THE CONFLICT CENTER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

THE CONFLICT CENTER

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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TAYLORROTH
Certified Public Accountants
WORKING EXCLUSIVELY WITH NONPROFITS

November 23, 2020

Independent Auditors' Report

Board of Directors
The Conflict Center
Denver, Colorado

We have audited the accompanying financial statements of **The Conflict Center** (a Colorado nonprofit corporation), which comprise the statement of financial position as of June 30, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Conflict Center 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 The Conflict Center's 2019 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 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.

Taylor Roth and Company pllc
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

THE CONFLICT CENTER

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FROM 2019)

	2020	2019
Assets		
Cash and cash equivalents	$ 313,120	$ 198,902
Cash held for others (Note 3)	10,498	9,130
Contracts and other receivables	25,304	13,981
Grants receivable	37,000	35,000
Prepaid expenses	4,985	2,594
Program development costs, net (Note 4)	124	15,341
Property and equipment, net (Note 5)	775,509	728,657
Investments (Note 6)	306,846	298,410
Beneficial interest in assets held by others (Note 7)	200,653	202,160
Total assets	$ 1,674,039	$ 1,504,175
Liabilities and net assets		
Accounts payable	$ 28,714	$ 4,660
Payroll and tax liabilities	32,968	22,068
Fiscal agent liabilities (Note 3)	10,498	9,130
Paycheck Protection Program loan (Note 8)	78,200	-
Tenant security deposits and other	9,462	16,862
Capital lease obligation (Note 9)	8,448	10,216
Total liabilities	168,290	62,936
Net assets		
Without donor restrictions		
Undesignated	175,186	208,762
Board designated reserve (Note 10)	306,846	298,410
Net investment in fixed assets	767,061	718,441
	1,249,093	1,225,613
With donor restrictions		
Donor purpose restrictions (Note 11)	56,003	13,466
Endowment (Note 7)	200,653	202,160
	256,656	215,626
Total net assets	1,505,749	1,441,239
Total liabilities and net assets	$ 1,674,039	$ 1,504,175

The accompanying notes are an integral part of these financial statements

THE CONFLICT CENTER

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020				2019
		With Donor Restrictions			
	Without Donor Restrictions	Donor Specific Purpose	Endowment	Total	Total
Revenue and other support					
Contributions	$ 158,029	$ 24,675	$ 25	182,729	$ 84,672
Foundation awards	66,750	82,000	-	148,750	177,457
Fees for services - government	142,850	4,630	-	147,480	140,833
Fees for services - general public	138,440	-	-	138,440	138,206
Rent and expense reimbursements	107,663	-	-	107,663	114,594
Investment income, net	31,133	-	7,052	38,185	36,194
Religious and business organization grants	32,000	4,434	-	36,434	39,992
Special events, net (Note 12)	16,748	-	-	16,748	19,310
Government grants	11,000	-	-	11,000	-
Other income	61	-	-	61	57
Bequests	-	-	-	-	2,625
In-kind (Note 13)	215	-	-	215	10,910
Net assets released from restrictions (Note 14)	81,786	(73,202)	(8,584)	-	0
Total revenue and other support	786,675	42,537	(1,507)	827,705	764,850
Expense					
Program	579,233	-	-	579,233	522,485
Supporting services					
Management and general	116,535	-	-	116,535	104,344
Fund-raising	67,427	-	-	67,427	65,047
Total expense	763,195	-	-	763,195	691,876
Change in net assets	23,480	42,537	(1,507)	64,510	72,974
Net assets, beginning of year	1,225,613	13,466	202,160	1,441,239	1,368,265
Net assets, end of year	$ 1,249,093	$ 56,003	$ 200,653	$ 1,505,749	$ 1,441,239

THE CONFLICT CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020				2019
		Supporting Services			
	Program	Management and General	Fund-raising	Total	Total
Salaries	$ 265,277	$ 34,106	$ 52,400	$ 351,783	$ 343,535
Payroll taxes and benefits	43,015	10,931	5,343	59,289	47,815
Special projects	70,100	-	-	70,100	44,785
Contract labor	36,996	3,190	-	40,186	23,444
Facility costs	26,890	8,964	-	35,854	37,179
Property taxes	20,320	6,773	-	27,093	16,088
Promotion	12,920	1,723	2,584	17,227	10,737
Utilities	11,989	3,997	-	15,986	18,607
Dues and subscriptions	2,485	5,862	384	8,731	4,667
Audit fees	-	8,400	-	8,400	8,025
Insurance	6,389	1,435	-	7,824	6,422
Staff and volunteer development	3,986	1,592	1,250	6,828	5,637
Supplies	4,414	2,285	-	6,699	7,396
Telecommunications	4,104	1,719	-	5,823	7,832
Fundraising	-	880	4,934	5,814	5,735
Accounting fees	-	5,369	-	5,369	6,551
Travel	3,662	245	166	4,073	3,605
Equipment	2,601	875	-	3,476	2,277
Printing and production	2,118	453	-	2,571	6,715
Board	-	2,261	-	2,261	3,757
Personnel	1,445	494	-	1,939	2,067
Volunteer program	1,727	140	-	1,867	1,581
Bank and transaction fees	1,146	460	144	1,750	2,648
Postage	816	163	109	1,088	1,106
Interest expense	564	75	113	752	219
Legal services	-	423	-	423	10,481
Repairs and maintenance	-	16	-	16	15
Other	-	20	-	20	328
	522,964	102,851	67,427	693,242	629,254
Depreciation	41,052	13,684	-	54,736	47,405
Amortization	15,217	-	-	15,217	15,217
Total	$ 579,233	$ 116,535	$ 67,427	$ 763,195	$ 691,876

The accompanying notes are an integral part of these financial statements

THE CONFLICT CENTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 64,510	$ 72,974
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	69,953	62,622
Donated property and equipment	(50,534)	-
Loss on disposal of property and equipment	-	220
Reinvested gains and earnings on investments and endowment, net	(37,988)	(36,056)
Contributions to endowment	(25)	(413)
Changes in operating assets and liabilities		
Decrease(increase) in contracts and other receivables	(11,323)	(9,607)
Decrease(increase) in grants receivable	(2,000)	(3,000)
Decrease(increase) in prepaid expenses	(2,391)	959
(Decrease)increase in accounts payable	24,054	(1,464)
(Decrease)increase in payroll and tax liabilities	10,900	7,434
(Decrease)increase in fiscal agent liabilities	1,368	5,559
(Decrease)increase in tenant security deposits and other	(7,400)	11,374
Net cash provided by operating activities	59,124	110,602
Cash flows from investing activities		
(Purchases) of property and equipment	(51,054)	(8,710)
Insurance reimbursements on property and equipment	-	851
Investment of contributions to endowment	(25)	(413)
Distribution from investments	22,500	-
Net cash used by investing activities	(28,579)	(8,272)
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	78,200	-
Distribution from endowment	8,584	8,534
Payments on capital lease obligation	(1,768)	(558)
Investment in endowment	25	413
Net cash provided by financing activities	85,041	8,389
Net increase in cash, cash equivalents and restricted cash	115,586	110,719
Cash, cash equivalents and restricted cash beginning of year	208,032	97,313
Cash, cash equivalents and restricted cash end of year	$ 323,618	$ 208,032
Supplemental disclosure		
Cash paid during the period for interest	$ 752	$ 219
Property acquired under capital lease arrangement	$ -	$ 10,774

The accompanying notes are an integral part of these financial statements

THE CONFLICT CENTER

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - NATURE OF ACTIVITIES

The Conflict Center (the Organization) is a nonprofit corporation incorporated under the laws of the State of Colorado. The Organization's mission is to "equip people with practical skills to navigate, transform and embrace everyday conflict." For over 30 years, The Conflict Center accomplishes this mission through education and training programs in the Denver-metro area and throughout Colorado.

Through youth and adult skill building classes and conflict management workshops, individuals are empowered to see and use conflict as an opportunity to grow, learn, and create positive change in their lives. The Conflict Center applies this lens to all its programming, including its foundational classes, Addressing Conflict and Anger Effectively, and professional development workshops, providing practical skills and tools to address everyday conflict. Through school partnerships, the Organization partners with schools to foster a community of inclusion, where students feel safe to be themselves and nurtured to build positive relationships. In addition, the Organization is committed to implementing Restorative Practices in schools, holding students accountable within the school community rather than through exclusionary, punitive discipline. In addition, the Conflict Center expands its commitment to a restorative community through a partnership with the Denver District Attorney's office to provide a community-based restorative justice model as an alternative to the traditional criminal justice system.

The Organization is supported primarily through contributions, foundation awards, and fees for services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

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

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

4. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for furniture and equipment in excess of $1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

7. Functional Reporting of Expenses

For the year ended June 30, 2020, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to program services or a supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated are salaries and payroll taxes and benefits which are allocated based on time and effort. Other expenses are allocated based upon the program or supporting service benefited.

8. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

9. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Input other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

10. 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

11. New Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) No. 2018-08 – Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605). The standards update provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The Organization does not believe the application of the provisions of the standards update materially changed the recognition of contributions received during the year.

12. Subsequent Events

Management has evaluated subsequent events through November 23, 2020, the date the financial statements were available to be issued.

NOTE 3 - FISCAL AGENT

The Organization serves as fiscal agent for Conflict Resolution Month which organizes and manages Conflict Resolution month activities in Colorado. At year-end, the Organization held $10,398 for Conflict Resolution Month.

During the year, the Organization entered into a contract with the City of Denver to provide a community-based restorative justice model. Some of the cases involved with the program may require restitution. The Organization holds the restitution until payment is made to the victims.

NOTE 4 - PROGRAM DEVELOPMENT COSTS

The Organization capitalized certain costs associated with the Restorative Practices program. The costs are being amortized over three years. Capitalized program development costs of $33,125 are reflected net of accumulated amortization of $33,001.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Description	Amount
Building and improvements	$ 1,449,774
Furniture and equipment	86,757
Leased equipment	10,774
Land	9,000
Total	1,556,305
Less: accumulated depreciation	(780,796)
Net property and equipment	$ 775,509

Depreciation expense, including amortization of the leased equipment, for the year was $54,736.

NOTE 6 - INVESTMENTS

Investments held by the Organization are valued using Level 1 inputs and consist of the following at June 30, 2020:

Description	Amount
Stock mutual fund	$ 208,981
Bond mutual fund	97,865
Total	$ 306,846

NOTE 6 - INVESTMENTS (Continued)

Investment income and account activity is summarized as follows:

Description	Amount
Balance, beginning of year	$ 298,410
Interest and dividend income	5,673
Unrealized gains and losses, net	25,263
Total investment return	30,936
Withdrawals	(22,500)
Balance, end of year	$ 306,846

Additionally, the Organization earned interest income of $197 on operating cash accounts and an investment return of $7,052 on an endowment fund as described in Note 7.

NOTE 7 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has established an endowment fund through Community First Foundation (the Foundation) to provide ongoing support for the Organization. Under the terms of the endowment, the Organization may take an annual distribution of up to 4.5% of the average of the net fair market value of the assets of the endowment fund on the last business day of each of the three calendar years preceding the year for which the distribution is being made. The Organization's right to a distribution for any calendar year shall not be cumulative. If the Organization receives less than the previously described annual distribution on a calendar basis, then the Organization shall not be entitled to request a distribution of such undistributed amount in any subsequent year.

The assets in the endowment fund are managed by the Foundation and invested in accordance with the Foundation's asset allocation. The investment returns are based upon the Foundation's returns for commingled investments. The assets held in the endowment are classified in Level 3 of the fair value measurements hierarchy as the value of the interest is independently determined by the Foundation.

Changes in the endowment fund balances as reported by the Foundation during year are as follows:

Description	Amount
Endowment assets, beginning of year	$ 202,160
Contributions	25
Interest and dividend income	4,469
Realized gains and losses, net	(5,150)
Unrealized gains and losses, net	9,719
Management fees	(1,986)
Total investment return	7,052
Distributions	(8,584)
Balance, end of year	$ 200,653

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received a $78,200 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). Under the program, this loan may be partially or fully forgiven if certain eligibility requirements are met, including that 60% of the loan must be spent on payroll. The loan is being treated as a refundable advance of a conditional contribution until such time the amount of the loan explicitly forgiven by the SBA is determined. At such time, the conditions will be considered met and the Organization will recognize contribution revenue in the amount of the loan forgiveness.

The Organization also received a $6,000 advance under the SBA's Economic Injury Disaster Loan program. The advance does not have to be repaid; however, the amount of the advance does reduce any future PPP loan forgiveness.

The balance of the PPP loan not forgiven is repayable in equal amounts required to fully amortize the principal amount outstanding on the note by the maturity date of April 15, 2022. The loan is unsecured, and interest is charged at 1% per annum.

NOTE 9 - LEASE OBLIGATIONS

The Organization leases a copier machine under a capital leasing arrangement. Under the terms of the agreement, the Organization is responsible for the following future minimum lease payments:

Year	Amount
2021	$ 2,520
2022	2,520
2023	2,520
2024	2,200
Total payments	9,760
Less: amount representing interest	(1,312)
Present value of lease obligation	$ 8,448

Additionally, the Organization entered into a copier lease agreement in a prior year. This lease agreement was treated as an operating lease. The future minimum lease payments under this lease are $1,668 in 2021.

NOTE 10 - BOARD DESIGNATED RESERVE

The Organization received a bequest in a prior year from the estate of a long-time supporter and friend of the Organization. The board established a reserve from the bequest. Under the terms of the operating reserve policy, the balance should not go below $150,000 and distribution requests require the approval of a majority board of director vote. Distributions are to be used for purposes of generating additional revenue for the Organization and cannot be used to pay debt or other ongoing operational expenses. The composition of the investment of the bequest is further described in Note 6.

NOTE 11 - NET ASSETS WITH DONOR PURPOSE RESTRICTIONS

Net assets with donor purpose restrictions are available for the following program purposes:

Description	Amount
Young Men of Color	$ 30,000
Landscape Cohort	10,000
Time restricted	9,674
Conflict Resolution Podcast	4,014
Youth programs	2,315
Total	$ 56,003

NOTE 12 - SPECIAL EVENTS

For the year, special events consisted of:

Description	Amount
Special events revenue	$ 20,500
Less: direct costs	(3,752)
Total	$ 16,748

NOTE 13 - IN-KIND CONTRIBUTIONS

Donated services which require recognition are those that create or enhance non-financial assets or that specifically require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services are reflected in the accompanying financial statements at their estimated value at date of receipt. The value of services included in the financial statements and the corresponding expenses for the year are as follows:

Description	Amount
Supplies	$ 215

NOTE 14 - NET ASSETS RELEASED FROM DONOR PURPOSE RESTRICTIONS

Net assets were released from donor purpose restrictions by incurring expenses satisfying the following restricted program purposes:

Description	Amount
Restorative practices – Jefferson County	$ 26,434
Young Men of Color	20,000
Common Sense Discipline Cohort	10,000
Restorative Justice	10,000
Summer internship program	3,466
Youth programs	2,316
Conflict resolution podcast	986
Total	$ 73,202

NOTE 15 - LEASES

The Organization leases space to tenants at its facility. The future minimum lease payments to be received under the agreements are as follows:

Year	Amount
2021	$ 104,838
2022	77,106
2023	6,290
Total	$ 188,234

The future minimum lease payment schedule incorporates leases signed subsequent to year end.

NOTE 16 - RETIREMENT PLAN

The Organization has a 401(k) retirement plan (Plan). The Plan covers all eligible employees once they reach sixty days of service. The Plan has an automatic deferral election of five percent of compensation for eligible employees. Employees may elect out of the automatic deferral election or change the deferred contribution rates to the Plan. For participating employees who work over 20 hours per week, the Organization matches up to the first three percent of compensation contributed by each employee. Pension expense for the year was $8,010.

NOTE 17 - CONCENTRATION OF CREDIT RISK

The Organization keeps its available cash in one financial institution. At year-end, the institution had a deposit balance of approximately $314,000. Amounts over $250,000 are not insured by the Federal Deposit Insurance Corporation or other entities. Management has evaluated its banking needs and the strength of the financial institution and believes it is in the Organization’s best interest to continue its existing banking relationship.

NOTE 18 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at June 30, 2020:

Financial assets at year-end:	Amount
Cash and cash equivalents	$ 313,120
Contracts and other receivables	25,304
Grants receivable	37,000
Investments	306,846
Total financial assets	682,270
Less amounts not available to be used within one year:	
Board designated reserve	(306,846)
Financial assets available to meet general operating expenditures within one year	$ 375,424

The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations and plans will be discharged.

Because of the board of director's designation, the board designated reserve is not available for general operating expenditures within the next year, however, the board of directors could make them available, if necessary. The anticipated upcoming general operating expenses are approximately $575,000 to $600,000.

NOTE 19 - COVID-19 PANDEMIC

On January 30, 2020 the World Health Organization declared the COVID-19 outbreak a public health emergency and subsequently a pandemic on March 11, 2020. The Organization is continuing to assess the potential impact of the COVID-19 pandemic upon the Organization. At this time, an estimate of the impact upon the Organization's future financial statements cannot be made.