

**REPORT OF
VITAE FOUNDATION
DECEMBER 31, 2019 AND 2018**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Vitae Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the Vitae Foundation (“the Organization”), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 Organization’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 Organization’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 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 the Vitae Foundation as of December 31, 2019 and 2018, and the changes in its net assets, functional expenses and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 11, the Organization's continued ability to deliver its educational message is dependent upon its ability to sustain and expand its support from donors as well as pro-actively manage its expenses.

Williams - Keepers LLC

June 11, 2020

VITAE FOUNDATION

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 471,889	\$ 215,335
Short-term investments	4,690	9,709
Current unconditional promises to give, net of allowance of \$15,491 and \$34,322	49,091	85,724
Prepaid expenses	47,019	4,452
Total current assets	572,689	315,220
NONCURRENT ASSETS		
Long-term unconditional promises to give, net of discount of of \$2,188 and \$3,375	17,837	29,858
Equipment and leasehold improvements, net of accumulated depreciation of \$241,692 and \$326,199	16,192	8,009
Other noncurrent assets	3,000	3,000
Total noncurrent assets	37,029	40,867
Total assets	\$ 609,718	\$ 356,087
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 64,273	\$ 159,645
Accrued leave and salaries payable	92,360	86,732
Current portion of note payable	181,630	-
Total current liabilities	338,263	246,377
NONCURRENT LIABILITIES		
Long-term portion of note payable	-	196,368
Total liabilities	338,263	442,745
NET ASSETS		
Without donor restrictions:		
Board-designated endowment	241,959	181,267
Undesignated	(194,946)	(472,661)
Total net (deficit) without donor restrictions	47,013	(291,394)
With donor restrictions:		
Subject to passage of time	63,713	115,551
Subject to expenditure for specified purpose	160,729	89,185
Total net assets with donor restrictions	224,442	204,736
Net assets (deficit)	271,455	(86,658)
Total liabilities and net assets	\$ 609,718	\$ 356,087

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

VITAE FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

(with comparative totals for the year ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
REVENUE				
Media campaign	\$ 2,729,859	\$ 355,600	\$ 3,085,459	\$ 3,180,815
Investment return, net	7,300	-	7,300	6,856
Miscellaneous	6,939	-	6,939	6,209
	<u>2,744,098</u>	<u>355,600</u>	<u>3,099,698</u>	<u>3,193,880</u>
Net assets released from restrictions	335,894	(335,894)	-	-
Total revenue	<u>3,079,992</u>	<u>19,706</u>	<u>3,099,698</u>	<u>3,193,880</u>
EXPENSES				
Program	2,213,934	-	2,213,934	2,732,547
Fundraising	199,086	-	199,086	221,648
Management and general	327,909	-	327,909	305,554
	<u>2,740,929</u>	<u>-</u>	<u>2,740,929</u>	<u>3,259,749</u>
Other expenses-loss on doubtful pledges	656	-	656	78,620
Total expenses	<u>2,741,585</u>	<u>-</u>	<u>2,741,585</u>	<u>3,338,369</u>
Change in net assets	338,407	19,706	358,113	(144,489)
Net assets (deficit), beginning of year	<u>(291,394)</u>	<u>204,736</u>	<u>(86,658)</u>	<u>57,831</u>
Net assets (deficit), end of year	<u>\$ 47,013</u>	<u>\$ 224,442</u>	<u>\$ 271,455</u>	<u>\$ (86,658)</u>

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

VITAE FOUNDATION

STATEMENT OF ACTIVITIES Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Media campaign	\$ 2,851,971	\$ 328,844	\$ 3,180,815
Investment return, net	6,856	-	6,856
Miscellaneous	5,725	484	6,209
	<u>2,864,552</u>	<u>329,328</u>	<u>3,193,880</u>
Net assets released from restrictions	376,467	(376,467)	-
	<u>3,241,019</u>	<u>(47,139)</u>	<u>3,193,880</u>
EXPENSES			
Program	2,732,547	-	2,732,547
Fundraising	221,648	-	221,648
Management and general	305,554	-	305,554
	<u>3,259,749</u>	<u>-</u>	<u>3,259,749</u>
Other expenses-loss on doubtful pledges	78,620	-	78,620
	<u>3,338,369</u>	<u>-</u>	<u>3,338,369</u>
Change in net assets	(97,350)	(47,139)	(144,489)
Net assets (deficit), beginning of year	(194,044)	251,875	57,831
Net assets (deficit), end of year	<u>\$ (291,394)</u>	<u>\$ 204,736</u>	<u>\$ (86,658)</u>

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

VITAE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

(with comparative totals for the year ended December 31, 2018)

	Program	Fundraising	Management and General	2019 Total	2018 Total
Salaries and benefits	\$ 900,781	\$ 134,540	\$ 214,035	\$ 1,249,356	\$ 1,374,944
Events	438,778	26,307	41,586	506,671	631,295
Digital marketing	322,315	-	-	322,315	229,447
Media expense	184,549	387	601	185,537	443,824
Information technology	68,050	8,910	13,358	90,318	92,671
Professional fees	55,724	5,587	9,205	70,516	55,685
Occupancy	51,475	6,102	9,501	67,078	67,138
Other	27,928	3,130	17,277	48,335	53,385
Printing and copying	27,152	3,212	4,932	35,296	57,809
Postage and shipping	25,909	3,205	4,914	34,028	47,701
Equipment maintenance and rental	21,557	2,684	4,136	28,377	27,652
Travel	22,310	1,633	2,553	26,496	44,694
Supplies	12,965	1,121	1,778	15,864	23,964
Donated services	14,680	-	-	14,680	17,504
Donated products	14,585	-	-	14,585	43,149
Insurance	8,022	496	1,527	10,045	19,929
Other taxes	6,609	761	1,272	8,642	8,749
Depreciation	4,183	613	643	5,439	8,631
Telephone	2,927	364	542	3,833	6,130
Grants to other organizations	3,113	-	-	3,113	5,338
Publications	322	34	49	405	110
	<u>\$ 2,213,934</u>	<u>\$ 199,086</u>	<u>\$ 327,909</u>	<u>\$ 2,740,929</u>	<u>\$ 3,259,749</u>

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

VITAE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program	Fundraising	Management and General	Total
Salaries and benefits	\$ 1,072,109	\$ 121,375	\$ 181,460	\$ 1,374,944
Events	557,446	29,243	44,606	631,295
Media expense	443,682	56	86	443,824
Digital marketing	229,447	-	-	229,447
Information Technology	70,112	9,830	12,729	92,671
Occupancy	48,822	8,995	9,321	67,138
Printing and copying	44,512	5,497	7,800	57,809
Professional fees	41,083	7,223	7,379	55,685
Other	30,296	3,311	19,778	53,385
Postage and shipping	36,786	4,292	6,623	47,701
Travel	38,597	2,384	3,713	44,694
Donated products	21,942	21,207	-	43,149
Equipment maintenance and rental	21,329	2,451	3,872	27,652
Supplies	20,309	1,567	2,088	23,964
Insurance	15,456	1,585	2,888	19,929
Donated services	17,504	-	-	17,504
Other taxes	6,737	787	1,225	8,749
Depreciation	6,210	1,293	1,128	8,631
Telephone	4,720	552	858	6,130
Grants to other organizations	5,338	-	-	5,338
Publications	110	-	-	110
	<u>\$ 2,732,547</u>	<u>\$ 221,648</u>	<u>\$ 305,554</u>	<u>\$ 3,259,749</u>

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

VITAE FOUNDATION

STATEMENTS OF CASH FLOWS Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 358,113	\$ (144,489)
Adjustments to reconcile change in net assets to net cash provided (used) by operations:		
Non-cash contributions of short-term investments	(264,415)	(273,143)
Net realized and unrealized (gains) on investments	(6,545)	(6,231)
Depreciation	5,438	8,632
Changes in operating assets and liabilities:		
Unconditional promises to give	48,654	53,569
Accounts receivable	-	740
Prepaid expenses	(42,567)	30,023
Accounts payable	(95,372)	50,754
Accrued leave and salaries payable	5,628	(7,351)
Cash provided (used) by operating activities	8,934	(287,496)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sales of short-term investments	275,979	279,432
Acquisition of equipment	(13,621)	-
Cash provided by investing activities	262,358	279,432
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in line-of-credit	-	(200,000)
Net change in note payable	(14,738)	196,368
Cash (used) by financing activities	(14,738)	(3,632)
Net change in cash	256,554	(11,696)
Cash, beginning of year	215,335	227,031
Cash, end of year	\$ 471,889	\$ 215,335
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for interest	\$ 15,803	\$ 13,648
Non-cash investing activities:		
Receipt of contributions of short-term investments	\$ 264,415	\$ 273,143

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

VITAE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Vitae Foundation (the Organization) is a not-for-profit organization whose mission is to promote respect for human life by reaching the hearts and minds of the public through use of the research-based messaging and mass media. Significant accounting policies are as follows:

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

Estimates: The preparation of financial statements in accordance with U.S. 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.

Cash and Short-Term Investments: Cash includes certain interest bearing and non-interest bearing bank accounts. Periodically, the Organization maintains cash on deposit at financial institutions in excess of amounts insured by the U.S. Federal Deposit Insurance Corporation. Short-term investments are composed of equity securities held for sale. Short-term investments are stated at fair value and are not considered to be cash equivalents for purposes of the statement of cash flows.

Equipment and Leasehold Improvements: Equipment and leasehold improvements are recorded at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 12 years.

Financial Statement Presentation: The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions: Net assets with donor restrictions are subject to donor-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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Promises to Give: Pledges of contributions by donors, which represent unconditional promises to give, are recognized as revenues in the period in which the pledges are made, at their fair values. Pledges which are conditional promises to give are recognized as revenues at their estimated fair value in the period in which the conditions are met. The allowance for doubtful pledges is estimated by regularly evaluating individual donor pledges, past collection experience, and current economic conditions.

Functional Allocation of Expenses: The costs of program and supporting services activities have been summarized on a functional basis in the Statements of Activities. The natural classification detail of those expenses has been summarized in the Statement of Functional Expenses. Certain costs that are attributable to more than one function have been allocated among the program and supporting services benefited using a single-rate method consistently applied based on a study of time and effort by employees.

Taxable Status: The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization’s Form 990 and taxable status are subject to examination by the Internal Revenue Service for open tax years 2016 through 2019. Interest and penalties incurred, if any, related to income tax filings are reported within management and general expenses in the accompanying Statement of Activities.

Reclassifications: Certain reclassifications of amounts previously reported have been made to the accompanying comparative financial statements to maintain consistency between periods presented. The reclassifications have no impact on previously reported net assets.

Subsequent Events: Events that have occurred subsequent to December 31, 2019, have been evaluated by management through June 11, 2020, which represents the date the Organization’s financial statements were approved by management and, therefore, were available to be issued. The extent of the impact of the COVID-19 outbreak in the U.S. on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, which are uncertain and cannot be predicted. The future financial impact and duration cannot be reasonably estimated at this time. In response to the outbreak, the Organization obtained a Paycheck Protection Program loan in April 2020 in the amount of \$248,000. The loan is due in April 2022, and bears interest at 1.00%. A portion of the loan could be forgiven if certain requirements are met, but the forgivable amount is not known at this time.

2. ENDOWMENT FUND

The Vitae Foundation Endowment Fund was established in 2010 through an agreement with a donor whereby the Organization will add up to \$300,000 to the fund over a period of 10 years or more beginning in 2011. The principal in the fund shall remain intact until the year 2040 unless 75% of the Organization’s Board of Directors votes to utilize all or part of the principal. The principal of the fund is maintained in an interest-bearing money market account. Interest is made available annually for the Organization’s mission. The principal and accumulated interest in the fund is included in board-designated net assets without donor restrictions.

Below is a reconciliation of the beginning and ending balances of the Fund, including activity during the years ended December 31, 2019 and 2018:

	2019	2018
Board-designated endowment funds, January 1	\$ 181,267	\$ 180,801
Investment return, net	692	466
Contributions	60,000	-
Board-designated endowment funds, December 31	<u>\$ 241,959</u>	<u>\$ 181,267</u>

3. SHORT-TERM INVESTMENTS

At December 31, 2019 and 2018, the Organization's short-term investments consisted of the following, at fair value:

	2019	2018
Common stock	\$ -	\$ 7,861
Stock clearing cash account	4,690	1,848
	<u>\$ 4,690</u>	<u>\$ 9,709</u>

Under U.S. generally accepted accounting principles, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The inputs used to measure fair value are classified into the following hierarchy:

- Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.
- Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.
- Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Organization's assets measured and reported at fair value as of December 31, 2019 and 2018, aggregated by the level in the fair value hierarchy within which those measurements fall, are as follows:

	Total	Level 1	Level 2	Level 3
2019				
Common stock	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2018				
Common stock	\$ 7,861	\$ 7,861	\$ -	\$ -
Total	<u>\$ 7,861</u>	<u>\$ 7,861</u>	<u>\$ -</u>	<u>\$ -</u>

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Without donor restrictions	\$ 20,894	\$ 37,728
With donor restrictions - subject to the passage of time	<u>63,713</u>	<u>115,551</u>
Total	<u>\$ 84,607</u>	<u>\$ 153,279</u>
	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 64,582	\$ 120,046
Receivable in one to five years	<u>20,025</u>	<u>33,233</u>
Total unconditional promises to give	84,607	153,279
Less allowance for uncollectible pledges	(15,491)	(34,322)
Less discounts to net present value	<u>(2,188)</u>	<u>(3,375)</u>
Net unconditional promises to give	<u>\$ 66,928</u>	<u>\$ 115,582</u>
Current unconditional promises to give, net	\$ 49,091	\$ 85,724
Long-term unconditional promises to give, net	<u>17,837</u>	<u>29,858</u>
	<u>\$ 66,928</u>	<u>\$ 115,582</u>

A discount rate of 4.75% and 5.50% was used in the calculation of the net present value during 2019 and 2018, respectively.

5. LINE OF CREDIT AND NOTE PAYABLE

The Organization maintained a revolving line of credit with a maximum credit line of \$200,000; a floating interest rate of 0.75% over prime (4.75% at December 31, 2019), to be no less than 5.00%; secured by all of the Organization's funds on deposit with the bank; and requiring interest-only payments monthly that matured September 1, 2018. Effective September 2, 2018, the line of credit was modified to become an unsecured term note due to mature on September 2, 2020, with the same interest rate terms stated above. The average balance of the line of credit before modification was approximately \$200,000 in 2018. The balance outstanding for the term note was \$181,630 and \$196,368 as of December 31, 2019 and 2018, respectively.

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from December 31, 2019 for general expenditures are as follows:

Financial assets at December 31, 2019, net	\$ 525,670
Less those unavailable for general expenditures within one year:	
Donor-restricted cash subject to expenditure for specified purpose	<u>(174,421)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 351,249</u>

In addition, cash includes board-designated funds of \$241,959 as of December 31, 2019, to maintain an endowment fund, as described in Note 2. Although the Board of Directors entered into an agreement during 2010 with a donor to create the endowment fund, the donor did not restrict the use of the funds or earnings on the funds which are also available for general expenditures with the Board's approval, as explained in Note 2.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. The Organization has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 15 to 30 days of expected expenditures. Average budgeted expenses approximate \$270,000 per month for 2020. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity monthly, or more often if necessary, and monitors its reserves annually, as a minimum. However, at certain times during the year, the Organization did not maintain necessary amounts of cash to comply with donor-imposed restrictions.

7. IN-KIND INCOME

The Organization received in-kind income during 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Professional services	\$ 14,680	\$ 15,004
Other goods and services	<u>16,791</u>	<u>53,525</u>
	<u>\$ 31,471</u>	<u>\$ 68,529</u>

The Organization also received unvalued volunteer hours totaling approximately 702 and 938 during 2019 and 2018, respectively.

8. EMPLOYEE BENEFITS

The Organization sponsors a deferred compensation plan under Section 403(b) of the Internal Revenue Code. Contributions to the plan are at the election of participating employees and are used to purchase allowable investments as directed by the plan participants. All employees of the Organization are eligible to participate in the plan. The Organization contributes a matching amount calculated using a percentage determined by management during the plan year. The Organization contributed 1.5% of the employee's salary as the matching contribution for the years ended December 31, 2019 and 2018. The Organization expensed approximately \$10,100 and \$14,000 related to this plan in 2019 and 2018, respectively.

The Organization also sponsors a cafeteria plan, employee assistance program, an employee contributory health insurance plan, and other benefits.

9. ALLOCATION OF JOINT COSTS

The Organization conducted activities including special events, direct one-on-one solicitations, and direct mailings that combined requests for contributions as well as program and management and general components. The costs of conducting those activities included joint costs, which are not specifically attributable to particular functions of the activities. Joint costs allocated to various functions were as follows during the year ended December 31:

	<u>2019</u>	<u>2018</u>
Program	\$ 1,434,957	\$ 1,717,885
Fundraising	200,400	200,388
Management and general	<u>341,028</u>	<u>305,467</u>
	<u>\$ 1,976,385</u>	<u>\$ 2,223,740</u>

10. COMMITMENTS

The Organization rents office space and equipment under long-term noncancelable leases. Rent expense under such leases totaled approximately \$80,877 and \$80,152 during the years ended December 31, 2019 and 2018, respectively.

Future minimum rental payments required under the leases as of December 31, 2019, are as follows:

2020	73,782
2021	27,933
2022	8,652
2023	6,762
2024	<u>1,690</u>
	<u>\$ 118,819</u>

The Organization has entered into various contracts and agreements for future advertising, website design, software subscriptions and event venues totaling approximately \$162,000 as of December 31, 2019.

As described in Note 2, the Organization entered into an agreement with a donor to create a board-designated endowment fund by setting aside a total of \$300,000 over a period of ten years, beginning in 2011. The Organization has set aside a total of \$241,959 for this endowment as of December 31, 2019.

11. CONTINUING OPERATIONS

The Organization saw a significant reduction in net assets in the prior three fiscal years as a result of unbudgeted revenue shortfalls. During the year ended December 31, 2019, the Organization's revenue fell short of budgeted revenue, however, the Organization was able to better manage expenditures during the year, which resulted in an overall increase in net assets of \$358,000. These earnings resulted in the Organization recovering from a net deficit position.

Management has evaluated the significance of these conditions as they relate to the ability of the Organization to meet its obligations and continues to initiate actions to manage cash flow, minimize overhead costs, enhance support, and efficiently deliver its educational messages.

As of the date of this report, the Organization has received a large estate gift and has repaid the remaining balance of its note payable. In addition, during the first three months subsequent to the date of these financial statements, the Organization has reported net income of approximately \$415,000, which exceeded budgeted net income during that period.

The depth and breadth of the Organization's ability to deliver its educational message continues to be dependent on its ability to sustain and expand its support from donors as well as pro-actively manage its expenses.