

Maternal and Child Health Consortium of Chester County, Inc.

Financial Statements
Year Ended December 31, 2019



1835 Market Street, 3rd Floor
Philadelphia, PA 19103

215/567-7770 | bbdcpa.com

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

CONTENTS

| | |
|---|---|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| FINANCIAL STATEMENTS | |
| <i>Statement of Financial Position</i> | 3 |
| <i>Statement of Activities</i> | 4 |
| <i>Statement of Functional Expenses</i> | 5 |
| <i>Statement of Cash Flows</i> | 6 |
| <i>Notes to Financial Statements</i> | 7 |



INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Maternal and Child Health Consortium
of Chester County, Inc.
West Chester, Pennsylvania**

We have audited the accompanying financial statements of Maternal and Child Health Consortium of Chester County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Maternal and Child Health Consortium of Chester County, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited Maternal and Child Health Consortium of Chester County, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BBD, LLP.

Philadelphia, Pennsylvania
April 8, 2020

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2019 with comparative totals for 2018

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|-------------------|
| ASSETS | | |
| Cash | \$ 519,759 | \$ 506,499 |
| Certificates of deposit | 142,982 | 140,191 |
| Contributions and grants receivable | 408,125 | 243,779 |
| Prepaid expenses and other assets | 11,658 | 4,530 |
| Furniture and equipment (net of accumulated depreciation of \$52,165 in 2019 and \$95,644 in 2018) | 3,933 | 5,748 |
| Beneficial interest in assets held by community foundation | <u>27,470</u> | <u>23,843</u> |
| Total assets | <u>\$ 1,113,927</u> | <u>\$ 924,590</u> |
| | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | <u>\$ 79,457</u> | <u>\$ 59,055</u> |
| | | |
| NET ASSETS | | |
| Without donor restrictions | 338,987 | 320,230 |
| With donor restrictions | <u>695,483</u> | <u>545,305</u> |
| Total net assets | <u>1,034,470</u> | <u>865,535</u> |
| | | |
| Total liabilities and net assets | <u>\$ 1,113,927</u> | <u>\$ 924,590</u> |

See accompanying notes

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2019 with comparative totals for 2018

| | Without Donor Restrictions | With Donor Restrictions | Totals | |
|--|-------------------------------|----------------------------|---------------------|-------------------|
| | | | 2019 | 2018 |
| REVENUE AND SUPPORT | | | | |
| Grants | \$ 766,518 | \$ - | \$ 766,518 | \$ 796,861 |
| Contributions | 158,063 | 595,937 | 754,000 | 626,173 |
| Seminar, workshop fees and other | 7,235 | - | 7,235 | 14,137 |
| Interest income | 5,507 | - | 5,507 | 1,527 |
| Change in value of beneficial interest in assets held by community foundation | 3,627 | - | 3,627 | (1,856) |
| Net assets released from restrictions | <u>445,759</u> | <u>(445,759)</u> | <u>-</u> | <u>-</u> |
| Total revenue and support | <u>1,386,709</u> | <u>150,178</u> | <u>1,536,887</u> | <u>1,436,842</u> |
| EXPENSES | | | | |
| Program services | | | | |
| Healthy Start | 186,327 | - | 186,327 | 210,770 |
| Family Benefits | 410,447 | - | 410,447 | 422,110 |
| Family Center and other | 542,058 | - | 542,058 | 583,710 |
| Supporting services | | | | |
| Management and general | 119,147 | - | 119,147 | 115,617 |
| Fundraising | <u>109,973</u> | <u>-</u> | <u>109,973</u> | <u>118,004</u> |
| Total expenses | <u>1,367,952</u> | <u>-</u> | <u>1,367,952</u> | <u>1,450,211</u> |
| CHANGE IN NET ASSETS | 18,757 | 150,178 | 168,935 | (13,369) |
| NET ASSETS | | | | |
| Beginning of year | <u>320,230</u> | <u>545,305</u> | <u>865,535</u> | <u>878,904</u> |
| End of year | <u>\$ 338,987</u> | <u>\$ 695,483</u> | <u>\$ 1,034,470</u> | <u>\$ 865,535</u> |

See accompanying notes

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2019 with comparative totals for 2018

| | <u>Program Services</u> | | | <u>Supporting Services</u> | | <u>Totals</u> | |
|--------------------------|-------------------------|------------------------|--------------------------------|-------------------------------|--------------------|---------------------|---------------------|
| | <u>Healthy Start</u> | <u>Family Benefits</u> | <u>Family Center and Other</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>2019</u> | <u>2018</u> |
| Personnel costs | \$ 126,901 | \$ 271,769 | \$ 366,975 | \$ 23,750 | \$ 83,525 | \$ 872,920 | \$ 963,668 |
| Conferences and meetings | 2,491 | 3,004 | 10,302 | 1,020 | 306 | 17,123 | 21,644 |
| Depreciation | 1,815 | - | - | - | - | 1,815 | 3,681 |
| Dues and subscriptions | 13,878 | 14,194 | 7,682 | 1,109 | 4,905 | 41,768 | 36,010 |
| Equipment | 2,894 | 6,935 | 5,980 | 1,200 | 1,156 | 18,165 | 23,705 |
| Insurance | 494 | 657 | 381 | 3,103 | 265 | 4,900 | 3,656 |
| IT and data support | 3,166 | 19,765 | 8,048 | 1,363 | 2,827 | 35,169 | 19,485 |
| Occupancy | 17,229 | 30,057 | 45,832 | 3,975 | 4,145 | 101,238 | 105,313 |
| Office | 806 | 1,402 | 2,776 | 3,051 | 634 | 8,669 | 10,244 |
| Partner payments | - | 33,375 | - | - | - | 33,375 | 48,625 |
| Professional fees | 2,516 | 18,670 | 51,181 | 73,872 | 2,329 | 148,568 | 141,664 |
| Travel | 9,617 | 6,818 | 32,300 | 28 | 187 | 48,950 | 50,421 |
| Miscellaneous | 4,520 | 3,801 | 10,601 | 6,676 | 9,694 | 35,292 | 22,095 |
| Total expenses | \$ 186,327 | \$ 410,447 | \$ 542,058 | \$ 119,147 | \$ 109,973 | \$ 1,367,952 | \$ 1,450,211 |

See accompanying notes

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2019 with comparative totals for 2018

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| <i>Change in net assets</i> | \$ 168,935 | \$ (13,369) |
| <i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i> | | |
| Depreciation | 1,815 | 3,681 |
| Change in value of beneficial interest in assets held by community foundation | (3,627) | 1,856 |
| (Increase) decrease in | | |
| Contributions and grants receivable | (164,346) | 30,406 |
| Prepaid expenses and other assets | (7,128) | 9,194 |
| Increase (decrease) in | | |
| Accounts payable and accrued expenses | <u>20,402</u> | <u>(23,689)</u> |
| Net cash provided by operating activities | <u>16,051</u> | <u>8,079</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of certificates of deposit | (83,791) | (140,226) |
| Proceeds from maturities of certificates of deposit | <u>81,000</u> | <u>59,358</u> |
| Net cash used for investing activities | <u>(2,791)</u> | <u>(80,868)</u> |
| Change in cash | 13,260 | (72,789) |
| CASH | | |
| Beginning of year | <u>506,499</u> | <u>579,288</u> |
| End of year | <u>\$ 519,759</u> | <u>\$ 506,499</u> |

See accompanying notes

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(1) NATURE OF OPERATIONS

Maternal and Child Health Consortium of Chester County, Inc. (the "**Organization**") is a Pennsylvania nonprofit organization serving Chester County, Pennsylvania. The Organization's mission is to empower families to build a healthier and brighter future for their children, by addressing the social and environmental issues that perpetuate and exacerbate poor health in our communities.

The Organization provides the following programs:

Healthy Start

Healthy Start is a community-based perinatal and parenting home visiting program provided throughout Chester County and in Pottstown, PA. The program aims to reduce low birth weight babies (<5.5lbs.) by providing home visiting perinatal services for pregnant and parenting women and their children ages 0-18 months. Comprehensive risk assessments evaluate participants' needs and Adverse Childhood Experiences (ACEs) and Edinburgh Perinatal Depression Scale (EPDS) screenings ensure women at highest risk are being served. Community Health Workers (CHWs) deliver socioemotional strengthening, offer mothers health and early childhood developmental education, and hands-on parental involvement and learning using the evidence-based Parents As Teachers (PAT) curriculum and Baby Basics, *The What to Expect Foundation's* signature prenatal and health literacy program. *Diabetes and Heart Disease Prevention education* (curriculum adapted from the CDC's Diabetes Prevention Program) is provided to ensure participants better understand their healthcare risks and how to improve their long-term health outcomes. Participant engagement is enhanced through *CareMessage*; perinatal, chronic disease topics and appointment reminders provided through mobile interactive text messages help to improve health literacy and self-health management.

Family Benefits

The Organization's Family Benefits program reduces health disparities through health coverage and benefits application assistance by enrolling eligible families into Medicaid and the Children's Health Insurance Program (CHIP) for children ages 0-19 and the Supplemental Nutrition Assistance Program (SNAP). CHWs enroll eligible families into programs that enhance family resilience ensuring families obtain the most basic essentials—health insurance and nutritious food. CHWs conduct community outreach, assist families in obtaining and renewing coverage, including advocacy to the County Assistance Office on behalf of applicants to ensure they receive coverage. CHWs also refer those who might not be eligible for benefits to other community resources for healthcare and food assistance. Participant engagement is also enhanced through the use of *CareMessage* texts to remind participants of their appointments and renewals. Insurance and benefit enrollment assistance and navigating the healthcare and benefits systems are common challenges for individuals faced with language barriers, low literacy levels and lack of access to technology.

Family Center and Other

The Family Center program provided in southern Chester County, primarily in the Kennett Square and Oxford communities, for low-income families and their children birth to five-years-old is designed to teach early child development and parenting skills using the PAT home-visiting curriculum with the ultimate goal of preparing the child and their parents to be ready for kindergarten and future school success while building peer-to-peer resource networks for parents. During home visits, CHW Parent Educators engage the family in educational activities addressing parenting skills and help to develop children's early learning literacy skills. Also at the Family Center, parents learn how to reinforce their children's education in the home and build community connections through monthly group workshops.

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

The Kindergarten Transition Program aids families to become prepared to start kindergarten. This program is provided to the Center's target child and offered to children in the Kennett Consolidated School District (KCSD), specifically children in KCSD that have not has the opportunity for a preschool experience, during the summer before they begin kindergarten. The two-week program simulates aspects of a school environment to ensure the best possible transition into their kindergarten year and provides parents information to help them navigate the school system with confidence, and integrate school life into life at home. Outreach to isolated immigrant families is an important aspect of the kindergarten readiness services to help committed parents prepare their children for kindergarten. The Organization's Fatherhood Program also helps to ensure fathers are receiving the assistance they need to support their child's early development years and kindergarten readiness.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and/or the passage of time. When a restriction is satisfied, 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.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets be maintained indefinitely while permitting the Organization to expend the income generated in accordance with the provisions of the contribution. The Organization had no net assets required to be maintained indefinitely at December 31, 2019.

Fair Value Measurements of Assets and Liabilities

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the Organization's own assumptions.

Certificates of Deposit

Certificates of deposit are reported at fair value, using Level 2 inputs, with interest included in the statement of activities. Interest income is recorded as earned.

Contributions and Grants

Contributions and grants received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions and grants whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional contributions and grants are recognized as revenue when the related promise to give is received. Conditional contributions and grants are recognized as revenue when the conditions are satisfied.

Furniture and Equipment

Furniture and equipment are carried at cost, if purchased, and at fair value at the date of donation if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 10 years. The Organization capitalizes all furniture and equipment with a cost of \$5,000 or more.

Beneficial Interest in Assets Held by Community Foundation

The Organization reports its beneficial interest in assets held by community foundation at the net asset value as received from the community foundation.

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include personnel costs which are allocated based on estimates of time and effort.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes that it had no uncertain tax positions as defined in GAAP.

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Concentration of Credit Risk

Financial instruments which subject the Organization to concentrations of credit risk consist primarily of cash, certificates of deposit and contributions and grants receivable. The Organization maintains cash deposits and certificates of deposit at various banks and financial institutions and at times these may exceed federally-insured limits. Contributions and grants receivable are reported at fair value using level 2 inputs and are described in more detail in Note 3.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2018 summarized comparative totals have been reclassified in order to conform to the 2019 presentation.

Accounting Pronouncements Adopted

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised 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 guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Organization adopted ASU 2014-09 on January 1, 2019 using the modified retrospective method approach.

The Organization performed an analysis of revenue streams and transactions under ASU 2014-09, including applying the portfolio approach as a practical expedient to group contracts with similar characteristics such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The impact of adopting ASU 2014-09 was not material to total revenues without donor restrictions, excess of revenues and support over expenses, or total net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and accounting guidance for contributions received and made and assists entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and in determining whether a contribution is conditional. The Organization adopted ASU 2018-08 on January 1, 2019. The Organization's revenue recognition policies are detailed within Note 2.

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(3) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable at December 31 are expected to be collected as follows:

| | <u>2019</u> | <u>2018</u> |
|---------------------|------------------|------------------|
| Less than one year | \$259,788 | \$156,124 |
| One to five years | <u>150,000</u> | <u>90,000</u> |
| | 409,788 | 246,124 |
| Less: discount (2%) | <u>(1,663)</u> | <u>(2,345)</u> |
| | <u>\$408,125</u> | <u>\$243,779</u> |

The Organization also had conditional contributions receivable from the U.S. Department of Health and Human Services of \$305,337 and Chester County of \$617,691 at December 31, 2019 which are donor-restricted for its Family Benefits and Family Center programs.

(4) BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

In November 1998, the Organization entered into an agreement with The Chester County Community Foundation (the "**Foundation**"), a community foundation, to establish an endowment fund (the "**Fund**") for the benefit of the Organization. The amount transferred by the Organization to the Foundation was \$18,430. No amounts were transferred for the years ended December 31, 2019 and 2018.

Pursuant to the terms of the agreement, the Organization irrevocably relinquished its right to the amount transferred in exchange for future distributions of the Fund's earnings. However, the Fund and distributions from the Fund are subject to the Foundation's ultimate control and discretion.

The terms of the agreement require the Foundation to make distributions to the Organization in accordance with a spending policy adopted annually by the Foundation's Board. The spending policy is established at a specified percentage of the Fund's average market value, whereby the specified percentage does not exceed five percent and the average market value is determined over a period of time not to exceed five years. No distributions were made to the Organization in 2019 and 2018.

(5) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes and periods:

| | <u>Balance</u> <u>December 31, 2018</u> | <u>Additions</u> | <u>Releases</u> | <u>Balance</u> <u>December 31, 2019</u> |
|--|--|------------------|--------------------|--|
| Net assets spendable for specific purposes or periods | | | | |
| Healthy Start Program | \$230,657 | \$165,700 | \$(150,206) | \$246,151 |
| Family Benefits | 231,729 | 115,265 | (169,951) | 177,043 |
| Family Center | 76,439 | 43,472 | (59,455) | 60,456 |
| Kindergarten Readiness Project | 6,480 | - | (6,480) | - |
| Operating support | <u>-</u> | <u>271,500</u> | <u>(59,667)</u> | <u>211,833</u> |
| | <u>\$545,305</u> | <u>\$595,937</u> | <u>\$(445,759)</u> | <u>\$695,483</u> |

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(6) LINE OF CREDIT

The Organization has a \$200,000 bank credit line, which bears interest at a variable rate per annum equal to 0.5% in excess of the Wall Street Prime Rate and expires in January 2025. Advances under this credit line are not secured. No advances were outstanding at December 31, 2019 and 2018.

(7) OPERATING LEASES

The Organization leases its administrative office and three outreach centers under two month-to-month leases and two leases which expire in June 2021 and March 2022. Rent expense for these facilities was \$71,911 and \$76,110 for 2019 and 2018, respectively. Minimum annual lease commitments under non-cancelable leases with initial or remaining terms in excess of one year are as follows:

Years ending December 31,

| | |
|------|-----------------|
| 2020 | \$45,636 |
| 2021 | 40,218 |
| 2022 | <u>8,700</u> |
| | <u>\$94,554</u> |

(8) RETIREMENT PLAN

The Organization has a 401(k) plan covering all employees who have reached the age of 21 and completed six months of service. The plan allows employees to defer a portion of their compensation, subject to the limitations in the Internal Revenue Code. The Organization makes matching contributions to the plan equal to a specified percentage of the employees' elective deferrals. The Organization's contributions to the plan were \$2,874 and \$3,483 for 2019 and 2018, respectively.

(9) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date, which has been reduced by financial assets not available within one year.

| | |
|---|--------------------------|
| Cash | \$ 519,759 |
| Certificates of deposit | 142,982 |
| Contributions and grants receivable | <u>408,125</u> |
| Total financial assets | 1,070,866 |
| Less: financial assets not available for general operations within one year | |
| Net assets spendable for specific purposes or periods | <u>(575,483)</u> |
| Total financial assets available within one year | <u>\$ 495,383</u> |

Liquidity Management

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically certificates of deposit and money market funds. The Organization also has a line of credit available (**See Note 6**).

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

(10) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 8, 2020, the date on which the financial statements were available to be issued. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time. No other material subsequent events have occurred since December 31, 2019 that would require recognition or disclosure in the financial statements.