

EDMARC, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

**With Summarized Comparative Financial Information for the
Year Ended June 30, 2020**



EDMARC, INC.

FINANCIAL STATEMENTS

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 16



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Edmarc, Inc.
Portsmouth, Virginia

We have audited the accompanying financial statements of Edmarc, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2021, 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 Edmarc, Inc. as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Edmarc, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Barnes, Brock, Cornwell & Painter, PLC

January 15, 2022
Chesapeake, Virginia

EDMARC, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

With Comparative Financial Information for the Year Ended June 30, 2020

ASSETS		2021	Comparative 2020
CURRENT ASSETS:			
Cash and cash equivalents		\$ 783,332	\$ 619,695
Pledges receivable, current		45,000	48,760
Prepaid expenses		6,562	6,524
Investments		596,593	467,077
Total current assets		<u>\$ 1,431,487</u>	<u>\$ 1,142,056</u>
PROPERTY AND EQUIPMENT, NET		<u>\$ 563,797</u>	<u>\$ 507,512</u>
OTHER ASSETS:			
Long-term pledges receivable		\$ 169,757	\$ 227,945
Endowments		172,127	148,821
Total other assets		<u>\$ 341,884</u>	<u>\$ 376,766</u>
Total assets		<u><u>\$ 2,337,168</u></u>	<u><u>\$ 2,026,334</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Current portion of long-term debt		\$ 7,335	\$ 11,481
Accounts payable and accrued expenses		267,838	276,344
Deferred revenue		274,132	166,507
Total current liabilities		<u>\$ 549,305</u>	<u>\$ 454,332</u>
LONG-TERM LIABILITY:			
Notes payable		\$ 14,577	\$ 26,627
Less - current portion above		7,335	11,481
Net long-term liability		<u>\$ 7,242</u>	<u>\$ 15,146</u>
Total liabilities		<u>\$ 556,547</u>	<u>\$ 469,478</u>
NET ASSETS:			
Without donor restrictions			
Undesignated		\$ 487,112	\$ 259,118
Designated by Board		576,752	576,713
Total net assets without donor restrictions		<u>\$ 1,063,864</u>	<u>\$ 835,831</u>
With donor restrictions		716,757	721,025
Total net assets		<u>\$ 1,780,621</u>	<u>\$ 1,556,856</u>
Total liabilities and net assets		<u><u>\$ 2,337,168</u></u>	<u><u>\$ 2,026,334</u></u>

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

With Summarized Financial Information for the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	Summarized 2020 Total
OPERATING REVENUE AND SUPPORT:				
Contributions	\$ 610,059	\$ 176,027	\$ 786,086	\$ 1,001,810
United way	-	164,282	164,282	189,243
Program service revenue	104,908	-	104,908	84,236
Fundraising, net of expenses \$17,252 and \$57,720, respectively	102,960	-	102,960	95,194
In-kind donations	65,354	-	65,354	85,125
Grant income - PPP loan forgiveness	170,784	-	170,784	189,700
Net assets released from restrictions	344,577	(344,577)	-	-
	<u>\$ 1,398,642</u>	<u>\$ (4,268)</u>	<u>\$ 1,394,374</u>	<u>\$ 1,645,308</u>
OPERATING EXPENSES:				
Program services - hospice services and bereavement related services	\$ 1,232,312	\$ -	\$ 1,232,312	\$ 1,286,694
Support services:				
Management and general	70,977	-	70,977	72,528
Fundraising	36,431	-	36,431	37,504
	<u>\$ 1,339,720</u>	<u>\$ -</u>	<u>\$ 1,339,720</u>	<u>\$ 1,396,726</u>
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	<u>\$ 58,922</u>	<u>\$ (4,268)</u>	<u>\$ 54,654</u>	<u>\$ 248,582</u>
NON-OPERATING ACTIVITIES:				
Interest and dividend income	\$ 17,486	\$ -	\$ 17,486	\$ 16,868
Realized gain on investments	4,179	-	4,179	33,134
Unrealized gain (loss) on investments	148,276	-	148,276	(38,664)
Interest expense	(830)	-	(830)	(409)
	<u>\$ 169,111</u>	<u>\$ -</u>	<u>\$ 169,111</u>	<u>\$ 10,929</u>
CHANGES IN NET ASSETS FROM NON-OPERATING ACTIVITIES	<u>\$ 169,111</u>	<u>\$ -</u>	<u>\$ 169,111</u>	<u>\$ 10,929</u>
CHANGES IN NET ASSETS	<u>\$ 228,033</u>	<u>\$ (4,268)</u>	<u>\$ 223,765</u>	<u>\$ 259,511</u>
NET ASSETS, BEGINNING OF YEAR	<u>835,831</u>	<u>721,025</u>	<u>1,556,856</u>	<u>1,297,345</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,063,864</u></u>	<u><u>\$ 716,757</u></u>	<u><u>\$ 1,780,621</u></u>	<u><u>\$ 1,556,856</u></u>

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021

With Summarized Financial Information for the Year Ended June 30, 2020

	SUPPORT SERVICES				2021 Total	Summarized 2020 Total
	Program Services	Management and General	Fund Raising	Total		
Salaries and wages	\$ 818,362	\$ 44,476	\$ 26,686	\$ 71,162	\$ 889,524	\$ 917,723
Payroll taxes	59,019	3,208	1,925	5,133	64,152	67,623
Employee benefits other	52,611	2,859	1,716	4,575	57,186	71,991
Employee retirement benefits	6,810	370	222	592	7,402	6,509
Total salaries and related expenses	\$ 936,802	\$ 50,913	\$ 30,549	81,462	\$1,018,264	\$1,063,846
Appreciation items	1,856	213	64	277	2,133	9,149
Bank charges	13,576	1,561	468	2,029	15,605	10,078
Community education	24	-	-	-	24	-
Conference	677	-	-	-	677	2,924
Consulting	11,060	1,271	381	1,652	12,712	13,004
Depreciation and amortization	57,408	1,183	592	1,775	59,183	26,235
Dues and subscriptions	3,976	457	137	594	4,570	4,041
Food and beverage	218	25	8	33	251	1,781
Gifts bereaved/non-bereaved	3,883	-	-	-	3,883	6,906
Information technology	24,397	2,772	554	3,326	27,723	22,774
In-kind donations	65,354	-	-	-	65,354	85,125
Insurance	34,380	3,952	1,186	5,138	39,518	35,920
Office expenses	19,608	2,255	676	2,931	22,539	36,640
Other supplies	2,189	252	75	327	2,516	4,536
Postage	2,725	313	94	407	3,132	3,238
Professional fees	8,424	957	191	1,148	9,572	8,675
Repairs and maintenance	3,515	404	121	525	4,040	3,833
Restricted expenses	3,534	-	-	-	3,534	23,586
Telephone	16,019	1,841	552	2,393	18,412	15,603
Travel	11,266	1,295	389	1,684	12,950	5,232
Utilities	11,421	1,313	394	1,707	13,128	13,600
Total expenses	\$ 1,232,312	\$ 70,977	\$ 36,431	\$107,408	\$1,339,720	\$1,396,726

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

With Comparative Financial Information for the Year Ended June 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING AND NON-OPERATING ACTIVITIES:		
Changes in net assets	\$ 223,765	\$ 259,511
Adjustments to reconcile changes in net assets to net cash provided (used) by operating and non-operating activities:		
Depreciation	59,183	26,235
Unrealized (gain) loss on investments, net of investments fees	(148,840)	34,027
(Increase) decrease in assets:		
Accounts receivable	-	12,275
Pledges receivable	61,948	(276,705)
Prepaid expenses	(38)	1,466
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(8,506)	(25,464)
Deferred revenue	107,625	166,507
NET CASH PROVIDED (USED) BY OPERATING AND NON-OPERATING ACTIVITIES	\$ 295,137	\$ 197,852
CASH FLOWS FROM INVESTING ACTIVITIES:		
Distribution from endowment	\$ 4,984	\$ 4,800
Proceeds from sale of investments	-	94,858
Purchase of investments	(8,966)	(134,255)
Purchase of property and equipment	(115,468)	(30,664)
NET CASH USED BY INVESTING ACTIVITIES	\$ (119,450)	\$ (65,261)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term note payable	\$ -	\$ 20,819
Repayments on long-term note payable	(12,050)	(5,583)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ (12,050)	\$ 15,236
NET CHANGES IN CASH AND CASH EQUIVALENTS	\$ 163,637	\$ 147,827
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	619,695	471,868
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 783,332	\$ 619,695

SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION

Fair value of donated supplies and equipment	\$ 65,354	\$ 85,125
--	-----------	-----------

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 1 - ORGANIZATION:

Edmarc, Inc. (Edmarc) is a non-profit organization dedicated to easing the trauma of a child's illness or death and to reducing the disabling effects of pediatric illness, loss and bereavement on families. Located in Hampton Roads, Virginia, Edmarc employs a variety of health professionals and other trained personnel to work in the homes of families who have a child who is seriously ill or disabled and with families who have experienced the death of a child.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, as such, recognize income when earned and expenses when incurred.

(b) Basis of Presentation

These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-impaired restrictions. This has been accomplished by the classification of assets, liabilities, and net assets into two groups with donor restrictions and without donor restrictions.

These two groups are defined as follows:

- *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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.
- *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, where the donor has stipulated the funds be maintained in perpetuity.

The Organization follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification (FASB ASC)*.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, Edmarc considers all highly liquid investments available for current use with an initial maturity of three months or less, which are neither held for nor restricted by donors for long term purposes, to be cash equivalents. Cash and highly liquid financial instruments designated by the Board of Directors, endowments that are perpetual in nature, or other long term purposes are excluded from this definition.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(d) Recognition of Restrictions on Assets

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

(e) Donated Property

Edmarc recognizes in-kind contributions as revenue and expense in the period in which they are received. Donated materials are valued by donor at fair market value on the date of the gift. No amounts have been reflected in the accompanying financial statements for volunteer services since they are not susceptible to objective measurement or valuation; however, a number of volunteers donated significant amounts of their time performing services that would otherwise be performed by paid employees.

(f) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist mainly of grant funds receivable from grantors and are recorded at estimated net realizable value. Receivables outstanding for more than 30 days are considered past due. Edmarc uses the allowance method to determine uncollectible receivables. The allowance is based on prior collection experience and management's analysis of specific accounts. For the years ended June 30, 2021 and 2020, there was no allowance for doubtful accounts.

(g) Property and Equipment

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. The gain or loss on items traded is applied to the asset account, and that on items otherwise disposed of is reflected in income.

Depreciation has been provided for using straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Building	40 years
Furniture, fixtures and equipment	3 - 7 years
Vehicle	5 years

(h) Income Taxes

Edmarc, Inc., is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an unexempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. Currently the Organization has no obligation for any unrelated business income tax. The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements; however, any penalties and interest incurred as a result of uncertain tax positions would be recorded in general administration. The Organization's federal return of Organization Exempt from Income Tax (Form 990) for fiscal years ending 2021, 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

EDMARC, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(i) Use of Estimates

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

(j) Charity Care

Edmarc provides care to patients who meet certain criteria under its charity policy. Because Edmarc does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Uncompensated care provided by Edmarc totaled \$294,831 and \$297,372 for the years ended June 30, 2021 and 2020, respectively.

(k) Functional Allocation of Expenses

The cost of providing Edmarc's programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Time and effort
Payroll taxes	Time and effort
Employee benefits other	Time and effort
Employee retirement benefits	Time and effort
Appreciation items	Reasonable basis consistently applied
Bank charges	Reasonable basis consistently applied
Consulting	Reasonable basis consistently applied
Depreciation and amortization	Reasonable basis consistently applied
Dues and subscriptions	Reasonable basis consistently applied
Food and beverage	Reasonable basis consistently applied
Information technology	Reasonable basis consistently applied
Insurance	Reasonable basis consistently applied
Office expenses	Reasonable basis consistently applied
Other supplies	Reasonable basis consistently applied
Postage	Reasonable basis consistently applied
Professional fees	Reasonable basis consistently applied
Repairs and maintenance	Reasonable basis consistently applied
Telephone	Reasonable basis consistently applied
Travel	Reasonable basis consistently applied
Utilities	Reasonable basis consistently applied

(l) Advertising

Edmarc expenses the cost of advertising when incurred. At June 30, 2021 and 2020, no advertising costs were incurred.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(m) Summarized Comparative 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, 2020, from which the summarized information was derived.

(n) Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

(o) Pledges Receivable and Allowance for Doubtful Accounts

Pledges receivable are stated at amounts pledged less an allowance for doubtful accounts. Receivables outstanding for more than 30 days are considered past due. Edmarc uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. For the years ended June 30, 2021 and 2020, there was no allowance for doubtful accounts.

(p) Deferred Revenue

Income from donors is recognized at fair value and deferred over the periods to which the income relates.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

Financial instruments, which potentially subject Edmarc to concentration of credit risk, consist principally of cash, temporary cash investments and receivables. The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. All of a depositor's accounts are at an insured depository institution, including all non-interest bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) up to the standard deposit insurance amount of \$250,000, for each deposit insurance ownership category. As of June 30, 2021 and 2020, Edmarc had demand deposits on hand in financial institutions which exceeded depositor's insurance provided by the applicable guaranty agency by \$550,447 and \$370,509, respectively.

Edmarc solicits contributions from individuals, businesses, and various agencies. Contributions are not collateralized, and there is no legal recourse to collect unpaid contributions.

Breakdown of contributions and fundraising by significant type of donor for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Foundations and trusts	29%	34%
Fundraising	9%	9%
United Way	12%	13%
Individual donations	13%	26%
Organization donations	17%	15%
Other	20%	3%
	<u>100%</u>	<u>100%</u>

See independent auditor's report. Notes continued on next page.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 3 - CONCENTRATION OF CREDIT RISK (Continued):

Breakdown of program revenue from services by significant type of payer for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Tricare/Champus	27%	14%
Anthem	29%	47%
Optima	21%	20%
Medicaid	6%	4%
Other	17%	15%
	<u>100%</u>	<u>100%</u>

NOTE 4 - LIQUIDITY AND AVAILABILITY:

The following represents Edmarc's financial assets at June 30, 2021:

Financial assets at year end:	
Cash and cash equivalents	\$ 783,332
Pledges receivable	214,747
Investments	596,593
Endowments	172,127
Total financial assets	<u>\$ 1,766,799</u>
Less amounts not available to be used within one year:	
Donor restricted	716,757
Pledges receivable-long term	169,757
Board designated	576,752
Financial assets not available to be used within one year	<u>\$ 1,463,266</u>
Financial assets available to meet general expenditures within one year	<u>\$ 303,533</u>

The Organization receives significant contributions and promises to give restricted by donors, and 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 will be discharged.

NOTE 5 - FUND RAISING COSTS:

Edmarc's allocated fund raising costs for United Way for the year ended June 30, 2021 and 2020 were \$6,928 and \$11,242, respectively.

NOTE 6 - EMPLOYEE BENEFIT PLAN:

Edmarc has a defined contribution salary deferral plan covering substantially all employees. Under the plan, Edmarc contributes one percent of the annual salary for those employees who have been employed for the past twelve months at the fiscal year end. The annual contribution is at the board's discretion. Edmarc's expense related to this plan totaled \$7,402 and \$6,509 for the years ended June 30, 2021 and 2020, respectively.

See independent auditor's report. Notes continued on next page.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 7 - ENDOWMENT FUNDS:

The Organization's endowment consists of funds invested and held at the Southeast Virginia Community Foundation and United Way. The balances with Southeast Virginia Community Foundation and United Way were \$141,599 and \$30,528 as of June 30, 2021 and \$119,526 and \$29,295 as of June 30, 2020, respectively. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Endowment net assets, beginning of year	\$ 148,821	\$ 148,224
Investment return:		
Increase in beneficial interest	29,701	14,251
Investment fees	(1,411)	(8,854)
Investment return, net	\$ 28,290	\$ 5,397
Withdrawal of funds from endowment	(4,984)	(4,800)
Endowment net assets, end of year	<u>\$ 172,127</u>	<u>\$ 148,821</u>

Return Objectives and Risk Parameters

The Organization has adopted the standard investment policies consistent with those applied by the Southeast Virginia Community Foundation and United Way (the holders of these investments). Because of its long-term investment perspective, the Organization believes that its overall risk posture is above average relative to many other tax-exempt entities which may be more risk averse and more oriented toward fixed income investments, and that, consequently, a higher than average equity exposure is appropriate for the invested assets. Actual returns in any given year may vary from expected amounts. The Organization is willing to withstand short-term volatility associated with various investments and/or indices to achieve a higher expected long-term rate of return.

Strategies Employed for Achieving Objectives

Diversification has been employed by the Southeast Virginia Community Foundation and United Way as holders of these funds.

Establishment of Endowment and Withdrawal Policy

Various donors designated the initial amount of corpus of the endowment. Subsequent contributions and capital appreciation (or losses) also become corpus. Withdrawals are not contemplated until such time, in the judgment of the Board of Directors, the endowment has grown sufficiently that it can reasonably accommodate withdrawals or that organizational priorities have changed.

NOTE 8 - FAIR VALUE MEASUREMENTS:

Edmarc adopted the provisions of this statement for its financial assets and liabilities that are re-measured and reported at fair value each reporting period. The adoption of SFAS 157 did not have any impact on the statements of activities or statements of financial position, but does require additional disclosures.

See independent auditor's report. Notes continued on next page.

EDMARC, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 8 - FAIR VALUE MEASUREMENTS (Continued):

FASB Statement No. 157, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB statement No. 157 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Edmarc has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. As of June 30, 2021 and 2020, there are no level 3 assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Domestic bonds - fixed income: The investment grade corporate bonds held by the Organization generally do not trade in active markets on the measurement date. Therefore, the domestic bonds are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

Domestic equity securities: Valued at the closing price on the active market on which the individual securities are traded.

Exchange traded funds: Valued at the daily closing priced as reported on the active market on which the individual exchange traded funds are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Edmarc believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

EDMARC, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 8 - FAIR VALUE MEASUREMENTS (Continued):

The following table sets forth by level, within the fair value hierarchy, Edmarc's assets at fair value as of June 30, 2021 and 2020, respectively.

Assets at Fair Value as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Bond funds	\$ -	\$ 11,868	\$ -	\$ 11,868
Equities	28,231	-	-	28,231
Exchange Traded Funds	556,494	-	-	556,494
Total	\$ 584,725	\$ 11,868	\$ -	\$ 596,593

Assets at Fair Value as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Bond funds	\$ -	\$ 14,425	\$ -	\$ 14,425
Equities	16,026	-	-	16,026
Exchange Traded Funds	436,626	-	-	436,626
Total	\$ 452,652	\$ 14,425	\$ -	\$ 467,077

NOTE 9 - PLEDGES RECEIVABLE:

Pledges receivable at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Receivable in less than one year	\$ 45,000	\$ 48,760
Receivable in one to ten years	169,757	227,945
Less: allowance for uncollectible	-	-
	\$ 214,757	\$ 276,705

Reflected in the financial statements as follows:

	2021	2020
Pledges receivable, net, current	\$ 45,000	\$ 48,760
Long-term pledges receivable, net	169,757	227,945
	\$ 214,757	\$ 276,705

NOTE 10 - ACCRUED PAID TIME OFF:

The Organization's paid time off (PTO) policy credits employees with accrued time off each pay period, to be used for vacation, personal, or sick days. Employees have a maximum number of paid time off hours that may be carried forward. If the paid time off hours exceed the maximum allowable hours, then that time will not be carried forward and as a result that time will be lost. The liability for unused accrued PTO was \$238,111 and \$245,205 at June 30, 2021 and 2020, respectively.

EDMARC, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 11 - PROPERTY AND EQUIPMENT:

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Building	\$ 635,000	\$ 635,000
Furniture, fixtures and equipment	97,522	96,553
Software	114,469	-
Vehicle	42,388	42,358
Total property and equipment	\$ 889,379	\$ 773,911
Less accumulated depreciation and amortization	325,582	266,399
Net property and equipment	\$ 563,797	\$ 507,512

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 amounted to \$59,182 and \$26,235, respectively.

The vehicle that was purchased in June 2020 was purchased with grant funding.

In December 2004, Edmarc was deeded a house in Portsmouth, which is included in property in the above table. If the house is sold before 90 years the proceeds must go to The Southeast Virginia Community Foundation.

NOTE 12 - LONG-TERM LIABILITY:

On August 17, 2018 an installment loan was secured in the amount of \$15,482 to purchase a vehicle. Interest is 4.49% with monthly payments of \$461 including principal and interest. The loan matures on August 17, 2021. At June 30, 2021 and 2020, the balance of the loan was \$428 and \$5,808, respectively.

In June 2020, an installment loan was secured in the amount of \$20,819 to purchase a vehicle. Interest is 3.81% with monthly payments of \$612 including principal and interest. The loan matures on July 9, 2023. At June 30, 2021 and 2020, the balance of the loan was \$14,149 and \$20,819, respectively.

	2021	2020
Total long-term debt	\$ 14,577	\$ 26,627
Less current portion	7,335	11,481
Net long-term debt	\$ 7,242	\$ 15,146

Future maturities of long-term debt are as follows:

	Amount
2022	\$ 7,335
2023	7,242
Total	\$ 14,577

NOTE 13 - NET ASSETS:

Net assets with donor restrictions for specific purpose were as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Expansion	\$ 207,025	\$ 207,025
Children's hospice care & bereavement counseling	509,732	514,000
	\$ 716,757	\$ 721,025

See independent auditor's report. Notes continued on next page.

EDMARC, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 13 - NET ASSETS (Continued):

Net assets without donor restrictions for the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Undesignated	\$ 487,112	\$ 259,118
Board designated:		
For use of property and equipment	76,752	76,713
For expansion	500,000	500,000
	\$ 1,063,864	\$ 835,831

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor.

	2021	2020
Children's hospice care & bereavement counseling	\$ 344,577	\$ 125,720

NOTE 14 - NOTE PAYABLE PAYCHECK PROTECTION PROGRAM:

On April 17, 2020, Edmarc was granted a loan from TowneBank in the amount of \$189,700, pursuant to the Paycheck Protection Program (PPP), under the Coronavirus Aid, Relief and Economic Security (CARES) Act administered by the U.S. Small Business Administration (SBA). PPP loans are considered conditional contributions with right of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The loan, which is in the form of a Note dated April 17, 2020 matures on April 17, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing August 2021. The note is unsecured and may be prepaid by the Organization at any time prior to maturity with no prepayment penalties.

The Organization filed the forgiveness application with the Small Business Administration, which was approved in October of 2020 and the outstanding balance of \$189,700 was paid off by the SBA. The original loan amount of \$189,700 is reported on the statement of activities in operating revenue and support for the year ended June 30, 2020.

On February 28, 2021, the Organization was granted SBA 7(a) loan in the amount of \$170,784, pursuant to the Paycheck Protection Program, under the CARES Act administered by the U.S. Small Business Administration. PPP loans are considered conditional contributions with right of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The loan, which is in the form of a Note dated February 28, 2021 matures on February 28, 2022 and bears interest at a rate of 1.00% per annum, payable monthly commencing March 2022. The note is unsecured and may be prepaid by the Organization at any time prior to maturity with no prepayment penalties.

The Organization filed the forgiveness application with the Small Business Administration. The original loan amount of \$170,784 is reported on the statement of activities in operating revenue and support for the year ended June 30, 2021, representing the qualifying expenses incurred (i.e. barriers met) which management believes are not subject to reversal. Edmarc, Inc. selected ASC 958-605 as the applicable standard for not-for-profits.

EDMARC, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

With Summarized Comparative Financial Information for the Year Ended June 30, 2020

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS:

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The objective is to allow financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows resulting from contracts with customers.

In June 2018, the FASB issued ASU No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides clarifying guidance on accounting for the grants and contracts of not-for-profit organizations as they relate to the new revenue standard (ASU 2014-09, Revenue from Contracts with Customers). The objective is to minimize diversity in the classification of grants and contracts that exists under current guidance.

The Organization adopted both of the ASU's effective July 1, 2020 using the prospective method. The adoption of these standards did not result in significant changes to the Organization's accounting policies or impact its financial position, changes in net assets or cash flows. As such, prior period financial statements were not restated and there was no cumulative effect adjustment upon adoption.

NOTE 16 - COVID-19:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared a state of emergency. It is anticipated that these impacts will continue for some time. The Organization has modified operations which resulted in a reduction in revenue. Fundraising events for the entire year have been modified or canceled, therefore a significant loss of fundraising revenue is anticipated. The future effects of these issues are unknown.

NOTE 17 - SUBSEQUENT EVENTS:

Subsequent events were evaluated through January 15, 2022, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through January 15, 2022, that would require adjustment to, or disclosure in, the financial statements.