VITAMIN ANGELS ALLIANCE, INC.

FINANCIAL STATEMENTS

December 31, 2019

VITAMIN ANGELS ALLIANCE, INC.
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December 31, 2019

DAMITZ
BROOKS
NIGHTINGALE
TURNER
MORRISSET

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vitamin Angels Alliance, Inc.

We have audited the accompanying financial statements of Vitamin Angels Alliance, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 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 Vitamin Angels Alliance, Inc. as of December 31, 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.

Subsequent Events and Uncertainties

As discussed in Note 13 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited Vitamin Angel Alliance's 2018 financial statements, and our report dated July 25, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

DAMITZ, BROOKS, NIGHTINGALE, TURNER & MORRISSET

Damitz, Brooks, Nightingale,
Turner & Morrisset
Santa Barbara, California
July 7, 2020

VITAMIN ANGELS ALLIANCE, INC.
Statement of Financial Position
December 31, 2019
(With Summarized Comparative Totals for 2018)

Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total 2019**	**Total 2018**
Assets				
Cash	$ 4,822,307	$ 62,716	$ 4,885,023	$ 3,254,589
Investments	8,428,853	-	8,428,853	7,165,709
Inventory	54,107,944	-	54,107,944	62,149,331
Pledges receivable	-	4,464,722	4,464,722	4,356,988
Prepaid expenses and deposits	67,703	-	67,703	77,864
Office furniture, equipment, and leasehold improvements, net	304,488	-	304,488	62,234
Intangible assets, net	-	-	-	5,205
Total assets	$ 67,731,295	$ 4,527,438	$ 72,258,733	$ 77,071,920
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 777,928	$ -	$ 777,928	$ 739,611
Accrued payroll liabilities	468,868	-	468,868	378,940
Accrued deferred compensation	275,000	-	275,000	200,000
Total liabilities	1,521,796	-	1,521,796	1,318,551
Net Assets				
Without donor restrictions				
Board designated	5,013,405	-	5,013,405	4,419,006
Other net assets without donor restrictions	61,196,094	-	61,196,094	66,827,375
With donor restrictions	-	4,527,438	4,527,438	4,506,988
Total net assets	66,209,499	4,527,438	70,736,937	75,753,369
Total Liabilities and Net Assets	$ 67,731,295	$ 4,527,438	$ 72,258,733	$ 77,071,920

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

VITAMIN ANGELS ALLIANCE, INC.
Statement of Activities
Year Ended December 31, 2019
(With Summarized Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenues and Other Support				
In-kind contributions	$ 87,940,041	$ -	$ 87,940,041	$ 120,205,014
Contributions	12,649,643	4,464,722	17,114,365	15,602,648
Special event income	295,440	-	295,440	296,370
Investment income (loss), net	686,789	-	686,789	(17,009)
Net assets released from restrictions	4,444,272	(4,444,272)	-	-
Total revenues and other support	106,016,185	20,450	106,036,635	136,087,023
Expenses				
Nutrition and health projects	104,944,307	-	104,944,307	105,477,891
Management and general	1,160,322	-	1,160,322	1,099,190
Special events and fundraising	4,948,438	-	4,948,438	5,177,551
Total expenses	111,053,067	-	111,053,067	111,754,632
Increase (decrease) in net assets	(5,036,882)	20,450	(5,016,432)	24,332,391
Net assets, beginning of year	71,246,381	4,506,988	75,753,369	51,420,978
Net assets, end of year	$ 66,209,499	$ 4,527,438	$ 70,736,937	$ 75,753,369

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

VITAMIN ANGELS ALLIANCE, INC.
Statement of Functional Expenses
Year Ended December 31, 2019
(With Summarized Comparative Totals for 2018)

	Program Services	Supporting Services		Total	
	Nutrition and Health Projects	Management and General	Special Events and Fundraising	2019	2018
Salaries	$ 1,395,858	$ 716,382	$ 2,116,500	$ 4,228,740	$ 3,993,715
Payroll taxes and benefits	234,213	121,557	356,499	712,269	708,246
Total salaries and benefits	1,630,071	837,939	2,472,999	4,941,009	4,701,961
Consulting	1,548,360	24,379	777,810	2,350,549	2,546,527
Depreciation and amortization	18,618	7,447	11,170	37,235	100,426
Development events, donor recognition, and marketing	-	-	933,731	933,731	1,046,800
Information technology	301,636	86,182	43,090	430,908	431,682
Insurance	61,068	24,427	36,641	122,136	104,416
Legal and accounting	114,305	57,153	19,051	190,509	241,756
Loss on disposal of asset	-	3,122	-	3,122	1,146
Occupancy	116,190	46,476	69,713	232,379	201,824
Office expenses	152,182	60,873	91,308	304,363	205,411
Postage and shipping	1,435,114	-	-	1,435,114	1,939,726
Products distributed - contributed	95,552,839	-	-	95,552,839	95,455,812
Products distributed - purchased	3,157,292	-	-	3,157,292	3,614,316
Program direct expense	253,540	-	-	253,540	169,873
Special event venue, catering, and other	-	-	99,067	99,067	94,228
Travel	603,092	12,324	393,858	1,009,274	898,727
Total expenses 2019	$ 104,944,307	$ 1,160,322	$ 4,948,438	$ 111,053,067	
Total expenses 2018	$ 105,477,891	$ 1,099,190	$ 5,177,551		$ 111,754,632

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

VITAMIN ANGELS ALLIANCE, INC.
Statement of Cash Flows
Year Ended December 31, 2019
(With Summarized Comparative Totals for 2018)

	2019	2018
Cash flows from operating activities		
Increase (decrease) in net assets	$ (5,016,432)	$ 24,332,391
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities		
Amortization	5,205	71,482
Depreciation	32,031	28,946
Net realized gain on investments	(33,008)	(50,408)
Net unrealized loss (gain) on investments	(520,930)	177,574
Net realized loss on disposal of fixed assets	3,122	1,146
Decrease (increase) in:		
Inventory	8,041,387	(25,264,619)
Pledges receivable	(107,734)	542,004
Prepaid expenses and deposits	10,161	(15,613)
Increase (decrease) in:		
Accounts payable	38,317	42,599
Accrued payroll liabilities	89,928	(35,717)
Accrued deferred compensation	75,000	60,000
Net cash provided (used) by operating activities	2,617,047	(110,215)
Cash flows from investing activities		
Purchase of investments	(1,885,476)	(3,715,634)
Proceeds from sales of investments	1,176,270	1,042,642
Purchase of office furniture and equipment	(277,407)	(10,835)
Net cash used by investing activities	(986,613)	(2,683,827)
Net increase (decrease) in cash	1,630,434	(2,794,042)
Cash, beginning of year	3,254,589	6,048,631
Cash, end of year	$ 4,885,023	$ 3,254,589

1. ORGANIZATION

The Vitamin Angels Alliance, Inc. (the "Organization"), a California nonprofit corporation, was founded in 1998 and is headquartered in Goleta, California. The Organization aims to reduce health and economic disparities across the lifespan by effectively delivering evidence-based nutrition interventions to hard-to-reach populations globally. The Organization's model is based on the reality that national health services are unable to reach all eligible beneficiaries, especially those that reside in marginalized or hard-to-reach communities.

Employing context-specific approaches, the Organization engages in advocacy and advisory services, provides evidence-based nutrition interventions, and delivers technical assistance to reach underserved populations. The Organization works at both the national and local level, often through a blended approach, to identify governments and non-governmental organizations (NGOs) interested in exploring the introduction and implementation of evidence-based nutrition interventions. It is through a range of strategies, working with multiple stakeholders, that the Organization can effectively and efficiently fill gaps in coverage.

The Organization supports a range of nutrition specific interventions, targeting the first 1,000 days of life (i.e., from conception to 24 months of age) and children up to 5 years of age. The Organization works to expand the availability of evidence-based nutrition interventions to hard-to-reach populations, with a focus on strengthening, sustaining, or expanding multiple micronutrient supplementation (MMS) for pregnant women, high-dose vitamin A supplementation for children under 5, deworming for children under 5, and infant and young child feeding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont.)

Net Assets

GAAP requires that the Organization report information regarding its financial position and activities according to two classes of net assets based on the existence and nature of donor imposed restrictions as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are permanent in nature, where by the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2019 and 2018, there were no donor restricted funds that were permanent in nature.

Prior-Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but are not presented by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018 from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Cash

For purposes of the statement of cash flows, cash consists of cash in banks and excludes cash equivalents held for investment.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont.)

Investments

The Organization follows Accounting Standards Codification 820, Fair Value Measurements and Disclosures, issued by the Financial Accounting Standards Board (ASC 820). ASC 820 defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Pursuant to ASC 820, assets and liabilities recorded and maintained at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure fair value. ASC 820 establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The Organization has no liabilities measured at fair value. Following is a description of the valuation methodologies used for cash and investments measured at fair value:

Cash and money market funds - Valued at face value (Level 1)

Equities and mutual funds - Valued utilizing quoted prices available in active markets for identical investments as of the reporting date. (Level 1)

Fixed income securities - Valued utilizing benchmark yields, reported trades or broker dealer quotes. (Level 2)

Detailed information about fair value of investments and the unrealized gains and losses are discussed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Inventory

The Organization's policy is to distribute inventory at the earliest practical date, consistent with sound programmatic principles. While the distribution typically occurs in the same year of receipt, it may occur in the following year. The expense 'products distributed' is recorded when inventory is shipped. Inventory consists of the following as of December 31:

	2019	2018
Health supplies – Anti-parasitic tablets	$ 27,197,491	$ 39,695,829
Prenatal Multivitamins	25,118,741	20,441,175
High-dose vitamin A	1,791,712	2,012,327
	$ 54,107,944	$ 62,149,331

Contributed inventory is recorded at fair value (See Note 1, Contributed Product). Purchased inventory is carried at cost, unless the purchase price has been discounted. If the Organization is able to purchase from a vendor at a price below the valuation price, the Organization records the discount as a gift in-kind (GIK) contribution. The discount is the difference between the amount that would be paid for the quantity of product purchased in an orderly transaction between market participants, and the purchase price paid by the Organization.

Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges receivable consist primarily of promises from corporate donors. The Organization uses the allowance method to determine uncollectible pledges. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance for uncollectible pledges at December 31, 2019 and 2018. There were no pledges receivable at December 31, 2019 with expected due dates beyond December 31, 2020.

Office Furniture, Equipment, and Leasehold Improvements

Office furniture, equipment, and leasehold improvements are carried at cost, or if acquired by gift, at the estimated fair market value on the date of donation. Expenditures for major renewals that extend the useful lives of office furniture and equipment are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of office furniture and equipment as follows:

	Years
Furniture and fixtures	5-7
Computers and office equipment	5
Leasehold improvements	7

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Revenue Recognition

The Organization records contributions in the period received or promised as revenue without donor restrictions unless the donor stipulates any restrictions which are not met within the year the donation is received. Donor restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements. Donor restricted contributions whose restrictions are not met within the same year as received are recorded as an increase in net assets with donor restrictions. When a restriction expires due to purpose and/or time, net assets with donor restrictions are reclassified as net assets without donor restrictions.

Contributed Product

The Organization values gifts in-kind (GIK) at fair value. ASC 820 defines fair value 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.”

The fair value is determined based on the principal market for each product. There is no commercial market for the products contributed to the Organization in the United States. Accordingly, the principal market for the products contributed are limited to the international commercial marketplace where non-governmental organizations, governments, and/or local pharmacies transact for the product. The Organization uses independent pricing guides to determine the fair value of each product based on each product’s specific formulation. The sources of such pricing information vary and may include IMS Health data, International Drug Price Indicator (IDPI), “Sources and Prices of Selected Medicines for Children”, and/or the average wholesale price found in RedBook©.

IMS Health data comes from a company called IMS Health that provides market intelligence to pharmaceutical and healthcare industries and provides wholesale pricing data. The International Drug Price Indicator IDPI is published by an international nonprofit organization based on prices from several sources including pharmaceutical suppliers, international development organizations and government agencies. The “Sources and Prices of Selected Medicines for Children” guide is published annually by UNICEF and the W.H.O. If the product formulations are not listed in IMS Health data, the IDPI or in the “Sources and Prices of Selected Medicines for Children” guide, the average wholesale price of the most similar products found in RedBook ® is used as a suitable pricing reference. RedBook ® is published by Thomson Reuters and is based on United States manufacturers’ suggested wholesale prices.

Valuations typically are substantially lower than published retail prices. Contributed products provided to the Organization’s partners around the world are recorded as an expense at the same fair value as there were recognized upon receipt as revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Contributed Services

The Organization recognizes contribution revenue for specialized services that would otherwise be purchased by the Organization in an amount equal to the fair value of those services. The legal consulting services were donated by a related party (Note 11). The following amounts were contributed and recognized as revenue:

Service Donated	2019 Fair Value	2018 Fair Value	Purpose
Accounting services	$ 3,300	$ 8,300	General
Legal consulting	135,735	171,011	General

Functional Allocation of Expenses

The statement of functional expenses present the natural classification detail of expenses by function. Direct expenses are charged to the appropriate program or supporting services. Certain costs have been allocated among the programs and supporting services benefited. Expenses allocated on a square footage basis include occupancy, depreciation, utilities, and insurance. Expenses allocated on the basis of estimates of time and effort include salaries and wages, benefits, payroll taxes, professional services, office expenses, and information technology.

Tax Exempt Status

The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, and is considered a public charity.

Uncertain Tax Positions

The Organization's IRS Form 990 is subject to review and examination by Federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The Organization's tax returns from the year 2016 to the present remain subject to examination by the IRS for federal tax purposes, and the tax years from 2015 to the present remain subject to examination by the state of California.

Use of Estimates

Financial statements prepared in accordance with GAAP require management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant accounting estimates include valuation of contributed products and functional expense allocations. Actual results could differ from those estimates.

3. LIQUIDITY AND AVAILABILITY

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 as of December 31, 2019:

Cash	$ 4,885,003
Investments	8,428,853
Pledges receivable	4,464,722
Less deferred compensation liability	(275,000)
Less board-designated operating reserve	(5,013,405)
	$ 12,490,193

As part of the liquidity management plan, the Organization maintains an operating reserve. Based on the available liquidity as of December 31, 2019 and expected 2020 cash income, the Organization does not anticipate using the operating reserve during the fiscal year ending December 31, 2020.

4. INVESTMENTS

At December 31, 2019, investments without donor restrictions consist of the following:

	Cost	Fair Value	Excess of Fair Value Over Cost
Money market funds (Level 1)	$ 3,530,549	$ 3,530,549	$ -
Mutual and exchange traded funds (Level 1)	682,447	724,882	42,435
Fixed income (Level 2)	1,588,995	1,624,311	35,316
Equities (Level 1)	2,001,171	2,549,111	547,940
	$ 7,803,162	$ 8,428,853	$ 625,691

At December 31, 2018, investments without donor restrictions consist of the following:

	Cost	Fair Value	Excess (Deficit) of Fair Value Over Cost
Money market funds (Level 1)	$ 3,823,033	$ 3,823,033	$ -
Mutual and exchange traded funds (Level 1)	509,111	498,277	(10,834)
Fixed income (Level 2)	1,509,539	1,637,148	127,609
Equities (Level 1)	1,219,355	1,207,251	(12,104)
	$ 7,061,038	$ 7,165,709	$ 104,761

4. INVESTMENTS (Cont.)

Investment income (loss) for the years ending December 31, 2019 and 2018 consists of the following:

	2019	2018
Interest and dividends	$ 168,068	$ 140,005
Net realized gain	33,008	50,408
Net unrealized gain (loss)	520,930	(177,574)
	722,006	12,839
Less investment fees	(35,217)	(29,848)
Total investment income (loss)	$ 686,789	$ (17,009)

5. OFFICE FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Office furniture, equipment, and leasehold improvements are summarized by major classifications as follows at December 31:

	2019	2018
Furniture and fixtures	$ 102,774	$ 19,516
Computers and office equipment	137,773	110,631
Leasehold improvements	150,596	-
Less accumulated depreciation	(86,655)	(67,913)
	$ 304,488	$ 62,234

Depreciation expense for the years ended December 31, 2019 and 2018 was approximately $32,000 and $28,900, respectively.

6. INTANGIBLE ASSETS

The Organization has intangible assets relating to the development of its website and these costs are being amortized over three years on a straight-line basis. As of December 31, 2019, cost of these intangibles of approximately $329,500 were fully amortized.

Amortization expense related to intangible assets for the years ended December 31, 2019 and 2018 was approximately $5,200 and $71,500 respectively.

7. OPERATING LEASE

On April 5, 2019, the Organization entered into a non-cancelable operating lease agreement with an expiration date of July 31, 2026. The initial monthly lease payments is approximately $25,100 with increases of approximately 3% annually. The Organization is also required to pay common area costs, including property taxes.

Rent expense for the building including common area costs and property taxes was approximately $203,800 and $177,200 for the years ended December 31, 2019 and 2018, respectively.

Future annual minimum lease payments under the existing operating lease is as follows:

Year ending December 31,		
	2020	$ 233,800
	2021	240,800
	2022	248,000
	2023	255,500
	2024 and later	421,263
		$ 1,399,363

8. BOARD DESIGNATED NET ASSETS

As of December 31, 2019 and 2018, the board has designated net assets without donor restrictions in the amount of $5,013,405 and $4,419,006, respectively, as an operating reserve fund.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of pledges receivable totaling $4,464,722 and $4,356,988 as of December 31, 2019 and 2018, respectively. These amounts will be released of donor restrictions upon collection. In 2018, the Organization received a donor restricted contribution from a foundation in the amount of $150,000, which subject to geographic use restrictions. In 2019 approximately $87,300 of the funds were released from restriction and the Organization anticipates fully utilizing this contribution during the year ending December 31, 2020.

10. CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. As of December 31, 2019, substantially all of the Organization’s cash was maintained in financial institutions. The cash balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 for interest-bearing accounts.

10. CONCENTRATIONS (Cont.)

Cash equivalent balances held in brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC) up to $250,000 per institution. The Organization's uninsured cash balances totaled approximately $6,462,000 at December 31, 2019. For the year ended December 31, 2019, 72% of cash contributions were attributable to three donors and 81% of In-kind contributions were attributable to three donors. Including the in-kind contribution component, 85% of inventory acquisitions were from two vendors.

11. RELATED PARTY TRANSACTIONS

A board member is a principal in a law firm that contributed legal consulting services in the amount of $135,735 and $171,011 for the years ended December 31, 2019 and 2018, respectively (Note 1). In addition, a board member provided consulting services to the Organization totaling $145,200 and $140,580 for each of the years ended December 31, 2019 and 2018 respectively.

12. EMPLOYEE BENEFITS

Effective April 1, 2013, the Organization established a qualified profit sharing retirement plan with a 401(k) deferred compensation provision covering substantially all employees. Employees must meet the minimum hours of service requirement of one year and be 21 years old in order to qualify for inclusion in the plan. Under the plan, qualified employees may elect to defer up to 90% of their salaries, subject to the Internal Revenue Code (IRC) limits. The Organization makes safe harbor contributions equal to 3% of each participant's compensation, which are 100% vested as of the date of contribution. In addition, the Organization may elect to make discretionary contributions to the plan, subject to IRC limits, which are allocated to participants in accordance with the plan document. Expenses of the plan are paid by the Organization and are included in the financial statements as a component of general and administrative expenses.

The Organization's contribution to the plan, consisting of safe harbor and a discretionary contribution component, totaled approximately $137,400 and $142,700 and for the years ended December 31, 2019 and 2018, respectively.

The Organization established a non-qualified deferred compensation agreement under Section 457(f) of the IRC effective January 1, 2014. In September 2018, the agreement was amended to provide for deferred compensation of $75,000 annually for five years commencing with the year ending December 31, 2019. The agreement covers the president of the Organization.

12. EMPLOYEE BENEFITS (Cont.)

The agreement provides for a deferred compensation account to be funded as follows:

2014	$ 40,000
2015	40,000
2017	60,000
2018	60,000
2019 and thereafter	375,000
	$ 575,000

The account is owned by the Organization and is therefore included in investments on the accompanying Statement of Financial Position. As of December 31, 2019, $200,000 is vested. The remaining amount of $375,000 in the account will vest 100% as of December 31, 2023 or at the time of death, disability, or termination of employment without cause.

13. SUBSEQUENT EVENTS

Operations

In March 2020, the Organization's offices were closed in consideration of the Center for Disease Control guidance related to the COVID-19 pandemic. There are expected to be adverse impacts on contributions and program operations, however, the Organization believes it has the financial resources necessary address the financial impacts of the pandemic.

Payroll Protection Program Loan

In April 2020, the Organization applied and received a loan of $700,000 under the Small Business Administration Payroll Protection Program. Loans received under this program are eligible for forgiveness as documented in the regulations. Any amounts not forgiven will have an annual interest rate of 1% and principal and interest will be due two years from the date of the loan.

The Organization has evaluated subsequent events through July 7, 2020, which is the date that the financial statements were available to be issued.