

Special Children's Charities

Financial Statements
Years Ended
December 31, 2020 and 2019

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

SPECIAL CHILDREN'S CHARITIES
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

| | <u>Page Number</u> |
|-----------------------------------|--------------------|
| Independent Auditors' Report | 1 - 2 |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statements of Functional Expenses | 5 |
| Statements of Cash Flows | 6 |
| Notes to Financial Statements | 7 - 14 |



The Board of Directors
Special Children's Charities
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Special Children's Charities (an Illinois nonprofit organization) which are comprised of the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' 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 Special Children's Charities as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sassetti LLC

July 15, 2021
Oak Park, Illinois

SPECIAL CHILDREN'S CHARITIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|----------------------------------|--------------|--------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 2,156,339 | \$ 1,749,130 |
| Accounts receivable | 50,518 | 236,057 |
| Prepaid expenses | 31,501 | 54,472 |
| Investments | 3,418,635 | 2,233,463 |
| Property and equipment, net | 83,195 | 126,693 |
| Total Assets | \$ 5,740,188 | \$ 4,399,815 |
| LIABILITIES | | |
| Accounts payable | \$ 394,966 | \$ 280,353 |
| Accrued expenses | 33,380 | 23,908 |
| Deferred revenue | 15,366 | 181,583 |
| Total Liabilities | 443,712 | 485,844 |
| NET ASSETS | | |
| Without donor restrictions | 4,872,510 | 3,539,725 |
| With donor restrictions | 423,966 | 374,246 |
| Total Net Assets | 5,296,476 | 3,913,971 |
| Total Liabilities and Net Assets | \$ 5,740,188 | \$ 4,399,815 |

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

SPECIAL CHILDREN'S CHARITIES
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | | | 2019 | | |
|---|-------------------------------|----------------------------|--------------|-------------------------------|----------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES AND OTHER SUPPORT | | | | | | |
| Special events, gross revenues | \$ 2,424,136 | \$ 46,592 | \$ 2,470,728 | \$ 2,344,565 | \$ 190,250 | \$ 2,534,815 |
| Less: Special events, gross expenses | (574,927) | - | (574,927) | (636,947) | - | (636,947) |
| State grants | - | 250,000 | 250,000 | 79,443 | 125,000 | 204,443 |
| Corporate, foundation and individual contributions, and sponsorships | 390,638 | 98,541 | 489,179 | 422,809 | 222,633 | 645,442 |
| Donated goods and services | 174,000 | - | 174,000 | 160,000 | - | 160,000 |
| Investment income, net of investment fees | 56,414 | - | 56,414 | 36,640 | - | 36,640 |
| Realized and unrealized gains on investments | 220,586 | - | 220,586 | 154,934 | - | 154,934 |
| Miscellaneous income | 151 | - | 151 | 25 | - | 25 |
| Net assets released from donor restrictions | 345,413 | (345,413) | - | 288,637 | (288,637) | - |
| Total Revenues and Other Support | 3,036,411 | 49,720 | 3,086,131 | 2,850,106 | 249,246 | 3,099,352 |
| EXPENSES | | | | | | |
| Program | 991,773 | - | 991,773 | 1,598,709 | - | 1,598,709 |
| Management and general | 357,150 | - | 357,150 | 343,679 | - | 343,679 |
| Fundraising | 354,703 | - | 354,703 | 460,681 | - | 460,681 |
| Total Expenses | 1,703,626 | - | 1,703,626 | 2,403,069 | - | 2,403,069 |
| CHANGE IN NET ASSETS | 1,332,785 | 49,720 | 1,382,505 | 447,037 | 249,246 | 696,283 |
| NET ASSETS - | | | | | | |
| Beginning of year | 3,539,725 | 374,246 | 3,913,971 | 3,092,688 | - | 3,092,688 |
| Prior period adjustment | - | - | - | - | 125,000 | 125,000 |
| Beginning of year - adjusted | 3,539,725 | 374,246 | 3,913,971 | 3,092,688 | 125,000 | 3,217,688 |
| End of year | \$ 4,872,510 | \$ 423,966 | \$ 5,296,476 | \$ 3,539,725 | \$ 374,246 | \$ 3,913,971 |

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

SPECIAL CHILDREN'S CHARITIES
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | | | | 2019 | | | |
|---|---------------------|---------------------------|-------------------|---------------------|---------------------|---------------------------|-------------------|---------------------|
| | Program Services | Management and General | Fundraising | Total Expenses | Program Services | Management and General | Fundraising | Total Expenses |
| Advertising, promotions, and public relations | \$ 21,229 | \$ 6,480 | \$ 9,050 | \$ 36,759 | \$ 21,050 | \$ 4,490 | \$ 10,999 | \$ 36,539 |
| Apparel and uniforms | 22,532 | - | 644 | 23,176 | 160,810 | 662 | 2,332 | 163,804 |
| Athlete and community engagement | 7,421 | - | 20 | 7,441 | 19,451 | - | 31 | 19,482 |
| Audit and legal | - | 31,595 | - | 31,595 | - | 15,661 | - | 15,661 |
| Board costs | - | 1,155 | 46 | 1,201 | - | 3,540 | 92 | 3,632 |
| Employee benefits | 4,392 | 3,353 | 7,777 | 15,522 | 1,614 | 3,032 | 4,462 | 9,108 |
| Facility and equipment | 24,811 | 4,760 | - | 29,571 | 114,376 | 3,287 | 120 | 117,783 |
| Grants | 369,819 | - | - | 369,819 | 239,394 | - | - | 239,394 |
| Insurance | - | 7,186 | - | 7,186 | - | 6,190 | - | 6,190 |
| Meals and entertainment | 43,566 | - | - | 43,566 | 81,920 | 2,401 | 3,425 | 87,746 |
| Merchandise and supplies | 59,562 | 343 | 6,922 | 66,827 | 78,016 | 283 | 6,368 | 84,667 |
| Occupancy | 48,588 | 74,425 | 74,425 | 197,438 | 47,766 | 73,443 | 73,443 | 194,652 |
| Office | 10,846 | 22,277 | 8,840 | 41,963 | 20,155 | 15,428 | 20,748 | 56,331 |
| Other professional fees | - | 53,682 | - | 53,682 | 15,570 | 85,208 | 7,094 | 107,872 |
| Outside support | 42,222 | 13,962 | 46,744 | 102,928 | 51,305 | 11,694 | 26,329 | 89,328 |
| Payroll and payroll taxes | 196,725 | 114,970 | 176,148 | 487,843 | 190,362 | 91,320 | 229,662 | 511,344 |
| Photography | 4,771 | 228 | - | 4,999 | 13,018 | 60 | 1,100 | 14,178 |
| Transportation | 27,295 | 153 | 60 | 27,508 | 168,319 | 1,547 | 783 | 170,649 |
| Travel | 96,256 | - | - | 96,256 | 363,677 | - | - | 363,677 |
| Utilities, telephone and internet | 2,165 | 3,031 | 3,729 | 8,925 | 2,460 | 3,444 | 5,528 | 11,432 |
| Miscellaneous | 59 | 1,559 | 2,307 | 3,925 | 505 | 4,107 | 50,283 | 54,895 |
| Depreciation | 9,514 | 17,991 | 17,991 | 45,496 | 8,941 | 17,882 | 17,882 | 44,705 |
| Total expenses | \$ 991,773 | \$ 357,150 | \$ 354,703 | \$ 1,703,626 | \$ 1,598,709 | \$ 343,679 | \$ 460,681 | \$ 2,403,069 |

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

SPECIAL CHILDREN'S CHARITIES
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,382,505 | \$ 696,283 |
| Adjustment to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 45,496 | 44,705 |
| Realized and unrealized gains, net | (220,586) | (154,934) |
| (Increase) decrease in assets | | |
| Accounts receivable | 185,539 | 378,596 |
| Prepaid expenses | 22,971 | (3,570) |
| Increase (decrease) in liabilities | | |
| Accounts payable | 114,613 | (19,192) |
| Accrued expenses | 9,472 | 1,705 |
| Deferred revenue | (166,217) | 154,854 |
| Net Cash Provided by Operating Activities | 1,373,793 | 1,098,447 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 250,000 | - |
| Purchases of investments | (1,212,554) | (1,009,253) |
| Purchases of property and equipment | (4,030) | (16,109) |
| Net Cash Used In Investing Activities | (966,584) | (1,025,362) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 407,209 | 73,085 |
| CASH AND CASH EQUIVALENTS - | | |
| Beginning of year | 1,749,130 | 1,676,045 |
| End of year | \$ 2,156,339 | \$ 1,749,130 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | \$ - | \$ - |
| Cash paid for income taxes | \$ - | \$ - |

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

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Special Children's Charities (the "Organization") is a nonprofit organization, which is the co-sponsor, along with the Chicago Park District, of the Special Olympics in Chicago. Special Olympics provides year-round athletic sports training and athletic competition in a variety of Olympic-type sports for children and adults with intellectual disabilities, giving them continuing opportunities to develop physical fitness, demonstrate courage, experience joy and participate in a sharing of gifts, skills and friendship with their families, other Special Olympics athletes and the community. The Organization raises funds for these programs through special events and grants and donations from individuals, foundations, and corporations and awards an annual grant to the Chicago Park District for Special Olympics programming. The Chicago Park District provides the program planning, staffing, facilities, equipment, coaches' training, certification and professional development functions.

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.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Net Assets - Net assets of the Organization are classified as with or without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash or other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

Contributions - Contributions received are recorded as with donor restriction or without donor restriction, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in without donor restricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restricted net assets is reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions.

Income Tax Status - The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). However, organizations which are exempt may be subject to unrelated business income taxes when an organization generates revenues from activities which are unrelated to the exempt purpose of the organization. Management believes the Organization has no material unrelated business income for the years ended December 31, 2020 and 2019. The Organization's Forms 990, Return of Organization Exempt from Income Tax, is subject to examination by the IRS, generally for three years after it is filed.

Cash and Cash Equivalents – For the purpose of the statement of cash flows, the Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid investments with an initial maturity of three months or less to be cash equivalents. No amounts were paid for interest and income taxes for the years ended December 31, 2020 and 2019.

Accounts Receivable - Receivables are stated at the amount management expects to collect from outstanding balances. Management provides probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance was deemed necessary by management at December 31, 2020 and 2019.

Property and Equipment - The Organization capitalizes property and equipment acquisitions in excess of \$600. Property and equipment are recorded at cost if purchased and at fair value if contributed. Depreciation is calculated on a straight-line basis over the estimated useful lives of five to thirty-nine years or the lease term for leasehold improvements. Maintenance and repairs are charged to expense as incurred.

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

Property and equipment consisted of the following at December 31:

| | 2020 | 2019 |
|-------------------------------|-------------|-------------|
| Leasehold improvements | \$ 195,579 | \$ 195,579 |
| Vehicle | 28,335 | 28,335 |
| Equipment | 40,788 | 36,758 |
| | 264,702 | 260,672 |
| Less accumulated depreciation | 181,507 | 133,979 |
| | \$ 83,195 | \$ 126,693 |

Depreciation expense was \$45,496 and \$44,705 for the years ended December 31, 2020 and 2019, respectively.

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services based upon direct costs.

In-kind Contributions – The Organization recognizes in-kind contributed services and materials at their estimated fair value. Recognition occurs if the services have value to the Organization, are provided by individuals possessing specialized skills, and would have been purchased if not provided by contributions. The Organization received \$174,000 and \$160,000, and of in-kind contributed occupancy expenses during the years ended December 31, 2020 and 2019, respectively. In-kind contributions are reflected in special events, gross revenues, and donated goods and services in the Statement of Activities.

A significant number of unpaid volunteers contribute time to the Organization. The value of these services is not reflected in the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America because the time contributed was for non-specialized services, and the recognition criteria was not met.

Revenue Recognition - Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. The Organization reports such gifts as restricted support and revenues if they are subject to time or donor-imposed restrictions. Donor restricted net assets are reclassified to net assets without donor restricted net assets and reported in the statements of activities as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished or both. Conditional promises are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Management recognizes earned revenue as the Organization transfers control of deliverables (products, solutions and services) to the Organization's customers in an amount reflecting the consideration to which management expects to be entitled. To recognize revenues, management applies the following five step approach: (1) identify the

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied. The Organization accounts for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Management applies judgment in determining the customer's ability and intention to pay based on a variety of factors including the customer's historical payment experience.

The following revenue streams, with their respective performance obligations described as follows:

Special events – The Organization generates revenues from ticketing and related program fees for several events held during the year and are recognized at the date of the event.

State grants – The Organization received grant funds from the State of Illinois to fund its operations. Grant revenues are recognized in full upon receipt. Net assets with donor restrictions from the grant are released from restrictions over the award year of the grant..

Corporate, foundation and individual contributions, and sponsorships – The Organization receives contributions from corporate, foundation, and individual sources. Revenues from contributions are typically recognized at the time the award is pledged. The Organization generates revenues from sponsorships for several events held during the year and are recognized at the date of the event.

Subsequent Events - The Organization has evaluated subsequent events through July 15, 2021, the date the financial statements were available to be issued.

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following for the years ending December 31:

| | 2020 | 2019 |
|------------------------------------|-------------------|-------------------|
| 50th Anniversary Celebration Funds | \$ 206,842 | \$ 170,250 |
| State of Illinois Lottery | 125,000 | 125,000 |
| JEM Fund | 92,124 | 78,996 |
| | <u>\$ 423,966</u> | <u>\$ 374,246</u> |

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

3. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Organization considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. These principles also established a fair value hierarchy that requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest of input that is significant to the fair value measurement. There are three levels of inputs that may be used to measure fair value:

Level 1 - Quoted (observable) market prices in active markets for identical assets or liabilities.

Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or dissimilar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's valuation methodology used to measure the fair values of mutual funds were derived from quoted market prices as all of these instruments have active markets.

Fair values of assets measured on a recurring basis were as follows:

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

| | Fair value of investments at December 31, 2020 | | | |
|---------------------------------|--|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds | | | | |
| Fixed income | \$ 1,524,984 | \$ - | \$ - | \$ 1,524,984 |
| Equities | 1,326,534 | - | - | 1,326,534 |
| Mutual funds | 567,117 | - | - | 567,117 |
| Total investments at fair value | <u>\$ 3,418,635</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,418,635</u> |

| | Fair value of investments at December 31, 2019 | | | |
|---------------------------------|--|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds | | | | |
| Fixed income | \$ 1,237,381 | \$ - | \$ - | \$ 1,237,381 |
| Equities | 708,614 | - | - | 708,614 |
| Mutual funds | 287,468 | - | - | 287,468 |
| Total investments at fair value | <u>\$ 2,233,463</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,233,463</u> |

Investment income consisted of the following at December 31:

| | 2020 | 2019 |
|------------------------|------------------|------------------|
| Dividends and interest | \$ 77,696 | \$ 52,092 |
| Investment fees | <u>(21,282)</u> | <u>(15,452)</u> |
| | <u>\$ 56,414</u> | <u>\$ 36,640</u> |

4. CONCENTRATION OF CREDIT RISK

The Organization's major funding sources include corporate, individual and foundation contributions, and revenue generated by various special events. The Polar Plunge is the Organization's largest event which constitutes approximately seventy-one percent and fifty-two percent of the Organization's revenue for the years ended December 31, 2020 and 2019, respectively.

5. PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2019, the Organization adopted ASU 2018-08. Adoption of ASU 2018-08 required an unconditional grant received during 2018 to be recognized in full at the time of receipt. The adoption of ASU 2018-08 resulted in a decrease of grants recognized during the year ended December 31, 2019 and an increase in net assets at January 1, 2019.

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

6. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization operates on a consistent annual cycle, with known recurring expenditures that include; payroll, event planning, materials, advertising and other expenditures incurred as a result of fulfilling the Organization's mission. Because of the cyclical predictability of its annual operations, the Organization is able to maximize the resources applied to mission-based programs.

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

| | 2020 | 2019 |
|---|-------------------------|-------------------------|
| Cash and cash equivalents | \$ 2,156,339 | \$ 1,749,130 |
| Accounts receivable | 50,518 | 236,057 |
| Investments | <u>3,418,635</u> | <u>2,233,463</u> |
| Total financial assets available within one year | 5,625,492 | 4,218,650 |
| Less: Amounts unavailable for general expenditure within one year, due to: | | |
| Restricted by donors with purpose and/or time restriction | <u>298,966</u> | <u>249,246</u> |
| Total amounts unavailable for general expenditures within one year | <u>298,966</u> | <u>249,246</u> |
| Total financial assets available to management for general expenditure within one year | <u>\$ 5,326,526</u> | <u>\$ 3,969,404</u> |

7. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets (receivables) and lease liabilities (leasehold obligations) on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of revenue recognition in the statement of activities. The new standard will be effective for the Organization's December 31, 2022 financial statements. Early adoption is permitted.

SPECIAL CHILDREN'S CHARITIES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

8. RISKS AND UNCERTAINTIES

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the legislation that directs federal emergency disaster response. The Organization cannot predict how ongoing legal and regulatory responses to concerns about COVID-19 or other major public health issues will continue to impact the Organization. The magnitude, timing, and duration of any such potential financial impacts cannot be reasonably estimated at this time. The effects of the pandemic are expected to continue into 2021.