Papanicolaou Corps For Cancer Research, Inc.
d/b/a The Pap Corps

Financial Statements

May 31, 2020

Berkowitz Pollack Brant Advisors +CPAs

PAPANICOLAOU CORPS FOR CANCER RESEARCH, INC. D/B/A THE PAP CORPS

FINANCIAL STATEMENTS

May 31, 2020

INDEX TO FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Papanicolaou Corps for Cancer Research, Inc. d/b/a The Pap Corps

We have audited the accompanying financial statements of Papanicolaou Corps for Cancer Research, Inc. d/b/a The Pap Corps (a nonprofit organization), which comprise the statement of financial position as of May 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.

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 Papanicolaou Corps for Cancer Research, Inc. d/b/a The Pap Corps as of May 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Berkowitz Pollack Brant

Fort Lauderdale, Florida
March 22, 2022

PAPANICOLAOU CORPS FOR CANCER RESEARCH, INC. D/B/A THE PAP CORPS

STATEMENT OF FINANCIAL POSITION

May 31, 2020

ASSETS		
Cash and cash equivalents	$	3,056,417
Cash and cash equivalents - restricted		169,953
Investments		32,739
Receivables:		
Pledges, net of allowance for doubtful accounts of $260,025		135,476
Other, net of unamortized discount of $17,851		188,053
Prepaid expenses and other assets		98,148
Property and equipment, net		2,466
TOTAL ASSETS	$	3,683,252
LIABILITIES AND NET ASSETS (DEFICIT)		
LIABILITIES		
Accounts payable and accrued expenses	$	181,859
Deferred contributions		142,024
Paycheck protection program loan payable		170,800
Pledge payable, net		25,173,362
TOTAL LIABILITIES		25,668,045
COMMITMENTS AND CONTINGENCIES		
NET ASSETS (DEFICIT)		
Without donor restrictions		(22,342,799)
With donor restrictions		358,006
TOTAL NET ASSETS (DEFICIT)		(21,984,793)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$	3,683,252

See notes to financial statements.

PAPANICOLAOU CORPS FOR CANCER RESEARCH, INC. D/B/A THE PAP CORPS

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended May 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
DONOR CONTRIBUTIONS, GAINS, AND OTHER SUPPORT:			
Special events contributions	$ 4,145,512	$ -	$ 4,145,512
Contributions, legacies and bequests, net	1,351,854	-	1,351,854
Membership dues, net of cancellations and discounts	766,279	-	766,279
Other income	460,777	-	460,777
Interest and dividends, net	8,341	-	8,341
Unrealized gains on investment securities, net	809	-	809
Net assets released from restrictions	46,664	(46,664)	-
TOTAL DONOR CONTRIBUTIONS, GAINS, AND OTHER SUPPORT	6,780,236	(46,664)	6,733,572
EXPENSES:			
Program services	1,156,898	-	1,156,898
Supporting services:			
Management and general	506,717	-	506,717
General fundraising	2,493,769	-	2,493,769
Total supporting services	3,000,486	-	3,000,486
TOTAL EXPENSES	4,157,384	-	4,157,384
CHANGE IN NET ASSETS (DEFICIT)	2,622,852	(46,664)	2,576,188
NET ASSETS (DEFICIT) - BEGINNING OF YEAR	(24,965,651)	404,670	(24,560,981)
NET ASSETS (DEFICIT) - END OF YEAR	$ (22,342,799)	$ 358,006	$ (21,984,793)

See notes to financial statements.

PAPANICOLAOU CORPS FOR CANCER RESEARCH, INC. D/B/A THE PAP CORPS

STATEMENT OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended May 31, 2020

	PROGRAM SERVICES		SUPPORTING SERVICES			Total Program and Supporting Services Expenses
	Research	Total Program Services	Management and General	General Fundraising	Total Supporting Services	
Salaries	$ 184,824	$ 184,824	$ 277,236	$ 462,060	$ 739,296	$ 924,120
Payroll taxes	14,207	14,207	21,310	35,517	56,827	71,034
Employee benefits	21,981	21,981	32,971	54,952	87,923	109,904
Employee retirement benefit	2,941	2,941	4,411	7,351	11,762	14,703
Total salaries and related expenses	223,953	223,953	335,928	559,880	895,808	1,119,761
Food and beverage	31,983	31,983	-	708,500	708,500	740,483
Charitable donations	715,760	715,760	-	10,000	10,000	725,760
Fundraising supplies and materials	-	-	-	323,848	323,848	323,848
Other fundraising	9,124	9,124	-	214,697	214,697	223,821
Printing	93,044	93,044	-	107,554	107,554	200,598
Travel and entertainment	44,148	44,148	2,728	132,336	135,064	179,212
In-kind	-	-	70,569	69,806	140,375	140,375
Advertising and marketing	38,886	38,886	5,845	86,437	92,282	131,168
Professional fees	-	-	48,536	57,393	105,929	105,929
Bank fees	-	-	7,948	82,349	90,297	90,297
Office	-	-	4,945	78,050	82,995	82,995
Software	-	-	18,550	50,921	69,471	69,471
Insurance	-	-	4,378	5,827	10,205	10,205
Facility, equipment and supply	-	-	2,578	6,171	8,749	8,749
Storage	-	-	3,367	-	3,367	3,367
Depreciation	-	-	1,345	-	1,345	1,345
Total	$ 1,156,898	$ 1,156,898	$ 506,717	$ 2,493,769	$ 3,000,486	$ 4,157,384

See notes to financial statements.

PAPANICOLAOU CORPS FOR CANCER RESEARCH, INC. D/B/A THE PAP CORPS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended May 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets (deficit)	$ 2,576,188
Adjustments to reconcile change in net assets (deficit) to net cash provided by operating activities:	
Depreciation	1,345
Change in provision for uncollectible receivables	4,600
Discount on promised use	(6,491)
Unrealized gain on investment securities, net	(809)
Change in operating assets and liabilities:	
Pledges receivable	(110,706)
Other receivables	74,874
Prepaid expenses and other assets	(77,628)
Accounts payable and accrued expenses	(518,626)
Pledge payable, net	326,974
Deferred contributions	141,294
TOTAL ADJUSTMENTS	(165,173)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,411,015
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from paycheck protection program loan payable	170,800
NET CASH PROVIDED BY FINANCING ACTIVITIES	170,800
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,581,815
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	644,555
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,226,370

SUPPLEMENTAL DISCLOSURE OF CASH AND RESTRICTED CASH:	
Cash and cash equivalents	$ 3,056,417
Cash and cash equivalents - restricted	169,953
Total cash and cash equivalents	$ 3,226,370

See notes to financial statements.

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization: Papanicolaou Corps for Cancer Research Inc. (the “Organization”) d/b/a The Pap Corps is a Florida not-for-profit organization exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code (“IRC”). The Organization was initially formed on February 1, 1990, under the name Papanicolaou Woman’s Corps for Cancer Research, Inc. On July 21, 1999, the Organization amended its articles of incorporation and changed its name to Papanicolaou Corps for Cancer Research, Inc.

The Organization’s sole purpose is to raise funds to support cancer research at the Sylvester Comprehensive Cancer Center at the University of Miami Miller School of Medicine (“Sylvester Center”). In 2016, the Organization pledged a $50,000,000 unconditional gift (the “Pledge”) to the Sylvester Center to support the expansion of the Sylvester Comprehensive Cancer Center at the Deerfield Beach facility. In honor of the gift, the Sylvester Center named the facility The Pap Corps Campus. The Pledge was to be used to fund research in cancer epigenetics, cancer control and tumor biology to be paid over ten years (Note B). The Pledge was instrumental to the Sylvester Center’s receipt of the prestigious National Cancer Institute (“NCI”) designation. The Sylvester Center is the only NCI-designated cancer center in South Florida, and one of only two in the state of Florida. Over the years, the Organization has donated over $100 million, including the historic $50,000,000 Pledge. Funds raised at the Organization’s events are utilized to support the Sylvester Center, as well as pay down the Pledge. Through May 31, 2020, the Organization has paid approximately $17,669,000 of the Pledge balance.

The Organization is headquartered in Deerfield Beach, Florida, maintains chapters throughout the state of Florida, and has an office location in West Palm Beach, Florida. The Organization is the largest, volunteer cancer fundraising organization in South Florida, with approximately 22,000 members.

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Net assets, donor contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- Net assets without donor restrictions: Net assets currently available for use in the current operation of the Organization under the direction of the Board of Directors, and those resources invested in property and equipment.

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Basis of Accounting--Continued:

- Net assets with donor restrictions: Net assets with donor restrictions represent contributions subject to donor-imposed restrictions. Some restrictions are temporary in nature, stipulating that resources be used after a specified date or for a particular purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of a restriction is accomplished, net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Some restrictions are perpetual in nature and mandate the original principal be invested in perpetuity. There were no assets with perpetual restrictions as of May 31, 2020.

Liquidity: Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash Equivalents: All highly liquid cash investments with original maturities of three months or less when purchased are considered to be cash equivalents. The Organization maintained approximately $2,113,000 in cash equivalents as of May 31, 2020.

Investment Securities: Investment securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (Note F). A decline in the fair value of an investment security below cost that is deemed other than temporary is charged as an impairment loss of investment securities. As of May 31, 2020, management determined that no investment securities were other than temporarily impaired. Investment security transactions are recorded on a trade date basis. The cost basis of investments sold is determined by the average cost method. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Advertising Costs: Advertising costs are expensed as incurred and amounted to approximately $131,000 for the fiscal year ended May 31, 2020.

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Pledges Receivable: Unconditional promises to give are included in the financial statements as pledges receivable and contribution revenue in the appropriate net asset category. Allowances are provided for amounts estimated to be uncollectible based on historical experience and any specific collection issues that the Organization has identified. It is the Organization's policy to charge uncollectible promises to give against the allowance when management determines that the related balance will not be collected.

Property and Equipment: Property and equipment are stated at cost or, if donated, at its fair value at the date of donation. Depreciation expense is computed using accelerated methods over the estimated useful lives of the related assets, which approximates the straight-line method. Property and equipment are evaluated for impairment, on an annual basis, and a provision is recorded whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization does not believe that there are any factors or circumstances indicating impairment of any of its property and equipment as of May 31, 2020.

Deferred Contributions: Contributions received ahead of corresponding events are deferred and recognized when the respective event occurs.

Contributions: Contributions and gifts received with no restrictions or specified uses identified by the donor or grantor are included in contributions without donor restrictions in the statement of activities when received. Contributions received with donor or grantor stipulations that limit the use of donated assets are reported as contributions with donor restrictions in the statement of activities when received. When donor or grantor restrictions expire or are fulfilled by actions of the Organization, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements.

Fund-Raising Activities: The Organization's financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, "Not-for-Profit Entities". FASB ASC 958 establishes criteria for accounting and reporting for any entity that solicits contributions.

In-kind Donations: Donated assets are recorded at fair value on the date of the donation. The Organization utilizes the services of volunteers in its program services and fundraising campaigns. Because there are no objective means of valuing such services, no amounts have been recorded in the accompanying financial statements.

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. A majority of the common expenses have been allocated among the programs and supporting services based upon an individual's salary and management's estimate of time spent within the functional areas of the Organization. Expenditures made in direct fulfillment of the Organization's expressed goals are classified as program services.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of donor contributions and expenses, and gains and losses during the reporting period. The most significant estimates include an allowance for uncollectible pledges receivable and an estimate for indirect expenses that are allocated among the programs and supporting services. Actual results could differ from those estimates.

Subsequent Events: The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 22, 2022, the date the financial statements were available to be issued.

Adoption of New Accounting Principle: Effective June 1, 2019, the Organization adopted Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the financial statement footnotes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Adoption of New Accounting Principle--Continued: Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. The Organization's net assets previously reported as unrestricted are now reported as net assets without donor restrictions and net assets previously reported as temporary restricted net assets are now reported as net assets with donor restrictions. The Organization did not have any permanently restricted net assets as of June 1, 2019.

Recent Accounting Pronouncements Pending Adoption: In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. This guidance provides a five-step analysis in determining when and how revenue is recognized so that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for the goods and services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (ASC Topic 606): Deferral of Effective Date which approved a one-year deferral of the effective date of ASU 2014-09. As a result of this deferral, ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. In addition, the FASB issued ASU 2016-08, ASU 2016-10 and ASU 2016-12 in March 2016, April 2016, and May 2016, respectively, to provide interpretive clarifications on the new guidance in ASC Topic 606.

In December 2016, the FASB issued ASU 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers. The amendments in this update affect narrow aspects of the guidance issued in ASU 2014-09 including loan guarantee fees, contract costs-impairment testing, provisions for losses on construction-type and production-type contracts, scope of Topic 606, disclosure of remaining performance obligations, disclosure of prior-period performance obligations, contract modifications example, contract asset versus receivable, refund liability, and advertising costs. In June 2020, the FASB issued ASU 2020-05 which updated the effective date related to ASU 2014-09. The effective date of the amendments in this update are for financial statements issued for annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. Management is currently evaluating the impact that the adoption of ASU 2014-09 and its related amendments will have on the Organization's financial statements.

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Recent Accounting Pronouncements Pending Adoption--Continued: In February 2016, FASB issued ASU 2016-02, Leases, (Topic 842) which amends the existing guidance to require lessees to recognize lease assets and lease liabilities from operating leases in the consolidated statement of financial position and affects certain financial statement disclosure requirements for both lessees and lessors. In addition, the FASB issued ASU 2018-10 and ASU 2018-11 in July 2018 to clarify and correct unintended application of guidance in ASC Topic 842. In March 2019, the FASB issued ASU 2019-01 to assist stakeholders with potential implementation issues that could arise as organizations implement ASC Topic 842. In November 2019, the FASB issued ASU 2019-10 which updated the effective date related to ASC Topic 842. In June 2020, the FASB issued ASU 2020-05 which updated the effective date related to ASC Topic 842. In November 2021, the FASB issued ASU 2021-09, which provides for an accounting policy election option to use a risk-free rate as the discount rate for all leases. The amendments in these updates are generally effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is currently evaluating the impact that the adoption of ASU 2016-02 and the related amendments will have on the Organization’s financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchanges (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in this Update apply to all entities, including business entities, that receive or make contributions of cash and other assets, including promises to give within the scope of Subtopic 958-605 and contributions made within the scope of Subtopic 720-25, Other Expenses-Contributions Made. The amendments in this ASU are to be applied on a modified prospective basis. However, retrospective application is permitted. For resource providers, the ASU is effective for annual periods beginning after December 15, 2019, with early adoption permissible. The Organization is currently evaluating the impact that the adoption of ASU 2018-08 will have on its financial statements.

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Recent Accounting Pronouncements Pending Adoption--Continued: In June 2016, the FASB issued ASU 2016-13 Financial Instruments, Measurement of Credit Losses on Financial Instruments. The main objective of this update is to replace the incurred loss impairment methodology under current GAAP, with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Trade receivables that management has the intent and ability to hold for the foreseeable future until payoff shall be reported in the balance sheet at outstanding principal adjusted for any charge-offs and the allowance for credit losses (no longer referred to as the allowance for doubtful accounts). In November 2018, the FASB issued ASU 2018-19, Codification Improvements to ASC Topic 326, Financial Instruments-Credit Losses. The amendments in this ASU clarify that receivables arising from operating leases are not within the scope of Subtopic 326-20. In April 2019, the FASB issued ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments. This ASU clarifies and improves areas of guidance related to the recently issued standards on credit losses, hedging, and recognition and measurement including improvements resulting from various Transition Resource Group meetings. In November 2019, the FASB issued ASU 2019-11, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, which clarifies and addresses stakeholders' specific issues about certain aspects of the amendments in ASU 2016-13. For entities that have not yet adopted the amendments in ASU 2016-13, the effective dates of ASU 2018-19, 2019-04 and 2019-11 are the same as the effective date in ASU 2016-13. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2022, as amended by ASU 2019-10 Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842). Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-13 and its related amendments will have on its financial statements.

In March 2020, the FASB issued ASU 2020-03, Codification Improvements to Financial Instruments. The amendments in this update affect a wide variety of topics and are presented in seven sections which represent changes to clarify, correct errors in, or make minor improvements to the ASC. For nonpublic entities, the amendments related to certain issues are effective for fiscal years beginning after December 15, 2019. For entities that have not yet adopted the guidance in ASU 2016-13, the effective dates and the transition requirements for the amendments impacting ASU 2016-13 are the same as the effective date and transition requirements in ASU 2016-13. The Organization is currently evaluating the impact that the adoption of ASU 2020-03 related to ASU 2016-13 will have on its financial statements.

NOTE A--THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Recent Accounting Pronouncements Pending Adoption--Continued: In October 2020, the FASB issued ASU 2020-10, Codification Improvements. The amendments in this ASU improve the consistency of the ASC by including all disclosure guidance in the appropriate disclosure section and clarifying the guidance so that an entity can apply the guidance more consistently. ASU 2020-10 is effective for annual periods beginning after December 15, 2021. The Organization is currently evaluating the impact that the adoption of ASU 2020-10 will have on its financial statements.

NOTE B--PLEDGE PAYABLE

The Organization made an unconditional gift commitment of $50,000,000 to Sylvester Center during the fiscal year ended May 31, 2017, pursuant to the gift agreement executed September 22, 2016, as amended. This pledge to give was expensed when awarded by the Organization. At May 31, 2020, the Organization had a payable to Sylvester Center amounting to approximately $25,173,000 related to this pledge to give. Pledge payable represents the present value of estimated future cash outflows for unconditional promises to give made by the Organization.

The promise extends to May 31, 2031 and is discounted at a rate commensurable with the risk involved. For the fiscal year ended May 31, 2020, the change in Pledge discount was approximately $715,760.

Pledge payable is valued at May 31, 2020, as follows:

Fiscal Year Ended May 31,	Amount
2021	$ 3,071,975
2022	3,071,975
2023	3,071,975
2024	3,071,975
2025	3,071,975
Thereafter	16,971,089
	$ 32,330,964
Less: discount to present value	(7,157,603)
Pledge payable at May 31, 2020, net	$ 25,173,362

NOTE C--LIQUIDITY

The following reflects the Organization's financial assets as of May 31, 2020, reduced by amounts not available for general use within one year of the financial statement date due to donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year. Amounts not available included amounts set aside for operating and other reserves that could be drawn upon if the Board of Directors approves that action.

Financial Assets as of May 31, 2020	$ 3,582,638
Less those amounts unavailable for general expenditures within one year, due to:	
Donor-restricted cash	169,953
Donor-restricted contribution receivable	188,053
Financial assets available to meet cash needs for general expenditures within one year	$ 3,224,633

The Organization also has access to a $300,000 line of credit (Note P). As of May 31, 2020, no advances have been made on the line of credit.

NOTE D--CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at cost plus accrued interest, which approximates market. Cash and cash equivalents as of May 31, 2020 consist of the following:

Cash	$ 1,113,004
Money market accounts	2,113,366
	$ 3,226,370

NOTE E--INVESTMENTS

The Organization invests in common stocks. Investments at May 31, 2020 are summarized as follows:

Investments-Current, at fair value	
Common stocks	$ 32,739
Total Investments–Current, at fair value	$ 32,739

NOTE F--FAIR VALUE MEASUREMENTS

In accordance with GAAP, the Organization defines fair value as the price that would be received to sell an asset, or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

> *Level 1* inputs are quoted prices in active markets for identical assets or liabilities.
>
> *Level 2* inputs are observable inputs other than quoted prices included in *Level 1* that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs derived from observable market data.
>
> *Level 3* inputs are inputs that reflect the entity's own assumptions about the market price of an asset or liability. Unobservable inputs may be used if there is little or no market data for the asset or liability at the measurement date.

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.

A description of the valuation methodology used for assets measured at fair value, is as follows:

> Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization 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.

NOTE F--FAIR VALUE MEASUREMENTS---Continued

Fair value measurements and the fair value hierarchy level for the Organization's assets as of May 31, 2020, are shown below:

	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Common Stocks:				
Energy	$ 16,121	$ -	$ -	$ 16,121
Technology	15,579	-	-	15,579
Financial Services	1,039	-	-	1,039
Assets at fair value	$ 32,739	$ -	$ -	$ 32,739

NOTE G--PLEDGES RECEIVABLE

Unconditional promises to give as of May 31, 2020, net of the allowance for uncollectible amounts and unamortized discounts, consist of the following:

Pledges, net	
Collectible within 1 year	$ 88,140
Collectible within 1 year to 5 years	47,336
	$ 135,476
Other, net	
Collectible within 1 year	$ 68,383
Collectible within 1 year to 5 years	119,670
	$ 188,053

NOTE H--PROPERTY AND EQUIPMENT, NET

Property and equipment, net, as of May 31, 2020 consisted of the following:

Furniture, fixtures, and equipment	$ 6,725
Less: accumulated depreciation	(4,259)
Property and equipment, net	$ 2,466

Depreciation expense for the fiscal year ended May 31, 2020 totaled approximately $1,000. There were no disposals during the fiscal year ended May 31, 2020.

NOTE I--TAX STATUS

The Organization is exempt (except for unrelated business income) from Federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. The Organization had no components of unrelated business income for the fiscal year ended May 31, 2020. The Organization accounts for uncertainty in income taxes in accordance with GAAP, which requires recognition in the financial statements of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The Organization had no material unrecognized tax benefits and no adjustments to its financial position, activities, functional expenses, or cash flows were required as of May 31, 2020. The Organization does not expect that unrecognized tax benefits will increase within the next twelve months. The Organization's tax returns for the fiscal years ended May 31, 2018 through 2020 remain subject to examination by major tax jurisdictions. The Organization recognizes accrued interest and penalties, if any, related to uncertain tax positions as income tax expense.

NOTE J--COMMITMENTS AND CONTINGENCIES

Coronavirus Pandemic: In March 2020, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. While the disruption was originally expected to be temporary, there is currently uncertainty around the extent and duration. A significant portion of the Organization's contribution activity is derived from event contributions received from its donors. The coronavirus pandemic resulted in the cancellation and/or postponement of several of its in-person events as social distancing mandates have been implemented across South Florida. The Organization has adapted to the virtual environment by offering online events to its donors. Additionally, in response to the coronavirus pandemic and recent trends in donor and event contributions, the Organization has reduced costs to the extent possible and is closely monitoring investments and liquidity to minimize the negative impact of coronavirus on cash flow. Therefore, while the Organization expects this matter to continue to negatively impact its results, the financial impact is expected to be managed through additional donation streams and cost reduction efforts.

Litigation: From time to time, the Organization may be involved in various asserted claims and legal proceedings arising in the ordinary course of business, some of which may involve claims for substantial amounts. Management provides provisions for these items to the extent that the losses are deemed both probable and reasonably estimable. No provisions were required for the fiscal year ended May 31, 2020.

NOTE K--IN-KIND

The Organization's corporate offices are located in certain property that is leased by an unrelated third party (the "In-Kind Donor"). The rent associated with this property is paid directly by the In-Kind Donor and the Organization records the related amounts paid by the In-Kind Donor as in-kind contributions, along with the corresponding rent expenses. The value of the remaining lease is reflected as other contribution receivable of $188,053 as of May 31, 2020, net of the unamortized discount value calculated using an effective rate of 3%. The value of the remaining lease is reflected within net assets with donor restrictions and is being recognized over the life of the leased office space (through March 2022). During the fiscal year ended May 31, 2020, the Organization recorded in-kind rent expenses amounting to a total of approximately $74,874 related to these activities. These amounts are presented in the accompanying statement of activities as components of other support and management and general expenses.

The Organization receives certain donations of goods and services for the purpose of offering raffle and auction rewards for events hosted by the Organization. The Organization recorded in-kind expenses amounting to a total of approximately $65,501 related to these activities.

NOTE L--PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 15, 2020, the Organization entered into a Paycheck Protection Program Term Note (the "PPP Note") with a financial institution in the amount of $170,800, issued pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (the "CARES Act") Paycheck Protection Program. The PPP Note bears interest at 1% per annum and matures April 15, 2022. The Organization accounted for the PPP Note under the debt model in accordance with ASC Topic 470. As of May 31, 2020, the outstanding balance of the PPP Note is approximately $170,800. The Organization may apply for forgiveness of a portion or the entire balance of the PPP Note based on eligible costs incurred during the covered period following the disbursement of funds by the financial institution. The amount of loan forgiveness is calculated in accordance with the requirements of the Paycheck Protection Program, including certain provisions, rules, and regulations of the CARES Act. Subsequent to May 31, 2020, the outstanding principal and accrued interest were forgiven in full by the SBA (Note Q).

NOTE M--EMPLOYEE BENEFIT PLAN

The Organization offers its employees a 401(k) plan (the "Plan") covering substantially all employees who have completed two months of service with the Organization and are 21 years of age or older.

NOTE M--EMPLOYEE BENEFIT PLAN—Continued

Employees may contribute up to 100% of their annual compensation, as defined in the Plan, subject to the maximum allowable contribution limit of $19,500 established by IRS regulations. The Organization provides 100% matching of employee contributions up to a maximum of 4% of the employee's gross earnings. For the fiscal year ended May 31, 2020, the Organization contributed approximately $15,000 to the Plan.

NOTE N--CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to significant concentrations of credit risk, consist principally of cash, cash equivalents, investment securities and pledges receivable. To date, no losses have been incurred on any of the Organization's cash, cash equivalents or investment securities.

From time to time, the Organization maintains its cash and cash equivalents in accounts at financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") limits. Balances are insured by the FDIC up to $250,000 per depositor at each financial institution. As of May 31, 2020, the amounts on deposit in these accounts exceeded the FDIC limits by approximately $2,474,000.

Concentrations of credit risk with respect to pledges receivable are limited due to the Organization's large number of donors. The Organization maintains allowances for potential credit losses. Actual losses incurred have historically been within management's expectations and estimates.

NOTE O--RESTRICTIONS AND DESIGNATIONS ON NET ASSETS (DEFICIT)

Net assets with and without donor restrictions at May 31, 2020 consist of the following balances:

Total net assets (deficit) without donor restrictions	$ (22,342,799)
Amounts restricted by time or purpose:	
Time - in-kind rent (Note K)	188,053
Program – Garden of Hope	169,953
Total net assets with donor restrictions	358,006
Total net assets (deficit)	$ (21,984,793)

NOTE P--LINE OF CREDIT

In June 2019, the Organization executed a loan agreement (the “LOC Agreement”) with a bank which provides for a revolving line of credit of $300,000. The LOC Agreement is collateralized by all inventory, equipment, and cash of the Organization. The LOC Agreement bears interest at the Wall Street Journal Prime Rate (3.25% at May 31, 2020) plus .5%. The Organization had no draws outstanding against the LOC Agreement as of May 31, 2020. The LOC Agreement matures on June 12, 2022.

NOTE Q--SUBSEQUENT EVENTS

As a result of the Organization’s request for loan forgiveness, on May 21, 2021, the outstanding principal and accrued interest for the PPP Note were forgiven in full by the SBA and the SBA repaid the financial institution (Note L). The Organization was legally released from being the primary obligor when the SBA repaid the Organization’s PPP loan to the financial institution.

On March 4, 2021, the Organization entered into a second paycheck protection program loan for $75,000 under the terms of the CARES Act (“PPP Note Two”). The PPP Note Two is due on March 4, 2026 with payments on the loan due 10 months after March 4, 2021 and due in equal installments thereafter. Interest on the PPP Note Two is 1.00% per annum. The loan amount can be fully or partially forgiven if the Organization is in compliance with the PPP loan forgiveness provisions as defined by the CARES Act. As a result of the Organization’s request for loan forgiveness, on November 24, 2021, the outstanding principal and accrued interest for the PPP Note Two were forgiven in full by the SBA and the SBA repaid the financial institution. The Organization was legally released from being the primary obligor when the SBA repaid the Organization’s PPP loan to the financial institution.