

Maternal and Child Health Consortium of Chester County, Inc.

Financial Statements
Year Ended December 31, 2020



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MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

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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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BBD, LLP.

Philadelphia, Pennsylvania
March 29, 2021

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020 with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 1,090,620	\$ 519,759
Certificates of deposit	83,211	142,982
Contributions and grants receivable	278,257	408,125
Prepaid expenses and other assets	10,153	15,591
Beneficial interest in assets held by community foundation	<u>30,088</u>	<u>27,470</u>
Total assets	<u>\$ 1,492,329</u>	<u>\$ 1,113,927</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 108,045	\$ 79,457
Loan payable - Paycheck Protection Program	<u>179,390</u>	<u>-</u>
Total liabilities	<u>287,435</u>	<u>79,457</u>
NET ASSETS		
Without donor restrictions	463,940	338,987
With donor restrictions	<u>740,954</u>	<u>695,483</u>
Total net assets	<u>1,204,894</u>	<u>1,034,470</u>
Total liabilities and net assets	<u>\$ 1,492,329</u>	<u>\$ 1,113,927</u>

See accompanying notes

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2020 with comparative totals for 2019

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
REVENUE AND SUPPORT				
Grants	\$ 1,173,196	\$ -	\$ 1,173,196	\$ 766,518
Contributions	215,105	444,919	660,024	754,000
Seminar, workshop fees and other	-	-	-	7,235
Interest income	5,183	-	5,183	5,507
Change in value of beneficial interest in assets held by community foundation	2,618	-	2,618	3,627
Net assets released from restrictions	<u>399,448</u>	<u>(399,448)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,795,550</u>	<u>45,471</u>	<u>1,841,021</u>	<u>1,536,887</u>
EXPENSES				
Program services				
Healthy Start	138,701	-	138,701	186,327
Family Benefits	665,113	-	665,113	410,447
Family Center and other	625,977	-	625,977	542,058
Supporting services				
Management and general	124,212	-	124,212	119,147
Fundraising	<u>116,594</u>	<u>-</u>	<u>116,594</u>	<u>109,973</u>
Total expenses	<u>1,670,597</u>	<u>-</u>	<u>1,670,597</u>	<u>1,367,952</u>
CHANGE IN NET ASSETS	124,953	45,471	170,424	168,935
NET ASSETS				
Beginning of year	<u>338,987</u>	<u>695,483</u>	<u>1,034,470</u>	<u>865,535</u>
End of year	<u>\$ 463,940</u>	<u>\$ 740,954</u>	<u>\$ 1,204,894</u>	<u>\$ 1,034,470</u>

See accompanying notes

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2020 with comparative totals for 2019

	<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>2020</u>	<u>2019</u>
Personnel costs	\$ 102,278	\$ 493,752	\$ 441,562	\$ 57,100	\$ 62,736	\$ 1,157,428	\$ 872,920
Conferences and meetings	2,014	1,588	13,254	193	8,399	25,448	17,123
Dues and subscriptions	7,008	10,082	7,791	1,587	19,406	45,874	41,768
Equipment	1,276	6,336	6,303	1,082	1,159	16,156	18,165
Insurance	-	-	-	6,018	-	6,018	4,900
IT and data support	2,191	14,967	15,244	7,643	1,038	41,083	35,169
Occupancy	11,230	37,779	39,648	11,661	1,398	101,716	101,238
Office	537	1,557	2,811	1,947	227	7,079	8,669
Partner payments	-	54,825	-	-	-	54,825	33,375
Professional fees	3,981	39,174	57,777	31,154	20,587	152,673	148,568
Travel	4,471	3,609	19,155	15	165	27,415	48,950
Miscellaneous	3,715	1,444	22,432	5,812	1,479	34,882	37,107
Total expenses	\$ 138,701	\$ 665,113	\$ 625,977	\$ 124,212	\$ 116,594	\$ 1,670,597	\$ 1,367,952

See accompanying notes

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

STATEMENT OF CASH FLOWS

Year ended December 31, 2020 with comparative totals for 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 170,424	\$ 168,935
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Change in value of beneficial interest in assets held by community foundation	(2,618)	(3,627)
(Increase) decrease in		
Contributions and grants receivable	129,868	(164,346)
Prepaid expenses and other assets	5,438	(5,313)
Increase (decrease) in		
Accounts payable and accrued expenses	<u>28,588</u>	<u>20,402</u>
Net cash provided by operating activities	<u>331,700</u>	<u>16,051</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificates of deposit	(21,909)	(83,791)
Proceeds from maturities of certificates of deposit	<u>81,680</u>	<u>81,000</u>
Net cash provided by (used for) investing activities	<u>59,771</u>	<u>(2,791)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable - Paycheck Protection Program	<u>179,390</u>	<u>-</u>
Change in cash	570,861	13,260
CASH		
Beginning of year	<u>519,759</u>	<u>506,499</u>
End of year	<u>\$ 1,090,620</u>	<u>\$ 519,759</u>

See accompanying notes

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

(1) NATURE OF OPERATIONS

Maternal and Child Health Consortium of Chester County, Inc. (the "**Organization**") was created out of a need to address the high rate of low birth-weight babies and health disparities among low-income families in Chester County. Founded in 1991, the Organization continues to ensure that all economically disadvantaged women and their young children in the county have equitable access to quality, culturally competent health care. In 1995, with initial funding from the Robert Wood Johnson Foundation and multiple private foundations, the Organization began providing prenatal case management for pregnant and parenting women and their children. In 1997, with funding from the federal Healthy Start program, the Organization became one of 100 Healthy Start programs throughout the country. The Organization's Family Benefits Program designed to provide uninsured families with bilingual, bicultural assistance with accessing state subsidized health insurance programs and in 2010 was augmented to include enrollment in food benefits. In response to a gap in school readiness among low-income families with children entering kindergarten in southern Chester County, the Organization launched the Family Center Program in 2006 to support kindergarten readiness and parents' ability to support their child's early cognitive development. Our staff lives and works in the communities they serve and are seen as trusted community providers. The Organization has a successful track record in improving health outcomes in the short and long-term among underserved populations, specifically low-income Latino and African American mothers and young children, and has been cited in peer-reviewed scientific journals.

Urgent challenges facing our community revolve around poverty. Too many families, particularly those of Hispanic and African American origin, are experiencing poverty at the highest rates in Chester County, with 6% of children and adults (31,000+) without health insurance countywide (U.S. Census Bureau 2019). Particularly during this public health crisis period, these populations are at higher risk for COVID-19. Pockets of the county are experiencing up to three times that rate, such as Kennett Square (10%) and Oxford (16%). This poverty and lack of insurance coverage disproportionately affects the county's minority population; both Hispanic and Black/African American individuals are likelier to be uninsured or under-insured and for women, perinatal health status specifically shows significant racial and ethnic disparities. Children in southern Chester County are also entering kindergarten without foundational knowledge or self-care skills and parents are struggling to prepare their children for school, particularly in the early years. We are currently seeing parents who are struggling to support their children as they do not know how to navigate the school system remotely.

To address these challenges, the Organization offers vital integrated services to empower women, their children, and family members to **start healthy, stay healthy and succeed in school**.

The **Healthy Start** home visiting program provides perinatal services and health screenings for pregnant and parenting women with children ages 0-18 months. The Organization's bilingual, bicultural Community Health Workers deliver socio-emotional strengthening and support, offer mothers health and early childhood developmental education, and hands-on parental involvement and learning using the evidence-based Parents As Teachers (PAT) model and Baby Basics, the What to Expect Foundation's signature prenatal and health literacy program. Comprehensive healthcare risk assessments evaluate participants' needs and Adverse Childhood Experiences (ACES) screenings ensure participants scoring 4+ receive chronic disease management and resiliency education; those scoring 9+ receive increased contact and 14+ scores are referred to behavioral health counseling. *Edinburgh Perinatal Depression Scale* (EPDS) screenings administered prenatally and at one and six months postpartum, assess maternal depression and ensure women at highest risk are being served. The Organization's Diabetes and Heart Disease Prevention (curriculum adapted from the *CDC's Diabetes Prevention Program*) education modules are provided during home visits to ensure participants better understand their healthcare risks and how to improve their long-term health.

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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) (ages 0-19), the Affordable Care Act, food stability programs such as Supplemental Nutrition Assistance Program (SNAP), and Temporary Assistance for Needy Families (TANF). We serve economically disadvantaged women, their young children, and family members, specifically Latino and African-American families. Often times, women who enroll in our programs are uninsured or underinsured, have low educational attainment, lack access to technology or transportation, and are without support from family or friends. Through a contract with PA Department of Human Services Chester County, the Organization's Community Connections program also connects Coatesville residents with information and referrals for much needed resources such as housing, utility assistance, domestic violence, healthcare access, and holiday giving. The Organization's FBS Community Connections Specialist supports and facilitates connections through telephone contacts, online applications and electronic communications, forms and paperwork to ensure individuals are connected to services, supports participants referred from other local nonprofits and act as a liaison for those organizations in providing information and referral services.

The Organization's Kennett Square and Oxford **Family Centers** programs provide home-visiting services utilizing the Parents as Teachers (PAT) curriculum to help families better prepare their children for entry into kindergarten. The program provides school readiness preparation during home visits by our bilingual, bicultural Parent Educators, in addition to health insurance enrollment, parenting classes, and parent-child educational activities. 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 (KCSO), specifically children in KCSO 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.

The Organization's **Life Skills** Program is a community-based program that provides solution-focused, strengths-based parenting education and life skills services for parents/caretakers of at-risk dependent children and youth. The **Diversion** Program is a community-based program that provides face-to-face services with the youth and family in the home, school and community. The program focuses on families with children aged 0-18 who are at risk of becoming involved with the Chester County Department of Children, Youth and Families due to parent-child conflict or acting out behaviors. **Family Group Decision Making (FGDM)** program is a practice of empowering family members to create a plan to address concerns identified by child welfare agencies. During an FGDM conference, family members, friends, child welfare workers, and other professionals discuss the family's strengths, concerns and resources in order to create a plan to promote safety, permanency and well-being for the family.

As community needs evolve, so do we. Since the outset of COVID-19, the Organization has been working diligently to continue bringing critical health services to community members in need. Staff have been conducting services virtually, communicating with program participants via interactive video conferencing, providing families with educational activities to engage their children while they are all at home, providing linkages to emergency relief sources, facilitating food box deliveries (230 biweekly) and fresh meal donations to food insecure families around Chester County as well as infant care items as needed. The expertise, cultural competency, and emotional engagement brought by the Organization staff is a critical support for underserved families in our community and integral in our work to address barriers to care.

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

(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, 2020.

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.

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.

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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.

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.

Concentration of Revenue 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**.

Grants from the U.S. Department of Health and Human Services and Chester County comprised approximately 63% of total revenue and support for the year ended December 31, 2020.

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, 2019, from which the summarized information was derived.

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Reclassifications

Certain amounts in the 2019 summarized comparative totals have been reclassified in order to conform to the 2020 presentation.

(3) CONTRIBUTIONS AND GRANTS RECEIVABLE

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

	<u>2020</u>	<u>2019</u>
Less than one year	\$278,257	\$259,788
One to five years	<u>-</u>	<u>150,000</u>
	278,257	409,788
Less: discount (2%)	<u>-</u>	<u>(1,663)</u>
	<u>\$278,257</u>	<u>\$408,125</u>

The Organization also had conditional contributions and grants receivable from the U.S. Department of Health and Human Services of \$338,966, Chester County of \$403,616, and a Foundation of \$40,000 at December 31, 2020.

(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, 2020 and 2019.

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 2020 and 2019.

(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, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31, 2020</u>
Net assets spendable for specific purposes or future periods				
Healthy Start Program	\$246,151	\$166,660	\$(140,977)	\$271,834
Family Benefits	177,043	117,125	(153,277)	140,891
Family Center	60,456	78,135	(31,261)	107,330
Database	-	45,000	-	45,000
Available for future periods	<u>211,833</u>	<u>37,999</u>	<u>(73,933)</u>	<u>175,899</u>
	<u>\$695,483</u>	<u>\$444,919</u>	<u>\$(399,448)</u>	<u>\$740,954</u>

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

(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, 2020 and 2019.

(7) LOAN PAYABLE – PAYCHECK PROTECTION PROGRAM

On April 17, 2020, the Organization received loan proceeds in the amount of \$179,390 under the Paycheck Protection Program ("**PPP**"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("**Cares Act**"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period.

To the extent that the Organization is not granted forgiveness, the Organization will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date. The terms of the loan provide for customary events of default including payment defaults, breach of representation of warranties and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

(8) 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 \$71,794 and \$71,911 for 2020 and 2019, 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,

2021	\$40,218
2022	<u>8,700</u>
	<u>\$48,918</u>

(9) 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 \$2,005 and \$2,874 for 2020 and 2019, respectively.

MATERNAL AND CHILD HEALTH CONSORTIUM OF CHESTER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

(10) 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	\$1,090,620
Certificates of deposit	83,211
Contributions and grants receivable	<u>278,257</u>
Total financial assets	1,452,088
Less: financial assets not available for general operations within one year	
Net assets spendable for specific purposes or future periods	<u>(565,055)</u>
Total financial assets available within one year	<u>\$ 887,033</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**).

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 29, 2021, 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, 2020 that would require recognition or disclosure in the financial statements.