

Assurance

# COMMUNITY ORGANIZING AND FAMILY ISSUES

Audited Financial Statements

Years Ended September 30, 2021 and 2020

LOCAL  
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**COMMUNITY ORGANIZING AND FAMILY ISSUES  
AUDITED FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Community Organizing and Family Issues

We have audited the accompanying financial statements of Community Organizing and Family Issues (a not-for-profit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, financial statements).

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 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 Community Organizing and Family Issues as of September 30, 2021 and 2020, 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.

**Emphasis of Matter**

As discussed in Note 2 of the financial statements, for the year ended September 30, 2021, Community Organizing and Family Issues adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Handwritten signature of PKF Mueller in black ink.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2021 AND 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,715,932	1,086,702
Receivables:		
Foundation grants	929,479	787,897
Government grants	340,335	176,390
Other	2,825	2,575
Prepaid expenses	2,972	18,469
Security deposit	18,929	18,929
Furniture and equipment, less accumulated depreciation of \$42,956 and \$30,546 in 2021 and 2020, respectively	<u>53,350</u>	<u>38,061</u>
Total assets	<u>\$ 3,063,822</u>	<u>2,129,023</u>

**LIABILITIES AND NET ASSETS**

**Liabilities:**

Accounts payable	\$ 15,262	10,928
Accrued vacation and benefits	52,298	28,555
Deferred rent	43,547	22,494
Deferred revenue	30,350	-
Paycheck protection program loan	<u>-</u>	<u>190,264</u>
Total liabilities	<u>141,457</u>	<u>252,241</u>

**Net assets:**

Without donor restrictions	789,781	389,865
With donor restrictions	<u>2,132,584</u>	<u>1,486,917</u>
Total net assets	<u>2,922,365</u>	<u>1,876,782</u>
Total liabilities and net assets	<u>\$ 3,063,822</u>	<u>2,129,023</u>

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

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
STATEMENTS OF ACTIVITIES  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021			2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>Support and revenue:</b>						
Foundation grants	\$ 1,050,206	1,337,250	2,387,456	506,638	1,389,117	1,895,755
Government grants	665,850	19,500	685,350	488,114	-	488,114
Contributions	79,155	-	79,155	84,850	300	85,150
Contract income	49,115	-	49,115	76,005	-	76,005
Forgiveness of paycheck protection program loan	190,264	-	190,264	-	-	-
Other income	8,804	-	8,804	12,632	-	12,632
Interest income	1,090	-	1,090	673	-	673
Net assets released from restrictions	<u>711,083</u>	<u>(711,083)</u>	<u>-</u>	<u>697,707</u>	<u>(697,707)</u>	<u>-</u>
Total support and revenue	<u>2,755,567</u>	<u>645,667</u>	<u>3,401,234</u>	<u>1,866,619</u>	<u>691,710</u>	<u>2,558,329</u>
<b>Expenses:</b>						
Program services	2,045,738	-	2,045,738	1,564,930	-	1,564,930
Supporting services:						
Management and general	211,003	-	211,003	175,810	-	175,810
Fundraising	<u>98,910</u>	<u>-</u>	<u>98,910</u>	<u>76,876</u>	<u>-</u>	<u>76,876</u>
Total expenses	<u>2,355,651</u>	<u>-</u>	<u>2,355,651</u>	<u>1,817,616</u>	<u>-</u>	<u>1,817,616</u>
Change in net assets	399,916	645,667	1,045,583	49,003	691,710	740,713
Net assets, beginning of year	<u>389,865</u>	<u>1,486,917</u>	<u>1,876,782</u>	<u>340,862</u>	<u>795,207</u>	<u>1,136,069</u>
Net assets, end of year	<u>\$ 789,781</u>	<u>2,132,584</u>	<u>2,922,365</u>	<u>389,865</u>	<u>1,486,917</u>	<u>1,876,782</u>

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

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2021**

	<u>SUPPORTING SERVICES</u>			<u>TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	
Salaries and benefits	\$ 1,236,133	140,418	42,199	1,418,750
Consulting fees	337,351	-	32,187	369,538
Depreciation	-	12,410	-	12,410
Fundraising	-	-	3,440	3,440
Insurance	-	8,509	-	8,509
Meetings	19,573	110	10,650	30,333
Miscellaneous	121	5,160	-	5,281
Occupancy	114,454	9,332	3,303	127,089
Office expenses	60,517	5,751	3,139	69,407
Printing and publications	19,876	-	-	19,876
Professional development	7,215	195	1,252	8,662
Professional fees	206,990	28,713	117	235,820
Supplies	34,268	405	1,613	36,286
Travel	<u>9,240</u>	<u>-</u>	<u>1,010</u>	<u>10,250</u>
Total expenses	<u>\$ 2,045,738</u>	<u>211,003</u>	<u>98,910</u>	<u>2,355,651</u>

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

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2020**

	<u>SUPPORTING SERVICES</u>			<u>TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	
Salaries and benefits	\$ 928,660	105,371	55,597	1,089,628
Consulting fees	261,963	376	14,342	276,681
Depreciation	8,066	607	-	8,673
Fundraising	-	-	3,102	3,102
Insurance	-	8,621	-	8,621
Meetings	49,319	525	96	49,940
Miscellaneous	-	280	-	280
Occupancy	104,934	25,941	1,953	132,828
Office expenses	13,162	3,390	706	17,258
Printing and publications	2,080	-	-	2,080
Professional development	2,066	-	-	2,066
Professional fees	37,447	29,835	557	67,839
Supplies	27,344	449	286	28,079
Travel	<u>129,889</u>	<u>415</u>	<u>237</u>	<u>130,541</u>
Total expenses	<u>\$ 1,564,930</u>	<u>175,810</u>	<u>76,876</u>	<u>1,817,616</u>

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

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
<b>Cash provided by (applied to) operating activities:</b>		
Change in net assets	\$ 1,045,583	740,713
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,410	8,673
Forgiveness of paycheck protection program loan	(190,264)	-
Changes in:		
Receivables	(305,777)	(150,411)
Prepaid expenses	15,497	(8,471)
Security deposit	-	8,857
Accounts payable	4,334	(19,893)
Accrued vacation and benefits	23,743	(5,967)
Deferred rent	21,053	22,494
Deferred revenue	30,350	(20,000)
	656,929	575,995
Net cash provided by operating activities		
<b>Cash applied to investing activities:</b>		
Purchase of furniture and equipment	(27,699)	(26,300)
<b>Cash provided by financing activities:</b>		
Proceeds from paycheck protection program loan	-	190,264
Net increase in cash	629,230	739,959
Cash, beginning of year	1,086,702	346,743
Cash, end of year	\$ 1,715,932	1,086,702
<b>Noncash financing transactions:</b>		
Forgiveness of paycheck protection program loan	\$ 190,264	-

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

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**NOTE 1 - NATURE OF OPERATIONS**

Community Organizing and Family Issues (COFI) is a not-for-profit corporation organized in the state of Illinois in 1995. COFI is dedicated to strengthening the voice of low-income families both at the community level and in the public policy arena to create more family supportive and family friendly communities in Illinois, primarily in the Chicagoland area.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash

For purposes of the statements of cash flows, COFI considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The bank account balances, at times, may exceed federally insured limits. COFI believes it is not exposed to significant credit risk on these balances.

Accounts Receivable - Other

Accounts receivable are reported at the outstanding balance reduced by the allowance for doubtful accounts, if any. The allowance for doubtful accounts is increased by charges to income and decreased by chargeoffs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on COFI's past collection experience, known and inherent risks of the payers compromising receivables balances, adverse situations that may affect the payer's ability to pay, and current economic conditions. Receivables are charged off when management deems the receivable balance to be uncollectible. Based on a review of outstanding receivables, management determined that an allowance for doubtful accounts was not necessary at September 30, 2021 and 2020.

Foundation and Government Grants Receivable

COFI records grants receivable that are expected to be collected within one year at net realizable value. Grants receivable expected to be collected in future years are initially recorded at the present value of estimated future cash flows. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. COFI determines the allowance for uncollectible grants receivable based on historical experience, an assessment of economic conditions and a review of subsequent collections. Grants receivable are written off when deemed uncollectible. At September 30, 2021 and 2020, an allowance for uncollectible grants receivable was not deemed necessary.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Furniture and Equipment

Furniture and equipment have been recorded at cost if purchased or at fair value at time of donation if received as a gift. COFI capitalizes furniture and equipment over \$1,000 that have a useful life of more than one year. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. The useful lives of furniture and equipment for purposes of computing depreciation are 3 to 5 years.

Net Assets

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-imposed restrictions.

*Net Assets With Donor Restrictions* – Net assets 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. COFI reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Change in Accounting Principles – Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in Accounting Standards Codification 605, *Revenue Recognition*. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers. ASU No. 2014-09 also requires additional financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. For the year ended September 30, 2021, COFI adopted ASU No. 2014-09 and has adjusted the presentation in these financial statements accordingly. ASU No. 2014-09 has been applied using the full retrospective method to all periods presented and resulted in no changes to previously reported net assets as there were no significant changes to the way COFI recognizes revenue.

COFI also elected to use the portfolio approach practical expedient. COFI's contracts with customers contain similar terms and as a result, COFI has elected to apply its revenue recognition policies to a portfolio of contracts with similar characteristics. COFI does not expect the results of doing so to differ materially from applying the guidance to individual contracts.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Support and Revenue Recognition

*Revenue from Contracts with Customers*

COFI derives a minimal portion of its revenue from revenue sources that involve contracts with customers. Those sources include contract income for training and consulting. Revenues are recognized when control of these services is transferred to its customers in an amount that reflects the consideration COFI expects to be entitled to in exchange for those services.

Revenue from training and consulting is recognized at a point in time as this most accurately reflects the transfer of control. Training and consulting fees received in advance are deferred to the applicable period in which the related services are performed. COFI's single performance obligation relating to training and consulting is to provide the training or consulting on a specific date to an individual client. As a result, control transfers to the client on the date the training or consulting was held. Payments are generally due within thirty days. Payments received in advance are deferred to the applicable period in which the related services are performed.

*Promises to Give*

COFI recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of September 30, 2021 and 2020, there were no grants for which the conditions have not been satisfied.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to COFI's program services, administration, fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of donation. COFI recognizes contributed services at their fair value if the services have value to COFI and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors.

COFI recognized contributed services of \$30,000 for the years ended September 30, 2021 and 2020. The amounts are included in contributions on the statements of activities.

Functional Expenses

The costs of program and supporting service 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Functional Expenses, Continued

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and supplies, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. The remainder of expenses are directly identified to the functional category to which it applies.

Accounting Estimates

The preparation of financial statements in accordance 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, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

COFI has been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

COFI has evaluated the tax positions taken for all open tax years. Currently, the tax returns for the years ending September 30, 2018, 2019 and 2020 are open and subject to examination by the Internal Revenue Service; however, COFI is not currently under audit nor has COFI been contacted by this jurisdiction.

Based on the evaluation of COFI's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended September 30, 2021 and 2020.

New Accounting Standard – Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The key provisions of ASU No. 2020-07 are 1) a requirement to present contributed nonfinancial assets as a separate line item in the statements of activities and 2) disclosure of contributed nonfinancial assets disaggregated by type, which includes information about monetization and utilization, donor restrictions, and the valuation techniques used. ASU No. 2020-07 should be applied on a retrospective basis and is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. COFI is currently evaluating the effect that adoption is expected to have on its financial position, changes in net assets, cash flows, and related disclosures.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

New Accounting Standard – Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases in the statements of financial position. The ASUs are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. COFI is currently evaluating the methods of adoption allowed and the effect that adoption is expected to have on its financial position, changes in net assets, cash flows, and related disclosures.

Management Evaluation of Going Concern

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the COFI's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about the COFI's ability to continue as a going concern for the period from February 11, 2022 to February 11, 2023.

Subsequent Events

Subsequent events have been evaluated through February 11, 2022, the date that the financial statements were available to be issued.

**NOTE 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 date of the statement of financial position, comprise the following:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 1,715,932	1,086,702
Receivables	<u>1,272,639</u>	<u>966,862</u>
Total financial assets	2,988,571	2,053,564
Less: amounts not available for general expenditures within one year, due to:		
Net assets with time restrictions to be met in more than one year	<u>315,000</u>	<u>388,712</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,673,571</u>	<u>1,664,852</u>

COFI's goal is to maintain available financial assets sufficient to meet its general expenditures, liabilities, and other obligations as they become due.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**NOTE 4 - FOUNDATION AND GOVERNMENT GRANTS RECEIVABLE**

COFI has received the following grants receivable which are recognized as assets in the statements of financial position. Grants receivable are expected to be collected in the following periods:

	2021	2020
Less than one year	\$ 954,814	575,575
One to five years	315,000	388,712
Total grants receivable	\$ 1,269,814	964,287

**NOTE 5 - FORGIVENESS OF PAYCHECK PROTECTION PROGRAM LOAN**

On April 23, 2020, COFI received loan proceeds in the amount of \$190,264 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” of 24 weeks as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

COFI initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released. COFI recognized revenue from forgiveness of PPP loan of \$190,264 for the year ended September 30, 2021.

The \$190,264 PPP loan and its forgiveness are subject to examination under the terms of the agreement with the Small Business Administration for a period of six years from the date the PPP loan is forgiven, which was April, 2021. COFI is not currently under examination nor has COFI been contacted.

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at September 30, 2021 and 2020 of \$2,132,584 and \$1,486,917, respectively, are to be used in future periods.

**NOTE 7 - EMPLOYEE BENEFIT PLAN**

COFI sponsors an Internal Revenue Code Section 403(b) retirement savings plan covering all employees who meet the eligibility requirements. The plan provides for discretionary employer contributions based on a percentage of each employee’s deferred compensation. COFI made a discretionary matching contribution of \$7,126 and \$4,314 to the plan for the years ended September 30, 2021 and 2020, respectively.

**COMMUNITY ORGANIZING AND FAMILY ISSUES**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2021 AND 2020**

**NOTE 8 - OPERATING LEASES**

COFI leases office space under an operating lease agreement that expires in August 2030. The lease provides for monthly base rent payments plus its share of operating costs and real estate taxes. Rent is recognized on the straight-line basis over the term of the lease. Rent expense for the years ended September 30, 2021 and 2020 was \$127,089 and \$132,828, respectively, and is included in occupancy expense in the statements of functional expenses.

Future minimum lease payments required in years ending September 30 are as follows:

2022	\$	110,165
2023		114,134
2024		117,108
2025		118,838
2026		121,687
Thereafter		<u>516,496</u>
Total	\$	<u>1,098,428</u>

**NOTE 9 - IMPACT OF COVID-19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America and the world. To date, the impact on COFI's operations and results has not been significant and management expects this to remain the case. Management continues to actively monitor the global situation in order to mitigate any potential future impact on COFI's changes in net assets and financial performance.

**NOTE 10 - RECLASSIFICATIONS**

Certain amounts in the September 30, 2020 financial statements have been reclassified to conform to the September 30, 2021 presentation.