficial interest in trust	-	3,741	3,741
Total nonoperating activities	185,065	5,893	190,958
Change in net assets	148,268	(17,555)	130,713
NET ASSETS - BEGINNING	10,103,749	2,155,584	12,259,333
NET ASSETS - ENDING	$ 10,252,017	$ 2,138,029	$ 12,390,046

See notes to financial statements.

GIRLS INCORPORATED OF WORCESTER

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Program Services	Support Services			
	Total Program Services	General and Administration	Development	Total Support Services	Total Services
For the Year Ended June 30, 2020:					
Salaries and related benefits	$ 857,297	$ 177,444	$ 181,805	$ 359,249	$ 1,216,546
Depreciation	253,118	5,981	9,569	15,550	268,668
Occupancy	195,887	9,639	6,634	16,273	212,160
Professional fees	59,349	46,104	123	46,227	105,576
Supplies	29,308	1,334	4,641	5,975	35,283
Transportation	37,948	425	16	441	38,389
Public relations	25,892	4,236	13,097	17,333	43,225
In-kind expenses	48,545	-	-	-	48,545
Bad debt expense	-	2,605	-	2,605	2,605
Telecommunications	5,387	769	513	1,282	6,669
Other expense	-	646	-	646	646
Total expenses	$ 1,512,731	$ 249,183	$ 216,398	$ 465,581	$ 1,978,312
For the Year Ended June 30, 2019:					
Salaries and related benefits	$ 773,058	$ 131,003	$ 161,773	$ 292,776	$ 1,065,834
Depreciation	244,754	5,377	8,603	13,980	258,734
Occupancy	180,382	9,332	6,744	16,076	196,458
Professional fees	76,750	42,063	100	42,163	118,913
Supplies	43,630	2,139	2,640	4,779	48,409
Transportation	37,196	296	-	296	37,492
Public relations	19,369	4,269	7,754	12,023	31,392
In-kind expenses	28,079	-	-	-	28,079
Bad debt expense	-	13,834	-	13,834	13,834
Telecommunications	4,495	642	428	1,070	5,565
Other expenses	-	2,053	-	2,053	2,053
Total expenses	$ 1,407,713	$ 211,008	$ 188,042	$ 399,050	$ 1,806,763

See notes to financial statements.

GIRLS INCORPORATED OF WORCESTER

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 108,430	$ 130,713
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	268,668	258,734
Gain on sale of property and equipment	-	(24,500)
Property and equipment - in-kind contribution	-	(15,600)
Net realized (gain) loss on investments	(233,346)	17,391
Net unrealized loss (gain) on investments	60,800	(180,108)
Change in beneficial interest in trust	5,726	(3,741)
Pledges restricted for capital campaign, net of discount	(371,511)	(115,064)
Changes in current assets and liabilities:		
Grants and other receivable	48,343	(9,423)
Prepaid expenses and other assets	10,930	(8,093)
Accounts payable	(14,662)	(11,474)
Accrued expenses	10,747	(6,961)
Deferred revenue	(1,355)	51,440
Net cash provided by (used in) operating activities	(107,230)	83,314
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	-	24,500
Purchase of property and equipment	(715,791)	(178,148)
Proceeds from sale of investments	536,259	709,903
Investment purchases	(24,459)	(812,126)
Net cash used in investing activities	(203,991)	(255,871)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Pledges restricted for capital campaign, net of discount	371,511	115,064
Change in pledges receivable	101,819	400,029
With donor restrictions contribution - stock donation	(20,000)	-
Stock donations	(112,850)	(94,651)
Proceeds from long-term debt	191,000	-
Net cash provided by financing activities	531,480	420,442
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	220,259	247,885
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	1,687,909	1,440,024
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 1,908,168	$ 1,687,909
SUPPLEMENTAL CASH FLOWS INFORMATION:		
In-kind contribution of property and equipment	$ -	$ 15,600
Construction in progress purchases included in accounts payable	$ 334,280	$ -

See notes to financial statements.

1. ORGANIZATION

Organization – Girls Incorporated of Worcester (the "Organization") is a non-profit organization, founded as the Girls Club of Worcester in 1916. The Organization's mission is to inspire girls 5-18 years old to be STRONG, SMART and BOLD by preparing them to lead successful, independent and fulfilling lives. The Organization puts its mission into practice through the people, place, and programming that together empower girls to succeed. The Organization equips girls to navigate gender, economic, and social barriers and grow into healthy, educated, and independent adults. As the oldest and only facility-based, girl-centered organization in Central Massachusetts, the Organization provides a pipeline of enrichment programming for girls in grades from kindergarten through 12th grade. By providing trusting mentoring relationships, a pro-girl environment, and research-based programming, the Organization gives girls the skills and knowledge they need to realize their dreams.

Member profile – In 2020, the Organization served nearly 1,000 girls at the Organization's two facilities - 125 Providence Street (Winthrop House) and Camp Kinneywood - and through eight additional direct service sites in schools and program partnerships in greater Worcester. Located in one of the most distressed neighborhoods in Worcester, the Organization serves girls at risk for poor economic and educational outcomes. The Organization's youth are largely from low- and moderate-income families of whom 89% reside in the City of Worcester. 66% of the members are from families with incomes under $50,000. 71% of the Organization's participants self-identify with a race or ethnicity other than Caucasian; Hispanic (30%), African-American (25%), Multi-Racial (12%), Asian (3%), and less than 1% Native American or Middle Eastern. Many of the girls served also face a variety of emotional, psychological, and physical challenges.

Program delivery – For more than 100 years, the Organization has provided nationally-evaluated, gender-specific programming to thousands of local girls. During the school year, trained adults deliver programming to girls at the Organization's urban-based facility after school, and/or onsite in one of eight local public/charter schools during the school day. During the summer months, girls are served at the urban based facility on Providence Street, as well as in a picturesque outdoor environment at the Camp Kinneywood property. Through programming at both locations, girls receive life-changing experiences and solutions to the unique challenges they face. Trained staff and volunteers build lasting, mentoring relationships in girls-only spaces that are physically and emotionally safe. Hands-on, research-based programs provide girls with the skills and knowledge to set goals, overcome obstacles, improve academic performance, explore nontraditional fields such as STEM (science, technology, engineering, and math), and view college as attainable.

In light of this global health pandemic, the Organization has pivoted towards a tighter, more adaptable operational model. The Organization successfully launched new programs and resources for girls, initiated new partnerships, and updated strategic plans for growth. The Organization is delivering STEM, arts, literacy, health and wellness, economic empowerment, and violence prevention activities through an array of virtual and in-person programs. All in-person programs are designed to maximize safety and abide by state and local health guidelines. The Organization launched an emergency period product distribution program, GirlPad, which collected 1,500 and distributed 800 one-month's supply of pads to girls in the community.

These in-person and virtual programs are designed to provide all girls with the six essential elements of the *Girls Inc. Experience*: mentoring relationships, intentional programs, girl-only environment, sustained exposure, interactive activities, and research-based curricula.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Accounting principle adoption – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2019, the first day of the Organization's fiscal year, using the full retrospective method.

Effective July 1, 2019, the Organization adopted ASU No. 2016-18, *Statement of Cash Flows* (Topic 230). The ASU requires presentation of the total change in cash, cash equivalents, and restricted cash and cash equivalents for the period in the statement of cash flows.

Measure of operations – The statement of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programs to empower girls to succeed. Nonoperating activities are limited to investment income and other activities considered to be of a more unusual or nonrecurring nature.

Cash, cash equivalents and restricted cash – For purposes of the Statement of Cash Flows, the Organization considers all highly liquid deposits to be cash and cash equivalents. The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced, nor does it anticipate, any losses in such accounts. Total restricted cash consists of the following at June 30:

	2020	2019
Temporary donor restrictions	$ 140,825	$ 691,575
Donor restrictions into perpetuity	3,000	3,000
Board designated	-	74,544
	$ 143,825	$ 769,119

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges receivable, net – Pledges receivable consist of contributions unconditionally committed to the capital campaign and event sponsorships. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the pledges are received. Discount amortization is included in capital campaign contributions. Management believes all pledges receivable will be collected. Pledges receivable are written-off as bad debt after significant measures have failed to result in the collection of such pledges.

Property and equipment, net – Property and equipment are recorded at cost. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments in excess of $2,000 with a useful life over one year are capitalized as additions to property. Depreciation is provided over the estimated useful lives of the assets, which range from 3 to 25 years, of each class of depreciable asset and is computed using the straight-line method.

Investments – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Investment securities are exposed to various risks including, but not limited to, interest rate, market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term. The Organization seeks to minimize market risk by diversifying its investment portfolio.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

The Organization has adopted a spending policy of 5% of the average market value of the long-term investments over the preceding twenty quarters. The spending rate takes into account any management fees assessed on the long-term investments. The average market value of the long-term investments is calculated excluding any funds allocated for capital improvements.

Deferred revenue – Deferred revenue consists of prepayment of camp, program fees, and event sponsorships and is recognized as revenue when the services and events are provided.

Revenue recognition – The adoption of ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) did not have a significant impact on the Organization's financial statements. The majority of the Organization's revenue consist of a single performance obligation to transfer promised services. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

The Organization recognizes camp and program fees when the related services are performed. Grants and contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions when cash is received or acknowledgment of intent is received. Campaign contributions are recorded as revenue when the pledge is verified or received. Contributions of assets other than cash are recorded at their fair value at the date of the gift. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind contributions – The Organization received $48,545 and $43,679 in 2020 and 2019, respectively, in donated goods and services. These contributions are based upon information provided by the donors, are recorded at their estimated fair value determined on the date of contribution, and are reported as in-kind contributions and expenses in the accompanying statements of activities and statements of functional expenses. During 2019, the Organization received $15,600 in donated playground equipment which was recorded as in-kind property and equipment and presented in the statement of financial position as of June 30, 2019.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income tax status – The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Functional expense allocation – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among program services, general and administrative, and development. Such allocations are determined by management on the basis of estimates of time and effort.

Retirement plan – The Organization sponsors a retirement plan (the "Plan") under the provisions of Section 401(k) of the Internal Revenue Code covering all eligible employees. The Organization contributes a discretionary employer match paid at calendar year-end for employees who have worked at least 1,000 hours in a calendar year, are employed on the last day of the Plan year, and participated in the Plan. The Organization elected to contribute a match contribution up to 3% of the employee eligible compensation for the 2020 and 2019 calendar years. The total employer match contribution was $13,033 for 2020 and $11,699 for 2019.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent events – Management has evaluated subsequent events through October 22, 2020, the date the financial statements were available to be issued.

3. PLEDGES RECEIVABLE

The Organization anticipates collection of outstanding pledges receivable as follows at June 30:

	2020	2019
Capital campaign	$ 66,508	$ 180,711
Restricted to future periods	35,000	21,800
Pledges receivable before unamortized discount	101,508	202,511
Less: unamortized discount	3,324	2,508
Net pledges receivable	$ 98,184	$ 200,003
Amounts due in:		
Less than one year	$ 66,508	$ 180,711
One to two years	35,000	21,800
	$ 101,508	$ 202,511

Amounts presented above have been discounted to present value using a discount rate of 5% in 2020 and 2019. The discount will be recognized as capital campaign contribution income in fiscal years 2021-2022 as the pledges are received and using the same effective rate for each year.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2020	2019
Land	$ 41,088	$ 41,088
Buildings and improvements	6,864,929	6,846,779
Equipment	592,202	578,817
Vehicles	56,628	19,048
Construction in progress	994,256	13,300
	8,549,103	7,499,032
Less accumulated depreciation	3,995,473	3,726,805
Property and equipment, net	$ 4,553,630	$ 3,772,227

5. INVESTMENTS

Investments consisted of the following at June 30:

	2020		2019	
	Cost	Market	Cost	Market
Equity mutual funds	$ 3,039,812	$ 4,148,436	$ 2,947,971	$ 4,168,437
Bond mutual funds	1,413,372	1,495,403	1,650,817	1,681,806
	$ 4,453,184	$ 5,643,839	$ 4,598,788	$ 5,850,243

5. INVESTMENTS (CONTINUED)

The following is a summary of total investment return, net for the fiscal years ended June 30:

	2020	2019
Net unrealized (loss) gain	$ (60,800)	$ 180,108
Net realized gain (loss)	233,346	(17,391)
Total investment return, net	$ 172,546	$ 162,717

6. LONG-TERM DEBT

On April 17, 2020, the Organization entered into a 2-year Paycheck Protection Program (PPP) loan in the amount of $191,000 with a financial institution. The note bears interest at 1% and matures on April 17, 2022. For the first six months, interest and principal payments are deferred. On November 17, 2020, the outstanding principal balance will be amortized for the remaining 18 months and the first monthly payment will be due. The loan is secured by the Small Business Administration (SBA) under The Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to the loan forgiveness provisions of the CARES Act and SBA interim final rule dated April 2, 2020. Management expects the entire loan principal and any accrued interest to be forgiven. Aggregate maturities of long-term debt over the next two years are $84,002 in 2021 and $106,998 in 2022. The Organization started the forgiveness application and no payment has been made on this loan as of October 22, 2020 the date of the auditors' report.

7. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That 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). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Input prices quoted in an active market for identical financial assets or liabilities.
- Level 2: Inputs other than prices quoted in Level 1, such as prices quoted for similar financial assets and liabilities in active markets, prices for identical assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Input prices quoted that are significant to the fair value of the financial assets or liabilities which are not observable nor supported by an active market.

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. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Equity and bond mutual funds: valued at the daily closing price as reported by the fund. The Organization's mutual funds 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 by the Organization are deemed to be actively traded.

7. FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial interest in trust: level 3 investments consist of a beneficial interest in the Mary Maynard Coes Trust. The fair value of the trust (and its underlying assets) is based on independent reports obtained from an independent third party.

The following items are measured at fair value on a recurring basis at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Equity mutual funds:				
Growth	$ 680,827	$ -	$ -	$ 680,827
Blended	1,427,274	-	-	1,427,274
Value	424,763	-	-	424,763
International	1,594,918	-	-	1,594,918
Exchange traded funds	20,654	-	-	20,654
Total equity mutual funds	4,148,436	-	-	4,148,436
Bond mutual funds:				
Short-term	237,813	-	-	237,813
Intermediate-term	1,257,590	-	-	1,257,590
Total bond mutual funds	1,495,403	-	-	1,495,403
Beneficial interest in trust	-	-	918,058	918,058
	$ 5,643,839	$ -	$ 918,058	$ 6,561,897

The following items are measured at fair value on a recurring basis at June 30, 2019:

	Level 1	Level 2	Level 3	Total
Equity mutual funds:				
Growth	$ 652,039	$ -	$ -	$ 652,039
Blended	1,461,799	-	-	1,461,799
Value	438,158	-	-	438,158
International	1,616,441	-	-	1,616,441
Total equity mutual funds	4,168,437	-	-	4,168,437
Bond mutual funds:				
Short-term	223,301	-	-	223,301
Intermediate-term	1,458,505	-	-	1,458,505
Total bond mutual funds	1,681,806	-	-	1,681,806
Beneficial interest in trust	-	-	923,784	923,784
	$ 5,850,243	$ -	$ 923,784	$ 6,774,027

7. FAIR VALUE MEASUREMENTS (CONTINUED)

The table below sets forth a summary of changes in the fair value of the Organization's level 3 assets for the years ended June 30:

	Beneficial Interest in Trust	
	2020	2019
Balance, beginning of year	$ 923,784	$ 920,043
Earnings	41,211	30,737
Distributions	(41,211)	(30,737)
Unrealized investment (loss) gain, net of fees	(5,726)	3,741
Balance, end of year	$ 918,058	$ 923,784

8. NET ASSETS

Net assets with donor restrictions are as follows at June 30:

	2020	2019
Restricted for purpose or time:		
Capital campaign	$ 202,887	$ 778,175
Program expenses	81,072	94,107
Program development	5,627	93,491
Appreciation on investments with restrictions	654	-
	290,240	965,773
Restricted into perpetuity:		
Mutual funds	268,472	248,472
Mary Maynard Coes Trust	918,058	923,784
	1,186,530	1,172,256
	$ 1,476,770	$ 2,138,029

Net assets released from net assets with donor restrictions are as follows:

	2020	2019
Program expenses	$ 607,514	$ 647,346
Capital campaign	1,001,021	198,284
Program development	20,675	19,605
Equipment purchase	37,615	-
	$ 1,666,825	$ 865,235

During 2015, the Board of Directors voted to transfer $1,000,000 from the Organization's investment account to its money market account in anticipation of costs associated with the planned capital improvements to the Winthrop House. Although these funds have been designated by the Board of Directors for a specific purpose, board designated funds are included in without donor restriction net assets as there are no related donor restrictions. At June 30, 2020 and 2019, there was $0 and $74,544, respectively, in board designated net assets.

9. LEASE COMMITMENT

In October 2019, the Organization entered into an operating lease agreement for office equipment which requires 60 monthly payments of $395 ending in October 2024. Prior to October 2019, the Organization had an operating lease agreement for office equipment which required 36 monthly payments of $255 which was scheduled to end in July 2020. This lease agreement was terminated with the October 2019 lease agreement. Office equipment lease expense was approximately $4,200 and $3,000 in 2020 and 2019. The future minimum payments arising from the operating lease are as follows:

2021	$	4,740
2022		4,740
2023		4,740
2024		4,740
2025		1,580
	$	20,540

10. BENEFICIAL INTEREST IN TRUST

The Organization is a 20% designated beneficiary in the Mary Maynard Coes Trust (the "Trust"). As stated in the Trust document, the principal investment is to be held in perpetuity by the Trust and the income is distributed annually to each named beneficiary. In accordance with generally accepted accounting principles, the Organization has recorded the fair value of its designated percentage in the trust as net assets with restrictions in the statements of financial position. The Organization does not have access to the principal of the reported asset, however income generated from these assets will be distributed to the Organization annually and in perpetuity.

Distributions from the Trust amounting to $41,211 and $30,737 for the years ended June 30, 2020 and 2019, respectively, are included in grant and contribution revenue with donor restrictions in the statements of activities. The market value of the beneficial interest in trust as of June 30, 2020 and 2019 was $918,058 and $923,784, respectively. The change in beneficial interest in trust of ($5,726) in 2020 and $3,741 in 2019 has also been reflected in the statements of activities.

11. CAPITAL CAMPAIGN

During 2015, the Organization embarked on a $5,500,000 capital campaign to renovate its Winthrop House facility (Providence Street, Worcester). The capital campaign officially ended in October 2018; however, the Organization continued to fundraise for the additional phases of the renovations. A total of $4,932,047 and $4,559,720 has been contributed through June 30, 2020 and 2019, respectively ($372,327 in 2020 and $78,036 in 2019 excluding the impact of the time value discount). During 2020, $54,222 of contributions recorded in 2019 was also used as part of the available capital campaign funds for the renovation of the Technology Center. Phase one (pool wing of the building) of a three phase renovation project was completed in 2016 and phase two (phase 2a and phase 2b which included new HVAC, roof and electric upgrades for the remainder of the building) was completed in 2018 and 2019. A total of $1,001,021 and $198,284 was released from temporarily restricted capital campaign assets to fund the 2020 and 2019 renovations, respectively. During 2018, the Organization segregated the original phase three into two separate phases (phase three and phase four). Phase three consists of the renovation of the gymnasium and the second floor bathrooms. Planning for phase three of the renovation project started in 2018 and work was completed in 2019. Phase four included the redesign of offices, program spaces (including Technology Center), lobby, front external entrance and engineering and improvements to the parking lot and outside portion of the property. Planning for the phase four of the renovation project started in 2019 and has been completed. However, phase four did not include the engineering and improvements to the parking lot and outside portion of the property as originally planned. The decision to begin these additional improvements will be discussed at a later date.

12. CONTINGENCIES

In the normal course of operating programs and providing services, the Organization may become involved in litigation or other claims. Management is not aware of any claims that will have a material adverse effect on the financial condition of the Organization.

13. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2020:

Financial assets at year end:		
Cash, cash equivalents and restricted cash	$	1,908,168
Pledges receivable, net		66,508
Grants and other receivable		56,391
Investments		5,643,839
Total financial assets		7,674,906
Less amounts not available to be used within one year:		
Net assets with donor restrictions		1,476,770
Less net assets with purpose restrictions to be met in less than a year		290,240
		1,186,530
Financial assets available to meet general expenditures over the next twelve months	$	6,488,376

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $414,600).

14. COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, the Organization's in-house programming was terminated in March 2020 and there is still uncertainty regarding programming and funding into fiscal year ending June 30, 2021.

The Organization applied for $191,000 under the PPP loan program (see Note 6) and expects the entire balance to be fully forgiven under the CARES Act.

* * * * * *