

FOCUSING PHILANTHROPY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

WITH SUMMARY COMPARATIVE INFORMATION FOR 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Focusing Philanthropy, Inc.:

We have audited the accompanying financial statements of Focusing Philanthropy, 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 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 auditors' 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 auditors consider 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.

Auditors' Responsibility *(continued)*

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 Focusing Philanthropy, Inc. as of December 31, 2020, and the changes in its net assets and 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 Focusing Philanthropy's financial statements for the year ended December 31, 2019 and we expressed an unmodified opinion on those statements dated April 28, 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.

The signature is written in a cursive, handwritten style. The word "Evergreen" is written in a larger, more prominent script, and "Alliance" is written in a slightly smaller, similar script directly below it.

Los Alamitos, California
September 9, 2021

**FOCUSING PHILANTHROPY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019**

	December 31,	
	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,490,568	\$ 2,684,647
PROPERTY AND EQUIPMENT, NET	23,181	34,728
NON-CURRENT ASSETS		
Investments	5,987,867	2,345,320
Security deposit	7,484	7,484
Total Non-Current Assets	5,995,351	2,352,804
TOTAL ASSETS	\$ 10,509,100	\$ 5,072,179
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 28,926	\$ 8,958
Accrued employee related expenses	3,194	2,908
Credit card payable	36,932	6,420
Total Current Liabilities	69,052	18,286
NON-CURRENT LIABILITIES		
Deferred rent	1,116	12,708
COMMITMENTS (Note 6)		
TOTAL LIABILITIES	70,168	30,994
NET ASSETS		
Without donor restrictions	688,798	88,046
With donor restrictions	9,750,134	4,953,139
TOTAL NET ASSETS	10,438,932	5,041,185
TOTAL LIABILITIES AND NET ASSETS	\$ 10,509,100	\$ 5,072,179

FOCUSING PHILANTHROPY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARY COMPARATIVE INFORMATION FOR DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>December 31,</u>	
			<u>2020</u>	<u>2019</u>
REVENUE AND SUPPORT				
Contributions	\$ 780,947	\$ 27,857,727	\$ 28,638,674	\$ 13,852,164
In-kind Contributions	666,447	971,079	1,637,526	2,696,906
Investment income, net	184,925	--	184,925	134,957
Net assets released from restrictions	<u>24,031,811</u>	<u>(24,031,811)</u>	<u>--</u>	<u>--</u>
TOTAL REVENUE AND SUPPORT	25,664,130	4,796,995	30,461,125	16,684,027
EXPENSES				
Program services	24,411,439	--	24,411,439	12,729,834
Supporting services:				
General and administrative	515,074	--	515,074	258,872
Fundraising	<u>136,865</u>	<u>--</u>	<u>136,865</u>	<u>81,767</u>
TOTAL EXPENSES	<u>25,063,378</u>	<u>--</u>	<u>25,063,378</u>	<u>13,070,473</u>
CHANGE IN NET ASSETS	600,752	4,796,995	5,397,747	3,613,554
NET ASSETS AT BEGINNING OF YEAR	<u>88,046</u>	<u>4,953,139</u>	<u>5,041,185</u>	<u>1,427,631</u>
NET ASSETS AT END OF YEAR	<u>\$ 688,798</u>	<u>\$ 9,750,134</u>	<u>\$ 10,438,932</u>	<u>\$ 5,041,185</u>

FOCUSING PHILANTHROPY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARY COMPARATIVE INFORMATION FOR DECEMBER 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>December 31,</u>	
				<u>2020</u>	<u>2019</u>
PERSONNEL EXPENSES					
Salaries & wages	\$ 160,919	\$ 42,459	\$ 26,509	\$ 229,887	\$ 202,000
Employee benefits & taxes	22,504	5,938	3,707	32,149	12,834
TOTAL PERSONNEL EXPENSES	<u>183,423</u>	<u>48,397</u>	<u>30,216</u>	<u>262,036</u>	<u>214,834</u>
OTHER EXPENSES					
Grants	24,031,811	--	--	24,031,811	12,432,238
Professional services:					
Accounting	--	59,912	--	59,912	39,980
Consultants	64,540	106,640	45,419	216,599	142,347
Office expenses	20,219	5,335	3,331	28,885	27,845
Travel	10,955	2,891	1,805	15,651	21,313
Depreciation & amortization	11,660	3,077	1,920	16,657	18,138
Bank & merchant fees	--	254,280	--	254,280	40,011
Dues & subscriptions	711	188	117	1,016	2,279
Hardware & software	8,611	2,272	1,418	12,301	8,296
Insurance	--	11,105	--	11,105	9,286
Advertising & outreach	--	--	39,542	39,542	3,724
Occupancy	73,513	19,397	12,110	105,020	103,039
Repairs & maintenance	5,996	1,580	987	8,563	7,143
TOTAL OTHER EXPENSES	<u>24,228,016</u>	<u>466,677</u>	<u>106,649</u>	<u>24,801,342</u>	<u>12,855,639</u>
TOTAL EXPENSES	<u>\$ 24,411,439</u>	<u>\$ 515,074</u>	<u>\$ 136,865</u>	<u>\$ 25,063,378</u>	<u>\$ 13,070,473</u>

FOCUSING PHILANTHROPY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,397,747	\$ 3,613,554
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	16,657	18,138
Contribution of securities	(1,637,526)	(2,696,906)
Realized gains on sale of securities	(368,598)	(778,632)
Unrealized losses on sale of securities	252,899	666,013
Change in operating assets and liabilities:		
Accounts payable and accrued expenses	19,968	(1,482)
Accrued employee related expenses	286	(1,483)
Credit card payable	30,512	(2,249)
Deferred rent	(11,592)	(8,950)
Net Cash Provided By Operating Activities	3,700,353	808,003
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,110)	(13,750)
Purchases of investments	(11,364,085)	(3,948,358)
Proceeds from sale of securities	9,474,763	5,093,066
Net Cash Provided By Investing Activities	(1,894,432)	1,130,958
NET CHANGE IN CASH & CASH EQUIVALENTS	1,805,921	1,938,961
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	2,684,647	745,686
CASH & CASH EQUIVALENTS AT END OF YEAR	\$ 4,490,568	\$ 2,684,647
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	NONE	NONE
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	NONE	NONE
Noncash financing transactions	NONE	NONE

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARY COMPARATIVE INFORMATION FOR 2019

NOTE 1 – Organization and Nature of Activities

Focusing Philanthropy, Inc. (the Organization) is a nonprofit corporation that identifies, evaluates and presents opportunities for personal philanthropy, all from the perspective of donors who wish to be confident that funds contributed are achieving the greatest possible impact. The Organization supports organizations and programs which address one or more of its three areas of focus:

- **Increasing Income:** programs that provide the equipment, personnel or financing to permit an individual, family or community to increase their income, and therefore their standard of living, on a sustainable basis.
- **Building Community Infrastructure:** programs that help communities create or acquire the assets needed to improve the quality of life of all residents; community needs may include clean water, access to basic health services, electricity, locally managed credit facilities, etc.
- **Achieving Self-Sufficiency:** programs that encourage and facilitate individual initiative to address serious challenges and improve oneself through access to education, training, improved living conditions, mental health initiatives and the like.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation of Financial Statements

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Comparative Financial Information

The accompanying 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 full comparison of operations year over year. Accordingly, these comparative financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARY COMPARATIVE INFORMATION FOR 2019

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Property and Equipment

The Organization's policy is to capitalize asset additions over \$500. Property and equipment are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation has been provided on the straight-line method over the estimated useful lives of the assets, which are generally five to seven years. Expenditures for repairs and maintenance are expensed as incurred.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair value in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities. Information about the fair value of investments and the unrealized gains is discussed in Note 5.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest and dividends are recorded when earned.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor restrictions. Some donor-imposed restrictions are temporary in nature, for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example stipulating that resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

As of December 31, 2020 and 2019, the Organization had \$9,750,134 and \$4,953,139 of net assets with donor restrictions, respectively.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARY COMPARATIVE INFORMATION FOR 2019

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest, is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Goods and Services

Contributed goods are recorded at fair value at the date of donation. During the years ended December 31, 2020 and 2019, contributed goods totaled \$1,637,526 and \$2,696,906, respectively, and included donated securities. The Organization did not receive donated professional services during the years ended December 31, 2020 and 2019.

Advertising and Outreach

Advertising and outreach expenditures are charged to operations when incurred. Advertising and outreach for the years ended December 31, 2020 and 2019 was \$39,542 and \$3,724, respectively.

Income Tax Status

The Organization received tax-exempt status from the Internal Revenue Service and Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and Revenue and Taxation Code Section 23701d, respectively.

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt Organization returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARY COMPARATIVE INFORMATION FOR 2019

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Financial Instruments and Credit Risk

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by the Organization and the Board of Directors. Although fair values of investments are subject to fluctuations on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Accounting Pronouncements Adopted

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments to Topic 820 make changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. ASU 2018-13 became effective for nonpublic business entities for the annual reporting period beginning after December 15, 2019.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 15, 2021. The Organization is in the process of evaluating the impact of this statement and potential effects on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 aims to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU 2020-07 is effective for nonpublic business entities for the annual reporting period beginning after June 15, 2021. The Organization is in the process of evaluating the impact of this statement and potential effects on the financial statements.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARY COMPARATIVE INFORMATION FOR 2019

NOTE 2 – Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the prior fiscal year have been reclassified in order to be consistent with the current year presentation.

Subsequent Events

The Organization has evaluated subsequent events through September 9, 2021, which is the date the financial statements were available to be issued for the year ended December 31, 2020.

NOTE 3 – Liquidity and Availability

Financial assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,490,568	\$ 2,684,647
Investments	5,987,867	2,345,320
Less: donor-imposed restricted net assets	(9,750,134)	(4,953,139)
Total financial assets available within one year	<u>\$ 728,301</u>	<u>\$ 76,828</u>

As part of the Organization’s liquidity management plan, stock investments are sold in time to cover grant disbursements. Additionally, the Organization’s Founder and Chairman of the Board financially supports all general overhead expenditure needs.

NOTE 4 – Property and Equipment

Property and equipment are summarized as follows at December 31:

	<u>2020</u>	<u>2019</u>
Office equipment and furniture	\$ 61,244	\$ 56,134
Leasehold improvements	50,910	50,910
Less accumulated depreciation and amortization	(88,973)	(72,316)
Total	<u>\$ 23,181</u>	<u>\$ 34,728</u>

Depreciation and amortization expenses totaled \$16,657 and \$18,138 for the years ended December 31, 2020 and 2019, respectively.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARY COMPARATIVE INFORMATION FOR 2019

NOTE 5 – Fair Value Measurement

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell assets in an orderly transaction in the principal, most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- *Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets that the Organization has the ability to access at the measurement date.
- *Level 2* inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- *Level 3* inputs are unobservable inputs for the asset.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2020:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments				
Stocks	\$ 1,103,028	\$ 1,103,028	\$ --	\$ --
Bonds	3,349,373	3,349,373	--	--
Mutual Funds	1,535,466	1,535,466	--	--
	<u>\$ 5,987,867</u>	<u>\$ 5,987,867</u>	<u>--</u>	<u>--</u>

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARY COMPARATIVE INFORMATION FOR 2019

NOTE 5 – Fair Value Measurement (continued)

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2019:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments				
Stocks	\$ 486,506	\$ 486,506	\$ --	\$ --
Bonds	\$ 1,858,814	1,858,814	--	--
	<u>\$ 2,345,320</u>	<u>\$ 2,345,320</u>	<u>--</u>	<u>--</u>

NOTE 6 – Commitments

Operating Lease

The Organization is committed under a real property lease for premises in Santa Monica, California, which began in September 2015. The lease expires January 31, 2026. Future minimum lease payments are as follows:

<u>For the Year Ending December 31,</u>	
2021	\$ 95,040
2022	97,891
2023	100,828
2024	103,852
2025	106,968
Thereafter	<u>8,936</u>
Total	<u>\$ 513,515</u>

Rent expense was \$100,751 and \$98,760 for the years ended December 31, 2020 and 2019, respectively.

NOTE 7 – Net Assets with Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Purpose restrictions accomplished in 2020 and 2019 totaled \$24,031,811 and \$12,432,238, respectively. As of December 31, 2020, and 2019, the balance of net assets with donor restrictions totaled \$9,750,134 and \$4,953,139, respectively.

FOCUSING PHILANTHROPY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARY COMPARATIVE INFORMATION FOR 2019

NOTE 8 – Functional Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural and functional classification detail of expenses. Certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits and taxes, professional services, office expenses, travel, depreciation and amortization, dues & subscriptions, hardware & software, occupancy, and repairs & maintenance, which are allocated on the basis of estimates of time and effort.

NOTE 9 – Related Party Transactions

The Organization received contributions totaling \$2,619,100 and \$1,943,419 from the Chairman of the Board, other board members and staff for the years ended December 31, 2020 and 2019, respectively.

NOTE 10 – Economic Uncertainty

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California, where we are headquartered, have declared a state of emergency.

Potential impacts to programs and operations include disruptions or restrictions on employees' ability to work. Monitoring of program partners now includes frequent interactions to assess the impact, if any, of COVID-19 or the public response to it, on institutional viability and program efficacy. COVID-19 could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect funding streams. Any of the foregoing could harm the Organization and management cannot anticipate all of the ways in which health epidemics such as COVID-19 could adversely impact the Organization's business model.

Although management continues to monitor and assess the effects of the COVID-19 pandemic on the Organization, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.