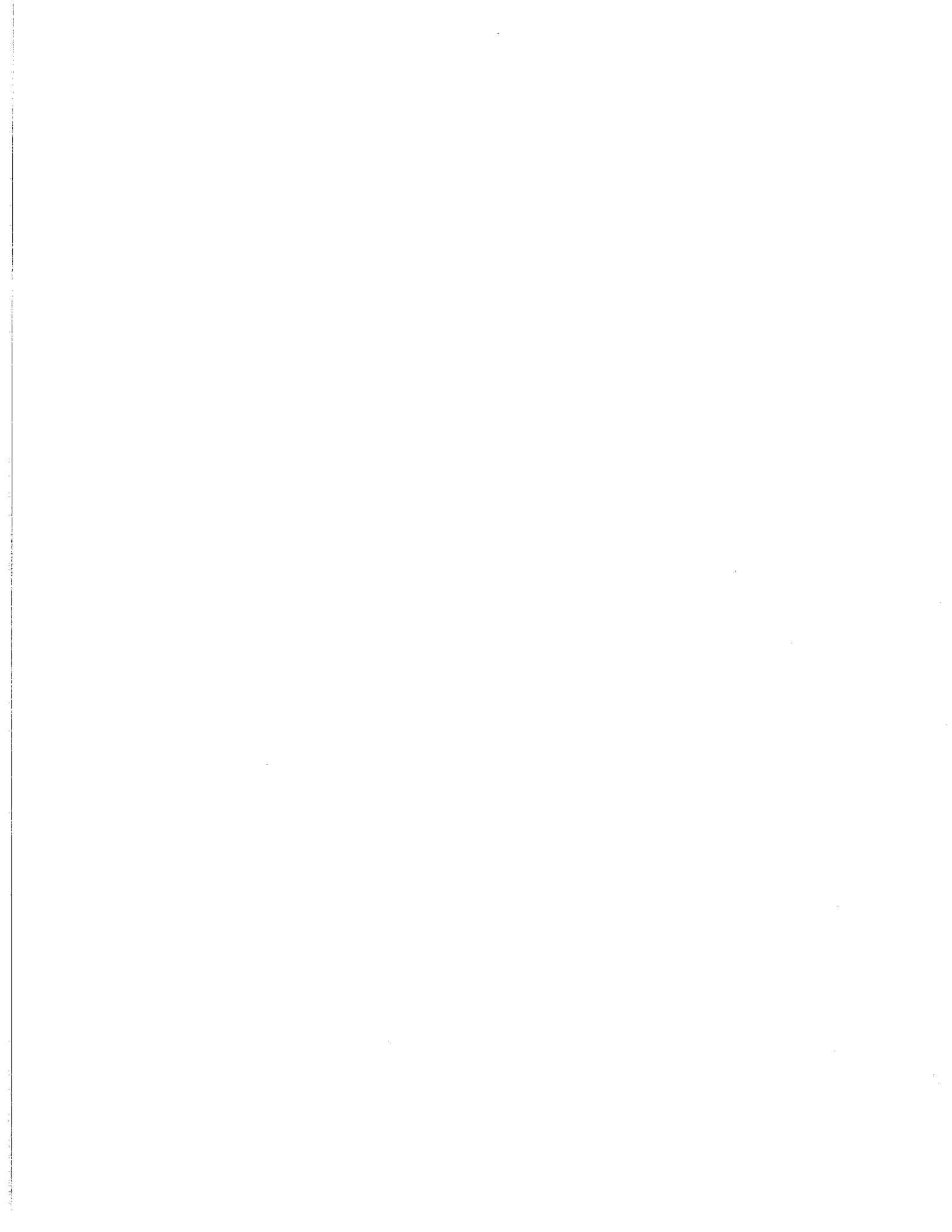


Financial Statements

CARE NET

June 30, 2020



GENERAL ORGANIZATIONAL DATA

ORGANIZATION AND PURPOSE

Care Net was incorporated under the laws of the District of Columbia in July, 1986 to operate a nonstock, nonprofit organization. The Organization was originally incorporated as The Christian Action Council Education & Ministries Fund, Inc. D/B/A Care Net and officially changed its name to Care Net November 16, 1999.

Care Net provides training, support, professional assistance, materials, and leadership to independent affiliated crisis pregnancy centers and others involved in pro-life work. To achieve its purpose, Care Net focuses its work in a manner consistent with the Biblical and historical teachings of the Christian community concerning the sanctity of human life at all stages of its existence and development.

Care Net was granted exemption in July, 1987 from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

OFFICERS AND BOARD OF DIRECTORS

OFFICERS

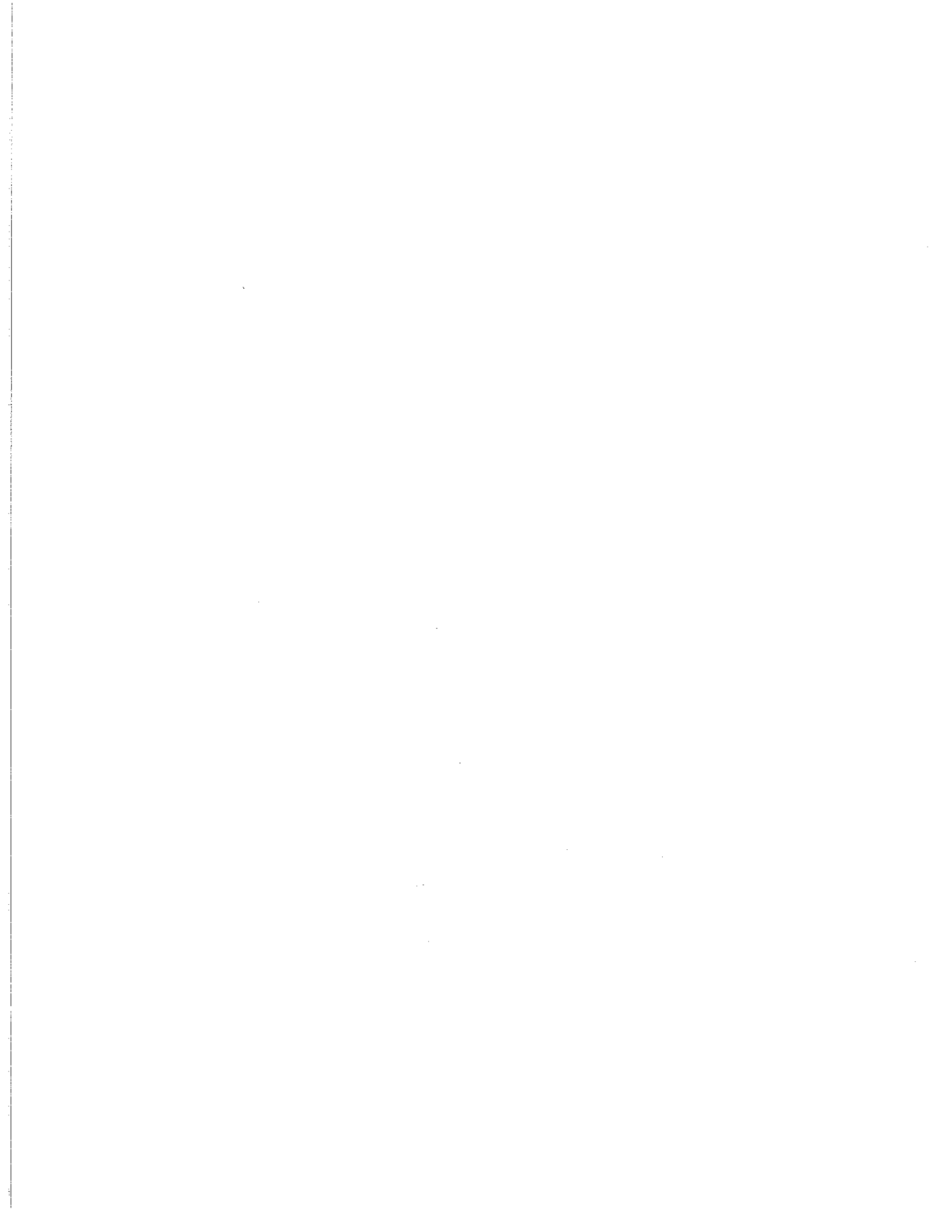
Thomas Mason, Chair
Kathleen Patterson, Ph.D, Co-Chair
Dennis Brown, Treasurer
Shaunti Feldhahn, Secretary
Roland Warren, President & CEO

BOARD OF DIRECTORS

Dennis Brown	Thomas Mason
Shaunti Feldhahn	David Moja
Bruce Hellen	Kathleen Patterson, Ph.D.
Joseph Infranco	Jerry Regier
Kimberly Kennedy Elsbree	Bonnie Wurzbacher

EX-OFFICIO BOARD MEMBER

Roland Warren



MITCHELL & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

JEFFREY D. MITCHELL, CPA
SANDRA M. TONDREAU, CPA
W. MATTHEW BURNS, CPA

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LEESBURG, VIRGINIA 20176
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AMERICAN INSTITUTE OF
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VIRGINIA SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

KARA J. DOYLE, CPA
TONI M. LEISS, CPA
MEGAN R. JOLLON, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Care Net
Lansdowne, Virginia

We have audited the accompanying financial statements of Care Net (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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

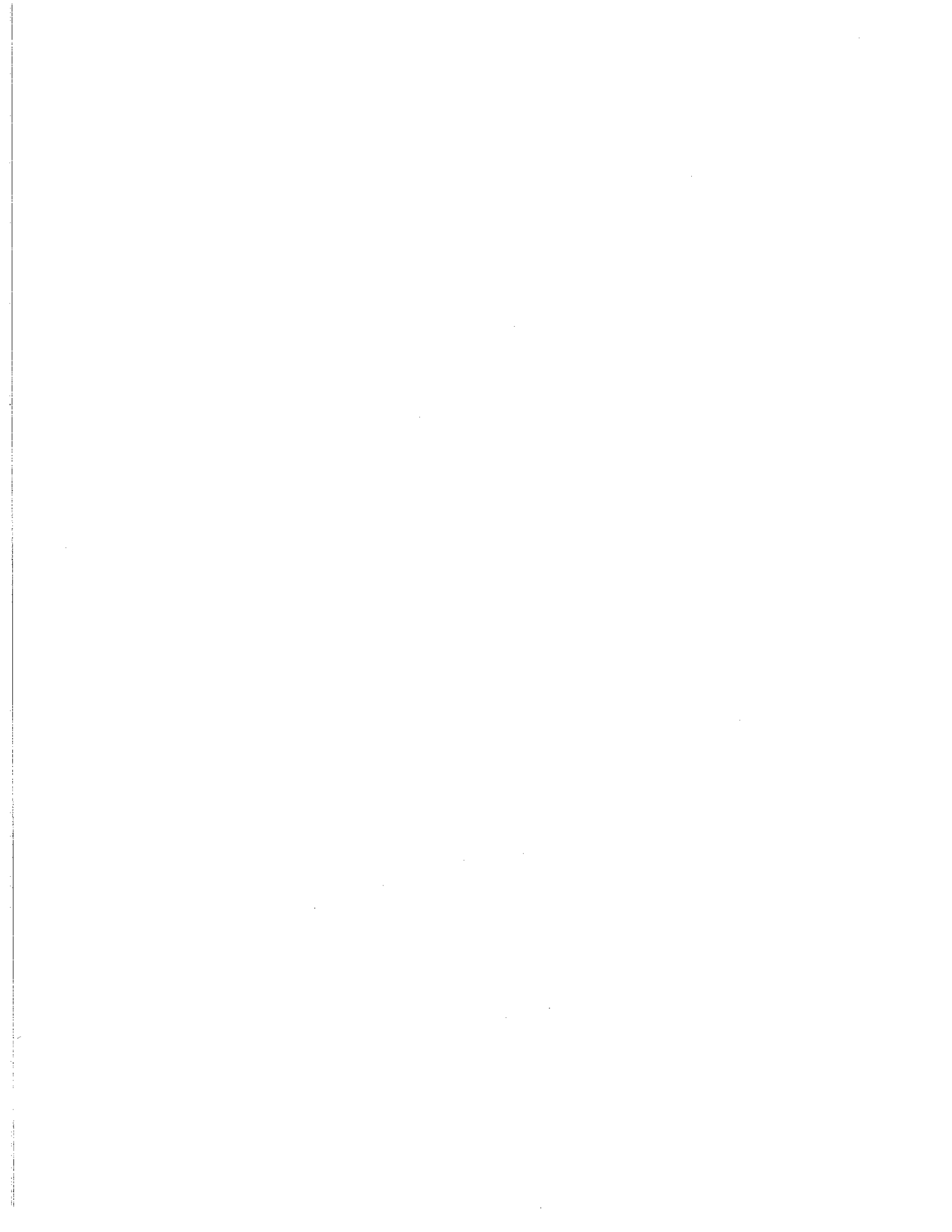
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Care Net as of June 30, 2020, 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.



Report on Summarized Comparative Information

We have previously audited the Care Net's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia
October 19, 2020

Mitchell & Co., P.C.



CARE NET

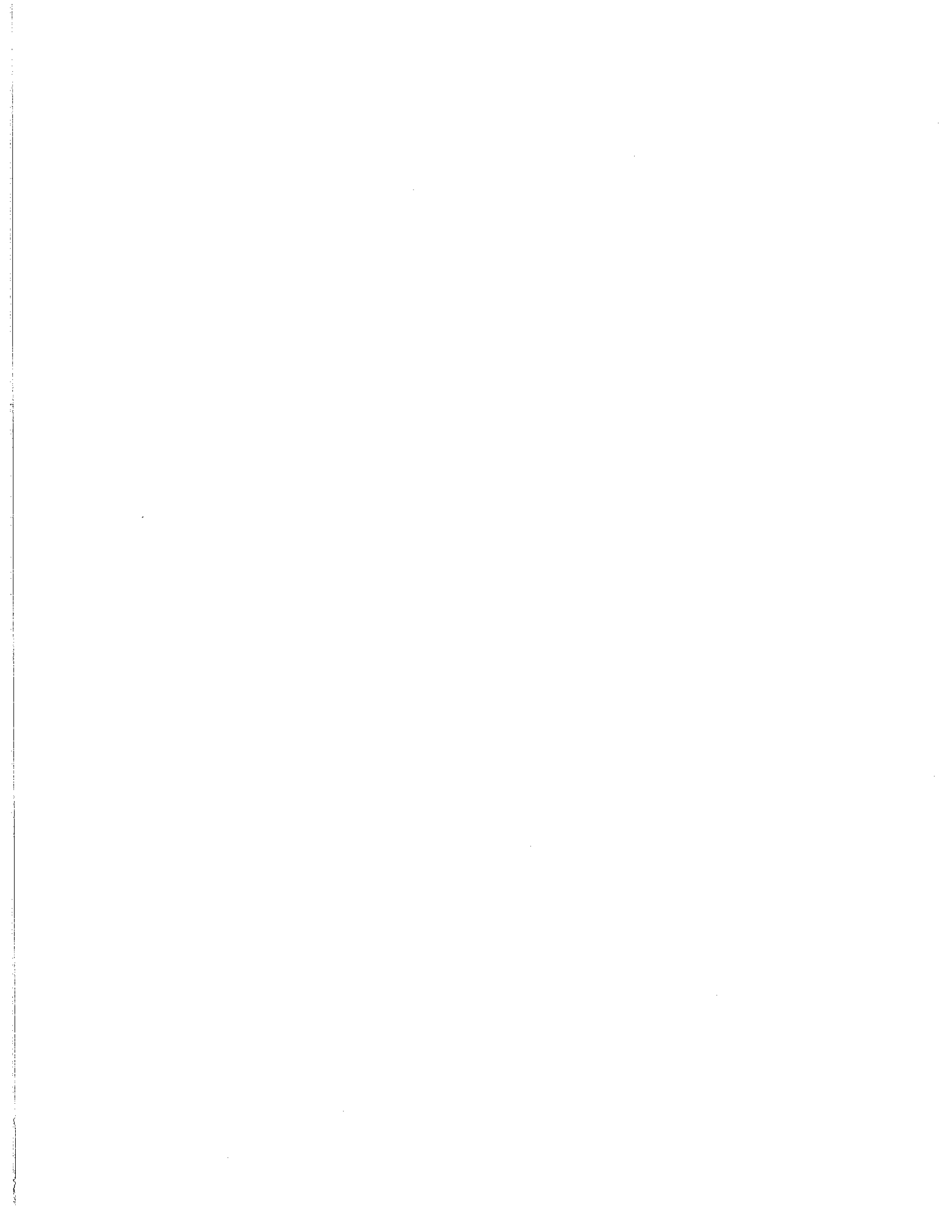
STATEMENT OF FINANCIAL POSITION

June 30, 2020

(with June 30, 2019 comparative totals)

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents	\$ 3,235,807	\$ 2,977,269
Contributions and pledges receivable	25,000	134,947
Accounts receivable	33,684	9,284
Publication inventory (net of allowance \$59,764 for 2019)	512,127	472,316
Prepaid expenses	100,286	66,738
Total current assets	3,906,904	3,660,554
Investments	239,421	-
Property and Equipment		
Office furniture and equipment	90,070	90,070
Website	53,460	53,460
Leasehold improvements	30,000	30,000
	173,530	173,530
Less accumulated depreciation	(169,819)	(160,143)
	3,711	13,387
Total Assets	\$ 4,150,036	\$ 3,673,941
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 221,066	\$ 146,342
Accrued payroll and paid time off	207,013	186,960
Unearned income	305,364	367,708
Pledged contribution to related organization	80,000	150,000
Total current liabilities	813,443	851,010
CARES Act PPP loan	472,015	-
Net Assets		
Without donor restriction	2,764,578	2,587,931
With donor restriction	100,000	235,000
Total net assets	2,864,578	2,822,931
Total liabilities and net assets	\$ 4,150,036	\$ 3,673,941

See Notes to Financial Statements.



CARE NET

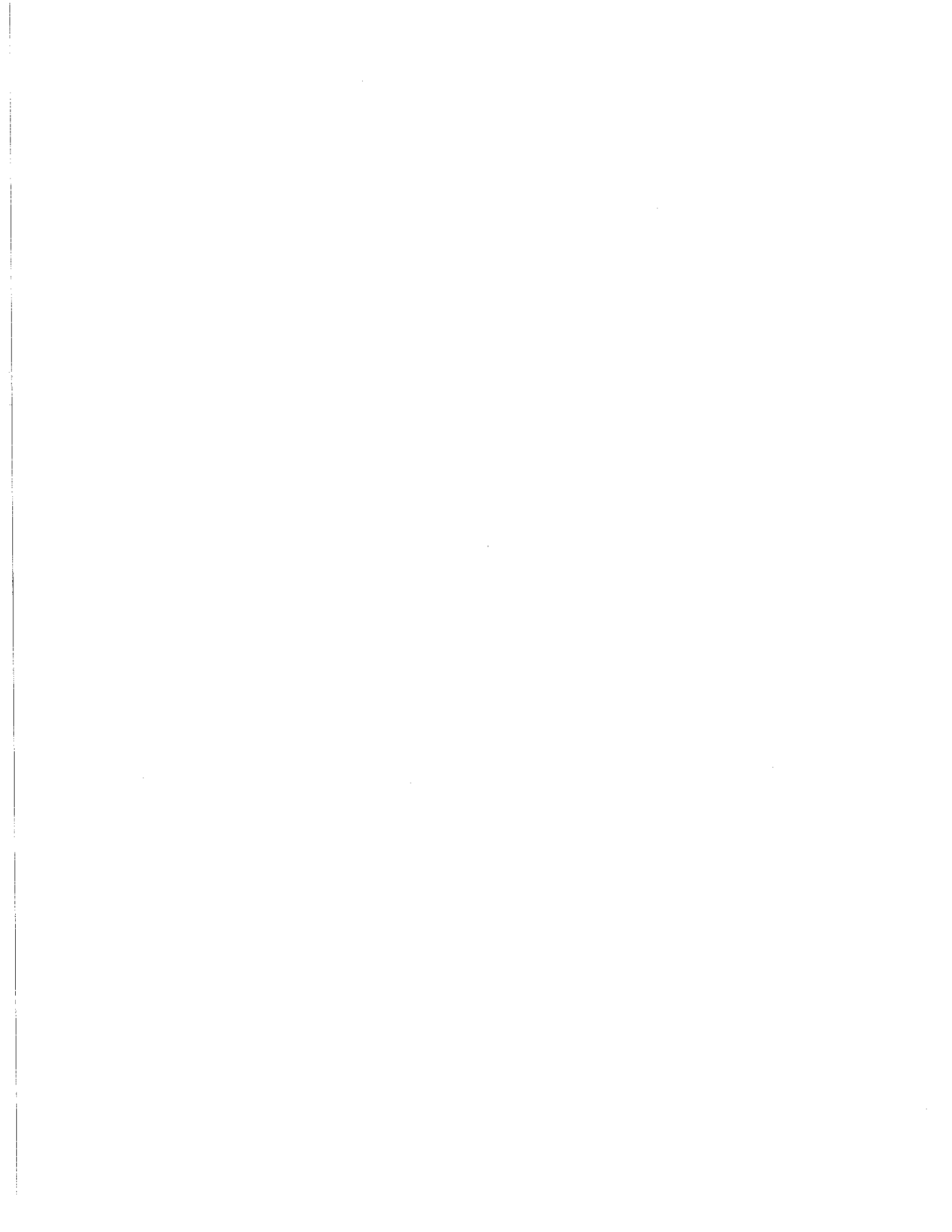
STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2020

(with June 30, 2019 comparative totals)

	Without Donor	With Donor	Totals	
	Restriction	Restriction	2020	2019
SUPPORT AND REVENUE				
Public support				
Contributions	\$ 3,667,476	\$ 60,000	\$ 3,727,476	\$ 3,556,547
Grants	375,500	379,000	754,500	614,510
Total public support	4,042,976	439,000	4,481,976	4,171,057
Revenue				
Conference	530,890	-	530,890	625,167
Affiliation fees	176,284	-	176,284	168,074
Training	4,075	-	4,075	3,815
Resource sales	244,519	-	244,519	324,326
Interest/royalties	26,160	-	26,160	13,893
Unrealized investment gain	35,281	-	35,281	-
Speaking honorariums,	47,550	-	47,550	74,917
Miscellaneous	4,432	-	4,432	21,028
Total revenue	1,069,191	-	1,069,191	1,231,220
Net assets released from restrictions:				
Satisfaction of usage restrictions	574,000	(574,000)	-	-
Total support and revenue	5,686,167	(135,000)	5,551,167	5,402,277
EXPENSES				
Program expenses				
Center Services Operations	601,411	-	601,411	650,493
Public Education	1,406,466	-	1,406,466	1,521,408
Public and Center Services Outreach	1,232,702	-	1,232,702	1,159,669
Pregnancy Decision Line	358,389	-	358,389	317,445
Conference	599,574	-	599,574	522,980
Cost of goods sold	274,556	-	274,556	292,435
Grants to other organizations	80,000	-	80,000	150,000
	4,553,098	-	4,553,098	4,614,430
Supporting services				
Management & general	233,381	-	233,381	219,144
Fundraising	723,041	-	723,041	563,765
Total expenses	5,509,520	-	5,509,520	5,397,339
Change in net assets	176,647	(135,000)	41,647	4,938
Net Assets, beginning of year	2,587,931	235,000	2,822,931	2,817,993
Net Assets, end of year	\$ 2,764,578	\$ 100,000	\$ 2,864,578	\$ 2,822,931

See Notes to Financial Statements.



CARE NET

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2020
(with June 30, 2019 comparative totals)

	Program Services							Totals			
	Center Services Operations	Public Education	Public and Center Services Outreach	Pregnancy Decision Line	Conference	Other Programs	Total Program	Management and General	Fundraising		
Salaries and related expenses	\$ 347,472	\$ 800,146	\$ 534,163	\$ 141,094	\$ 155,606	\$ -	\$ 1,978,481	\$ 94,092	\$ 70,193	\$ 2,142,766	\$ 1,948,176
Wages	57,995	158,590	81,587	29,575	24,512	-	352,259	10,419	13,169	375,847	399,483
Employee Benefits	26,012	56,344	40,831	11,056	10,497	-	144,740	8,567	4,927	158,234	142,245
Payroll taxes	431,479	1,015,080	656,581	181,725	190,615	-	2,475,480	113,078	88,289	2,676,847	2,489,904
Business expenses	1,954	-	16,538	775	11,085	-	30,352	864	81,023	112,239	138,339
Depreciation	1,560	3,669	2,373	657	689	-	8,948	409	319	9,676	13,556
Facilities & equipment	32,871	76,982	54,406	13,782	15,081	-	193,122	8,899	8,313	210,334	228,090
Public communication & appeal costs	-	286,018	-	-	-	-	286,018	-	54,880	340,898	372,805
Outreach development & data base management	3,736	8,787	6,124	1,573	2,897	-	23,117	979	764	24,860	118,485
Insurance	3,089	-	10,848	2,005	1,935	-	17,877	2,354	12,899	33,130	20,377
Supplies	7	-	6,259	3	176	-	6,445	36	30,384	36,865	21,388
Postage and mailing	1,174	152	17,552	115	6,642	-	25,635	17	61,240	86,892	75,803
Printing and publications	3,060	5,755	9,639	1,656	2,350	-	22,460	1,492	821	24,773	13,963
Telephone	3,036	8,698	29,502	5,097	218,190	-	264,523	8,435	24,319	297,277	299,100
Travel & meals	250	15	582	3	303	-	1,153	1,209	31	2,393	1,738
Books & subscriptions	3,460	-	77,201	127,777	129,635	-	338,073	750	196,597	535,420	364,908
Program & training expenses	15,471	-	116,467	19,171	6,853	-	157,962	6,688	35,949	200,599	200,404
Information technology	500	1,310	2,896	-	9,943	-	14,649	-	152	14,801	6,617
Consulting fees	98,819	-	186,619	4,030	314	-	289,782	82,647	127,019	499,448	449,018
Other professional services	-	-	39,030	-	2,265	-	41,295	69	11	41,375	72,615
Freight & shipping	945	-	85	20	601	-	1,651	5,455	31	7,137	5,807
Other allocated costs	-	-	-	-	-	-	80,000	-	-	80,000	150,000
Grants awarded	-	-	-	-	-	-	231,020	-	-	231,020	292,435
Costs of goods sold	-	-	-	-	-	-	43,536	-	-	43,536	-
Publication inventory revaluation	169,932	391,386	576,121	176,664	408,959	354,556	2,077,618	120,303	634,752	2,832,673	2,907,435
Total expenses	\$ 601,411	\$ 1,406,466	\$ 1,232,702	\$ 358,389	\$ 599,574	\$ 354,556	\$ 4,553,098	\$ 233,381	\$ 723,041	\$ 5,509,520	\$ 5,397,339
June 30, 2019	\$ 650,493	\$ 1,521,408	\$ 1,159,669	\$ 317,445	\$ 522,980	\$ 442,435	\$ 4,614,430	\$ 219,144	\$ 563,765	\$ 5,397,339	

See Notes to Financial Statements.



CARE NET**STATEMENT OF CASH FLOWS****For The Year Ended June 30, 2020****(with June 30, 2019 comparative totals)**

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 41,647	\$ 4,938
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Unrealized investment gain	(35,281)	-
Depreciation	9,676	13,556
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(24,400)	16,261
Supportive organization pledge receivable	-	187,150
Other pledges receivable	109,947	(134,947)
Publication inventory	(39,811)	67,285
Prepaid expenses	(33,548)	14,031
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	74,724	(23,881)
Accrued payroll and paid time off	20,053	16,699
Unearned income	(62,344)	19,342
Supportive organization payable	(70,000)	150,000
Net cash provided by operating activities	<u>(9,337)</u>	<u>330,434</u>
Cash Flows from Investing Activities		
Purchases of investments	(204,140)	-
Net cash (used in) investing activities	<u>(204,140)</u>	<u>-</u>
Cash Flows from Financing Activities		
CARES Act PPP loan proceeds	472,015	-
Net cash provided by financing activities	<u>472,015</u>	<u>-</u>
Net increase in cash	258,538	330,434
Cash and Cash Equivalents		
Beginning	2,977,269	2,646,835
Ending	<u>\$ 3,235,807</u>	<u>\$ 2,977,269</u>

See Notes to Financial Statements.



CARE NET

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

Care Net was organized to provide training, support, professional assistance, material, & leadership to independent affiliated crisis pregnancy centers and others involved in pro-life work. To achieve its purpose, Care Net focuses its work in a manner consistent with the Biblical and historical teachings of the Christian community concerning the sanctity of human life at all stages of its existence and development.

Significant Accounting Policies

The financial statements of Care Net have been prepared in accordance with policies followed by nonprofit organizations. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting: The financial statements of Care Net have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958 dated August 2016, *Not-For-Profit Entities*, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations". (ASC) 958-205 was effective July 1, 2018. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restriction: Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restriction: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents: For purposes of reporting cash flows, the Organization considers all cash on demand deposits, money market deposits, cash management accounts, and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Property, Equipment and Depreciation: Expenditures for the acquisition of property and equipment of \$500 or more is capitalized at cost. Depreciation of office furniture and equipment is computed on a straight-line method over its estimated useful life of 3-5 years. Depreciation of leasehold improvements is computed on a straight-line method over the life of the lease. Costs of normal repairs and maintenance are expensed as incurred.

Allowance for Uncollectible Accounts Receivable: The reserve method is used to provide for possible uncollectible accounts receivable. The reserve is based upon management's knowledge and review of the outstanding items. Management has determined all outstanding accounts are collectible at June 30, 2020 and 2019.



CARE NET

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Income Taxes: The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore, has made no provision for Federal income taxes. In addition, the Organization has no unrelated business taxable income. The Organization's management has adopted the guidance under ASC Topic 740, *Accounting for Uncertainty in Income Taxes*, and has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance.

Promises to Give: Unconditional promises to give are recognized as revenues on a discounted basis in the period made. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional. Short duration promises to give are not discounted due to the short period of the unfulfilled donation.

Revenue Recognition: Conference fees, Affiliation fees, and Training fees are reported as income over the period the fees relate. Funds received in advance of participation and for future periods are reported as deferred income.

Restricted and Unrestricted Contributions: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted and reported in the statements of activities as net assets released.

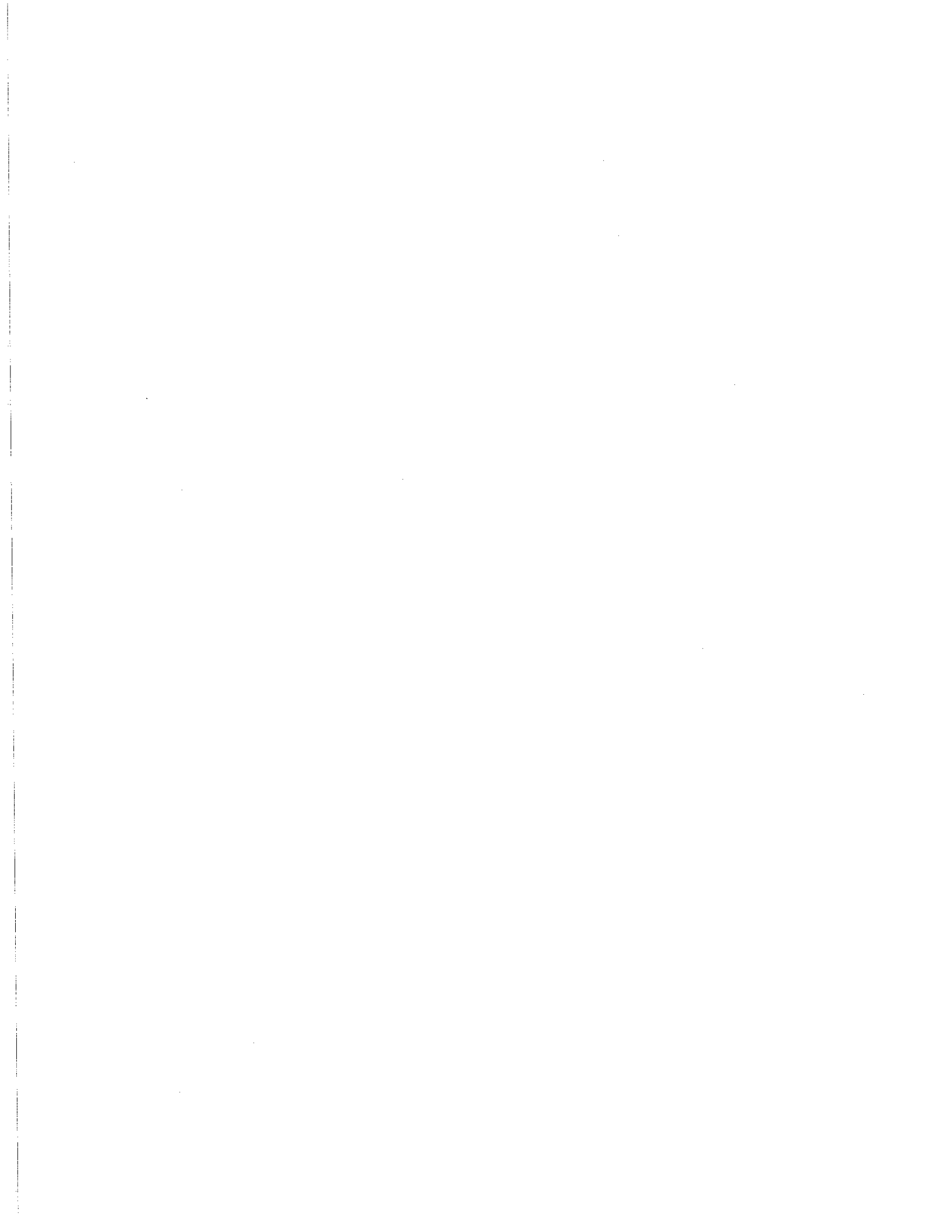
Donated Noncash Assets: Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory: Inventory is stated at the lower of cost or market. For purchased items, cost is determined using the direct purchase method of valuation. Items for resale developed internally are stated at direct cost of development, revalued annually for possible obsolescence and excess costs over projected sale value.

Advertising Costs: Advertising costs are expensed as incurred.

Measure of Operations: The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to CN's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature. There were no non-operating activities in 2020.



CARE NET

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Functional Allocation of Expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Management allocates all costs directly when possible. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on based on their natural cost driver. The expenses that are allocated include the following:

Description	Allocation Method
Personnel costs	Time and effort
Occupancy costs	Space utilized
Overhead	Time and effort

Note 2. Cash Deposits and Concentration of Credit Risks

The composition of cash deposits at June 30, 2020 and 2019, is as follows:

Bank	Bank Balance	Book Balance	
		2020	2019
US Bank	\$ 230,921	\$ 253,580	\$ 338,746
TD Bank	925,300	947,750	736,758
TD Ameritrade	880,403	880,403	1,901,765
Edward Jones	679,873	679,873	-
Old Dominion Bank	471,229	471,229	-
Paypal	2,972	2,972	-
	<u>\$ 3,190,698</u>	<u>\$ 3,235,807</u>	<u>\$ 2,977,269</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2020, bank balances exceeded FDIC coverage limits by \$854,918. Cash balances in Edward Jones and TD Ameritrade reserve account are fully insured under FDIC and under London private insurers.

Note 3. Investments

A summary of investments at June 30, 2020 is as follows:

Description	Fair Value
Common stocks	\$ 136,866
Exchange traded & close end funds	4,926
Mutual funds	97,629
	<u>\$ 239,421</u>

CARE NET

NOTES TO FINANCIAL STATEMENTS

Note 4. Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, pledged and accounts receivables, investments, accounts payable and accrued expenses. The recorded values of these financial instruments approximate their fair values based on their short-term nature.

Note 5. Fair Value Measurements

FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CN has the ability to access.
- Level 2:* Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for investments carried or disclosed at fair value:

Common Stocks: Valued at fair value based on quoted market prices in active markets.

Exchange Traded & Close End Funds: Valued at fair value based on quoted market prices in active markets.

Mutual Funds: Valued at the net asset value ("NAV") of shares held by CN at year end.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of June 30, 2020:

Description	Level 1	Level 2	Level 3	Total
Common stocks	\$ 136,866	\$ -	\$ -	\$ 136,866
Exchange traded & close end funds	4,926	-	-	4,926
Mutual funds	97,629	-	-	97,629
	<u>\$ 239,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,421</u>

Note 6. Publication Inventory

At June 30, 2020 and 2019, publication inventory on hand consisted of the following product types held for sale:

Description - publications and manuals	2020	2019
Paper hardcover	\$ 61,874	\$ 62,863
Electronic	450,253	409,453
	<u>\$ 512,127</u>	<u>\$ 472,316</u>

CARE NET

NOTES TO FINANCIAL STATEMENTS

Note 7. Line of Credit Financing Facility

Care Net has available a \$400,000 revolving line of credit with TD Bank, N.A. Terms include interest due monthly at bank prime rate variable, due upon demand, renewed annually and secured by cash balances in TD Ameritrade, Inc. accounts. At June 30, 2020 there was no outstanding balance.

Note 8. CARES Act PPP Funding Payable

Care Net was granted on April 20, 2020, a \$471,229 loan from Old Dominion Bank pursuant to the paycheck protection program of the Cares Act. The loan bears interest at .98% commencing November 2020 and matures April 2022. The loan and accrued interest are forgivable after eight (8) weeks provided Care Net uses the funds to support eligible expenses including payroll, employee benefits, rent, utilities, and maintains its payroll level.

Care Net determined that it has, or will, incur the eligible expenses for loan forgiveness and anticipates complete forgiveness of the loan once the application is completed during fiscal year ending June 30, 2021. At June 30, 2020 Care Net has concluded that the PPP loan presents a liability and has accounted for such PPP loan in accordance with FASB ASC 470 as a loan obligation until such time the loan is forgiven and legally released.

Note 9. Net Assets with Donor Restriction

A summary net assets with donor restriction for the year ended June 30, 2019 and 2018 is as follows:

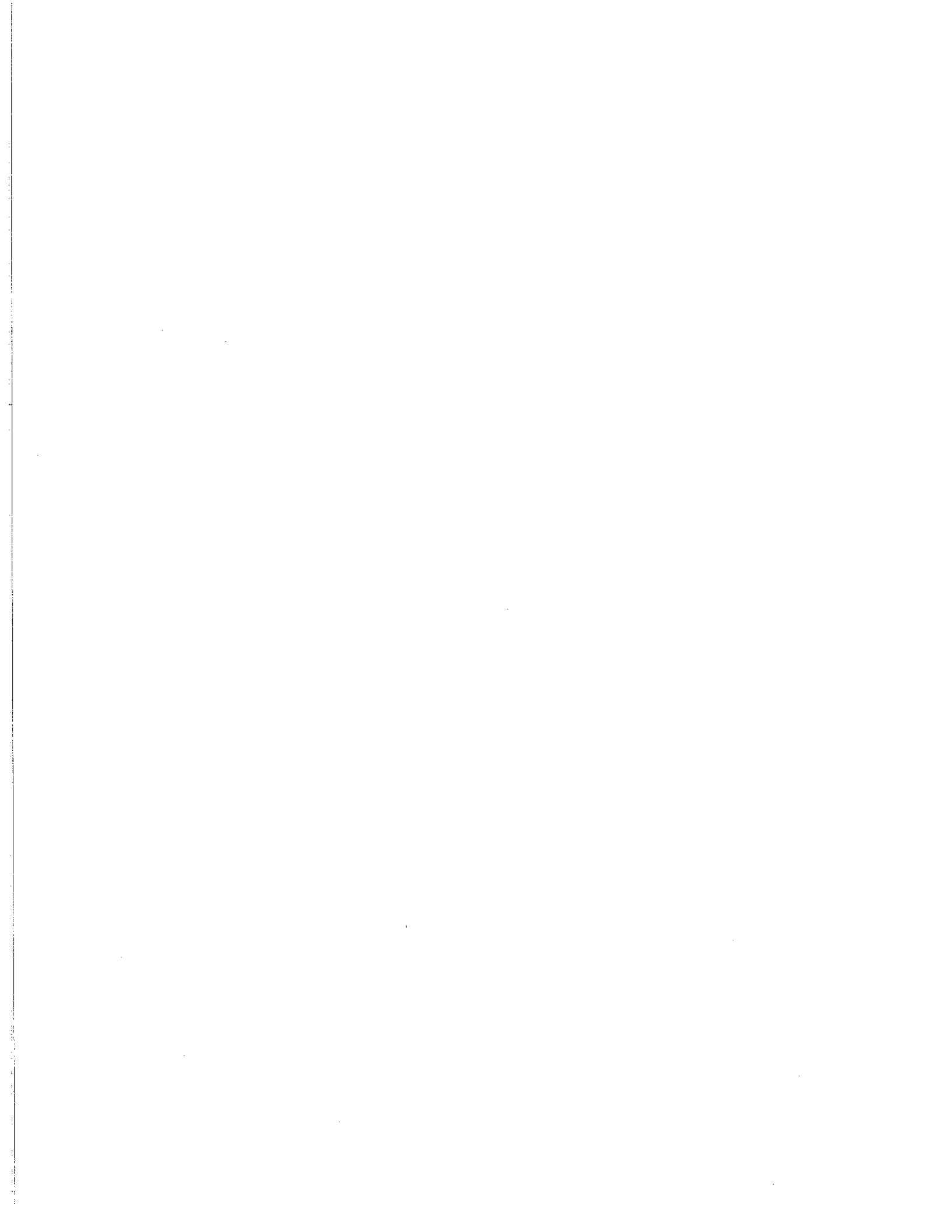
Description	Balance	FY20 Activity		Balance
	6/30/2019	Additions	Uses	6/30/2020
Restricted for specific purpose:				
Services in Texas and Oklahoma	\$ 35,000	\$ -	\$ (35,000)	\$ -
Fatherhood	-	12,000	(12,000)	-
Centers of Excellence	-	35,000	(35,000)	-
Pregnancy Decision Line	75,000	190,000	(265,000)	-
Making Life Disciples Project	125,000	202,000	(227,000)	100,000
	<u>\$ 235,000</u>	<u>\$ 439,000</u>	<u>\$ (574,000)</u>	<u>\$ 100,000</u>

Care Net receives contributions for a specific use purpose. Care Net monitors the use of the funds adhering to the specific use restriction.

Note 10. Defined Contribution Pension Plan

Care Net sponsors a defined contribution 401(k) pension plan covering all full time employees with at least 6 months of service. Employees elect to contribute amounts allowed under current law and Care Net matches the employee salary deferral up to 2% of compensation. In addition, Care Net makes an annual discretionary contribution to the plan for each eligible employee of 3% of their compensation. Care Net contributions are as follows:

Plan Contributions	2020	2019
Matching	\$ 33,766	\$ 31,164
Discretionary	53,667	48,710
	<u>\$ 87,433</u>	<u>\$ 79,874</u>



CARE NET

NOTES TO FINANCIAL STATEMENTS

Note 11. Royalty Income

Care Net maintains distribution agreements with the several book authors. Royalties payable to Care Net under these agreements range from 3 percent to 25 percent of gross sales. Total royalties received in years ended June 30, 2020 and 2019 amounted to \$22,550 and \$8,399, respectively.

Note 12. Operating Office Leases

Care Net entered into an office space operating lease with Prison Fellowship Ministries commencing November 2015 for four (4) years, expiring in October 2019. Care Net renewed the lease with Prison Fellowship Ministries effective November 1, 2019, for a term of 5 years. The lease extension reduced monthly rental expense from \$17,892 to \$14,514, and provides for scheduled annual rental increases of 2 percent. Monthly rental expense for the Lansdowne facility for years ending June 30, 2020 and 2019 was \$14,512 and \$17,892, respectively and total 2020 and 2019 rental expense under this lease amounted to \$192,777 and \$217,608 respectively.

Future minimum office rent lease commitment under the Lansdowne, Virginia office operating leases is as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2021	\$ 176,470
2022	179,999
2023	183,599
2024	187,271
2025	62,834
Total future commitment	<u>\$ 790,173</u>

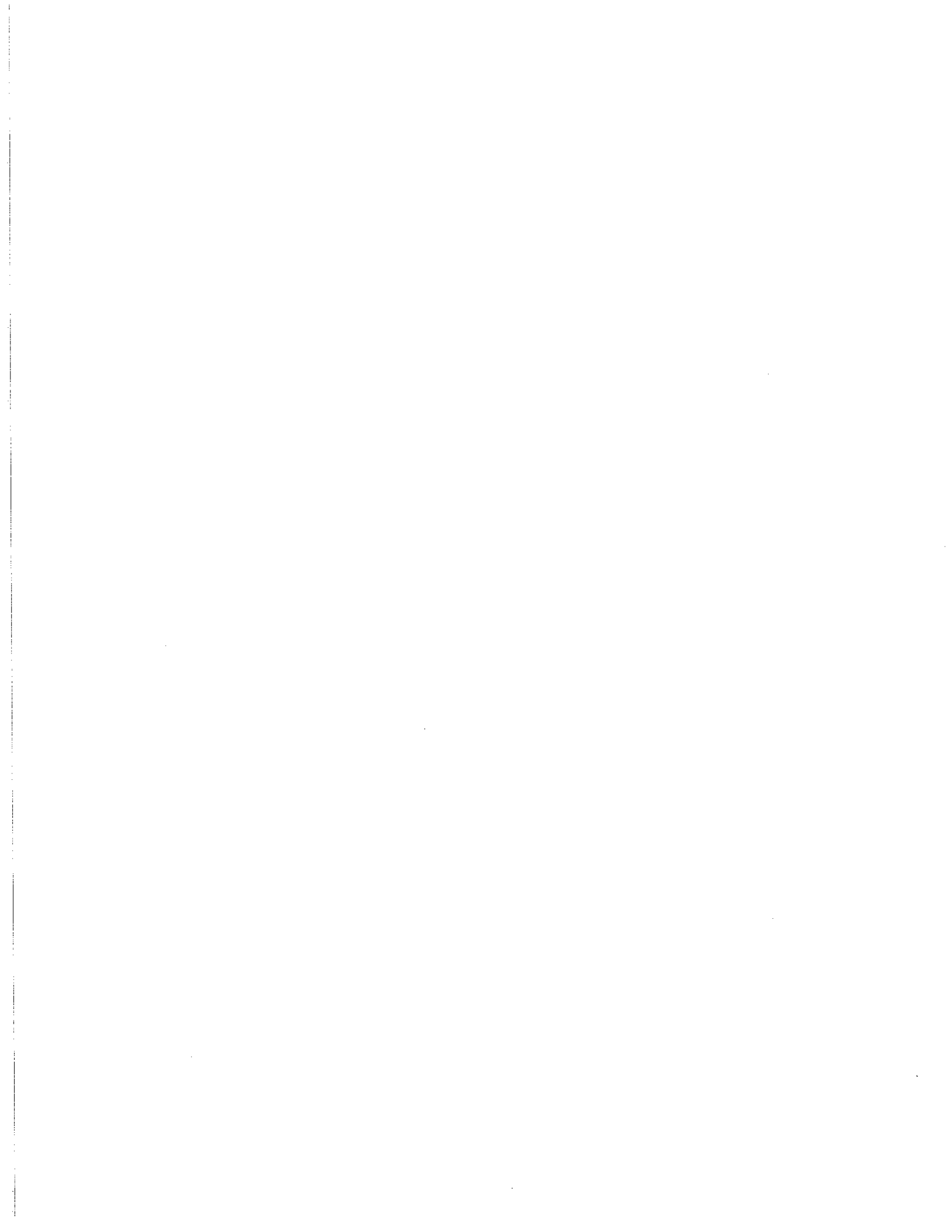
Note 13. Allocation of Joint Costs

Care Net has allocated the joint costs of providing calls to action and activities that include a fundraising appeal. Since only those activities which include both programmatic and fundraising components are included in this allocation, the amounts below do not include all the expenses presented in the statement of functional expense. For the years ended June 30, 2020 and 2019, the allocation of the joint costs is summarized as follows:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Public Education	\$ 286,018	\$ 424,707
Fundraising	54,880	66,583
	<u>\$ 340,898</u>	<u>\$ 491,290</u>

Note 14. Provision for Unrelated Business Income Tax

During 2020 and 2019, the Organization had unrelated business taxable income of \$10,250 and \$10,250, respectively. Combined direct and indirect allocated costs exceeded the income, accordingly no tax was due or provision for income taxes was recorded.



CARE NET

NOTES TO FINANCIAL STATEMENTS

Note 15. Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Description	Amount
Banking and money market deposits	\$ 2,515,662
Short-term liquid investments	720,145
Pledges collected	25,000
Supportive organization payment	(80,000)
	<u>\$ 3,180,807</u>

Note 16. Supportive Organization

Care Net Foundation (CNF) was organized for the purpose of supporting Care Net and other public charities. CNF is operated and supported by Care Net. A summary of the June 30, 2020 and 2019 transactions are as follows:

Operational Support Activity	2020	2019
From Care Net Foundation	\$ 5,000	\$ 33,050
To Care Net Foundation	(80,000)	(150,000)
	<u>\$ (75,000)</u>	<u>\$ (116,950)</u>

Note 17. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2019 of the prior year, from which the summarized information was derived.

Note 18. Risks and Uncertainties

COVID-19: The extent of the impact of COVID-19 on CN's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, as well as the impact on CN's customers, employees, and vendors, all of which are uncertain and cannot be reasonably predicted.

Note 19. Subsequent Events

Care Net has evaluated events and transactions subsequent to June 30, 2020 through October 19, 2020, the date these financial statements were available to be issued. Based on the definitions and requirements of the U.S. generally accepted accounting principles, management has not identified any events that have occurred subsequent to June 30, 2020 that require adjustment to, or disclosure in, the financial statements for the year ended June 30, 2020.

