Life Ties, Inc.
Financial Statements for the Year Ended
June 30, 2020
and
Independent Auditor's Report

Ditmars, Perazza & Co.

CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

October 6, 2020

LifeTies, Inc.
2205 Pennington Road
Ewing, NJ 08638

To the Board of Trustees:

Report on Financial Statements

We have audited the accompanying financial statements of LifeTies, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, of functional expenses and of cash flows for the year then ended, and the related notes of 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 the 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 and the applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LifeTies, Inc. as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Life Ties, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 5, 2020 on our consideration of LifeTies, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering LifeTies, Inc.'s internal control over financial reporting and compliance.

Ditmars, Perazza & Co.

Life Ties, Inc.
Statement of Financial Position
June 30, 2020

ASSETS:		**2020**		**2019**
Cash and cash equivalents	$	402,977	$	211,682
Accounts receivable		217,246		142,227
Prepaid expenses and other assets		4,125		10,662
Total current assets		624,348		364,571
Property and equipment - net		223,068		236,435
Security deposits		8,679		5,335
TOTAL ASSETS	$	856,095	$	606,341
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable	$	30,389	$	14,352
Accrued expenses		52,962		40,408
Other liabilities		27,845		6,229
Note payable - current portion		1,927		2,473
Mortgage payable - current portion		9,245		8,769
Total current liabilities		122,368		72,231
Note payable - noncurrent portion		12,209		14,137
Mortgage payable - noncurrent portion		317,901		327,152
Total Liabilities		452,478		413,520
Net Assets:				
Without donor restrictions		334,236		173,934
With donor restrictions		69,381		18,887
Total net assets		403,617		192,821
TOTAL LIABILITIES AND NET ASSETS	$	856,095	$	606,341

The accompanying footnotes are an integral part of the financial statements.

Life Ties, Inc.
Statement of Activities
For the Year Ended June 30, 2020

(With summarized totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Revenue and Support				
State of NJ, DCF contract	$ 238,875		$ 238,875	238,875
DCF Emergency COVID-19 grant		$ 73,800	73,800	-
Medicaid	1,103,500		1,103,500	1,423,526
Grants	304,519		304,519	235,696
City of Trenton - TH/RRH	137,840		137,840	-
PPP grant		120,000	120,000	-
Note forgiveness	2,474		2,474	6,935
Public donations	89,071	22,510	111,581	68,535
Special events	60,698		60,698	70,862
Interest income	161		161	95
Miscellaneous	5,648		5,648	2,950
Net assets released from restrictions	165,816	(165,816)	-	
Total Revenue and Support	2,108,602	50,494	2,159,096	2,047,474
EXPENSES:				
Program services	1,673,639		1,673,639	1,557,627
Management and general	246,236		246,236	332,199
Fundraising	28,425		28,425	37,471
TOTAL EXPENSES	1,948,300		1,948,300	1,927,297
CHANGE IN NET ASSETS	160,302	50,494	210,796	120,177
NET ASSETS - BEGINNING	173,934	18,887	192,821	72,644
NET ASSETS - ENDING	$ 334,236	$ 69,381	$ 403,617	192,821

The accompanying footnotes are an integral part of the financial statements.

Life Ties, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2020

		2020
Cash Flows From Operating Activities:		
Change in net assets	$	210,796
Adjustments to reconcile change in net assets to net cash used in operations		
Depreciation		26,114
Note forgiveness		(2,474)
Total After Non Cash Adjustments		234,436
(Increase) Decrease in:		
Accounts receivable		(75,019)
Prepaid expenses		6,537
Security deposits		(3,344)
Increase (Decrease) in:		
Accounts payable		16,037
Accrued expenses		12,554
Other liabilities		21,616
Total From Operating Activities		212,817
Cash Flows From Investing Activities:		
Property acquisitions & capital additions		(12,747)
Total From Investing Activities		(12,747)
Cash Flows From Financing Activities:		
Loan payments		(8,775)
Total From Financing Activities		(8,775)
Change in Cash Balances		191,295
Cash & Equivalents, Beginning		211,682
Cash & Equivalents, Ending	$	402,977
Supplementary Information:		
Interest Paid	$	16,028

The accompanying footnotes are an integral part of the financial statements.

Life Ties, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020

(With summarized totals for 2019)

	PROGRAM SERVICES							SUPPORTING SERVICES			
	Rainbow	Triad	TILT Mentoring	Mary's Place	Family Engagement	TH/RRH Housing	Total Program Services	Management and General	Fundraising	Total 2020	Total 2019
Salaries	$ 337,195	$ 276,074	$ 95,459	$ 65,857	$ 46,952	$ 71,894	$ 893,431	$ 123,833	$ 19,054	$ 1,036,318	$ 1,072,418
Payroll taxes	29,977	24,526	8,175	5,450	3,634	6,359	78,121	10,901	1,817	90,839	97,786
Benefits	35,533	29,072	9,691	6,460	4,307	7,537	92,600	12,921	2,153	107,674	98,848
Computer maintenance and supplies	8,411	8,411	841	841	280	841	19,625	8,411		28,036	22,240
Consultants and professional fees	50,617	50,617	5,062	5,062	1,687	5,062	118,107	50,617		168,724	85,907
Depreciation	10,446	10,446	522	522		261	22,197	3,917		26,114	39,460
Directors and officers							-			-	9,669
Dues and subscriptions	2,424	2,424	121	121		61	5,151	909		6,060	6,938
Furniture and fixtures	2,870	2,870					5,740			5,740	3,456
Fundraising expenses							-		5,175	5,175	14,729
Insurance	16,243	16,243	812	812		406	34,516	6,091		40,607	34,265
Interest	6,411	6,411	321	321		160	13,624	2,404		16,028	16,476
Miscellaneous	7,299	6,913	4,621	1,067	257	464	20,621	982	226	21,829	16,833
Meetings	955	955	48	48		24	2,030	358		2,388	981
Office and house supplies	10,454	10,454	179	179	60	179	21,505	1,790		23,295	14,141
Postage	580	580	29	29		14	1,232	217		1,449	1,358
Printing	2,211	2,211	111	111		55	4,699	829		5,528	10,719
Public relations	220	220	11	11		6	468	83		551	2,869
Recreation	8,189	8,189					16,378			16,378	14,392
Rent and rent assistance			7,481	50,044		44,072	101,597			101,597	55,140
Repairs and maintenance-auto	1,908	1,908	95	95		48	4,054	715		4,769	3,660
Repairs and maintenance-general	21,323	21,323	1,066	2,665		533	46,910	6,397		53,307	73,540
Specific assistance to clients	25,941	25,941		301		301	52,484			52,484	62,127
Staff recruitment	625	625	31	31		16	1,328	234		1,562	2,714
Staff training and conferences	3,186	3,186	159	159		80	6,770	1,195		7,965	11,886
Summer vacation expenses	4,300	4,300					8,600			8,600	11,130
Telephone	17,649	17,649	882	882		441	37,503	6,618		44,121	42,510
Temporary agency fees	12,868	12,868					25,736			25,736	48,896
Travel	5,168	5,168	258	258		129	10,981	1,938		12,919	18,981
Utilities	13,003	13,003	650	650		325	27,631	4,876		32,507	33,228
Total Expenses	$ 636,006	$ 562,587	$ 136,625	$ 141,976	$ 57,177	$ 139,268	$ 1,673,639	$ 246,236	$ 28,425	$ 1,948,300	$ 1,927,297

The accompanying footnotes are an integral part of the financial statements.

LifeTies, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2020

1. Summary of Significant Accounting Polices

The following is a summary of the significant accounting policies of the LifeTies, Inc., a New Jersey not-for-profit corporation.

Organization

Lifeties, Inc. (the Organization) is a not-for-profit corporation. The purpose of the Organization is to provide quality care and services to youth and young adults in crisis due to abuse, neglect, sexual orientation, homelessness and various chronic illnesses such as Diabetes or Asthma.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

In the prior the year the Organization adopted the new standards, issued in August 2016, relating to the Presentation of Financial Statements of Not-for-Profit entities. These new standards are intended to improve the presentation of financial statements of not-for-profit (NFP) entities. The Accounting Standards Update (ASU) eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). The ASU also requires additional information to be disclosed about expense classifications and liquidity and availability of resources.

New Accounting Pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration is entitled to receive in exchange for those goods or services. The standard is effective for the current fiscal year. This new standard did not change the way revenue was recognized by the Organization.

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases-capital (or finance) leases and operating leases. Previously, accounting principles generally accepted in the United State of America has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. The Organization is assessing the potential impact this guidance will have on it financial statements.

Contributions - In June 2018, FASB issued ASU 2018-08 *"Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made"*. The new guidance assists not-for-profit entities in determining whether to account for a transfer of assets as a contribution or an exchange transaction. The update also clarifies that a contribution is conditional if the agreement includes both a barrier (as defined) and a right of return or release. The standard is effective for the current fiscal year.

Donor Imposed Restrictions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restrictions.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Revenue and Support Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Donated marketable securities are recorded as contributions at their fair value at date of sale. It is the Organization's policy to sell the securities when received.

Grants receivable represent amounts committed by donors that have not been received by the Organization. Grants with donor-imposed restrictions that limit their use to long term purposes are classified as noncurrent assets.

The Organization accounts for contract and grant revenues, which are exchange transactions, in the Statement of Activities to the extent that expenses have been incurred for the purposes specifies by the grantor for the period. All monies not expended in accordance with the grant or contract are recorded as a liability to the grantor, as Life Ties, Inc. does not maintain any equity in the grant or contract. Additionally, funds received in advance of their proper usage are accounted for as a refundable advance in the Statement of Financial Position.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts in one financial institution. The Organization's cash and cash equivalent accounts and interest bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. The Organization has not experienced any losses in these accounts. Management believes that the Organization is not exposed to any significant risk on these deposits.

Property and Equipment

The Organization capitalizes all expenditures in excess of $1,000 for property and equipment, at cost. The fair market value of donated fixed assets is similarly capitalized. Expenditures for maintenance and repairs are charged to operating expenses. Donations are recorded as unrestricted support, unless the donor has restricted the donated assets to a specific purpose. Depreciation of property and equipment is capitalized using the straight-line method over the estimated useful lives of the assets (5 to 30 years).

Prepaid Expenses

Prepaid expenses are amounts paid in the current year which benefit future periods.

Donated Materials

Material and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

Life Ties, Inc. is exempt from federal income taxes under Section (501)(c)(3) of the Internal Revenue Code, and therefore has made no provisions for federal income taxes.

The Organization is required to file Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service and the New Jersey Charities and Investigation Form (CRI). The Organization follows the income tax standards for uncertain tax provisions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income.

Functional Allocation of Expenses

The costs of providing the programs and activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses are allocated on a reasonable basis this is consistently applied based on effort or time or usage.

The Organization charges expenditures to one of eight functional cost categories defined as follows:

a. Rainbow House - a 24 hour residential Group Home for female adolescents, ages 12-21, who have chronic illnesses such as Diabetes or Asthma, or who are pregnant or parenting. Babies live with the parenting youth up to 18 months at Rainbow. Many of the youths are victims of abuse and/or neglect. Youth are provided with life skills training, parenting classes and support, medical support, educational support and advocacy, mental health services, career services and recreational activities.

b. Triad House – a 24 hour residential Group Home for youth ages 16-21. This is a LBGTQ+ friendly home. Youth are provided with life skills training, medical support, educational support and advocacy, mental health services, career services and recreational activities. Many of the youths are victims of abuse and/or neglect.

c. Teenage Independent Living Program (TILT) Mentoring – this mentoring program is for adolescents ages 12-21. The Organization recruits, screens, and trains community volunteers to mentor youth in Rainbow House, Triad House, Mary's Place as well as in the community. In the community the Organization focuses on mentoring youth who have been chronically absent from school or are involved in the juvenile justice system or the Department of Children and Families. The mentors work on assisting youth with meeting their educational and career goals and exposing them to new experiences. In addition to one on one activities, the Organization also has group mentor activities as well.

d. Mary's Place – a supportive housing program for youth ages 18-21 who are transitioning into adulthood in New Jersey. It offers efficiency style apartments as well as shared living apartments. An array of supportive services such as educational services, money management skills, recreational services, facilitation and linkages to mental and health services, career services and independent living skills are available for residents.

e. Family Engagement Program – a program for families whose youth up to age 18 are involved in the Mercer County Juvenile Justice System. Life Ties provides families with information, training and support during all stages the youth moves through the system including what to expect at hearings, probation, in the detention center and alternative treatments to the detention center. Our goal is to encourage and empower the families to advocate for their youth and be involved with every step of the process to reduce recidivism.

f. Transitional Housing/Rapid Re-Housing (TH/RRH) a supportive housing program for homeless young adults ages 18-24 from Mercer County. The program targets single unaccompanied young adults and also pregnant and parenting young adults and their children. The goal of this program is to provide safe housing the young adults, rental assistance, and wrap-around supportive services to assist them in becoming self-sufficient and working towards stable and permanent housing.

g. Management and General – activities related to policy development, planning, design and implementation of agency programs and services; these activities include administrative, financial and personnel management functions.

h. Fundraising – activities related to agency efforts to solicit, attract and increase financial support.

Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when actually paid to the employees.

Subsequent Events

The Financial Accounting Standards Board has issued a standard that applies to annual financial periods ending after June 15, 2009. These standards establishes principles setting forth the period after the balance sheet date during which management shall evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. For the purposes of this accounting standard, Life Ties, Inc. has evaluated subsequent events through October 6, 2020.

2. Cash

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash and investments had a bank balance of $ 402,977 at June 30, 2020.

Concentration of Credit Risk – Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash investments. At June 30, 2020, all of the Organization's cash and investments were held by The Bank of Princeton.

3. Property and Equipment

Property and equipment at June 30, 2020 consisted of the following:

	2020
Land	$ 27,200
Buildings and improvements	527,721
Vehicles	142,403
Equipment	11,099
Subtotal	708,423
Less: accumulated depreciation	(485,355)
Property and equipment, net	$ 223,068

Depreciation expense for the year ended June 30, 2019 was$ 39,460.

4. Mortgage Payable

On June 10, 2016, the existing mortgage was refinanced with the Bank of Princeton to lower the interest rate from 6.5% to 4.75%. As part of the refinance, $52,839 additional cash was advanced and the total loan was increased to $360,000. The mortgage is collateralized by 2205 Pennington Road, Ewing, New Jersey. Monthly payments are $2,067 through June 2041.

Future minimum principal payments are as follows:

2021	$ 9,245
2022	9,700
2023	10,178
2024	10,640
2025	11,203
2026 and thereafter	276,180

5. Line of Credit

The Organization has a line of credit with the Bank of Princeton for $100,000. The maturity date is December 31, 2020 and interest is payable at the prime rate plus 1%. There were no borrowings on this line during the year ended June 30, 2020.

6. Notes Payable – State of New Jersey

Notes payable to the State of New Jersey are pursuant to capital funds contracts for a period of twenty years. As per the contracts, the State of New Jersey will reduce the notes annually by amounts set forth in the contracts, provided that the facility is maintained as an approved facility. The Organization has agreed to maintain its facility as an approved facility for the New Jersey Division of Child Protection and Permanency (DCPP) clients for twenty years in accordance with the capital funds contracts. Should the facility cease to be an approved facility prior to the end of the contract period, the entire remaining balance of the notes will be due to the State of New Jersey immediately. These notes are non-interest bearing.

Notes payable at June 30, 2020 consist of the following:

Date	Advanced Amount	Cumulative Note Forgiveness	Note Payable June 30, 2019	Length of Contract
1996	$ 50,000	$ 50,000	$ -	20 years
1999	24,600	24,600	-	20 years
1999	29,957	29,957	-	20 years
2000	6,630	6,630	-	20 years
2000	18,810	18,810	-	20 years
2000	9,240	9,240	-	20 years
2001	9,999	9,999	-	20 years
2001	924	924	-	20 years
2006	23,541	17,655	5,886	20 years
2012	15,000	6,750	8,250	20 years
	$ 188,701	$174,565	$ 14,136	

Aggregate maturities of the notes payable are summarized as follows:

2021	$ 1,927
2022	1,927
2023	1,927
2024	1,927
2025	1,927
2026 and thereafter	4.501
Total	$ 14,136

7. Net Assets – With Donor Restrictions

Net Assets – with donor restrictions are available for the following purposes at June 30, 2020:

Group Home Furniture & Equipment	$ 2,545
Youth Christmas Gifts	300
DCF Emergency Covid-19 Grant	63,627
Facility Security Upgrades	2,909
Balance at June 30, 2020	$ 69,381

8. Leasing Arrangements

Facilities: The Organization leases space for program services under the terms of three monthly and one non-cancelable operating lease ending May 31, 2021. Rent expense for facilities was $57,525 for the year ended June 30, 2020.

Equipment: The Organization leases office equipment under operating leases with varying expirations. Lease expense for office equipment was $13,689 for the year ended June 30, 2020.

TH/RRH housing program: In connection with this new program the Organization entered into lease agreements for 5 apartments in Trenton, New Jersey to provide housing to those youth in the program. Each lease is for a period of one year.

The minimum lease payments required under the above operating leases as of June 30, 2020 are as follows:

2021	$ 55,584
Total	$ 55,584

9. Contingency – Contract Revenue

Grants Awarded – State of New Jersey

Under contracts with the State of New Jersey social service programs, funds are received on the basis of an initial advance and/or reimbursements for monthly expenditures as submitted to the grantor. Grant transactions are subject to audit by appointee of the State. Reimbursements in excess of allowed expenditures must be returned to the State when requested. In addition, some grants require that interest earned on grant deposits be refunded to the grantor agency.

Vested interests in grant funded fixed assets and ultimate disposition of the same are according to requirements of the grantor for the specific grant under which the assets were acquired.

The Organization has agreed to maintain its facility as an approved facility for New Jersey Division of Child Protection and Permanency (DCPP) clients for twenty years in accordance with its capital fund contracts. Pursuant to the contracts, the Organization has signed notes payable to the State of New Jersey in an initial amount of $188,701. As discussed in Note 6, the State of New Jersey will reduce the notes annually by amounts set forth in the contracts for a period of twenty years. Should the facility cease to be an approved facility prior to the end of the contract period, the entire remaining balance of the notes will be due to the State of New Jersey immediately.

10. Contributed Services

The use of trained volunteers is important to the mission of the Organization. The volunteers with the mentoring of youth in the program as well as assist in the Life Link Program. Approximately 1,620 hours of volunteer time was worked during the year ended June 30, 2020. The time has an estimated value of $ 48,000. This estimate is determined by the Organization using a state average wage for volunteers, as determined by the Independent Sector.

11. Liquidity and Availability

Financial assets available for general expenditures within one year of the statement of financial position date comprise the following:

Cash and cash equivalents	$ 402,977
Grants and accounts receivable	217,246
Total Financial Assets Available for General Expenditures	$ 620,223

The Organization regularly monitors liquidity to meet its operating needs. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and a line of credit as discussed in Note 5.

For purposes of analyzing resources available to meet general expenditures over a 12 month period, the Organization considers all expenditures related to its ongoing activities of providing social services as well as the conduct of services undertaken to support these activities to be general expenditures.

12. COVID-19 Pandemic

In December 2019, there was an outbreak of a novel strain of coronavirus (COVID-19) that the World Health Organization characterized as a pandemic. As a result, the State of New Jersey, March 2020, ordered the closure of the physical location of every "non-essential" business. All of the programs of the Organization were considered to be "essential" and continued to function though some of the programs were limited (one on one mentoring, program intakes, etc.). All programs operated with the guidance provided by the federal and state government for safe operation. Future potential impact may include continued disruptions or restrictions on the Organization's ability to work.. The future effects of these issues are unknown.

The Organization applied for and was approved for a $ 120,000 loan under the Payroll Protection Program created as a part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100 % of the loan, upon meeting certain requirements. The Organization has substantially met the provisions of the loan and expect that the loan will be waived. As such, the loan is considered to be a conditional grant and is reflected in the accompanying statement of activities in the With Donor Restrictions net asset category. The loan is uncollateralized and is fully guaranteed by the Federal Government.

In addition to the PPP loan the Organization also received an Emergency COVID-19 grant in the amount of $73,800 from the Division of Children and Families to be used for expenses relating to the Organization's response to COVID-19. As of June 30, 2020 the Organization incurred expenses in the amount of $ 10,173 that were chargeable to the grant. The remaining balance of $ 63,627, that is expected to be incurred in the year ended June 30, 2021, is reflected as Net Assets with Donor Restrictions in the accompanying statements.

No adjustments have been made to these financial statements as a result of this uncertainty.

13. Subsequent Events

Management was notified that a portion of the funding for the TILT Mentoring Program, provided by the State of New Jersey Department of Children & Families, will end September 30, 2020. Management will continue the TILT Mentoring Program and seek funding from other sources to supplement the program.

Management decided to end the Family Engagement Program July 1, 2020 due to the lack of appropriate staffing and COVID-19 guidelines making it difficult to reach the individuals to be served.