

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
EMDR Humanitarian Assistance Programs, Inc.

We have audited the accompanying financial statements of EMDR Humanitarian Assistance Programs, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 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.

Auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EMDR Humanitarian Assistance Programs, Inc. as of June 30, 2020 and 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.

Budwitz & Meyerjack, P.C.

Cheshire, Connecticut
September 30, 2021

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

STATEMENT OF FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash	\$ 8,531	\$ 14,001
Investments	624,437	90,092
Accounts receivable	21,985	70,706
Prepaid expenses	4,808	8,555
Net property and equipment	31,902	34,574
Restricted cash	666,115	207,856
Security deposits	1,426	1,426
Total Assets	<u>\$ 1,359,204</u>	<u>\$ 427,210</u>
LIABILITIES:		
Accounts payable and accrued expenses	\$ 35,230	\$ 36,609
Credit card payable	843	18,861
Deferred training revenue	127,010	103,619
Deferred grant revenue	-	5,982
Total Liabilities	<u>163,083</u>	<u>165,071</u>
NET ASSETS:		
Without donor restrictions	248,619	214,143
With donor restrictions	<u>947,502</u>	<u>47,996</u>
Total Net Assets	<u>1,196,121</u>	<u>262,139</u>
Total Liabilities and Net Assets	<u>\$ 1,359,204</u>	<u>\$ 427,210</u>

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

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	Without Donor Restrictions	With Donor Restrictions	2019 Totals
Public Support, Revenue and Reclassifications						
Product sales	\$ 44,950	-	\$ 44,950	\$ 51,712	-	\$ 51,712
Program services	1,152,978	-	1,152,978	1,417,230	-	1,417,230
Program services-donated	3,158,970	-	3,158,970	4,208,340	-	4,208,340
Grant and contract income	-	-	-	-	-	-
Contribution income	123,747	977,446	1,101,193	101,156	9,150	110,306
Investment income	3,417	-	3,417	7,355	-	7,355
Unrealized gain on investments	25,416	-	25,416	5,482	-	5,482
Payroll Protection Program	78,300	-	78,300	-	-	-
Net assets released from restrictions:						
Restrictions satisfied by purpose	77,940	(77,940)	-	16,792	(16,792)	-
Total Support, Revenue and Reclassifications	<u>4,665,718</u>	<u>899,506</u>	<u>5,565,224</u>	<u>5,808,067</u>	<u>(7,642)</u>	<u>5,800,425</u>
Expenses and Losses						
Program costs	1,420,731	-	1,420,731	1,476,197	-	1,476,197
Program costs-donated	3,158,970	-	3,158,970	4,208,340	-	4,208,340
Management and general expenses	51,541	-	51,541	65,665	-	65,665
Total Expenses	<u>4,631,242</u>	<u>-</u>	<u>4,631,242</u>	<u>5,750,202</u>	<u>-</u>	<u>5,750,202</u>
INCREASE (DECREASE) IN NET ASSETS	34,476	899,506	933,982	57,865	(7,642)	50,223
NET ASSETS, beginning of year	<u>214,143</u>	<u>47,996</u>	<u>262,139</u>	<u>156,278</u>	<u>55,638</u>	<u>211,916</u>
NET ASSETS, end of year	<u>\$ 248,619</u>	<u>\$ 947,502</u>	<u>\$ 1,196,121</u>	<u>\$ 214,143</u>	<u>\$ 47,996</u>	<u>\$ 262,139</u>

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

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	PROGRAMS						2020 Total
	Store	TRN/Special	Training	Client Programs	Total	Management & General	
Program and Supporting Services Expenses:							
Salaries	\$ -	\$ -	\$ 472,937	\$ -	\$ -	\$ 472,937	\$ 488,872
Payroll taxes and employee benefits	-	-	42,374	-	-	42,374	42,374
Travel and conference expense	-	-	13,940	-	-	13,940	13,940
Donation and grant expenses	-	-	-	3,173	-	3,173	3,173
Faculty training	-	-	47,240	-	-	47,240	47,240
Training expenses - domestic and international	-	-	338,032	-	-	338,032	338,704
Training expenses - donated	-	-	2,849,870	-	-	2,849,870	2,849,870
Outreach/Volunteer Expenses	-	-	9,531	-	-	9,531	44,127
Insurance	-	-	10,010	-	-	10,010	10,010
Postage and delivery	30	-	4,467	-	-	4,497	4,497
Professional fees	335	33,181	30,954	-	-	64,470	64,470
Marketing and development	-	-	63,425	-	-	63,425	63,425
Business Consulting	-	-	74,740	-	-	74,740	74,740
Rent	-	-	20,475	-	-	20,475	20,475
Rent - donated	-	-	309,100	-	-	309,100	309,100
Store and product cost	18,326	-	1,378	-	-	19,704	19,704
Utilities and telecommunications	-	-	14,931	-	-	14,931	14,931
Office expenses	1,262	-	34,402	129	-	35,793	36,109
Bank, merchant, and investment fees	1,455	-	20,239	1,734	-	23,428	23,450
Client needs and program expenses	-	-	27,940	50,000	-	77,940	77,940
Cancellations	-	-	75,983	-	-	75,983	75,983
Depreciation	-	-	8,108	-	-	8,108	8,108
Total Program and Supporting Services Expenses June 30, 2020	\$ 21,408	\$ 33,181	\$ 4,470,076	\$ 55,036	\$ 4,579,701	\$ 51,541	\$ 4,631,242

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

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAMS						2019 Total
	Store	TRN/Special	Training	Client Programs	Management & General	Total	
Program and Supporting Services Expenses:							
Salaries	\$ -	\$ -	\$ 451,864	\$ -	\$ 16,246	\$ 451,864	\$ 468,110
Payroll taxes and employee benefits	-	-	38,972	-	-	38,972	38,972
Travel and conference expense	-	-	8,642	-	-	8,642	8,642
Donation and grant expenses	469	-	-	6,520	-	6,989	6,989
Faculty training	-	-	94,441	-	-	94,441	94,441
Training expenses - domestic and international	1,100	-	477,557	-	182	478,657	478,839
Training expenses - donated	-	-	3,829,940	-	-	3,829,940	3,829,940
Outreach/Volunteer Expenses	-	-	18,424	2,298	39,953	20,722	60,675
Insurance	-	-	13,305	-	-	13,305	13,305
Postage and delivery	-	-	3,393	-	-	3,393	3,393
Professional fees	275	9,598	33,267	-	-	43,140	43,140
Marketing and development	438	-	31,064	-	-	31,502	31,502
Business Consulting	-	-	27,405	-	8,600	27,405	36,005
Rent	-	-	18,786	-	-	18,786	18,786
Rent - donated	-	-	378,400	-	-	378,400	378,400
Store and product cost	20,761	-	343	-	-	21,104	21,104
Utilities and telecommunications	-	-	14,553	-	75	14,553	14,628
Office expenses	-	-	35,186	-	496	35,186	35,682
Bank, merchant, and investment fees	1,603	-	22,602	2,207	113	26,412	26,525
Client needs and program expenses	226	9,080	124,059	-	-	133,365	133,365
Depreciation	-	-	7,759	-	-	7,759	7,759
Total Program and Supporting Services Expenses June 30, 2019	\$ 24,872	\$ 18,678	\$ 5,629,962	\$ 11,025	\$ 65,665	\$ 5,684,537	\$ 5,750,202

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

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 933,982	\$ 50,223
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,108	7,759
Unrealized (gain) loss on investments	(25,416)	(5,482)
Changes in Operating Assets and Liabilities		
(Increase) decrease in accounts receivable	48,721	(3,940)
(Increase) decrease in prepaid expenses	3,747	(152)
(Increase) decrease in cash restricted for grant purposes	(458,259)	175,907
Increase (decrease) in accounts payable and accrued expenses	(1,379)	(183,213)
Increase (decrease) in credit card payable	(18,018)	(12,125)
Increase (decrease) in deferred training revenue	23,391	(12,714)
Increase (decrease) in deferred grant revenue	(5,982)	-
Net Cash Used in Operating Activities	508,895	16,263
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(508,930)	(6,778)
Purchase of property, plant and equipment	(5,435)	(1,497)
Net Cash Used by Investing Activities	(514,365)	(8,275)
NET INCREASE (DECREASE) IN CASH	(5,470)	7,988
CASH, beginning of year	14,001	6,013
CASH, end of year	\$ 8,531	\$ 14,001

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

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization:

EMDR Humanitarian Assistance Programs, Inc. (the Organization) is a non-profit Organization, incorporated within the State of California. The Organization's tax-exempt status has been certified by the internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The primary objectives and purposes of the Organization shall be to extend access to mental health services for underserved populations anywhere in the world through public and professional education, humanitarian services, and supportive research, with emphasis on building the capacity of local care givers to provide effective care for psychological trauma. The Organization's fiscal year begins on July 1 and ends on June 30. A summary of the Organization's accounting policies that affect the significant elements of the financial statements are stated below.

Change in Accounting Principle:

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update changes the previous reporting model for nonprofit Organizations and enhances the disclosure requirements intending to increase the usefulness of nonprofit financial statements. The changes address the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. The ASU is effective for annual periods beginning after December 15, 2017. Management has adopted ASU 2016-14 for the year ended June 30, 2020.

Basis of Presentation and Accounting Method:

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Organization are reported in the following categories:

Net Assets Without Donor Restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Net Assets With Donor Restrictions - Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions to be maintained in perpetuity.

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Use of 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. Further, the use of estimates also affects the levels of revenues and expenses recorded throughout the reporting period. Actual results could differ from those estimates.

Promises to Give:

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Restricted and Unrestricted Revenue and Support:

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

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statements of Activities as net assets without donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Statement of Cash Flows:

The Organization considers demand deposits, certificates of deposit and all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for doubtful accounts has been provided for the years ended June 30, 2020 and 2019 as management has evaluated all amounts and believes they are all collectible.

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Property, Plant and Equipment:

Buildings, improvements and equipment are carried at the cost of acquisition. The Organization follows the practice of capitalizing all expenditures for property and equipment equal to or in excess of \$1,000. The Organization uses the straight-line method of depreciation in all cases, allocating the cost of acquisition of property and equipment evenly over their expected useful lives. The depreciated cost of all property and equipment represents that portion of the original cost not yet allocated as charge against operations and does not purport to be realizable value or a replacement cost. Upon retirement or disposal, gain or loss, if any, is reflected in earnings for the period.

The estimated useful lives are as follows:

Computers	5 years
Website costs	3 years
Furniture and fixtures	5-7 years

Property and equipment consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 41,711	\$ 36,275
Website costs	53,306	53,306
Furniture and fixtures	<u>61,963</u>	<u>61,963</u>
Total Costs	156,980	151,544
Less accumulated depreciation	<u>(125,078)</u>	<u>(116,970)</u>
Net property and equipment	<u>\$ 31,902</u>	<u>\$ 34,574</u>

Reclassifications:

Certain reclassifications have been made to the financial statements to conform to the June 30, 2019 presentation. These reclassifications have no material effect on the financial statements.

Restricted Cash:

Restricted cash is from the McCormick Foundation grant and other funding sources. The McCormick grant stipulates that the grant money can only be used for the purpose of the grant. The amounts for the purpose of the grant and other amounts were merged into one bank account. The totals of these amounts was \$319,134 and \$199,062 as of June 30, 2020 and 2019, respectively. Additionally, other amounts held in separate bank accounts based on donor restriction amounted to \$346,046 and \$8,794 as of June 30, 2020 and 2019, respectively. The total balance in these restricted accounts was \$665,115 and \$207,856 as of June 30, 2020 and 2019, respectively.

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Corporate Income Taxes:

The Internal Revenue Service has ruled that under Section 501 (c) (3) of the Internal Revenue Code, the Organization qualifies as an Organization exempt from income tax under the present Federal income tax laws. Further, the Internal Revenue Service has ruled that the Organization is not a private foundation in accordance with Section 170 (b) (1) (a) (iv) of the Internal Revenue Code. The Organization is additionally exempt from State income taxation by virtue of its Federal exemption.

The Organization believes that 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 Return of Organizations Exempt From Income Tax (Form 990) for the years ended June 30, 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Allocation Expenses:

The costs of providing the various programs and other supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that were clearly identifiable as being for a specific function were allocated to that function. All other expenses were allocated based on management's estimation of time spent on a particular function or asset usage. Various allocation methods may change from year to year based upon management's review of internal processes.

Gains and Losses:

The realized gain or loss on the sale of investments is the difference between the proceeds received and the average cost of the investment sold. Unrealized appreciation or depreciation in the aggregate fair value of investments represents the change in the difference between the fair value and cost of investments.

Deferred Training Revenue:

Deferred revenue represents program income from training services invoiced in the period prior to the fiscal year in which such training services are provided.

Deferred Grant Revenue:

The Organization recognizes grant funds as revenue to the extent the funds are expended. Grant funds received and not currently expended by the Organization are reflected as deferred revenue until such funds are expended.

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

2. OPERATING LEASE

As of November 1, 2014, the Organization entered into a three year lease for office space that expired October 2017 at a cost of \$17,894 per year. The Organization amended the lease agreement on November 1, 2016 to extend through October 2018 at a cost of \$18,672 per year. The Organization amended the lease agreement on October 29, 2018 to extend through December 2020 at a cost of \$18,900 per year. The Organization amended the lease agreement on April 7, 2021 to extend through December 2022 at a cost of \$18,960 per year. Total rent expense under the operating lease was \$20,475 and \$18,786 for the years ended June 30, 2020 and 2019, respectively.

The following is a schedule by year of future minimum lease payments required under the lease as of June 30, 2020:

Year Ending June 30,	
2021	\$ 17,380
2022	18,960
2023	<u>9,480</u>
Total Minimum Obligations	<u>\$ 45,820</u>

3. DEFERRED GRANTS AND TRAINING REVENUE

The Organization received a \$250,000 grant in November 2008 from the McCormick Foundation's "Welcome Back Veterans" initiative. The grant money is to be used to train service providers to treat veterans with post-traumatic stress. The grant money and any interest earned on it can only be used for the purposes of this grant. As such, the grant money is segregated in a separate account. Of this amount, \$-0- and \$3,888 was unexpended and shown as deferred grant revenue as of June 30, 2020 and 2019, respectively.

In May 2012 the Organization was awarded an \$8,000 grant from the Kent Richard Hoffman Foundation, Inc. The grant is to be used to support mental health training. The Organization received \$4,000 of that grant prior to June 30, 2014. Of this amount, \$-0- and \$2,094 was unexpended and shown as deferred grant revenue as of June 30, 2020 and 2019, respectively.

Total deferred grants amounted to \$-0- and \$5,982 as of June 30, 2020 and 2019, respectively.

Total deferred training revenue was \$127,010 and \$103,619 for the years ended June 30, 2020 and 2019, respectively.

4. DONATED SERVICES

A substantial number of volunteers have donated significant amounts of time in the area of clinical training and trauma education in international disaster settings and in community mental health agencies across the U.S. If these hours were valued at commercial rates, the Organization would have received approximately \$2,849,870 of training time for domestic, military and international clinician training during the year ended June 30, 2020. For the year ended June 30, 2019, the Organization would have received approximately \$3,829,940.

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

The Organization uses facilities of its sponsors for training events for which the Organization does not pay rent. The estimated fair value of the rent during the year ended June 30, 2020 was \$309,100, and has been included in program services and program expenses in the statements of activities and net assets. For the year ended June 30, 2019, the estimated fair value of the rent was \$378,400.

5. INVESTMENTS

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Investments are stated at fair value and consist primarily of equity securities and mutual funds.

	<u>June 30, 2020</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual funds	<u>\$ 598,401</u>	<u>\$ 624,437</u>	<u>\$ 26,036</u>
	<u>\$ 598,401</u>	<u>\$ 624,437</u>	<u>\$ 26,036</u>

	<u>June 30, 2019</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual funds	<u>\$ 89,472</u>	<u>\$ 90,092</u>	<u>\$ 620</u>
	<u>\$ 89,472</u>	<u>\$ 90,092</u>	<u>\$ 620</u>

Investment return is summarized as follows:

	<u>2020</u>	<u>2019</u>
Investment income	\$ 3,417	\$ 7,355
Net realized and unrealized loss	25,416	5,483
Total Net Unrestricted Investment Loss	<u>\$ 28,833</u>	<u>\$ 12,838</u>

6. CONCENTRATIONS OF CREDIT RISK

The Organization maintains a substantial portion of its cash with one financial institution. At June 30, 2020, and at other times of the year, amounts of cash and cash equivalents maintained on deposit may be in excess of Federal Deposit Insurance Corporation (FDIC) limits. There was \$173,460 and \$18,341 in excess of insured limits for the years ended June 30, 2020 and 2019, respectively.

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

7. FAIR VALUE MEASUREMENTS

Accounting Standards Codification (“ASC”) Topic 820, “Fair Value Measurements and Disclosures” (“ASC 820”), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under ASC 820 are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in market that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and observable.

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

Following is a description of the valuation methodology used for assets measured at fair value.

Mutual funds – These funds are valued at the closing price reported in the active market in which the securities are traded.

The method 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.

<u>Description</u>	<u>6/30/20</u>	<u>In Active Markets For Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds	<u>\$ 624,437</u>	<u>\$ 624,437</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 624,437</u>	<u>\$ 624,437</u>	<u>\$ -</u>	<u>\$ -</u>

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

<u>Description</u>	<u>6/30/19</u>	<u>In Active Markets For Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds	<u>\$ 90,092</u>	<u>\$ 90,092</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 90,092</u>	<u>\$ 90,092</u>	<u>\$ -</u>	<u>\$ -</u>

Gains and losses (realized and unrealized) are reported in the statement of activities for the year ended June 30, 2020 and 2019.

8. NET ASSET CLASSIFICATIONS

Temporarily Restricted Net Assets:

Temporarily restricted net assets as of June 30, 2020 and 2019 totaled \$947,502 and \$47,996, respectively, and the purposes and amounts are as follows:

	<u>2020</u>	<u>2019</u>
Client needs	<u>\$ 947,502</u>	<u>\$ 47,996</u>

Net Assets Released From Restrictions:

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Net assets released from restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Client needs	<u>\$ 77,940</u>	<u>\$ 133,365</u>
	<u>\$ 77,940</u>	<u>\$ 133,365</u>

9. 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 balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	<u>\$ 8,531</u>	<u>\$ 14,001</u>
Investments	<u>624,437</u>	<u>90,092</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 632,968</u>	<u>\$ 104,093</u>

Liquidity Management:

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

EMDR HUMANITARIAN ASSISTANCE PROGRAMS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

10. OTHER RISKS AND UNCERTAINTIES

Since early March 2020, the COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of multiple businesses. While this disruption is currently expected to be temporary, there is uncertainty around the duration of the closings. Therefore, the Company expects this matter to negatively impact its training income. However, the related financial impact and duration cannot be reasonably estimated at this time.

11. PAYROLL PROTECTION PROGRAM

On April 23, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$78,300 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Organization considers PPP loans to be conditional contributions, with a right-of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary during a measurement period. The Organization considers reviews of our application for forgiveness by the lender and the SBA as well as potential audits to be administrative in nature rather than barriers to entitlement. During the year ended June 30, 2020, the Organization recognized \$78,300 in employee headcount and salary levels maintained through June 30, 2020.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2021, the date the financial statements were available to be issued.

On March 1, 2021, the Organization received a second PPP loan in the amount of \$102,000 after Congress expanded the PPP forgivable loan program in December 2020. At the time of issuance of these financial statements, the Organization recognized \$102,000 in employee headcount and salary levels maintained through May 27, 2021.

As of September 30, 2021, there have been no other subsequent events requiring disclosure in; or adjustment to these financial statements.