FAMILY RESOURCE CENTER
d/b/a ADOPTION CENTER OF ILLINOIS

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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Warady & Davis LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Family Resource Center
d/b/a Adoption Center of Illinois
Chicago, Illinois

We have audited the accompanying financial statements of FAMILY RESOURCE CENTER d/b/a ADOPTION CENTER OF ILLINOIS (an Illinois nonprofit organization), which comprise the statements of financial position as of September 30, 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 audits. We conducted our audits 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FAMILY RESOURCE CENTER d/b/a ADOPTION CENTER OF ILLINOIS as of September 30, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, FAMILY RESOURCE CENTER adopted the new accounting guidance in Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as required by accounting principles generally accepted in the United States of America.

Warady & Davis LLP

January 29, 2021

STATEMENTS OF FINANCIAL POSITION

As of September 30	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Equivalents	$ **1,062,791**	$ 870,013
Receivables	**2,900**	9,214
Prepaid Expenses	**44,654**	50,266
Total Current Assets	**1,110,345**	929,493
PROPERTY AND EQUIPMENT, NET	**448,630**	440,678
INTANGIBLE ASSETS, NET	**36,272**	—
	$ **1,595,247**	$ 1,370,171
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Obligation Under Capital Lease	$ **4,113**	$ 3,977
Accounts Payable	**9,826**	44,807
Accrued Payroll and Benefits	**35,569**	44,251
Accrued Vacation	**19,178**	14,873
Accrued Pension Expense	**17,213**	16,503
Other Accrued Expenses	**15,099**	18,058
Deferred Revenue	**110,225**	52,825
Payroll Protection Program Loan	**128,087**	—
Total Current Liabilities	**339,310**	195,294
LONG-TERM LIABILITIES		
Obligation Under Capital Lease, net of Current Portion	**349**	4,462
Total Liabilities	**339,659**	199,756
NET ASSETS		
Without Donor Restriction	**1,254,057**	1,168,613
With Donor Restriction - Time and Purpose	**1,531**	1,802
Total Net Assets	**1,255,588**	1,170,415
	$ **1,595,247**	$ 1,370,171

See accompanying notes.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended September 30	**2020**			2019		
	Without Donor Restriction	**With Donor Restriction - Time and Purpose**	**Total**	Without Donor Restriction	With Donor Restriction - Time and Purpose	Total
REVENUES						
Public Support						
Contributions and Grants						
Adoptive Parents and Others	**$ 98,479**	**$**	**$ 98,479**	$ 235,863	$	$ 235,863
Donated Goods and Services	**2,450**		**2,450**	2,080		2,080
Special Event						
Fund Raising Events	**257,315**		**257,315**	521,507		521,507
Less: Event Expenses	**(68,825)**		**(68,825)**	(80,265)		(80,265)
Net Fund Raising	**188,490**		**188,490**	441,242		441,242
Total Public Support	**289,419**		**289,419**	679,185		679,185
Program Revenue						
Fee Income	**950,306**		**950,306**	1,009,215		1,009,215
Other Revenues, net						
Interest and Dividends	**3,678**		**3,678**	2,606		2,606
Loss on Disposition of Property and Equipment	**(458)**		**(458)**	(23,955)		(23,955)
Miscellaneous Income	**50**		**50**	443		443
Rental Income						
Revenue	**51,420**		**51,420**	41,040		41,040
Less: Rental Expenses	**(52,476)**		**(52,476)**	(53,303)		(53,303)
Net Rental Income (Loss)	**(1,056)**		**(1,056)**	(12,263)		(12,263)
Total Other Revenues, net	**2,214**		**2,214**	(33,169)		(33,169)
Net Assets Released from Restriction	**271**	**(271)**	**—**	1,045	(1,045)	—
Total Revenue and Other Support	**1,242,210**	**(271)**	**1,241,939**	1,656,276	(1,045)	1,655,231
EXPENSES						
Program Services						
Adoption Services	**702,397**		**702,397**	822,534		822,534
Supporting Services						
Management and General	**328,516**		**328,516**	406,998		406,998
Fundraising	**125,853**		**125,853**	101,419		101,419
Total Supporting Services	**454,369**		**454,369**	508,417		508,417
Total Expenses	**1,156,766**		**1,156,766**	1,330,951		1,330,951
CHANGE IN NET ASSETS	**85,444**	**(271)**	**85,173**	325,325	(1,045)	324,280
Net Assets, Beginning	**1,168,613**	**1,802**	**1,170,415**	843,288	2,847	846,135
NET ASSETS, ENDING	**$ 1,254,057**	**$ 1,531**	**$ 1,255,588**	$ 1,168,613	$ 1,802	$ 1,170,415

See accompanying notes.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended September 30	2020						2019					
	Adoption Services	**Management and General**	**Fundraising**	**Special Event Expenses**	**Rental Activities**	**Total**	Adoption Services	Management and General	Fundraising	Special Event Expenses	Rental Activities	Total
Payroll	**$ 401,555**	**$ 203,207**	**$ 71,195**	**$ —**	**$ 6,198**	**$ 682,155**	$ 419,425	$ 268,371	$ 45,574	$ —	$ 4,188	$ 737,558
Fringe Benefits and Payroll Taxes	**93,225**	**47,177**	**16,529**	**—**	**—**	**156,931**	97,746	62,543	10,621	—	—	170,910
Medical, Prenatal and											—	
Other Living Expenses	**10,747**	**—**	**55**	**—**	**—**	**10,802**	21,574	—	322	—	—	21,896
Occupancy	**23,540**	**5,053**	**4,478**	**—**	**—**	**33,071**	22,916	4,919	4,360	—	—	32,195
Insurance	**13,854**	**5,979**	**2,635**	**—**	**2,240**	**24,708**	14,871	6,179	2,829	—	2,240	26,119
Telephone	**7,158**	**1,002**	**888**	**—**	**—**	**9,048**	9,554	1,696	1,503	—	—	12,753
Supplies	**4,423**	**739**	**655**	**6,914**	**—**	**12,731**	8,627	1,667	1,477	17,619	—	29,390
Distribution	**1,599**	**113**	**100**	**—**	**—**	**1,812**	2,953	254	264	—	—	3,471
Travel and Housing	**13,880**	**132**	**117**	**—**	**—**	**14,129**	32,675	740	973	—	—	34,388
Equipment Rental, Repairs											—	
and Maintenance	**314**	**67**	**60**	**—**	**14,775**	**15,216**	1,042	224	198	510	15,061	17,035
Professional Service Fees	**38,896**	**46,792**	**11,690**	**—**	**—**	**97,378**	23,621	34,767	5,296	—	—	63,684
Event Entertainment	**—**	**—**	**—**	**3,485**	**—**	**3,485**	—	—	—	1,511	—	1,511
Education and Research	**4,620**	**872**	**773**	**—**	**—**	**6,265**	5,206	856	759	—	—	6,821
Humanitarian Aid and											—	
Special Assistance	**—**	**—**	**—**	**—**	**—**	**—**	42,500	—	—	—	—	42,500
Meeting Expense	**6,733**	**274**	**—**	**—**	**—**	**7,007**	8,734	116	103	—	—	8,953
Communications	**51,049**	**3,731**	**9,966**	**—**	**—**	**64,746**	57,710	6,342	14,485	—	—	78,537
Permits	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	2,013	—	2,013
Real Estate Taxes	**—**	**—**	**—**	**—**	**13,245**	**13,245**	—	—	—	—	13,022	13,022
Contractual Services	**6,230**	**—**	**—**	**—**	**—**	**6,230**	18,023	2,163	1,917	3,545	—	25,648
Depreciation and Amortization	**20,677**	**4,438**	**3,933**	**—**	**9,612**	**38,660**	21,813	4,683	4,150	—	9,538	40,184
Credit Card and Banking Fees	**—**	**8,538**	**1,337**	**—**	**—**	**9,875**	—	8,720	1,366	—	—	10,086
Interest	**159**	**34**	**30**	**—**	**—**	**223**	1,025	220	195	—	648	2,088
Utilities	**—**	**—**	**—**	**—**	**6,406**	**6,406**	—	—	—	—	6,246	6,246
Venue and Catering	**—**	**—**	**—**	**55,172**	**—**	**55,172**	—	—	—	52,979	—	52,979
Miscellaneous	**3,738**	**368**	**1,412**	**3,254**	**—**	**8,772**	12,519	2,538	5,027	2,088	2,360	24,532
Less Expenses Netted with												
Revenues on Statement of Activities	**—**	**—**	**—**	**(68,825)**	**(52,476)**	**(121,301)**	—	—	—	(80,265)	(53,303)	(133,568)
TOTALS	**$ 702,397**	**$ 328,516**	**$ 125,853**	**$ —**	**$ —**	**$1,156,766**	$ 822,534	$ 406,998	$ 101,419	$ —	$ —	$ 1,330,951

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the Years Ended September 30	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	**$ 85,173**	$ 324,280
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	**34,630**	38,597
Amortization of Intangible Assets	**4,030**	1,587
Loss on Disposition of Property and Equipment	**458**	23,955
Donated Stock	**(3,959)**	(102,234)
Proceeds from Sale of Donated Stock	**3,959**	102,234
Decrease in Receivables	**6,314**	12,729
(Increase) Decrease in Prepaid Expenses	**5,612**	(21,185)
Increase (Decrease) in Accounts Payable	**(34,981)**	4,035
Increase (Decrease) in Accrued Expenses	**(6,626)**	36,161
Increase (Decrease) in Deferred Revenue	**57,400**	(11,140)
Total Adjustments	**66,837**	84,739
Net Cash Provided by Operating Activities	**152,010**	409,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	**(43,040)**	(31,199)
Website Design and Rebranding Costs	**(40,302)**	—
Net Cash Used by Investing Activities	**(83,342)**	(31,199)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayments of Long-Term Debt	**—**	(67,174)
Repayments of Obligation Under Capital Lease	**(3,977)**	(3,846)
Proceeds from Payroll Protection Program Loan	**128,087**	—
Net Cash Provided (Used) by Financing Activities	**124,110**	(71,020)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**192,778**	306,800
Cash and Cash Equivalents, Beginning	**870,013**	563,213
CASH AND CASH EQUIVALENTS, ENDING	**$ 1,062,791**	$ 870,013
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	**$ 223**	$ 2,518
Noncash Activities		
Donated Goods and Services	**$ 2,450**	$ 2,080
Donated Services Included in Special Event	**$ 595**	$ 595
Property and Equipment Purchases Included in Accounts Payable	**$ —**	$ 17,030

See accompanying notes.

ORGANIZATION ACTIVITIES

Family Resource Center ("FRC") d/b/a Adoption Center of Illinois ("ACI") was founded in 1987 as a not-for-profit organization. FRC is a licensed child welfare agency in Illinois committed to facilitating and improving the adoptive and foster care process by providing traditional adoption and foster care services. FRC is a Hague accredited Adoption Service Provider by the Council on Accreditation. As a Hague Outgoing case provider, FRC is approved to place children with Non-U.S. resident adoptive families. In addition, FRC is approved by the China Center of Child Welfare and Adoption to place Chinese orphans with qualified individuals and couples, although FRC is no longer accepting new applicants into this program. During the year ended September 30, 2019, one donor contributed 19.02% of total revenue and other support. There was no such concentration during the year ended September 30, 2020.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the financial statements of FRC. The financial statements and notes are representations of management which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

FINANCIAL STATEMENT PRESENTATION

In preparation of the financial statements, FRC has followed the provisions of the Financial Accounting Standards Board (FASB) Codification topic related to financial statements of not-for-profit organizations. Under the standards, FRC is required to report information regarding its financial position and activities into two classes of net assets: without donor restriction and with donor restriction.

Without donor restriction – Net assets that are not restricted by donors, or for which donor-imposed restrictions have expired. Net assets without donor restriction may be designated for specific purposes by action of the Board of Directors.

With donor restriction – Net assets are subject to donor-imposed stipulations that may or will be met either by actions of the organization (purpose restrictions) and/or the passage of time (time restrictions). As the restrictions are satisfied, net assets with donor restriction are reclassified to net assets without donor restriction and are reported in the accompanying financial statements as net assets released from restriction.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

RECEIVABLES

Receivables consist primarily of adoption fees and are reported at net realizable value, which is the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history of individuals having outstanding balances and taking into consideration the age of past due accounts, an assessment of the ability to pay, as well as current relationships, management considers receivables to be fully collectible at September 30, 2020 and 2019. Accordingly, no allowances for doubtful accounts are required. Individual accounts are written off when collection appears doubtful.

PROPERTY AND EQUIPMENT

Property and equipment purchases of $1,000 or more are recorded at cost and depreciated over their estimated useful lives on a straight-line basis. The Organization increased the threshold from $500 in the prior year. Major renewals and betterments, which extend the useful life of an asset, are capitalized while routine maintenance and repairs are expensed as incurred. The estimated useful lives for determining depreciation of the various classes of assets are as follows:

Asset	Useful Life
Building and Building Improvements	10 – 30 years
Equipment	5 – 12 years
Furniture and Fixtures	5 – 7 years

INTANGIBLE ASSETS

Intangible assets with a finite life are amortized. The useful life of an intangible asset to the Organization is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Organization. The Organization's intangible assets have an estimated useful life of two to three years and are amortized using the straight-line method of amortization.

DONATED GOODS AND SERVICES

Donated goods are recorded as public support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. There were no donated goods in 2020 or 2019.

Donations of services are recorded if they create or enhance a non-financial asset or they require specialized skills which would be purchased if they were not donated. During 2020 and 2019, the Organization received donated professional services valued at $2,450 and $2,080, respectively. These amounts were included in donated goods and services revenue and in professional services expense in the statements of functional expenses. Donated services reported as special event revenue and expense in the statements of activities totaled $595 for 2020 and 2019.

Additionally, a substantial number of unpaid volunteers and members of the Board of Directors and Committees of FRC have made significant contributions of their time. The value of these services is not reflected in these financial statements since they do not meet the criteria for recognition under the FASB Codification topic related to contributions made and received.

PUBLIC SUPPORT

Public support consists primarily of amounts received from donors.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses are charged directly to programs or supporting service categories based upon specific identification where possible. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on direct charges or appropriate methods determined by management. These allocation methods include allocation of personnel and any other costs deemed to be related to time and efforts expended by employees on the different functional categories and allocation of occupancy and related costs using space utilization percentages occupied by the various functions. These costs include, among others, salaries and related taxes and fringe benefits, insurance, occupancy costs, telephone, supplies and professional fees.

ACCOUNTING PRONOUNCEMENTS

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all entities that receive or make contributions and clarifies the definition of an exchange transaction. The criteria for evaluating whether contributions are unconditional (and thus recognized immediately as revenue) or conditional (for which revenue recognition is delayed until the condition is met) have been clarified. The focus is whether a gift or grant agreement both (1) specifies a “barrier” that the recipient must overcome to be entitled to the resources and (2) releases the donor from its obligation to transfer resources if the barrier is not achieved. An agreement that includes both is a conditional contribution. The Organization adopted the ASU commencing October 1, 2019 on a modified prospective basis.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 *(Topic 606)*: *Revenue from Contracts with Customers,* which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance was to be effective for the Organization’s year ending September 30, 2020 but was delayed as a result of the COVID-19 pandemic. The new guidance will now be effective for the year ending September 30, 2021. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Organization has determined that the standard will not have a significant impact on the financial statements. The Organization is currently gathering the appropriate information to implement the standard in a timely manner.

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTING PRONOUNCEMENTS (Continued)

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases,* which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statements of financial position. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending September 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The lease standard is expected to increase assets and lease liabilities upon adoption and there is not expected to be a significant impact on expenses or cash flows.

NOTE 2—LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at September 30:

	2020	2019
Cash	**$ 1,062,791**	$ 870,013
Receivables	**2,900**	9,214
Less: Donor Restricted Net Assets	**(1,531)**	(1,802)
	$ 1,064,160	$ 877,425

As part of its liquidity management plan, the Organization maintains sufficient cash to meet current operating needs. As indicated in the above chart, assuming revenue is consistent in subsequent years, the Organization has sufficient liquid assets to meet at least one year of expenses. Additionally, the Organization maintains a $400,000 line of credit that can be drawn upon should the need arise.

NOTE 3—CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at local financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization periodically has deposits in excess of federally insured limits. The Organization has not experienced any losses and believes it is not exposed to any significant credit risk on cash.

NOTE 4—PROPERTY AND EQUIPMENT

	2020	2019
Land	$ 125,000	$ 125,000
Building and Building Improvements	757,858	712,618
Equipment	81,205	81,251
Furniture and Fixtures	74,196	67,877
Construction in Process	-	10,000
	1,038,259	996,746
Less Accumulated Depreciation and Amortization	589,629	556,068
	$ 448,630	$ 440,678
Depreciation and Amortization Expense	$ 34,630	$ 38,597
Depreciation Expense allocated to Rental Expenses (included above)	$ 9,612	$ 9,538

Property and Equipment under Capitalized Lease (included in the above):

	2020	2019
Cost	$ 19,008	$ 19,008
Less Accumulated Amortization	13,306	9,504
	$ 5,702	$ 9,504
Amortization Expense	$ 3,802	$ 3,802

NOTE 5—INTANGIBLE ASSETS

	2020	2019
Software	$ --	$ 559
Website Design	40,302	90,463
Rebranding Costs	--	15,661
	40,302	106,683
Less Accumulated Amortization	4,030	106,683
	$ 36,272	$ -
Amortization Expense	$ 4,030	$ 1,587

Amortization expense over the next five years will be $8,060 for the years ending September 30, 2021 through 2024 and $4,032 for the year ending September 30, 2025.

NOTE 6—NOTE PAYABLE

FRC was obligated under a note payable, collateralized by the FRC's assets, subject to certain covenants, with which FRC was in compliance through the date of repayment in April 2019. The note was payable in monthly installments of $3,212 including interest at 5.25% per annum until January 15, 2023, when a balloon payment was due.

Interest expense related to the mortgage was $-0- for 2020 and $1,733 for 2019 which includes $-0- in 2020 and $648 in 2019 of interest included in rental expenses.

The Organization obtained a $400,000 bank line of credit, secured by the assets of the Organization, on March 12, 2020. The line of credit bears interest at 1.00% over prime (3.25% as of September 30, 2020). As of September 30, 2020, $-0- was outstanding under the line of credit.

NOTE 7—PAYROLL PROTECTION PROGRAM LOAN

On April 7, 2020, FRC applied for and was awarded a Payroll Protection Program (PPP) loan from the U.S. Small Business Administration (SBA) of $128,087. The loan accrues interest at a fixed rate of 0.98% per annum. All payments of principal and interest are deferred for ten months after the end of the borrower's loan forgiveness covered period. The loan matures on April 7, 2022. FRC is eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements to the extent of applicable payroll and other covered costs. The amount of loan forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the PPP, including the provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan is uncollateralized and is fully guaranteed by the Federal government.

NOTE 8—CAPITAL LEASE

The assets under capital lease were recorded at the present value of the minimum lease payments at the inception of the lease.

The following is a schedule as of September 30, 2020 of the future minimum lease payments under the capital lease, by years, and the present value of those payments:

Total Lease Payments	$	4,550
Less Amounts Representing Interest		88
Present Value of Net Minimum Lease Payments		4,462
Current Maturities		4,113
Long-Term Obligation	$	349

NOTE 8—CAPITAL LEASE (Continued)

Future minimum lease payments due under the leases are:

Year Ending September 30		
2021	$	4,200
2022		350
Amount Representing Interest		(88)
Present Value of Net Minimum Lease Payments	$	4,462

Interest expense on the capital lease obligation was $223 and $355 for the years ended September 30, 2020 and 2019, respectively.

NOTE 9—RETIREMENT PLANS

FRC has adopted a qualified defined contribution retirement plan covering substantially all employees who meet certain eligibility requirements. Effective July 1, 2003, FRC amended the retirement plan and established a salary deferral plan under Section 401(k) of the Internal Revenue Code. FRC, at its option, may elect to match a portion of the employees' contributions. The plan year was changed to a calendar year commencing January, 2008.

For 2020 and 2019, FRC elected to make a fully-vested safe harbor matching contribution equal to 100% of employee's 401(k) contributions that does not exceed 3% of wages and 50% of contributions between 3% and 5% of wages. The maximum employer contribution for any employee is 4% of wages. The match totaled $22,142 for 2020 and $21,172 for 2019. The plan also provides a profit-sharing component where FRC can make a discretionary contribution to the plan, which is allocated based on the compensation of eligible employees. FRC did not make a discretionary contribution to the plan in 2020 or 2019.

NOTE 10—RENTAL INCOME

During the years ended September 30, 2020 and 2019, FRC leased four apartments to individuals. All four agreements are month-to-month and can be terminated at any time. The agreements require monthly lease payments ranging from $875 to $1,500. Rental income was $51,420 for the year ended September 30, 2020 and $41,040 for the year ended September 30, 2019.

NOTE 11—NET ASSETS WITH DONOR RESTRICTIONS

During 2020, $-0- of funds with donor restrictions for specific purposes were received and $271 of funds were expended and released from restriction.

During 2019, $-0- of funds with donor restrictions for specific purposes were received and $1,045 of funds were expended and released from restriction.

NOTE 11—NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions at September 30 are as follows:

	2020	2019
China Program	**$ 100**	$ 100
Donor Event	**1,431**	1,702
	$ 1,531	$ 1,802

NOTE 12—TAX-EXEMPT STATUS

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is similarly classified by the State of Illinois. Certain activities not directly related to the Organization's tax-exempt purpose could be subject to taxation as unrelated business income, however, a provision for unrelated business income tax was not required.

The Organization follows the guidance in the FASB Codification topic related to uncertainty in income taxes which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements uncertain tax positions that the Organization has taken or expects to take in its tax returns. Under the guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is "more likely than not" that it is sustainable, based on its technical merits. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority having full knowledge of all relevant information. The Organization believes that it has appropriate support for the positions taken on its returns.

NOTE 13—RELATED PARTIES

During the years ended September 30, 2020 and 2019, board members and members of their families contributed $45,768 and $70,972 respectively.

NOTE 14—SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 29, 2021, the date through which the financial statements were available for issue. There were no subsequent events which would require disclosure.