

**NATIONAL ASSOCIATION OF
RAILROAD PASSENGERS
WASHINGTON, DC**

**FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2020**



**NATIONAL ASSOCIATION OF
RAILROAD PASSENGERS**

CONTENTS

	PAGE
Independent auditors' report	1
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statement of cash flows	6
Notes to financial statements	7



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
National Association of Railroad Passengers
Washington, DC

We have audited the accompanying financial statements of NATIONAL ASSOCIATION OF RAILROAD PASSENGERS (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

To the Board of Directors
National Association of Railroad Passengers

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NATIONAL ASSOCIATION OF RAILROAD PASSENGERS as of December 31, 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

The financial statements of NATIONAL ASSOCIATION OF RAILROAD PASSENGERS as of and for the year ended December 31, 2019 were audited by other auditors who expressed an unmodified audit opinion on those audited financial statements in their report dated October 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

HanTymon Wiebel LLP

Charlottesville, Virginia
October 12, 2021

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 126,418	\$ 146,154
Accounts receivable	6,759	44,776
Prepaid expenses	70,288	15,620
Total current assets	203,465	206,550
OTHER ASSETS		
Deposits	7,333	7,408
Property and equipment, net	86,793	127,926
Investments	1,267,884	1,189,470
Total other assets	1,362,010	1,324,804
Total assets	\$ 1,565,475	\$ 1,531,354
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 45,886	\$ 134,269
Accrued expenses and credit cards	2,997	7,467
Payroll liabilities	1,645	3,198
Deferred revenue	9,676	2,475
Total current liabilities	60,204	147,409
NON-CURRENT LIABILITIES		
Deferred rent payable	40,099	44,916
Total liabilities	100,303	192,325
NET ASSETS		
Net assets without restrictions	131,495	157,933
Board-designated funds	1,205,119	1,119,324
Total net assets without donor restrictions	1,336,614	1,277,257
Net assets with donor restrictions	128,558	61,772
Total net assets	1,465,172	1,339,029
Total liabilities and net assets	\$ 1,565,475	\$ 1,531,354

(The accompanying notes are an integral part of this financial statement)

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020 TOTAL	2019 TOTAL
OPERATING REVENUE AND SUPPORT				
Contributions	\$ 569,359	\$ 92,292	\$ 661,651	\$ 309,743
Membership support	614,543	....	614,543	731,206
Programs	27,254	....	27,254	123,363
Bequests	35,443	....	35,443	87,980
Paycheck Protection Program grant .....	....	133,310	133,310	....
Net assets released from restrictions	159,063	(159,063)	....	....
Total operating revenue and support	<u>1,405,662</u>	<u>66,539</u>	<u>1,472,201</u>	<u>1,252,292</u>
DIRECT EXPENSES				
Membership development	198,525	....	198,525	191,718
Amtrak Customer Advisory Committee	427	....	427	1,426
Total direct expenses	<u>198,952</u>	<u>....</u>	<u>198,952</u>	<u>193,144</u>
Net operating revenue and support	<u>1,206,710</u>	<u>66,539</u>	<u>1,273,249</u>	<u>1,059,148</u>
OPERATING EXPENSES				
Personnel	662,447	....	662,447	857,662
Administrative and general.....	136,598	....	136,598	205,059
Rent and occupancy costs	91,028	....	91,028	90,828
Professional	228,304	....	228,304	376,569
Travel and conferences	10,921	....	10,921	40,872
Information technology	34,154	....	34,154	65,797
Newsletter	14,589	....	14,589	30,356
Council meeting expense .....	....	....	....	92,225
Depreciation and amortization	41,133	....	41,133	37,627
Total operating expenses	<u>1,219,174</u>	<u>....</u>	<u>1,219,174</u>	<u>1,796,995</u>
CHANGE IN NET ASSETS BEFORE INVESTMENT				
INCOME	(12,464)	66,539	54,075	(737,847)
INVESTMENT INCOME	71,821	247	72,068	229,379
CHANGE IN NET ASSETS	59,357	66,786	126,143	(508,468)
NET ASSETS - BEGINNING OF YEAR	<u>1,277,257</u>	<u>61,772</u>	<u>1,339,029</u>	<u>1,847,497</u>
NET ASSETS - END OF YEAR	<u>\$ 1,336,614</u>	<u>\$ 128,558</u>	<u>\$ 1,465,172</u>	<u>\$ 1,339,029</u>

(The accompanying notes are an integral part of this financial statement)

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	<u>PROGRAMS</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND- RAISING</u>	<u>2020 TOTAL EXPENSES</u>	<u>2019 TOTAL EXPENSES</u>
DIRECT EXPENSES					
Membership development	\$ 158,820	\$ 9,926	\$ 29,779	\$ 198,525	\$ 191,718
Amtrak Customer Advisory Committee	427	....	....	427	1,426
Total direct expenses	<u>159,247</u>	<u>9,926</u>	<u>29,779</u>	<u>198,952</u>	<u>193,144</u>
OPERATING EXPENSES					
Staff salaries	396,809	42,898	96,521	536,228	665,639
Payroll taxes	34,983	3,782	8,509	47,274	53,008
Employee benefits	58,419	6,316	14,210	78,945	139,014
Advertising and marketing	49,576	9,443	19,673	78,692	139,923
Travel and conferences	10,375	546	....	10,921	40,872
Professional fees	47,520	83,235	18,857	149,612	236,645
Rent and occupancy costs	68,271	9,103	13,654	91,028	90,828
Newsletter	14,589	....	....	14,589	30,356
Administrative and general.....	22,303	15,612	6,691	44,606	73,772
Information technology	17,077	10,246	6,831	34,154	65,797
Council meeting expense .....	....	....	....	....	92,226
Dues and subscriptions	15,723	7,861	2,620	26,204	47,847
Bank and merchant fees	48,683	5,263	11,842	65,788	83,441
Depreciation and amortization	22,623	18,510	....	41,133	37,627
Total operating expenses	<u>806,951</u>	<u>212,815</u>	<u>199,408</u>	<u>1,219,174</u>	<u>1,796,995</u>
Total functional expenses	<u>\$ 966,198</u>	<u>\$ 222,741</u>	<u>\$ 229,187</u>	<u>\$ 1,418,126</u>	<u>\$ 1,990,139</u>

(The accompanying notes are an integral part of this financial statement)

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 126,143	(\$ 508,468)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	41,133	37,627
Decrease in deferred rent payable	(4,742)	(1,808)
Realized and unrealized gains	(48,290)	(187,009)
(Increase) decrease in assets:		
Accounts receivable	38,017	(29,332)
Prepaid expenses	(54,668)	32,631
Increase (decrease) in liabilities:		
Accounts payable	(88,383)	62,592
Accrued expenses	(4,469)	21,841
Payroll liabilities	(1,553)	....
Deferred revenue	7,201	....
	<u>10,389</u>	<u>(571,926)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments	78,849	757,309
Purchase of investments	(108,974)	(193,338)
Acquisition of property and equipment .....	....	( 30,000)
	<u>(30,125)</u>	<u>533,971</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>....</u>	<u>....</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,736)	(37,955)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>146,154</u>	<u>184,109</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>\$ 126,418</u></u>	<u><u>\$ 146,154</u></u>

(The accompanying notes are an integral part of this financial statement)

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

NOTES TO FINANCIAL STATEMENTS

NATURE OF ACTIVITIES

The National Association of Railroad Passengers (the Association) was organized in 1967 to perform research and inform the public about passenger railroad operations, facilities, and passenger services, and to encourage and promote the maintenance and improvement of the American passenger railroad system. It is an independent, non-profit, non-partisan organization. The Association is based in Washington, DC and had approximately 8,000 supporting members in 2020 and 14,000 supporting members in 2019.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncement

During the year ended December 31, 2020, the Association adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. There was no impact on net assets as a result of the adoption of the new standard.

Basis of Accounting

The accompanying financial statements of the Association are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recognized when incurred. This summary of accounting policies is presented to assist in understanding the Association's financial statements.

Basis of Presentation

Financial statement presentation follows the reporting requirements of U. S. generally accepted accounting principles (GAAP) for non-profit organizations. The Association is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the Board of Directors.

Net assets with donor restrictions - 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 Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

NOTES TO FINANCIAL STATEMENTS

Accounting Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. The principal estimates include the allocation of expenses by function and the valuation of in-kind contributions. Actual results could differ from these estimates, and the differences could be material.

Fair Values of Financial Instruments

Pursuant to professional standards, the Association follows guidelines for measuring fair value that define fair value, establish a framework for measuring fair value, and expand disclosures regarding fair value measurement. Under these guidelines, the fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management or fund manager judgment. The three levels are defined as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
- Level 3 Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

Exempt Tax Status

The Association is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. This code section establishes the Association as a public charity rather than a private foundation and enables the Association to accept donations, which qualify as charitable deductions to the donor.

Accounting for Uncertainty in Income Taxes

The Association believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

NOTES TO FINANCIAL STATEMENTS

Cash and Cash Equivalents

The Association classifies all investments with a maturity date of 90 days or less as cash equivalents. The Association invests in business savings and money market accounts with FDIC-insured financial institutions.

Concentration of Credit Risk

The Association maintains its cash in bank accounts in amounts that may exceed federally-insured limits at times. The Association has not experienced any losses in these accounts in the past, and management believes the Association is not exposed to significant credit risks, as management periodically evaluates the strength of the financial institutions in which the Association deposits funds.

Accounts Receivable

The Association recognizes membership support and contributions in the year of actual receipt. Other receivables are recognized when invoiced if they are due within one year and are considered fully collectible. Management evaluates collectability of receivables and establishes an allowance for amounts considered uncollectible. Management has concluded no allowance was required as of December 31, 2020 and 2019.

Property and Equipment

Property and equipment are recorded at cost or estimated fair market value, if donated. Depreciation and amortization is provided on a straight-line method over the estimated useful life of the assets, generally 3 to 10 years. The Association typically capitalizes asset expenditures in excess of \$500. Depreciation expense for the year ended December 31, 2020 was \$41,133.

Investments

Investments are recorded at cost or estimated fair market value, if donated. Investments are subsequently adjusted to fair market value and unrealized gains and losses are recorded in the statement of activities. Investment income and unrealized gains and losses are reflected as changes in net assets without donor restrictions, absent donor-imposed restrictions on the earnings of the underlying investments.

Revenue Recognition

For the year ended December 31, 2020, the Association adopted FASB ASU 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, ASC 606), which (1) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (2) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. A significant portion of the Association's revenue comes from sources such as contributions, grants, member support, and investment income, that are outside the scope of ASC 606. The Association's revenues that fall within the scope of ASC 606 consist of program and event revenue. The income from these sources is recognized as the Association satisfies its performance obligations to its customers. Deferred revenue as of December 31, 2020 and 2019 was \$9,676 and \$2,475, respectively.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

NOTES TO FINANCIAL STATEMENTS

The Association adopted ASU 2014-09 effective January 1, 2020 and applied the changes in a modified retrospective manner, electing to apply the new guidance to contracts that were not completed as of the date of initial application. The Association generally has payment terms with its customers of one year or less and has elected the practical expedient applicable to such contracts of not taking into consideration the time value of money. There was no material impact to the Association's financial statements as a result of implementation.

Contributions

Contributions including unconditional promises to give are required to be recognized as revenue in the period in which the contribution is made. Contributions received are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Member Support

The Association receives annual support from members. Management has concluded that the value of any benefits received by the members is de minimis and the support does not represent an exchange for goods and services. Members are notified of the contribution element of their support in annual statements. Due to the non-binding nature of the support and uncertainty of member renewals, revenue is recorded when received as support without donor restrictions.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting service category when identifiable and possible. Certain other costs are allocated across programs and supporting functions on the basis of time and effort by individual staff members.

Advertising

The Association's policy is to expense advertising costs as incurred.

Subsequent Events

Management has evaluated subsequent events through October 12, 2021, which is the date the financial statements were available to be issued.

FAIR VALUE MEASUREMENTS

The fair values of the Association's assets measured on a recurring basis at December 31, 2020 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments	\$1,267,884	\$.....	\$.....	\$1,267,884

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

NOTES TO FINANCIAL STATEMENTS

PROPERTY AND EQUIPMENT, NET

The book value of property and equipment as of December 31, 2020 was as follows:

ASSET	ORIGINAL COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE 12/31/2020
Office furniture and equipment ...	\$ 87,216	\$ 59,744	\$ 27,472
Website development	118,450	62,225	56,225
Leasehold improvements	<u>9,963</u>	<u>6,867</u>	<u>3,096</u>
Total.....	<u>\$215,629</u>	<u>\$128,836</u>	<u>\$ 86,793</u>

The book value of property and equipment as of December 31, 2019 was as follows:

ASSET	ORIGINAL COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE 12/31/2019
Office furniture and equipment.....	\$ 87,216	\$ 44,294	\$ 42,922
Website development	118,450	38,535	79,915
Leasehold improvements	<u>9,963</u>	<u>4,874</u>	<u>5,089</u>
Total	<u>\$215,629</u>	<u>\$ 87,703</u>	<u>\$127,926</u>

INVESTMENTS

Investments are presented in the financial statements in the aggregate at fair market value. Fair value of investments is determined by the published fair value per unit at the end of the last trading day of the year.

The fair value of the Association's investments was categorized as follows at December 31, 2020:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Equity-based EFT	\$ 593,530	\$	\$	\$ 593,530
Stock-based EFT	270,617	....	....	270,617
Market-linked CD	216,631	....	....	216,631
Fixed income mutual funds	177,718	....	....	177,718
Other	<u>9,388</u>	<u>....</u>	<u>....</u>	<u>9,388</u>
	<u>\$1,267,884</u>	<u>\$</u>	<u>\$</u>	<u>\$1,267,884</u>

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

NOTES TO FINANCIAL STATEMENTS

Investment returns on average invested assets were approximately 5.9.% for the year ended December 31, 2020, and are reported as follows in the statement of activities:

Net investment income	\$ 23,778
Net realized and unrealized gain on investments	<u>48,290</u>
	<u>\$ 72,068</u>

NET ASSETS WITHOUT DONOR RESTRICTIONS

At December 31, 2020, the Association's net assets without donor restrictions comprised the following:

Undesignated	\$ 44,702
Invested in property and equipment	86,793
Designated for Strategic Investment Fund ..	<u>1,205,119</u>
Total	<u>\$1,336,614</u>

NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020, the Association's net assets with donor restrictions consisted of funds restricted for expenditure for specific purposes as follows:

Scholarships	\$ 62,319
Staff support	38,706
Research	<u>27,533</u>
Total	<u>\$128,558</u>

LEASE COMMITMENTS

On May 7, 2017, the Association moved to new offices located at 1200 G Street NW, Suite 240, Washington, DC, and signed a seven-year lease. Rent is paid monthly. Rent expense for the years ended December 31, 2020 was \$91,028.

Future minimum annual payments required under the lease are as follows:

YEAR ENDING DECEMBER 31,	
2021	\$ 99,485
2022	102,719
2023	106,057
2024	<u>17,769</u>
Total	<u>\$326,030</u>

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

NOTES TO FINANCIAL STATEMENTS

RETIREMENT PLAN

The Association offers a 401(k) plan in which all employees are eligible to participate. At the end of 2019, due to financial constraints, the Board directed the CEO to suspend all employer matching contributions until such time that the Board believes it is financially prudent to resume making those contributions.

LIQUIDITY AND AVAILABILITY

The following financial assets are available for general expenditure within one year of the date of the statement of financial position:

	2020
Financial assets at year end:	
Cash and cash equivalents.....	\$ 126,418
Accounts receivable	6,759
Investments.....	<u>1,267,884</u>
	<u>1,401,061</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	128,558
Board-designated net assets.....	<u>1,205,119</u>
	<u>1,333,677</u>
Financial assets available to meet general expenditures	<u>\$ 67,384</u>

The Association continually monitors its liquidity and reserves. The Board's Finance Committee reviews all transfers involving investment funds, and makes recommendations to the full Board. The full Board then votes to approve or disapprove any transfers involving investment funds. The professional staff creates an annual operating budget that projects, to the best of the staff's ability, financial performance on a quarterly basis.

Anticipated deficit spending, if any, is approved as part of the annual budget process. Individual transfers associated with any deficit spending are reviewed by the Finance Committee, which makes a recommendation to the full Board. The full Board then votes to approve or disapprove any transfers.

The Association has an Investment Committee of elected volunteer members in good standing. The Investment Committee reviews the status of investment funds from time to time and makes recommendations to the Board. The Board then has final authority over all decisions involving investment funds.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

NOTES TO FINANCIAL STATEMENTS

COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

COMMITMENTS

Customer Advisory Committee Agreement

The Association had a year-to-year agreement with Amtrak to provide support for an Amtrak Customer Advisory Committee that ended midway through 2020. The agreement specified an annual budget of approximately \$45,000 for personnel and other costs.

CONTINGENCY

Paycheck Protection Program

The Association received a Paycheck Protection Program (PPP) loan from the Small Business Administration (SBA), which was subsequently forgiven. The PPP loan and forgiveness of that loan are subject to audit by the SBA for six years after the date of the loan forgiveness. The possible disallowance by the SBA of any item charged to the program cannot be determined until such time when an audit occurs. Therefore, no provision for any potential disallowances that may result from such audit has been made in the accompanying financial statements. Management is of the opinion that disallowances, if any, will not be material to the accompanying financial statements.

SUBSEQUENT EVENTS - EFFECT OF COVID-19

Management has been evaluating the ongoing impacts of COVID-19 on operations and has developed estimates regarding how the Association will be affected. Membership dues and contributions are expected to decrease due to the effect of COVID-19. Other organizational expenditures are expected to meet 2021 budget estimates.