

INNOVATIVE SOLUTIONS FOR
DISADVANTAGE AND DISABILITY, INC.

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019



July 2, 2020

To the Board of Directors of
Innovative Solutions for Disadvantage and Disability, Inc.
4282 Memorial Drive, Ste B
Decatur, GA 30032

We have audited the financial statements of Innovative Solutions for Disadvantage and Disability, Inc. (the Organization) for the year ended June 30, 2019 and have issued our report thereon dated July 2, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 16, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements.

We noted no transactions entered by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- The functional expense category allocations for benefited program of supporting service .
- The depreciable lives of fixed assets.

We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Board of Directors
Innovative Solutions for Disadvantage and Disability, Inc.
July 2, 2020
Page Two

Significant Audit Matters – Continued

Qualitative Aspects of Accounting Practices – Continued

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure in Note 2 concerning liquidity and availability of financial assets to fund future general expenditures and the Organization's management of cash flow to meet financial obligations in the next twelve months.
- The disclosure of restriction on net assets in Note 4 and Note 5.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Audit adjustments included one correction to record a grant receivable and corresponding contribution in the amount of \$18,669. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, other than the one noted above, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 2, 2020.

Board of Directors
Innovative Solutions for Disadvantage and Disability, Inc.
July 2, 2020
Page Three

Significant Audit Matters – Continued

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Additional Information

New Accounting Pronouncements

The Financial Accounting Standards Board has issued several new accounting standard updates (ASU) which will impact the financial statements of nonprofits. We will work with the Organization to determine the impact of these new standards on the Organization’s financial statements. Below is a brief summary of these new updates and effective dates for the Organization :

ASU 2015-14: Revenue from Contracts with Customers

Effective fiscal years 2020

- AICPA Not-for-Profit Revenue Recognition Tax Force is evaluating implementation, including government grants and tuition
- Accounting for contributions and investment income will not be impacted

ASU 2016-02: Leases

Effective fiscal years 2021

- All leases will be presented on the balance sheet as liabilities with related assets

Additional Information – Continued

New Accounting Pronouncements – Continued

ASU 2018-08: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions made

Effective fiscal year 2020

- The new guidance provides clarification between exchange versus contribution transactions

Other Observations and Recommendations

Internal Control Matters

In planning and performing our audit of the financial statements of Innovative Solutions for Disadvantage and Disability, Inc. as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This information is intended solely for the use of Innovative Solutions for Disadvantage and Disability, Inc. and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Brooks, McJinnis & Company, LLC

**INNOVATIVE SOLUTIONS FOR
DISADVANTAGE AND DISABILITY, INC.**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position as of June 30, 2019	2
Statement of Activities for the Year Ended December 31, 2019	3
Statement of Functional Expenses for the Year Ended December 31, 2019	4
Statement of Cash Flows for the Year Ended June 30, 2019	5
Notes to Financial Statements	6



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Innovative Solutions for
Disadvantage and Disability, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Innovative Solutions for Disadvantage and Disability, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2019, 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 Innovative Solutions for Disadvantage and Disability, Inc. as of June 30, 2019, 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.

Atlanta, Georgia
July 2, 2020

Brooks, McGinnis & Company, LLC

**INNOVATIVE SOLUTIONS FOR DISADVANTAGE
AND DISABILITY, INC.**
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Cash and cash equivalents	\$ 94,532
Grant receivable	60,876
Other receivable	14,593
Other assets	<u>4,502</u>
Total current assets	174,503
Property and equipment, net	<u>17,960</u>
Total assets	\$ 192,463

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 9,959
Accrued expenses	<u>9,342</u>
Total liabilities	<u>19,301</u>

Commitments and contingencies

Net assets:

Without donor restrictions	58,330
With donor restrictions	<u>114,832</u>
Total net assets	<u>173,162</u>
Total liabilities and net assets	\$ 192,463

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

**INNOVATIVE SOLUTIONS FOR DISADVANTAGE
AND DISABILITY, INC.**
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and support:			
Grant revenue	\$ 185,525	\$ 84,750	\$ 270,275
Contributions	7,040	14,245	21,285
In-kind contributions	150,762	-	150,762
Special event, net of direct costs of \$14,644	21,268	-	21,268
Interest income	254	-	254
Loss on disposal of fixed assets	(2,711)	-	(2,711)
Net assets released from restrictions	<u>47,491</u>	<u>(47,491)</u>	<u>-</u>
 Total revenues, gains and support	 <u>409,629</u>	 <u>51,504</u>	 <u>461,133</u>
 Expenses:			
 Program services:			
Family support services	238,136	-	238,136
Healthcare support services	<u>149,448</u>	<u>-</u>	<u>149,448</u>
Total program services	<u>387,584</u>	<u>-</u>	<u>387,584</u>
 Support services:			
Management and general	30,723	-	30,723
Fundraising	<u>11,029</u>	<u>-</u>	<u>11,029</u>
Total support services	<u>41,752</u>	<u>-</u>	<u>41,752</u>
 Total expenses	 <u>429,336</u>	 <u>-</u>	 <u>429,336</u>
 Increase (decrease) in net assets	 (19,707)	 51,504	 31,797
 Net assets, beginning of year	 <u>78,037</u>	 <u>63,328</u>	 <u>141,365</u>
 Net assets, end of year	 <u>\$ 58,330</u>	 <u>\$ 114,832</u>	 <u>\$ 173,162</u>

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

**INNOVATIVE SOLUTIONS FOR DISADVANTAGE
AND DISABILITY, INC.**
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Family Support Services	Healthcare Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	\$ 135,325	\$ 32,793	\$ 168,118	\$ 5,967	\$ 9,139	\$ 15,106	\$ 183,224
Payroll taxes and benefits	12,008	2,852	14,860	575	737	1,312	16,172
	<u>147,333</u>	<u>35,645</u>	<u>182,978</u>	<u>6,542</u>	<u>9,876</u>	<u>16,418</u>	<u>199,396</u>
Advertising and marketing	49	48	97	10	51	61	158
Depreciation	-	-	-	1,382	-	1,382	1,382
Donated services	148	11,719	11,867	2	4	6	11,873
Donated materials	31,722	51,462	83,184	932	45	977	84,161
Insurance	1,780	1,477	3,257	379	114	493	3,750
Meeting	2,566	25	2,591	277	-	277	2,868
Miscellaneous	2,341	157	2,498	241	154	395	2,893
Office expenses	7,082	3,518	10,600	1,462	536	1,998	12,598
Postage	1,165	-	1,165	-	-	-	1,165
Printing and publications	857	3,553	4,410	45	2	47	4,457
Program expenses	19,510	1,538	21,048	-	-	-	21,048
Professional fees	4,600	-	4,600	18,681	-	18,681	23,281
Rent	8,848	2,750	11,598	120	179	299	11,897
Rent in-kind	-	34,090	34,090	-	-	-	34,090
Telephone and internet	3,608	1,100	4,708	52	68	120	4,828
Travel	<u>6,527</u>	<u>2,366</u>	<u>8,893</u>	<u>598</u>	<u>-</u>	<u>598</u>	<u>9,491</u>
Total expenses	<u>\$ 238,136</u>	<u>\$ 149,448</u>	<u>\$ 387,584</u>	<u>\$ 30,723</u>	<u>\$ 11,029</u>	<u>\$ 41,752</u>	<u>\$ 429,336</u>

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

**INNOVATIVE SOLUTIONS FOR DISADVANTAGE
AND DISABILITY, INC.**
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash flows from operating activities:	
Net increase in net assets	\$ 31,797
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities	
Depreciation	1,382
Loss on disposal of fixed assets	2,711
Donated property and equipment	(19,778)
Changes in assets and liabilities:	
(Increase) decrease in:	
Grant receivable	(27,998)
Other receivable	(14,168)
Other assets	(3,404)
Increase (decrease) in:	
Accounts payable	8,434
Accrued expenses	10,217
Total adjustments	<u>(42,604)</u>
Net cash used in operating activities	<u>(10,807)</u>
Cash flows from investing activities:	
Purchase of property and equipment	(2,664)
Proceeds from insurance for loss of assets	<u>5,000</u>
Net cash provided by investing activities	<u>2,336</u>
Net decrease in cash and cash equivalents	(8,471)
Cash and cash equivalents, beginning of year	<u>103,003</u>
Cash and cash equivalents, end of year	<u>\$ 94,532</u>

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

INNOVATIVE SOLUTIONS FOR DISADVANTAGE AND
DISABILITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Nature of Organization and Significant Accounting Policies

Nature of Organization

Innovative Solutions for Disadvantage and Disability, Inc. (ISDD) was incorporated as a Georgia not for-profit voluntary health and welfare organization on April 22, 2004, to address the environmental impact of social and economic factors on the growth, health and development of children and adults. It does this through two primary program services, education and advocacy and individual and family services.

Basis of Accounting and Presentation of Financial Statements

The Organization's accounts are maintained, and these statements are presented, on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions based on stipulations made by the donor.

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

- Net assets without donor restrictions are resources available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net assets with donor restrictions are resources subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, this is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were \$104,947 in net assets with donor restrictions at June 30, 2019.

INNOVATIVE SOLUTIONS FOR DISADVANTAGE AND
DISABILITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Contributions

In accordance with financial statements for Not-for-Profit Organizations, contributions received are recorded as increases in without donor restriction or with donor restriction net assets, depending on the existence or nature of any donor restrictions. Contributions without donor restrictions are contributions with no specific purpose noted that are free to be used by the Organization for any organizational use. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as support in the period in which the promise is made by the donor. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises becomes unconditional.

Contributions received are recorded as without donor restriction or with donor restriction restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in without donor restriction net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in with donor restriction restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. Grant awards are classified as deferred revenue until expended for the purposes of the grants since they are conditional promises to give.

Donated Services, Facilities and In-Kind Support

The Organization receives services, facilities, equipment and other nonfinancial items without payment or compensation. Donated goods and services are recognized as contributions in accordance with Financial Statements for Not-for-Profit Organizations, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide a significant amount of services to be the Organization throughout the year that are not recognized as contributions since the recognition criteria under this standard were not met.

Donated services, facilities and in-kind support for the year ended June 30, 2019 was \$150,761.

INNOVATIVE SOLUTIONS FOR DISADVANTAGE AND
DISABILITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Grants Receivable

Grants receivable are recognized as revenue and assets in the period the promises to give are acknowledged. Conditional grants receivable, if any, are not recognized until the conditions on which the grants depend are substantially met.

Property and Equipment

The Organization's policy is that property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets (five years for equipment and three years for software), computed on the straight-line method. Donated items are recorded at fair market value at the date of contribution. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$500.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and directions of the Organization. The expenses that are allocated on the basis of time and effort include salaries, insurance, office expenses, rent, printing and other expenses. The costs of providing the various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of supports and expenses during the report period. Accordingly, actual results may vary from these estimates.

INNOVATIVE SOLUTIONS FOR DISADVANTAGE AND
DISABILITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Income Taxes

The Organization is exempt from federal income taxes under the provisions Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended June 30, 2019, the Organization did not have any unrelated business income, and accordingly, no 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. The Organization's income tax returns are subject to examination by the appropriate regulatory authorities for all open years, which include the last three years.

Cash and Cash Equivalents and Concentration of Credit Risk

Cash and cash equivalents consist primarily of demand deposits with a single financial institution. For the purposes of the statement of cash flows, the Organization considers all short-term, interest bearing deposits with maturities of three months or less to be cash equivalents.

The organization maintains cash balances at a financial institution and at an investment company located in the United States. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation for up to \$250,000. The Organization does not have any uninsured cash or investment balances at June 30, 2019.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (*topic 842*), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The new standard is effective for the Organization for the year ended June 30, 2021; however early adoption is permitted. The Organization is currently evaluating the impact this guidance will have on its financial statements.

INNOVATIVE SOLUTIONS FOR DISADVANTAGE AND
DISABILITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Recent Accounting Pronouncements – Continued

The FASB has also issued ASU 2014-09, *Revenue from Contracts with Customers*, which amends guidance requiring an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services and also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, as well as other disclosures. The new standard is effective for the Organization for the year ended June 30, 2021; however early adoption is permitted. The Organization is currently evaluating impact this guidance will have on its financial statements.

The FASB has also 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 whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. The new standard is effective for the Organization for the year ended June 30, 2020, however early adoption is permitted. The Organization is currently evaluating impact this guidance will have on its financial statements.

2. Liquidity and Availability

The Organization is substantially supported by grants and contracts and public donations. Additionally, a significant amount of contributions with donor restrictions are received each year for various programs. As a donor's restrictions require funds to be used in a particular manner or in a future period, the Organization maintains those restricted funds so that they are available to meet those responsibilities as they are required to be met. Accordingly, related financial assets are not available to the Organization for its general expenditures. The Organization considers contributions with donor restrictions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures may be incurred for program, administrative, or fundraising purposes.

INNOVATIVE SOLUTIONS FOR DISADVANTAGE AND
DISABILITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

2. Liquidity and Availability – Continued

The Organization's financial assets at June 30, 2019 (reduced by amounts not available for general use because of contractual, donor-imposed, or internal restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditures are as follows:

Cash and cash equivalents	\$ 94,532
Grants receivable	60,876
Other receivables	<u>14,593</u>
Financial assets available to meet general expenditures within one year	<u>\$ 170,001</u>

Subsequent to June 30, 2019, the global coronavirus pandemic threatened to deeply harm global growth. This has affected the U.S. and global equity markets, as well as consumer confidence, and the broad U.S. and global stocks market have fallen significantly since June 30, 2019. It is uncertain how this downturn in the financial markets and consumer confidence may affect the operations, investments, funding and contribution income of nonprofit organizations in the near future.

The Organization depends heavily on contributions to support its operations. The ability of contributors to continue giving may be dependent on current and future overall economic conditions. While the Organization believes it has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on many interdependent factors.

3. Property and Equipment, net

Property and equipment are stated at cost. During the year ended June 30, 2019, the Organization lost the majority of their property and equipment in a fire. As of June 30, 2019, components of property and equipment consist of the following:

Furniture and fixtures	\$ 18,187
Computers	<u>746</u>
	<u>18,933</u>
Less accumulated depreciation	<u>(973)</u>
Total property and equipment, net	<u>\$ 17,960</u>

Depreciation expense for the year ended June 30, 2019 was \$1,382.

INNOVATIVE SOLUTIONS FOR DISADVANTAGE AND
DISABILITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

4. Net Assets with Donor Restrictions

At June 30, 2019, net assets with donor restrictions consist of the following:

Family support services	\$ 62,968
Healthcare services	<hr/> <hr/>
	\$ 114,832

5. Net Assets Released from Restrictions

Donor restricted net assets released from restriction during the year ended June 30, 2019 are as specified as follows:

Family support services	\$ 19,564
Healthcare services	<hr/> <hr/>
	\$ 47,491

6. Lease Commitments

During the year ended June 30, 2019, the Organization entered into an operating lease agreement for office space that extends through March 31, 2022. Minimum future rental payments under this lease are as follows:

For the year ending June 30:

2020	\$ 22,367
2021	23,038
2022	<hr/> <hr/>
	\$ 63,069

Rent expense for the year ended June 30, 2019 was \$11,897.

7. Subsequent Events

Management has evaluated events and transactions which occurred through July 2, 2020, which was the date the financial statements were available to be issued. Other than the subsequent event reported in Note 2 and the event discussed below, there are no other significant subsequent events requiring recognition or disclosure in the financial statements.

INNOVATIVE SOLUTIONS FOR DISADVANTAGE AND
DISABILITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

7. Subsequent Events – Continued

During April 2020, the Organization was granted a loan from a financial institution in the amount of \$51,800 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after either an eight (8) or twenty-four (24) week period as long as the borrower uses the loan proceeds for eligible purposes. Eligible purposes include payroll costs and benefits, interest, rent, and utilities. The amount of loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during the eight (8) or twenty-four (24) week period without re-hiring the affected employees prior to December 31, 2020. Consequently, the Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for loan forgiveness, the exact amount of forgiveness has not been determined. Any portion of the loan not forgiven would be payable over a five-year period at an interest rate of 1%.