CHILDREN, INCORPORATED

North Chesterfield, Virginia

FINANCIAL REPORT

JUNE 30, 2020

C O N T E N T S

YHB CPAs & Consultants

9954 Mayland Dr.
Suite 2300
Richmond, VA 23233

804.553.1900
YHBcpa.com
804.553.1908

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Children, Incorporated
North Chesterfield, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Children, Incorporated ("the Organization") which comprise the statements of financial position as of June 30, 2020 and 2019, 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 Children, Incorporated as of June 30, 2020 and 2019, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Yount, Hyde & Barbour, P.C.

Richmond, Virginia
October 30, 2020

CHILDREN, INCORPORATED

Statements of Financial Position
June 30, 2020 and 2019

Assets	**2020**	**2019**
Cash	$ 2,653,470	$ 1,926,096
Accounts receivable	975	718
Prepaid expenses	3,701	3,299
Investments	3,165,058	3,466,270
Beneficial interests in charitable remainder annuity trusts	1,267,405	1,143,009
Property and equipment, net	571,231	639,799
Total assets	$ 7,661,840	$ 7,179,191
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 303,592	$ 243,998
Accrued vacation	13,229	12,916
Other payroll liabilities	16,693	9,081
Notes payable	151,600	- -
	$ 485,114	$ 265,995
Net Assets		
Without donor restrictions	$ 4,578,099	$ 4,509,145
With donor restrictions	2,598,627	2,404,051
	$ 7,176,726	$ 6,913,196
Total liabilities and net assets	$ 7,661,840	$ 7,179,191

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and other changes in net assets:			
Contributions	$ 3,002,522	$ 677,485	$ 3,680,007
Investment income	184,701	- -	184,701
Gain on sale of asset	1,246	- -	1,246
Change in value of beneficial interests in charitable remainder annuity trusts	- -	124,396	124,396
Total revenue, support and other changes in net assets	$ 3,188,469	$ 801,881	$ 3,990,350
Net assets released from restrictions	607,305	(607,305)	- -
Total revenue, support and other changes in net assets	$ 3,795,774	$ 194,576	$ 3,990,350
Expenses			
Program services	$ 3,230,936	$ - -	$ 3,230,936
Administration	217,966	- -	217,966
Fundraising	277,918	- -	277,918
Total expenses	$ 3,726,820	$ - -	$ 3,726,820
Change in net assets	$ 68,954	$ 194,576	$ 263,530
Net assets, beginning of year	4,509,145	2,404,051	6,913,196
Net assets, end of year	$ 4,578,099	$ 2,598,627	$ 7,176,726

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and other changes in net assets:			
Contributions	$ 2,937,773	$ 660,341	$ 3,598,114
Investment income	299,328	- -	299,328
(Loss) on disposal of property and equipment	(49)	- -	(49)
Change in value of beneficial interests in charitable remainder annuity trusts	- -	18,566	18,566
Total revenue, support and other changes in net assets	$ 3,237,052	$ 678,907	$ 3,915,959
Net assets released from restrictions	334,405	(334,405)	- -
Total revenue, support and other changes in net assets	$ 3,571,457	$ 344,502	$ 3,915,959
Expenses			
Program services	$ 3,183,173	$ - -	$ 3,183,173
Administration	221,448	- -	221,448
Fundraising	242,583	- -	242,583
Total expenses	$ 3,647,204	$ - -	$ 3,647,204
Change in net assets	$ (75,747)	$ 344,502	$ 268,755
Net assets, beginning of year	4,584,892	2,059,549	6,644,441
Net assets, end of year	$ 4,509,145	$ 2,404,051	$ 6,913,196

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	Administration	Fundraising	Total
Compensation	$ 579,039	$ 137,315	$ 100,561	$ 816,915
Employee benefits	52,834	12,529	9,176	74,539
Payroll taxes	40,703	9,652	7,069	57,424
	$ 672,576	$ 159,496	$ 116,806	$ 948,878
Advertising and promotion	- -	- -	145,896	145,896
Bank and credit card fees	32,001	157	39	32,197
Depreciation	71,705	19,121	4,780	95,606
General insurance	12,179	3,248	812	16,239
Office expenses	32,298	8,613	2,153	43,064
Professional fees	38,355	10,228	2,557	51,140
Rent	5,905	1,575	394	7,874
Repairs and maintenance	8,786	2,343	586	11,715
Supplies and services for impoverished children	2,296,317	- -	- -	2,296,317
Software expense	15,154	4,041	1,011	20,206
Travel	20,349	2,394	1,197	23,940
Other	20,452	5,454	1,363	27,269
Utilities	4,859	1,296	324	6,479
	$ 3,230,936	$ 217,966	$ 277,918	$ 3,726,820

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	Administration	Fundraising	Total
Compensation	$ 570,853	$ 118,617	$ 69,355	$ 758,825
Employee benefits	62,664	13,021	7,613	83,298
Payroll taxes	40,517	8,419	4,923	53,859
	$ 674,034	$ 140,057	$ 81,891	$ 895,982
Advertising and promotion	- -	- -	139,482	139,482
Bank and credit card fees	31,935	2,613	653	35,201
Depreciation	133,610	35,629	8,907	178,146
General insurance	13,332	3,555	889	17,776
Office expenses	43,456	11,588	2,897	57,941
Professional fees	35,551	9,480	2,370	47,401
Rent	5,137	1,370	343	6,850
Repairs and maintenance	1,774	473	118	2,365
Supplies and services for impoverished children	2,165,402	- -	- -	2,165,402
Software expense	8,402	2,241	560	11,203
Travel	29,316	3,449	1,725	34,490
Other	27,554	7,348	1,837	36,739
Utilities	13,670	3,645	911	18,226
	$ 3,183,173	$ 221,448	$ 242,583	$ 3,647,204

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	$ 263,530	$ 268,755
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	95,606	178,146
(Gain) on sale of asset	(1,246)	- -
Loss on disposal of fixed assets	- -	49
Realized (gain) on sale of marketable securities	(107,817)	(109,589)
Unrealized loss (gain) on marketable securities	4,387	(146,693)
Change in value of beneficial interests in charitable remainder annuity trusts	(124,396)	(18,566)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(257)	48,798
(Increase) in prepaid expenses	(402)	(116)
Increase (decrease) in accounts payable	59,594	(77,183)
Increase in accrued vacation	313	2,346
Increase (decrease) in other payroll liabilities	7,612	(648)
Net cash provided by operating activities	$ 196,925	$ 145,299
Cash Flows from Investing Activities		
Purchases of fixed assets	$ (27,038)	$ (13,622)
Proceeds from sale of asset	1,246	- -
Proceeds from sales of marketable securities	3,671,786	1,560,357
Purchases of investments	(3,267,145)	(2,333,482)
Net cash provided by (used in) investing activities	$ 378,849	$ (786,747)
Cash Flows from Financing Activities, proceeds from notes payable	$ 151,600	$ - -
Net increase (decrease) in cash	$ 727,374	$ (641,448)
Cash		
Beginning	1,926,096	2,567,544
Ending	$ 2,653,470	$ 1,926,096

See Notes to Financial Statements.

Note 1. Nature of Operations

Children, Incorporated is a not-for-profit entity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Its program services consist of arranging and providing funding for supplies and services to meet the basic and educational needs of approximately 20,000 impoverished children in 300 locations, approximately half in the United States and half in other countries.

Program services are provided entirely by volunteers at each location. Funding for supplies and services for impoverished children is transferred from the Richmond office to various organizations that distribute the supplies and services to the children. The volunteers of the organizations decide on the supplies and services needed, arrange for them to be provided, and administer disbursements of the funds. The volunteer staff members are required to retain documentation of the disbursements and provide periodic reports to the paid staff members. Volunteer staff members are periodically visited at their locations by paid staff members.

A summary of program services by location for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019
Program services provided outside the United States of America:		
Central America and the Caribbean	$ 334,431	$ 327,905
East Asia and the Pacific	92,533	85,758
North America	26,509	23,160
South America	405,740	380,233
South Asia	207,855	215,170
SubSahara Africa	178,160	138,421
	$ 1,245,228	$ 1,170,647
Program services provided in the United States of America	1,051,089	994,755
	$ 2,296,317	$ 2,165,402

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Note 2. Significant Accounting Policies

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Contributions

Children, Incorporated reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, Children, Incorporated includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statements of financial position.

Investments

Children, Incorporated records investments in equity securities and mutual funds at readily determinable fair values and all investments in debt securities are measured at fair market value.

Property, Equipment, and Depreciation

All purchases of property and equipment have been recorded at cost. Depreciation is determined by the straight-line method over the estimated useful lives of the related assets. Depreciation expense for the years ended June 30, 2020 and 2019 was $95,606 and $178,146, respectively.

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash. The Organization has cash deposits in financial institutions that may at times exceed the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with these accounts.

Fair Value of Financial Instruments

Accounting standards establish 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under the standards are described as follows:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

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

For the fiscal years ended June 30, 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments and certificates of deposit

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

The carrying amounts of the Organization's financial instruments not described above arise in the ordinary course of business and approximate fair value.

Line of Credit

The Organization has a line of credit that is secured by certain certificates of deposit. The interest rate on this line of credit is 3.5% and the maximum amount that can be drawn on it is $659,154. No amounts were drawn on the line of credit at June 30, 2020 and 2019. The line of credit was opened during fiscal year 2019.

Allocation of Functional Expenses

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

The expenses that are allocated include the following:

Expense	Method of Allocation
Compensation	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Advertising and promotion	Time and effort
Bank and credit card fees	Time and effort
Depreciation	Time and effort
General insurance	Time and effort
Office expenses	Time and effort
Professional fees	Time and effort
Rent	Time and effort
Repairs and maintenance	Time and effort
Supplies and services for impoverished children	Direct allocation
Software expense	Time and effort
Travel	Time and effort
Other	Time and effort
Utilities	Time and effort

Upcoming Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct cost as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization for its year ending June 30, 2023. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption Topic 842 will have on its financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), which provides guidance for recognizing revenue from contracts with customers. The core principle of ASU 2014-09 is that revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects consideration for which entitlement is expected in exchange for those goods or services. Generally, the ASU states that revenue should be recognized by following a five step process which includes identifying the contract with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligation in the contract, and recognizing revenue as the entity satisfies a performance obligation. ASU 2014-09 is effective for the Organization for its year ended June 30, 2021. The Organization is currently evaluating the impact that the adoption of Topic 606 will have on its financial statements.

New Accounting Pronouncement

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 for contributions received in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the Organization’s implementation of ASU 2018-08.

Note 3. Liquidity and Availability

The Organization receives contributions to support its program services. General expenditures consist of sponsorship payments to meet the basic and educational needs of approximately 20,000 impoverished children in 300 locations.

The Organization's cash flows have seasonal variations during the year. To manage liquidity, the Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	2020	2019
Financial assets, at year-end:		
Cash and cash equivalents	$ 2,653,470	$ 1,926,096
Investments	3,165,058	3,466,270
Beneficial interests in charitable remainder annuity trusts	1,267,405	1,143,009
Total financial assets	$ 7,085,933	$ 6,535,375
Less amounts not available to be used within one year, net assets with donor restrictions	$ 2,598,627	$ 2,404,051
Financial assets available to meet cash needs for general expenditures within one year	$ 4,487,306	$ 4,131,324

In addition, the Organization has a line of credit, secured by certain certificates of deposit that can be drawn on to fund operations. At June 30, 2020 and 2019, the maximum amount that can be drawn on this line of credit is $659,154 and $650,446, respectively. No amounts were drawn on the line of credit at June 30, 2020 and 2019.

Note 4. Investments

Long-term investments as of June 30, 2020 and 2019 were as follows:

	2020		
	Cost	Market Value	Unrealized Gain
Common stocks	$ 970,724	$ 1,109,016	$ 138,292
Fixed income funds	1,556,893	1,643,205	86,312
Mutual funds	6,247	8,085	1,838
Certificates of deposit	400,000	404,752	4,752
	$ 2,933,864	$ 3,165,058	$ 231,194

	2019		
	Cost	Market Value	Unrealized Gain
Common stocks	$ 1,780,321	$ 1,987,552	$ 207,231
Fixed income funds	634,312	656,072	21,760
Mutual funds	15,161	22,002	6,841
Certificates of deposit	800,000	800,644	644
	$ 3,229,794	$ 3,466,270	$ 236,476

The following schedule summarizes investment income and investment fees (including custodial fees and investment advisory fees), which are reported net in the accompanying statements of activities for the years ended June 30, 2020 and 2019 as follows:

	2020	2019
Interest and dividends	$ 96,876	$ 53,283
Realized gains	107,817	109,589
Unrealized gains (losses)	(4,387)	146,693
Less management fees	(15,605)	(10,237)
	$ 184,701	$ 299,328

Note 5. Fair Value Measurements

Children, Incorporated has several portfolios of marketable securities and certificates of deposit, all of which are maintained by various brokers. The following table presents the balance of financial assets measured at fair value on a recurring basis as of June 30, 2020 and 2019:

	Balance as of June 30, 2020	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Common stocks	$ 1,109,016	$ 1,109,016	$ - -	$ - -
Fixed income funds	1,643,205	1,643,205	- -	- -
Mutual funds	8,085	8,085	- -	- -
Certificates of deposit	404,752	- -	404,752	- -
	$ 3,165,058	$ 2,760,306	$ 404,752	$ - -

	Balance as of June 30, 2019	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Common stocks	$ 1,987,552	$ 1,987,552	$ - -	$ - -
Fixed income funds	656,072	656,072	- -	- -
Mutual funds	22,002	22,002	- -	- -
Certificates of deposit	800,644	- -	800,644	- -
	$ 3,466,270	$ 2,665,626	$ 800,644	$ - -

Note 6. Beneficial Interests in Charitable Remainder Annuity Trusts

The Organization is a beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable. In the absence of donor-imposed conditions, the Organization recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits.

In addition, the Organization is a beneficiary of six and three charitable remainder annuity trusts as of June 30, 2020 and 2019, respectively, for which the Organization will receive between 3% and 30% upon the final termination of the trusts. At that time the final market value of the trusts will be distributed to the Organization. The value of the Organization's portion of the charitable remainder annuity trusts is $1,267,405 and $1,143,009, at June 30, 2020 and 2019, respectively.

Note 7. Property and Equipment

At June 30, 2020 and 2019, property and equipment consisted of the following:

	2020	2019
Property and equipment	$ 1,374,360	$ 1,347,321
Accumulated depreciation	(803,129)	(707,522)
	$ 571,231	$ 639,799

Note 8. Notes Payable

On April 16, 2020, the Organization applied for and was approved for a $141,600 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

In addition, on April 21, 2020, the Organization applied for and was approved for a $10,000 loan under the Economic Injury Disaster Loan Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 2.75%, but payments are not required to begin for one year after the funding of the loan. The loan is generally collateralized by the assets of the Organization.

Note 9. Net Assets with Donor Restrictions

Net assets with donor restriction were available for the following purposes as of June 30, 2020 and 2019:

	2020	2019
Subject to expenditure for specific purpose:		
Child Sponsorships with terms expiring subsequent to year-end	$ 758,875	$ 688,695
Time-restricted beneficial interests in charitable remainder annuity trusts	1,267,405	1,143,009
	$ 2,026,280	$ 1,831,704
Endowments:		
Subject to endowment spending policy and appropriation:		
Program services	$ 572,347	$ 572,347
Total net assets with donor restrictions	$ 2,598,627	$ 2,404,051

Net assets with donor restrictions were released due to satisfaction of purpose restrictions during the years ended June 30, 2020 and 2019:

	2020	2019
Child Sponsorships with terms that have expired within the current year	$ 607,305	$ 334,405

Note 10. Endowment Funds

Three contributions made in prior years established permanent endowments: $100,000 in December 1999; $119,788 in July 2010; and $352,559 in January 2012. Correspondence from the donors required Children, Incorporated to establish permanent endowments and use the investment earnings to provide funding for supplies and services for impoverished children.

Note 11. Donated Works of Art

During the year ended June 30, 2016, the Organization received contributions of certain artwork and coins in the form of a donation. The Organization intends to sell the artwork and coins at a future date and use the proceeds to further its mission. As of June 30, 2020, five of the items have been sold and the entire coin collection. The estimated value of the items totaled $12,947 and $14,193 as of June 30, 2020 and 2019 respectively. Due to the potential change and uncertainty in the value of the items, the Organization has recorded a valuation allowance to cover the total value of the items. Consequently, the contributed artwork and coins are reflected in the accompanying statements of financial position with a balance of $0 as of June 30, 2020 and 2019.

Note 12. Subsequent Events

As noted in Note 8 and during the fiscal year ending June 30, 2020, the Organization applied for and received a loan under the Paycheck Protection Program, program enacted as a result of COVID-19. Subsequent to year-end, the Organization expects to apply for forgiveness related to this note payable, currently due April 2022.

Children, Incorporated has evaluated all other subsequent events through October 30, 2020, the date the financial statements were available to be issued. Children, Incorporated has determined there are no subsequent events that require recognition or disclosure.