



STATE OF INDIANA
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November 27, 2023

To: The Board of Directors
Family Ark, Inc.
101 Noah's Lane
Jeffersonville, IN 47130

We have reviewed the audit report of Family Ark, Inc. which was opined upon by Bowden & Wood, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Family Ark, Inc. as of December 31, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Bowden & Wood prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

FAMILY ARK, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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BOWDEN & WOOD

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November 3, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Ark, Inc.
Jeffersonville, Indiana

We have audited the accompanying financial statements of Family Ark, Inc. (an Indiana non-profit organization), which comprise the statements of financial position as of December 31, 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.

Auditors' 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 audits 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 auditors' 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 Family Ark, Inc., as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,



Bowden & Wood, PLLC
Certified Public Accountants

FAMILY ARK, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 89 205	\$ 174 912
Investments (note B)	147 623	159 441
Accounts receivable, less allowance for insurance adjustments (note C)	320 218	109 800
Prepaid expenses	<u>29 022</u>	<u>18 571</u>
Total current assets	<u>586 068</u>	<u>462 724</u>
Property and equipment:		
Construction in process	556 280	26 487
Land	18 919	18 919
Buildings	656 760	656 760
Leasehold improvements	170 533	155 110
Furniture and fixtures	46 581	8 650
Computer and office equipment	72 160	229 114
Automobiles	<u>48 092</u>	<u>117 072</u>
	1 569 325	1 212 112
Less accumulated depreciation	<u>309 299</u>	<u>497 514</u>
Total property and equipment, net (note E)	<u>1 260 026</u>	<u>714 598</u>
Other assets:		
Cash and cash equivalents with donor restrictions (note I)	<u>173 859</u>	<u>498 513</u>
Total other assets	<u>173 859</u>	<u>498 513</u>
Total assets	<u><u>2 019 953</u></u>	<u><u>1 675 835</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	142 285	96 092
Accrued expenses	119 288	70 522
Line of credit (note G)	<u>100 912</u>	<u>99 987</u>
Total current liabilities	<u>362 485</u>	<u>266 601</u>
Long-term liabilities:		
Construction note payable (note F)	<u>83 610</u>	<u>-0-</u>
Total liabilities	<u>446 095</u>	<u>266 601</u>
Net assets:		
Without donor restrictions	1 399 999	910 721
With donor restrictions	<u>173 859</u>	<u>498 513</u>
Total net assets	<u>1 573 858</u>	<u>1 409 234</u>
Total liabilities and net assets	<u><u>2 019 953</u></u>	<u><u>1 675 835</u></u>

See notes to financial statements.

FAMILY ARK, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

			2020	2019
	Without donor restrictions	With donor restrictions	Total	Total
Revenues, gains and other support				
Program service fees:				
Inpatient - foster care	\$ 809 756	\$ -0-	\$ 809 756	\$ 763 559
Outpatient - specialized treatment	706 137	-0-	706 137	922 888
Family preservation	<u>156 475</u>	<u>-0-</u>	<u>156 475</u>	<u>959</u>
Total program service fees	1 672 368	-0-	1 672 368	1 687 406
Other revenues:				
Contributions and grants	51 267	262 500	313 767	601 600
Special events	4 283	-0-	4 283	14 195
Investment income	2 463	-0-	2 463	5 374
Loss on sale of investments	(3 712)	-0-	(3 712)	(6 532)
Unrealized gain (loss) on investments	10 709	-0-	10 709	51 771
Other income	13 985	-0-	13 985	7 993
PPP grant	<u>259 980</u>	<u>-0-</u>	<u>259 980</u>	<u>-0-</u>
Total other revenues	338 975	262 500	601 475	674 401
Satisfaction of donor specified restrictions (note I)	<u>587 154</u>	<u>(587 154)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues, gains and other support	2 598 497	(324 654)	2 273 843	2 361 807
Expenses				
Program services	1 761 589	-0-	1 761 589	1 857 466
General and administrative	312 396	-0-	312 396	252 758
Fund-raising	<u>35 234</u>	<u>-0-</u>	<u>35 234</u>	<u>33 189</u>
Total expenses	2 109 219	-0-	2 109 219	2 143 413
Net increase in total net assets	489 278	(324 654)	164 624	218 394
Net assets at beginning of year	<u>910 721</u>	<u>498 513</u>	<u>1 409 234</u>	<u>1 190 840</u>
Net assets at end of year	<u>1 399 999</u>	<u>173 859</u>	<u>1 573 858</u>	<u>1 409 234</u>

See notes to financial statements.

FAMILY ARK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31,

			2020	2019	
	Program	General and	Fund	Total	
	services	administrative	raising	expenses	
			expenses	expenses	
Salaries	\$ 995 176	\$202 539	\$29 827	\$1 227 542	\$1 252 322
Employee benefits	87 203	17 747	2 613	107 563	108 886
Payroll taxes	72 976	14 852	2 187	90 015	98 005
Foster parent payments	263 489	-0-	-0-	263 489	273 207
Professional fees	28 912	6 750	-0-	35 662	41 141
Depreciation	36 407	8 501	-0-	44 908	44 270
Insurance	47 119	11 002	-0-	58 121	48 179
Bad debt (recovery) expense	(1 333)	(311)	-0-	(1 644)	1 946
IT	25 679	5 996	-0-	31 675	44 589
Repairs and maintenance	25 727	6 007	-0-	31 734	27 055
Utilities	23 571	5 504	-0-	29 075	25 378
Travel	3 911	913	-0-	4 824	7 786
Telephone	17 992	4 201	-0-	22 193	24 098
Professional development	28 992	6 769	-0-	35 761	23 964
Interest	-0-	-0-	-0-	-0-	3 021
Supplies	15 909	3 714	-0-	19 623	8 616
Licensing	5 450	1 273	-0-	6 723	8 455
Investment fees	1 036	242	-0-	1 278	2 635
Recruitment	4 192	979	-0-	5 171	8 340
Dues and subscriptions	7 528	1 758	-0-	9 286	8 665
Program activities	4 637	1 083	-0-	5 720	14 721
Miscellaneous	17 099	3 992	-0-	21 091	18 266
Employment	3 952	923	-0-	4 875	4 965
Scholarship award	3 000	-0-	-0-	3 000	1 000
Advertising and marketing	3 112	726	-0-	3 838	4 949
Food	-0-	-0-	442	442	3 149
Postage	954	223	-0-	1 177	1 356
Banking fees	2 927	683	-0-	3 610	3 024
Foster parent training	804	-0-	-0-	804	975
Special events	-0-	-0-	165	165	460
Rent	1 894	442	-0-	2 336	2 376
Printing	2 035	475	-0-	2 510	4 985
Billing service	19 285	4 503	-0-	23 788	22 629
Food and utility assistance	8 055	-0-	-0-	8 055	-0-
Outside services	3 899	910	-0-	4 809	-0-
Total expenses	<u>1 761 589</u>	<u>312 396</u>	<u>35 234</u>	<u>2 109 219</u>	<u>2 143 413</u>

See notes to financial statements.

FAMILY ARK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from services provided	\$1 672 368	\$1 687 405
Cash paid to suppliers and employees	(2 188 443)	(1 933 141)
Contributions and grants received - with donor imposed restrictions	265 000	553 000
Contributions and grants received - without donor imposed restrictions	48 267	48 600
Cash received from other income	24 750	22 188
Cash received from PPP grant	259 980	-0-
Interest paid	<u>-0-</u>	<u>(3 021)</u>
Net cash provided by operating activities	81 922	375 031
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(67 326)	(27 800)
Proceeds from sales of investments	20 000	163 000
Proceeds from sales of property and equipment	300	-0-
Construction in process	<u>(529 792)</u>	<u>-0-</u>
Net cash (used) provided by investing activities	(576 818)	135 200
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on line of credit, net	925	100 000
Borrowings on construction loan	83 610	-0-
Principal payments on note payable	-0-	(12 816)
Principal payments on line of credit	<u>-0-</u>	<u>(13)</u>
Net cash provided by financing activities	<u>84 535</u>	<u>87 171</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(410 361)	597 402
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>673 425</u>	<u>76 023</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u><u>263 064</u></u>	<u><u>673 425</u></u>

See notes to financial statements

FAMILY ARK, INC.
STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED DECEMBER 31,

	2020	2019
Reconciliation of net increase in total net assets to net cash provided in operating activities		
Net increase in total net assets	<u>\$164 624</u>	<u>\$218 394</u>
Adjustments to reconcile net increase in total net assets to net cash provided in operating activities:		
Depreciation	44 908	44 270
Change in allowance accounts	4 623	(26 486)
Net investment income reinvested	6 238	-0-
(Gain) loss on sale of investments	(3 712)	6 532
Unrealized gain on investments	(10 709)	(51 771)
Loss on sale of fixed assets	6 483	-0-
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(215 041)	174 322
Prepaid expenses	(10 451)	(493)
Increase (decrease) in liabilities:		
Accounts payable	46 194	3 916
Accrued expenses	48 765	6 347
Total adjustments	<u>(82 702)</u>	<u>156 637</u>
Net cash provided by operating activities	<u>81 922</u>	<u>375 031</u>

See notes to financial statements.

FAMILY ARK, INC.
NOTES TO FINANCIAL STATEMENTS

A DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

Family Ark, Inc. (the Organization), located in Jeffersonville, Indiana, is a not-for-profit organization which operates facilities, develops programs and provides services for the care of children and families in Southern Indiana.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Family Ark, Inc. 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 the integrity and objectivity of the financial statements.

CONTRIBUTIONS

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

CONTRIBUTED SERVICES

No amounts have been reflected in the financial instruments for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

SERVICE REVENUES

Service revenues are reported at the estimated net realizable amounts from individuals and third-party payers for services rendered.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with original maturities of three months or less to be cash and cash equivalents.

ACCOUNTS RECEIVABLE

The valuation of accounts receivable is based upon a detailed analysis of past due accounts and the history of uncollectible accounts. The Organization periodically reviews doubtful accounts to determine if write-offs are necessary. Accounts receivable at January 1, 2019 was \$284,122.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

FAMILY ARK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

A DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost, if purchased, or at fair market value as of the date of donation, if donated. The Organization's policy is to capitalize asset purchases exceeding \$2,000. Depreciation is calculated using the straight-line and double-declining balance methods over the assets' useful lives.

COMPENSATED ABSENCES

Employees of the Organization are entitled to paid leave, including vacation and sick time depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future sick pay, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of sick absences when actually paid to employees.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. However, income from certain activities not directly related to the Organization's tax exempt purpose may be subject to taxation as unrelated business income.

As of December 31, 2020, the Organization did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the year then ended.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

COST ALLOCATION

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Management believes the best allocation method is based on the percentage of compensation between the program services and general and administrative expenses.

FAMILY ARK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

B INVESTMENTS

Cost and market value of investments consisted of the following as of December 31, 2020:

	Cost	Market value	Unrealized appreciation (depreciation)
Money market accounts	\$ 12 588	\$ 12 588	\$ -0-
Bond funds	96 699	99 394	2 695
Equity funds	<u>24 602</u>	<u>35 641</u>	<u>11 039</u>
Total investments	<u>133 889</u>	<u>147 623</u>	<u>13 734</u>

Cost and market value of investments consisted of the following as of December 31, 2019:

	Cost	Market value	Unrealized appreciation (depreciation)
Money market accounts	\$ 6 445	\$ 6 445	\$ -0-
Bond funds	121 640	119 360	(2 280)
Equity funds	<u>25 522</u>	<u>33 636</u>	<u>8 114</u>
Total investments	<u>153 607</u>	<u>159 441</u>	<u>5 834</u>

C RECEIVABLES

The principal source of revenue to the Organization is appropriations received from Indiana for the counties served. The courts will appropriate funds for the care of each child who is sent to the Organization for placement in foster homes and home based services. Such funds are then used by the Organization to pay foster parents and operating overhead including staff and counselors' salaries. Approximately 78% of service fees in 2020 and 72% in 2019 were derived from services provided under contracts with the Indiana Department of Child Services (DCS). Receivables from the DCS total approximately 85% of the accounts receivable for services at December 31, 2020 and 70% at December 31, 2019. The current level of the Organization's program services may be impacted if the funding by the DCS significantly changes.

FAMILY ARK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

C RECEIVABLES (continued)

Receivables consisted of the following at December 31,

	2020	2019
Behavioral health center	\$ 62 058	\$ 50 679
Foster care	131 564	61 054
Home based	57 074	31 455
Family preservation	107 904	- 0 -
Other	<u>1 012</u>	<u>1 383</u>
	<u>359 612</u>	<u>144 571</u>
Allowance for insurance adjustments	<u>(39 394)</u>	<u>(34 771)</u>
	<u><u>320 218</u></u>	<u><u>109 800</u></u>

D FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active or inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization's assets have been valued using a market approach. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2020 and December 31, 2019.

Bond and equity funds - valued based on quoted prices for similar assets from observable pricing sources.

FAMILY ARK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

D FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of December 31,

	2020	2019
	Level 1	Level 1
Money market accounts	\$ 12 588	\$ 6 445
Bond funds	99 394	119 360
Equity funds	<u>35 641</u>	<u>33 636</u>
	<u>147 623</u>	<u>159 441</u>

E PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31,

	2020	2019
Description		
Furniture and fixtures	\$ 46 581	\$ 8 650
Computer and office equipment	72 160	229 114
Vehicles	48 092	117 072
Leasehold improvements	170 533	155 110
Buildings	656 760	656 760
Land	18 919	18 919
Construction in process	<u>556 280</u>	<u>26 487</u>
	1 569 325	1 212 112
Less accumulated depreciation and amortization	<u>(309 299)</u>	<u>(497 514)</u>
Net property and equipment	<u>1 260 026</u>	<u>714 598</u>

Depreciation and amortization expense was \$44,908 and \$44,270 for the years ended December 31, 2020 and 2019, respectively.

F CONSTRUCTION NOTE PAYABLE

The Organization obtained a construction to permanent loan with a limit of \$682,721 secured by the real estate. The loan has interest only payments at a rate of 4.55% for the first 18 months then converts to a mortgage loan thereafter for 180 months with principal and interest payments due at a rate of 4.55% fixed for 60 months. The available balance on the loan at December 31, 2020 was \$599,111.

FAMILY ARK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

G LINE OF CREDIT

The Organization has a line of credit with a limit of \$200,000 secured by the real estate at the bank's prime rate (4.00% at December 31, 2020 and 4.75% at December 31, 2019). The available balance was \$99,088 at December 31, 2020 and \$100,013 at December 31, 2019.

H RETIREMENT PLAN

The Organization has a 403(b) plan, which allows employees to defer a percentage of their wages and covers substantially all employees who meet certain requirements. The Organization matches 50% of employee deferrals up to 4% of the employee's wages for a maximum match of 2%. Total expense under the plan was \$11,930 and \$15,549 for the years ended December 31, 2020 and 2019, respectively.

I LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

	2020	2019
Financial assets at year-end	<u>\$410 687</u>	<u>\$832 866</u>
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to support children and families	24 016	- 0 -
Donor-restricted to support youth programs impacted by COVID	149 843	- 0 -
Donor-restricted to renovation project	<u>- 0 -</u>	<u>498 513</u>
Total donor restricted financial assets	<u>173 859</u>	<u>498 513</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>236 828</u></u>	<u><u>334 353</u></u>

J RESTRICTIONS ON NET ASSETS

CAPITAL CAMPAIGN

The Organization, along with Volunteers of America and Indiana Department of Child Services, have contracted to begin a program for pregnant women with substance addictions. The Organization is renovating one of the buildings on the property to provide the services. To fund the renovation costs, the Organization raised support of \$25,000 in 2020 and \$525,000 in 2019 of which the full amount had been spent at December 31, 2020. Renovation of the facilities began in the fall of 2019 with completion in February 2021. Cash and promises to give were restricted to payment of the cost of renovating the facility and are not available for operating purposes.

FAMILY ARK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

J RESTRICTIONS ON NET ASSETS (continued)

CAPITAL CAMPAIGN (continued)

Net assets with donor restrictions during the year ended December 31, 2020 are as follows:

	Balance 12/31/19	Contributions/ grants	Released	Balance 12/31/20
Contributions restricted for:				
Renovation project	\$498 513	\$ -0-	\$(498 513)	\$ -0-
Indiana youth programs impacted by COVID	-0-	163 000	(13 157)	149 843
Supporting children and families	-0-	25 000	(984)	24 016
BHC bathroom remodel	-0-	15 000	(15 000)	-0-
Safety boxes	-0-	1 000	(1 000)	-0-
Food and utility assistance	-0-	3 000	(3 000)	-0-
Utility assistance	-0-	500	(500)	-0-
Outreach and marketing materials	-0-	500	(500)	-0-
Renovation project	-0-	25 000	(25 000)	-0-
Lotus house - renovation project	-0-	12 500	(12 500)	-0-
Infrastructure	-0-	17 000	(17 000)	-0-
	<u>498 513</u>	<u>262 500</u>	<u>(587 154)</u>	<u>173 859</u>

K CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Cash	\$ 89 205	\$174 912
Restricted cash	<u>173 859</u>	<u>498 513</u>
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	<u>263 064</u>	<u>673 425</u>

L RENTAL INCOME

The Organization occasionally leases on a day-by-day portions of its property to unrelated third parties. Rental income for the years ended December 31, 2020 and 2019 was \$1,250 and \$7,220, respectively.

FAMILY ARK, INC.
NOTES TO FINANCIAL STATEMENTS (continued)

M CONCENTRATION OF CREDIT RISK

The Organization has significant investments in bond and equity funds held by an investment manager and are, therefore, subject to credit risk. Investments are made by the investment manager and the investments are monitored by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

N ADOPTION OF GOVERNMENT GRANT GUIDANCE

During 2020 the Organization obtained a Paycheck Protection Program (PPP) loan through the SBA for \$259,980. As of the date of this report the Organization has been granted full forgiveness of the PPP loan. The Organization has adopted the accounting policy for government grants to recognize this amount in the statement of activities as "other income" under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.

O RISKS AND UNCERTAINTIES

COVID-19 and its related economic impact on businesses and organizations of all sizes began prior to the issuance of these financial statements. While it is too early to determine the full effect of COVID-19 or when business operations may return to more normal levels, management believes that there could be at least some negative impact on the financial condition of the Organization.

P SUBSEQUENT EVENTS

In 2021, the Organization applied for and received a second PPP loan of \$250,766. The Organization has met the requirements and full forgiveness has been granted.

Subsequent events have been evaluated through the date of this report, which is the date the financial statements were available to be issued.