

ON MY OWN OF MICHIGAN

AUDITED FINANCIAL STATEMENTS

Years ended June 30, 2020 and 2019

ON MY OWN OF MICHIGAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
On My Own of Michigan
Troy, Michigan

We have audited the accompanying financial statements of On My Own of Michigan (a Michigan nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the 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 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.

To the Board of Directors
of On My Own of Michigan
Troy, Michigan
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of On My Own of Michigan as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Farmington Hills, Michigan
November 17, 2020

**ON MY OWN OF MICHIGAN
STATEMENTS OF FINANCIAL POSITION**

| | <u>June 30,</u> | |
|-----------------------------------------|-------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 275,112 | \$ 145,696 |
| Investments, at fair value | 47,093 | 49,660 |
| Accounts receivable, net | 11,275 | 26,744 |
| Prepaid expenses and other assets | <u>7,738</u> | <u>5,004</u> |
| Total current assets | 341,218 | 227,104 |
| PROPERTY AND EQUIPMENT, net | 20,617 | 3,179 |
| OTHER ASSET- Security deposits | <u>4,193</u> | <u>4,193</u> |
| TOTAL ASSETS | <u>\$ 366,028</u> | <u>\$ 234,476</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,119 | \$ 5,862 |
| Accrued payroll | 7,418 | 9,101 |
| Unearned revenue | 15,041 | 11,027 |
| Loan payable | <u>15,858</u> | <u>-</u> |
| Total current liabilities | <u>39,436</u> | <u>25,990</u> |
| NON-CURRENT LIABILITIES | | |
| Deferred rent | 3,600 | 2,500 |
| Loan payable - net of current portion | <u>45,142</u> | <u>-</u> |
| Total non-current liabilities | <u>48,742</u> | <u>2,500</u> |
| TOTAL LIABILITIES | <u>88,178</u> | <u>28,490</u> |
| NET ASSETS | | |
| Without donor restrictions | 242,278 | 170,414 |
| With donor restrictions | <u>35,572</u> | <u>35,572</u> |
| Total net assets | <u>277,850</u> | <u>205,986</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 366,028</u> | <u>\$ 234,476</u> |

**ON MY OWN OF MICHIGAN
STATEMENTS OF ACTIVITIES**

| | Year ended June 30, 2020 | | | Year ended June 30, 2019 | | |
|-----------------------------------------|----------------------------|-------------------------|-------------------|----------------------------|-------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES AND OTHER SUPPORT | | | | | | |
| Contributions | \$ 197,086 | \$ - | \$ 197,086 | \$ 102,642 | \$ - | \$ 102,642 |
| Service fees | 289,761 | - | 289,761 | 333,286 | - | 333,286 |
| Investment income | 2,467 | - | 2,467 | 1,146 | - | 1,146 |
| Special events | 43,310 | - | 43,310 | 102,924 | - | 102,924 |
| Other Income | 500 | - | 500 | - | - | - |
| Total revenues and other support | 533,124 | - | 533,124 | 539,998 | - | 539,998 |
| Net assets released from restrictions | - | - | - | 8,154 | (8,154) | - |
| EXPENSES | | | | | | |
| Program | 316,799 | - | 316,799 | 327,009 | - | 327,009 |
| Management and general | 37,072 | - | 37,072 | 39,113 | - | 39,113 |
| Fundraising | 108,708 | - | 108,708 | 122,772 | - | 122,772 |
| Total expenses | 462,579 | - | 462,579 | 488,894 | - | 488,894 |
| Change in net assets from operations | 70,545 | - | 70,545 | 59,258 | (8,154) | 51,104 |
| NON-OPERATING ACTIVITY - | | | | | | |
| Realized/unrealized gain on investments | 1,319 | - | 1,319 | 1,348 | - | 1,348 |
| CHANGE IN NET ASSETS | 71,864 | - | 71,864 | 60,606 | (8,154) | 52,452 |
| NET ASSETS - beginning of year | 170,414 | 35,572 | 205,986 | 109,808 | 43,726 | 153,534 |
| NET ASSETS - end of year | \$ 242,278 | \$ 35,572 | \$ 277,850 | \$ 170,414 | \$ 35,572 | \$ 205,986 |

See notes to financial statements.

ON MY OWN OF MICHIGAN
STATEMENTS OF FUNCTIONAL EXPENSES

| | Year ended June 30, 2020 | | | | Year ended June 30, 2019 | | | |
|-------------------------------|--------------------------|------------------------|-------------------|-------------------|--------------------------|------------------------|-------------------|-------------------|
| | Program | Management and General | Fundraising | Total | Program | Management and General | Fundraising | Total |
| Salaries and wages | \$ 173,855 | \$ 18,769 | \$ 57,992 | \$ 250,616 | \$ 172,767 | \$ 17,497 | \$ 79,692 | \$ 269,956 |
| Payroll taxes | 14,186 | 1,569 | 5,259 | 21,014 | 13,211 | 1,341 | 6,327 | 20,879 |
| Employee benefits | 12,369 | 1,342 | 4,621 | 18,332 | 12,270 | 1,245 | 5,889 | 19,404 |
| Direct program expense | 19,912 | - | - | 19,912 | 38,407 | 1,290 | - | 39,697 |
| Telephone and technology | 6,269 | 1,002 | 5,590 | 12,861 | 4,607 | 1,535 | 1,819 | 7,961 |
| Depreciation and amortization | 5,329 | 1,226 | 636 | 7,191 | 5,186 | 1,296 | - | 6,482 |
| Insurance | 10,130 | 1,681 | 1,109 | 12,920 | 13,761 | 1,533 | 1,533 | 16,827 |
| Occupancy | 42,656 | 9,140 | 9,140 | 60,936 | 42,795 | 9,171 | 9,170 | 61,136 |
| Office and supplies | 1,943 | 312 | 1,729 | 3,984 | 2,327 | 609 | 1,809 | 4,745 |
| Other expenses | 3,455 | - | 5,238 | 8,693 | 1,741 | - | 5,224 | 6,965 |
| Printing and mailing | 3,713 | 619 | 2,058 | 6,390 | 4,694 | 1,533 | 1,950 | 8,177 |
| Professional fees | 11,416 | 469 | 9,017 | 20,902 | 10,625 | 2,063 | 9,318 | 22,006 |
| Strategic planning | 9,517 | 943 | 6,319 | 16,779 | - | - | - | - |
| Transportation | 2,049 | - | - | 2,049 | 4,618 | - | 41 | 4,659 |
| | <u>\$ 316,799</u> | <u>\$ 37,072</u> | <u>\$ 108,708</u> | <u>\$ 462,579</u> | <u>\$ 327,009</u> | <u>\$ 39,113</u> | <u>\$ 122,772</u> | <u>\$ 488,894</u> |

**ON MY OWN OF MICHIGAN
STATEMENTS OF CASH FLOWS**

| | <u>Year ended June 30,</u> | |
|---------------------------------------------------------------------------------------------|----------------------------|-------------------|
| | <u>2020</u> | <u>2019</u> |
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ 71,864 | \$ 52,452 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 7,191 | 6,482 |
| Realized /unrealized (gain) on investments | (1,319) | (1,348) |
| Donated property and equipment | (24,629) | - |
| Changes in assets and liabilities: | | |
| Accounts receivable | 15,469 | (3,163) |
| Prepaid expenses | (2,734) | 380 |
| Accounts payable | (4,743) | (975) |
| Accrued payroll | (1,683) | (10,257) |
| Unearned revenue | 4,014 | 3,793 |
| Deferred rent | 1,100 | 2,500 |
| | <u>64,530</u> | <u>49,864</u> |
| Net cash provided by operating activities | | |
| | <u>64,530</u> | <u>49,864</u> |
| INVESTING ACTIVITY | | |
| Purchase of investments | (46,198) | (928) |
| Proceeds from sales of investments | 50,084 | - |
| | <u>3,886</u> | <u>(928)</u> |
| Net cash provided by(used in) investing activity | | |
| | <u>3,886</u> | <u>(928)</u> |
| FINANCING ACTIVITY | | |
| Proceeds from loan payable | 61,000 | - |
| | <u>61,000</u> | <u>-</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 129,416 | 48,936 |
| CASH AND CASH EQUIVALENTS , BEGINNING OF THE YEAR | 145,696 | 96,760 |
| CASH AND CASH EQUIVALENTS , END OF THE YEAR | \$ 275,112 | \$ 145,696 |
| Supplemental Disclosure of Non-cash Investing Activity | | |
| Donated property and equipment | <u>\$ 24,629</u> | <u>\$ -</u> |

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

On My Own of Michigan (the “Organization”) is a non-profit organization, helping adults with developmental disabilities make the transition to and maintain a life of independence. The Organization’s mission is to assist members in becoming self-sufficient, contributing adults in the community.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

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

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization 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, where by the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. The Organization includes in its definition of operating activities all revenues and expenses that are an integral part of its programs and supporting activities. Investment income, including net realized and unrealized gains and losses are recognized as nonoperating activities.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represents certificate of deposit with original maturities of three months or less from the date of purchase.

Concentration of Credit Risk

The Organization may occasionally maintain deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. Management has deemed this as a normal business risk.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable includes amounts due from members and donors of the Organization as of June 30, 2020 and 2019, net of an allowance for uncollectible accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected. Management has determined that no allowance was necessary as of June 30, 2020 and 2019.

Property and Equipment, net

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets or the lease term. The useful lives range from 5 to 7 years. The Organization's policy is to capitalize asset additions greater than \$5,000 and expense normal repairs and maintenance as incurred.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Investment Securities

The Organization records its investments in marketable equity securities in accordance with ASC-topic Not-for-Profit Entities Investments. Accordingly, investments in marketable securities with readily determinable fair values are valued at their fair values in the Statement of Financial Position. Realized/unrealized gains and losses are included in the Statements of Activities. Investment income is reported in the statements of activities and consists of interest and dividend income.

Revenue Recognition

Revenue Recognition for Contracts with Customers

The Organization's revenue streams under contracts with customers is comprised of membership dues, fees, and ticket sales revenue received in conjunction with annual events and fundraising from various businesses and foundations. The Organization performs an analysis to determine if membership dues, fees, and special event tickets constitute separate performance obligations. The Organization's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. The Organization recognizes the revenue over a period of time if the customer receives the benefits that the Organization provided. The revenue is recognized at a point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods. The transaction price is calculated as the amount of consideration to which the Organization expects to be entitled (such as price of membership, fees, and price of ticket for events). In some situations, the Organization bills the customers and collects cash prior to the satisfaction of the performance of the performance obligation, which results in the Organization recognizing contract liabilities upon receipt of payment. The contract liability is reported as unearned revenue in the statement of financial position. The following explains the performance obligations related to each revenue stream and how they are recognized.

Membership Dues – The Organization recognized the membership dues over the membership period, representing the period which the Organization satisfies the performance obligation. For the year ended June 30, 2020 and 2019, membership dues was \$224,800 and \$243,720, respectively.

Fees – The Organization recognized various fees such as application fees, direct care fees, trip fees, support coordination fees received from Medicaid and others when all goods and services are transferred at a point in time. For the year ended June 30, 2020 and 2019, fees was \$64,961 and \$89,566, respectively.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special events – The Organization recognized the exchange portion of the special event ticket sales at the time the event occurs. The exchange portion is recognized equal to the fair value of direct benefits to the donors. The contribution portion of the special event is reported as part of the special event revenues in the statement of activities. Special event revenues are reported net of direct expenses. For the year ended June 30, 2020 and 2019, direct expense was \$9,770 and \$24,968, respectively.

Membership dues and fees are reported as service fees in the statement of activities.

Payments are required at the time of events or membership period, amounts received in advance are deferred to the applicable period and reported as unearned revenue.

Contributions

Unconditional contributions are recognized when pledged and 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. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions to which they depend have been substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, occupancy and general operating expenses on the basis of estimates of time and effort. All other expenses are allocated based on direct identification and utilization.

Donated Services

A number of volunteers have donated amounts of their time in the Organization's program services and its fundraising campaigns. Donated services were not recognized in the financial statement since they did not meet the criteria for recognition under ASC topic *Contributions*.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization operates as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes. ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At June 30, 2020 and 2019, there were no uncertain tax positions that required accrual.

Reclassifications

Certain items reported in the 2019 financial statements have been reclassified in order to conform to the current year presentation.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Organization adopted the ASU effective July 1, 2019. The adoption of the ASU had no impact on the revenue recognition for the year ended 2020.

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

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

COVID-19

The pandemic outbreak of the novel coronavirus disease (COVID-19), a respiratory disease that can result in serious illness or death, resulted in a Michigan statewide shut down as declared by Governor Whitmer on March 23, 2020. The Organization was considered an essential business and was not required to completely shut down. It continued to provide member assistance with a modified work schedule and by operating remotely in order to keep the public safe and to follow the Governor's stay at home order.

On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which allowed small businesses to apply for loan assistance programs administered through the U.S. Small Business Administration (SBA) in order to sustain employees and operations during the COVID-19 pandemic. The Organization applied for the SBA loan assistance under the Paycheck Protection Program (PPP) and received a loan which could be forgivable, see Note 8 for further details.

The Organization has developed a COVID-19 plan in order to keep its members and workers safe and to adhere to the Centers for Disease Control and Prevention (CDC) guidelines. COVID-19 is a rapidly evolving situation as there is currently no approved vaccine or antiviral treatment for the disease.

The impact on Organization's operations, assets, liabilities, equity or results of operations and cash flows cannot be reasonably estimated as of November 17, 2020, the date the financial statements were available to be issued.

Subsequent Events

The Organization has performed a review of events subsequent to the Statement of Financial Position through November 17, 2020, the date the financials were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 3 – INVESTMENTS

Fair values and unrealized gains (losses) are summarized as follows:

| | June 30, 2020 | | |
|--------------------|------------------|-------------------|-----------------------------------|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain/(Loss)</u> |
| Money market fund | \$ 965 | \$ 965 | \$ - |
| Mutual funds | <u>45,066</u> | <u>46,128</u> | <u>1,062</u> |
| Total | <u>\$ 46,031</u> | <u>\$ 47,093</u> | <u>\$ 1,062</u> |
| | June 30, 2019 | | |
| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain/(Loss)</u> |
| Fixed income funds | \$ 51,819 | \$ 49,660 | \$ (2,159) |
| Total | <u>\$ 51,819</u> | <u>\$ 49,660</u> | <u>\$ (2,159)</u> |

Investment income consists of the following:

| | <u>2020</u> | <u>2019</u> |
|-----------|-----------------|-----------------|
| Interest | \$ 1,335 | \$ 216 |
| Dividends | <u>1,132</u> | <u>930</u> |
| | <u>\$ 2,467</u> | <u>\$ 1,146</u> |

NOTE 4 – FAIR VALUE MEASUREMENTS

ASC topic *Fair Value Measurements*, establishes a 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

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

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- if the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's 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.

Fixed income, money market fund and mutual funds: Valued at the closing price reported in the active market on which the individual securities are traded.

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

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

| | June 30, 2020 | | | Total |
|--------------------|------------------|-------------|-------------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| Money market fund | \$ 965 | \$ - | \$ - | \$ 965 |
| Mutual funds | 46,128 | - | - | 46,128 |
| Fixed income funds | - | - | - | - |
| | <u>\$ 47,093</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 47,093</u> |

| | June 30, 2019 | | | Total |
|--------------------|------------------|-------------|-------------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| Money market fund | \$ - | \$ - | \$ - | \$ - |
| Mutual funds | - | - | - | - |
| Fixed income funds | 49,660 | - | - | 49,660 |
| | <u>\$ 49,660</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 49,660</u> |

NOTE 5 – ENDOWMENT

The Organization has an endowment to support general program activities. The endowment includes donor-restricted funds with no stipulated reinvestment policy for earnings, as such, all returns are classified as without donor restrictions and are available for use during the year.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 5 – ENDOWMENT (Continued)

Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with generally accepted accounting principles and this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment. Investment earnings are classified as without donor restrictions unless otherwise specified by the donor.

Investment Return Objectives and Strategies. The Organization’s investment objective is to achieve a consistent rate of return (income, appreciation and reinvested funds) that will provide for supplemental revenues to support general programs. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risks. As of June 30, 2020 and 2019 the fair value of the endowment gifts totaled \$35,572.

Net assets with donor restrictions are comprised of the following:

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|------------------|------------------|
| Donor-restricted endowment funds | <u>\$ 35,572</u> | <u>\$ 35,572</u> |

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------------------|------------------|-----------------|
| Vehicles | \$ 39,816 | \$ 39,816 |
| Leasehold Improvements | 8,646 | 8,646 |
| Computer equipment | 24,629 | - |
| Website | <u>-</u> | <u>5,800</u> |
| Total cost | 73,091 | 54,262 |
| Less: Accumulated depreciation and amortization | <u>(52,474)</u> | <u>(51,083)</u> |
| | <u>\$ 20,617</u> | <u>\$ 3,179</u> |

There was \$7,191 and \$6,482 of depreciation and amortization expense for the years ended June 30, 2020 and 2019, respectively.

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NOTE 7 – LINE OF CREDIT

The Organization has an unused line of credit with a bank whereby a maximum of \$20,000 may be borrowed for operations. The line is unsecured and bears interest payable at the prime rate plus 3.86% per annum.

NOTE 8 – LOAN PAYABLE

In May 2020, the Organization received a Small Business Administration (SBA) Paycheck Protection Program loan in the amount of \$61,000 with interest rate of 1% payable for two years. The Organization intends to use such loan proceeds in the manner that will maximize loan forgiveness.

Payments of principal and interest on the loan are not due until the lender determines the loan forgiveness amount. If the Organization does not submit the application for forgiveness within 10 months after the end of the covered period, payments on the loan will begin at that time. On October 7, 2020, the SBA reinforced that the deferral period extension automatically applies to all loans, with no requirement from the SBA of a formal modification of the promissory note. In September 2020, the Organization applied for the loan forgiveness. As of November 17, 2020, the date the financial statements were available to be issued, the amount of forgiveness cannot be determined.

The following is the summary of the Organization loan payable:

| <u>Years ending June 30,</u> | <u>Total</u> |
|------------------------------|-------------------------|
| 2021 | \$ 15,858 |
| 2022 | <u>45,142</u> |
| Total minimum payments | <u><u>\$ 61,000</u></u> |

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NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of June 30, 2020, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions or internal designations.

| | |
|-------------------------------------------|-------------------|
| Financial assets | |
| Cash and cash equivalents | \$ 275,112 |
| Investments | 47,093 |
| Receivables | <u>11,275</u> |
| Total financial assets | 333,480 |
| Amounts not available for general use | |
| Donor restricted funds | <u>(35,572)</u> |
| Financial assets available to meet | |
| general expenditures within one year | <u>\$ 297,908</u> |

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 – 403(b) RETIREMENT PLAN

The Organization participates in a 403(b) retirement plan. Under the plan, the Organization can contribute a percentage of the participants’ deferral not to exceed three percent (3%) of each eligible employee’s salary. An employee becomes eligible once they have been employed one year and have attained the age of 21. There were no employer matching contributions made to the plan for the years ended June 30, 2020 and 2019. In fiscal year 2021, the Organization terminated the 403(b) retirement plan.

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NOTE 11 – DEFERRED RENT AND OPERATING LEASE COMMITMENTS

The Organization entered into a new operating lease agreement in June 2018 for their office and program space. The lease agreement runs through May 2023 and includes escalating rent payments. Payments under this lease are expensed on a straight-line basis, which results in a deferred rent liability. As of June 30, 2020 and 2019 the total amount deferred was \$3,600 and \$2,500, respectively. Deferred rent is recognized over the term of the lease.

Total rent expense for the years ended June 30, 2020 and 2019 was \$60,936 and \$61,136, respectively.

The Organization also leases office equipment for total monthly payments of \$188 expiring December 2021.

Schedule of future minimum lease payments required under the leases for the years succeeding June 30, 2020, are summarized as follows:

| <u>Years ending June 30,</u> | <u>Amount</u> |
|------------------------------|--------------------------|
| 2021 | \$ 63,291 |
| 2022 | 64,491 |
| 2023 | <u>59,185</u> |
| Total minimum payments | <u><u>\$ 186,967</u></u> |

NOTE 12 – PROGRAM EXPENSES

Expenses for the Organization’s major program activities for the years ended June 30, 2020 and 2019 are as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------|--------------------------|--------------------------|
| Independent Living | \$ 186,805 | \$ 183,495 |
| Skill Building | <u>129,994</u> | <u>143,514</u> |
| | <u><u>\$ 316,799</u></u> | <u><u>\$ 327,009</u></u> |