

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Financial Statements

For the years ended December 31, 2020 and 2019

(With Independent Auditor's Report Thereon)

CONTACT WE CARE, INC. D/B/A CARING CONTACT
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For the years ended December 31, 2020 and 2019

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CONTACT WE CARE, INC. D/B/A CARING CONTACT
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 441,720	\$ 243,231
Investments	112,671	99,955
Accounts receivable	225	725
Pledges receivable, net	-	24,275
Prepaid expenses	6,442	4,717
Total current assets	561,058	372,903
Property and equipment, net	6,619	9,477
Deposits	1,000	1,000
Total assets	\$ 568,677	\$ 383,380
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued bonus	\$ 9,000	\$ -
Accrued expenses	6,000	-
Accrued payroll tax	-	20
Contract liabilities	25,833	-
Total liabilities	40,833	20
Net assets:		
Without donor restriction	398,732	285,860
With donor restriction	129,112	97,500
Total net assets	527,844	383,360
Total liabilities and net assets	\$ 568,677	\$ 383,380

The accompanying notes to the financial statements are an integral part of this statement.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Statement of Activities
For the year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Program Fees	\$ 4,870	\$ -	\$ 4,870
Contributions	429,138	69,417	498,555
Fundraising	1,005	-	1,005
Net assets released from restrictions	39,391	(39,391)	-
	<u>474,404</u>	<u>30,026</u>	<u>504,430</u>
Total revenue and other support			
Expenses:			
Program services	318,373	-	318,373
Management and general services	34,023	-	34,023
Fundraising	26,166	-	26,166
	<u>378,562</u>	<u>-</u>	<u>378,562</u>
Total expenses			
Change in net assets from operations	<u>95,842</u>	<u>30,026</u>	<u>125,868</u>
Non-operating income			
Investment return, net of related expenses	17,030	1,586	18,616
Total non-operating income	<u>17,030</u>	<u>1,586</u>	<u>18,616</u>
Change in net assets	112,872	31,612	144,484
Net assets, January 1	<u>285,860</u>	<u>97,500</u>	<u>383,360</u>
Net assets, December 31	<u>\$ 398,732</u>	<u>\$ 129,112</u>	<u>\$ 527,844</u>

The accompanying notes to the financial statements are an integral part of this statement.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Statement of Activities
For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Program Fees	\$ 16,638	\$ -	\$ 16,638
Contributions	351,982	-	351,982
Special Events	2,286	-	2,286
Miscellaneous income	180	-	180
Net assets released from restrictions	25,000	(25,000)	-
Total revenue and other support	396,086	(25,000)	371,086
Expenses:			
Program services	279,948	-	279,948
Management and general services	20,010	-	20,010
Fundraising	20,814	-	20,814
Total expenses	320,772	-	320,772
Change in net assets from operations	75,314	(25,000)	50,314
Non-operating income			
Investment return, net of related expenses	18,923	-	18,923
Change in net assets	94,237	(25,000)	69,237
Net assets, January 1	191,623	122,500	314,123
Net assets, December 31	\$ 285,860	\$ 97,500	\$ 383,360

The accompanying notes to the financial statements are an integral part of this statement.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Statement of Functional Expenses
For the year ended December 31, 2020
(With comparative totals for the year ended December 31, 2019)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and payroll taxes	\$ 220,899	\$ 12,273	\$ 12,273	\$ 245,445
Bad debt expense	20,000	2,500	2,500	25,000
Rent	16,922	1,991	995	19,908
Program expense	18,209	-	-	18,209
Professional fees	2,906	13,352	333	16,590
Contract labor	8,916	1,115	1,115	11,145
Telecommunications	7,456	439	877	8,772
Insurance	6,003	704	353	7,060
Fundraising expense	-	-	6,871	6,871
Equipment rental and repairs	4,147	230	230	4,607
Miscellaneous	3,826	676	-	4,502
Depreciation	2,429	287	142	2,858
Advertising	2,188	-	-	2,188
Office supplies	1,626	191	95	1,912
Postage	1,186	42	168	1,396
Printing and publications	800	54	214	1,068
Dues and membership	681	170	-	851
Travel and conferences	180	-	-	180
	<u>\$ 318,373</u>	<u>\$ 34,023</u>	<u>\$ 26,166</u>	<u>\$ 378,563</u>
Comparative totals for the year ended December 31, 2019	<u>\$ 279,948</u>	<u>\$ 20,010</u>	<u>\$ 20,814</u>	<u>\$ 320,772</u>

The accompanying notes to the financial statements are an integral part of this statement.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Statement of Functional Expenses
For the year ended December 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and payroll taxes	\$ 201,798	\$ 11,212	\$ 11,212	\$ 224,222
Program expense	19,926	-	-	19,926
Rent	12,995	1,529	764	15,288
Telecommunications	8,156	480	959	9,595
Contract labor	6,581	1,858	822	9,261
Advertising	7,348	-	-	7,348
Insurance	5,447	639	320	6,406
Fundraising expense	-	-	5,794	5,794
Miscellaneous	3,089	546	-	3,635
Professional fees	816	2,716	93	3,625
Travel and conferences	3,298	-	-	3,298
Depreciation	2,745	324	161	3,230
Office supplies	2,634	309	154	3,097
Equipment rental and repairs	2,299	127	128	2,554
Postage	1,322	47	187	1,556
Printing and publications	825	56	220	1,101
Dues and membership	669	167	-	836
	<u>\$ 279,948</u>	<u>\$ 20,010</u>	<u>\$ 20,814</u>	<u>\$ 320,772</u>

The accompanying notes to the financial statements are an integral part of this statement.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Statements of Cash Flows
For the years ended December 31, 2020 and 2019

	2020	2019
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 144,484	\$ 69,237
Depreciation	2,858	3,230
Bad debt expense	25,000	-
Change in present value discount on pledges receivable	(725)	-
Realized gain on investments	(680)	(8,208)
Unrealized gain on investments	(15,536)	(5,458)
Changes in operating assets and liabilities:		
Accounts receivable	500	-
Pledges receivable	-	23,575
Prepaid expenses	(1,725)	(752)
Accounts payable and accrued expenses	14,980	(5,800)
Contract liabilities	25,833	-
	194,989	75,824
Cash flows from investing activities		
Purchase of investments	-	(3,553)
Proceeds from sale of investments	3,500	3,354
	3,500	(199)
Net cash provided/(used) by investing activities	3,500	(199)
Net change in cash and cash equivalents	198,489	75,625
Cash and cash equivalents, beginning of year	243,231	167,606
Cash and cash equivalents, end of year	\$ 441,720	\$ 243,231

The accompanying notes to the financial statements are an integral part of this statement.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Notes to Financial Statements

NOTE 1: ORGANIZATION AND PURPOSE

Contact We Care, Inc. D/B/A Caring Contact (the “Organization”) was founded in 1975. The Organization changed its name to “Caring Contact – A Listening Community” in 2015. The Organization is devoted to promoting emotional wellbeing and preventing emotional crises by providing opportunities for people to express themselves to compassionate listeners in safe environments. The Organization also provides mental health and suicide education training opportunities to volunteers.

The Organization has an office in Westfield, NJ for program and administrative activities.

Over 107 volunteer listeners staff the Organization’s hotlines. In 2020, volunteer listeners gave 6,024 hours of service. In 2019, volunteer listeners gave 6,868 hours of service.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed (or certain grantor 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. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Organization places its temporary cash investments with high credit quality financial institutions.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments of the Organization are reported at fair market value. Investment earnings on the statements of activities include interest, dividends and gains and losses on the sale of assets. Change in market value of assets held is reported as unrealized gains and losses.

Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Organization may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Pooled Funds: These are comprised of investments in registered investment companies and corporate bonds. Registered investment companies consist of shares of mutual funds that are valued at quoted market prices which represent the net asset value ("NAV") of shares held at year-end. Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities.

Prepaid Expenses

Prepaid expenses are amounts paid in the current year which benefit future periods.

Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated life for furniture and equipment is 7 years.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in the change in net assets. Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment for the years ended December 31, 2020 and 2019.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2020 and 2019 totaled \$2,188 and \$7,348, respectively.

Contributions and Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. For contributions with conditions not yet met, a contract liability is recorded. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-310, *Not-for-Profit Entities: Receivables*, pledges due in one year are recorded at their net realizable value. Pledges due in one or more years are reflected as long-term promises to give and are discounted to their net present value using risk-free interest rates applicable to the years in which the promises are received. The Organization uses the allowance method to determine the reserve for uncollectible pledges receivable. The allowance is based on historical experience and management's analysis of specific promises made.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, 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.

Revenue Recognition

In accordance with ASC 606, *Revenue from Contracts with Customers*, revenue is recognized when a customer obtains control of promised goods or services (performance obligation) in an amount that reflects the consideration the Organization expects to receive in exchange for those goods or services (transaction price). The Organization's exchange revenue is primarily derived from the program related revenues, which consist of community and volunteer listener training fees.

Training fees are recorded as contract liabilities when received and are recognized when the volunteer listener training class is held. The transaction price is a fixed amount set by the Organization, and revenue is recognized at the time the volunteer listener training classes are held, as that is when the performance obligation is satisfied.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that have been allocated were allocated based on employee time and effort spent in each program or department. All other expenses are direct program costs.

Income Taxes

The Organization is a non-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

The Organization is required to file Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service and the *New Jersey Charities Registration & Investigation Form (CRI)*. The Organization follows the income tax standard for uncertain tax positions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are 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 or any activities that are subject to tax on unrelated business income taxes

Impact of Recently Issued Accounting Pronouncements

Recently Issued Pronouncements Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. The new ASU will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and lease back transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. This standard will be effective for nonpublic businesses for fiscal years beginning after December 15, 2021. Early implementation will be permitted. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

In September 2020, the FASB issued ASU 2020-07, *Not for Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profits, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements in Subtopic 958-605 for those assets. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statements and related disclosures.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Unpaid volunteers have donated significant amounts of time to assist in the Organization's programs. However, no amounts have been included in the financial statements for volunteer services as that are not susceptible to objective measurement or valuation.

Reclassification

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

Subsequent Events

Contact We Care, Inc. D/B/A Caring Contact has evaluated subsequent events occurring after December 31, 2020 through the date of May 27, 2021, which is the date the financial statements were available to be issued.

NOTE 3: CASH AND CASH EQUIVALENTS

The deposits held by the Organization and reported at fair value, consisted of demand deposits totaling \$441,720 and \$243,231 as of December 31, 2020 and 2019, respectively.

A. Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and cash equivalents had a bank balance of \$428,936 as of December 31, 2020. Of the bank balances, \$250,000 was fully insured by depository insurance at December 31, 2020.

B. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. At December 31, 2020 and 2019, the Organizations' cash and cash equivalents were held by Northfield Bank.

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Pledges receivable expected to be collected in:		
Less than one year	\$ 25,000	\$ 25,000
Total pledges receivable	25,000	25,000
Less: present value discount	-	(725)
Less: allowance for uncollectible amounts	(25,000)	-
Total pledges receivable, net	<u>\$ -</u>	<u>\$ 24,275</u>

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Notes to Financial Statements (continued)

NOTE 5: INVESTMENTS

Investments consisted of the following as of December 31, 2020 and 2019:

<i>Investments at Fair Value as of December 31, 2020</i>				
	Level 1	Level 2	Level 3	Total
Pooled funds in Westfield Foundation				
Large blend	\$ 20,855	\$ -	\$ -	\$ 20,855
Foreign large blend	16,394	-	-	16,394
Intermediate core bond	11,166	-	-	11,166
World bond	9,385	-	-	9,385
Large growth	10,411	-	-	10,411
Large value	10,850	-	-	10,850
Foreign large growth	8,856	-	-	8,856
Foreign large value	8,259	-	-	8,259
Short term bond	4,890	-	-	4,890
Real estate	5,374	-	-	5,374
Corporate bond	3,324	-	-	3,324
Long term bond	2,907	-	-	2,907
Total	\$ 112,671	\$ -	\$ -	\$ 112,671

<i>Investments at Fair Value as of December 31, 2019</i>				
	Level 1	Level 2	Level 3	Total
Pooled funds in Westfield Foundation				
Large blend	\$ 17,142	\$ -	\$ -	\$ 17,142
Foreign large blend	13,124	-	-	13,124
Intermediate core bond	12,224	-	-	12,224
World bond	10,255	-	-	10,255
Large growth	8,626	-	-	8,626
Large value	8,596	-	-	8,596
Foreign large growth	6,727	-	-	6,727
Foreign large value	6,567	-	-	6,567
Short term bond	5,398	-	-	5,398
Real estate	4,938	-	-	4,938
Corporate bond	3,438	-	-	3,438
Long term bond	2,920	-	-	2,920
Total	\$ 99,955	\$ -	\$ -	\$ 99,955

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Notes to Financial Statements (continued)

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Furniture and equipment	\$ 22,613	\$ 22,613
Less: accumulated depreciation	(15,994)	(13,136)
Property and equipment, net	<u>\$ 6,619</u>	<u>\$ 9,477</u>

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$2,858 and \$3,230, respectively.

NOTE 7: LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or designations:

	2020	2019
Current financial assets:		
Cash and cash equivalents	\$ 441,720	\$ 243,231
Investments	112,671	99,955
Accounts receivable	225	725
Pledges receivable, net	-	24,275
Total current financial assets	554,616	368,186
Less amounts not available to be used within one year:		
Net assets with donor restrictions for purpose	(129,112)	(97,500)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 425,504</u>	<u>\$ 270,686</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a goal to maintain financial assets on hand to meet 180 days of normal operating expenses, which are, on average, approximately \$158,000.

NOTE 8: LEASES

The Organization holds a lease for office space, which expired on January 31, 2020. After this date, the rental agreement is on a month-to-month renewal basis. Rent expense for the years ended December 31, 2020 and 2019 totaled \$19,908 and \$15,288, respectively.

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Notes to Financial Statements (continued)

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	2020	2019
Programs	\$ 69,417	\$ 25,000
Donor-restricted endowment funds	50,000	72,500
Interest generated from endowment funds available for programs	9,695	-
Total net assets with donor restrictions	\$ 129,112	\$ 97,500

Net assets released from donor restrictions by incurring expenses or satisfying the purpose or time restrictions specified by the donors totaled \$39,391 and \$25,000 for the years ended December 31, 2020 and 2019, respectively.

NOTE 10: ENDOWMENT FUNDS

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of any restrictions. The endowment includes funds restricted by donors.

Management of the Organization has interpreted state law as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The income of the donor restricted endowment fund is classified as with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by state law. From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the Uniform State Prudent Management of Institutional Funds Act (UPMIFA) requires the organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2020 and 2019.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

CONTACT WE CARE, INC. D/B/A CARING CONTACT
Notes to Financial Statements (continued)

NOTE 10: ENDOWMENT FUNDS (continued)

The Board of Directors' primary objective, in this regard, is to add value and minimize risk in managing the assets of the fund while providing a hedge against inflation into the future. It is the intent of the Board of Directors to grow the endowment and utilize the total return (income plus capital change) to further the purpose of the endowment. In recognition of the prudence required of fiduciaries, reasonable diversification of quality investment securities will be sought where possible, knowing that fluctuating rates of return are a characteristic of the investment market and performance cycles cannot be accurately predicted.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods, as well as funds designated by the Board of Directors.

Strategies Employed for Achieving Objectives

To satisfy its long-term, rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has an investment objective to provide sufficient liquidity to meet operating, distribution, and spending requirements.

For the years ended December 31, 2020 and 2019, endowment net assets consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2018	\$ -	\$ 50,000	\$ 50,000
Investment return, net	-	8,109	8,109
Endowment net assets, December 31, 2019	-	58,109	58,109
Investment return, net	-	1,586	1,586
Endowment net assets, December 31, 2020	<u>\$ -</u>	<u>\$ 59,695</u>	<u>\$ 59,695</u>

NOTE 11: RISKS, CONCENTRATIONS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout New Jersey and the United States as a whole. In light of the uncertainty as to the severity and duration of the pandemic and actions that may be taken by governmental authorities, the impact on the Organization's revenue, cash flows, and financial position is uncertain at this time