

ABOLITIONIST LAW CENTER
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

ABOLITIONIST LAW CENTER

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

	<u>Page Number</u>
FINANCIAL STATEMENTS:	
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statement of Activities and Changes in Net Assets – Year Ended December 31, 2020	4
Statement of Activities and Changes in Net Assets – Year Ended December 31, 2019	5
Statement of Functional Expenses – Year Ended December 31, 2020	6
Statement of Functional Expenses – Year Ended December 31, 2019	7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 15

MOCK BOSCO & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
900 WASHINGTON AVENUE
CARNEGIE, PENNSYLVANIA 15106
TEL: (412) 276-5700
FAX: (412) 276-4894
www.mockbosco.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Abolitionist Law Center
Pittsburgh, Pennsylvania

Opinion

We have audited the accompanying financial statements of Abolitionist Law Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Abolitionist Law Center, as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Abolitionist Law Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Abolitionist Law Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Abolitionist Law Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Abolitionist Law Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Certified Public Accountants
Carnegie, Pennsylvania

October 25, 2021

ABOLITIONIST LAW CENTER
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31	
	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents	\$862,263	\$623,007
Restricted cash - escrow (Note 7)	-	24,026
Accounts receivable	31,913	16,862
Grant receivables	5,000	-
Prepaid expenses	2,574	3,941
TOTAL CURRENT ASSETS	901,750	667,836
Property and equipment, net	4,091	2,714
Other assets - security deposit	3,000	3,000
TOTAL ASSETS	\$908,841	\$673,550

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 10,858	\$ 11,439
Other liabilities (Note 7)	11,297	24,026
TOTAL CURRENT LIABILITIES	22,155	35,465
NET ASSETS:		
Without donor restrictions	489,913	203,267
With donor restrictions	396,773	434,818
TOTAL NET ASSETS	886,686	638,085
TOTAL LIABILITIES AND NET ASSETS	\$908,841	\$673,550

See accompanying notes and independent auditor's report.

ABOLITIONIST LAW CENTER**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Private contributions	\$ 147,914	\$ 37,418	\$ 185,332
Grants	265,955	379,703	645,658
Litigation settlement	196,964	30,000	226,964
Other income	10,489	-	10,489
Net realized and unrealized investment gains	3,648	-	3,648
Net assets released from restrictions	<u>485,166</u>	<u>(485,166)</u>	<u>-</u>
Total revenue and support	<u>1,110,136</u>	<u>(38,045)</u>	<u>1,072,091</u>
Expenses			
Program services	628,619	-	628,619
Management and general	182,432	-	182,432
Fundraising	<u>12,439</u>	<u>-</u>	<u>12,439</u>
Total expenses	<u>823,490</u>	<u>-</u>	<u>823,490</u>
Increase (decrease) in net assets	286,646	<u>(38,045)</u>	248,601
Net assets - beginning of year	<u>203,267</u>	<u>434,818</u>	<u>638,085</u>
Net assets - end of year	<u>\$ 489,913</u>	<u>\$396,773</u>	<u>\$ 886,686</u>

See accompanying notes and independent auditor's report.

ABOLITIONIST LAW CENTER**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support			
Private contributions	\$ 44,076	\$ 17,155	\$ 61,231
Grants	143,500	535,680	679,180
Litigation settlement	146,108	126,078	272,186
Other income	5,177	-	5,177
Net realized and unrealized investment gains	2,123	-	2,123
Net assets released from restrictions	<u>317,594</u>	<u>(317,594)</u>	<u>-</u>
Total revenue and support	<u>658,578</u>	<u>361,319</u>	<u>1,019,897</u>
Expenses			
Program services	534,644	-	534,644
Management and general	126,102	-	126,102
Fundraising	<u>20,662</u>	<u>-</u>	<u>20,662</u>
Total expenses	<u>681,408</u>	<u>-</u>	<u>681,408</u>
Increase (decrease) in net assets	(22,830)	361,319	338,489
Net assets - beginning of year	<u>226,097</u>	<u>73,499</u>	<u>299,596</u>
Net assets - end of year	<u>\$203,267</u>	<u>\$434,818</u>	<u>\$ 638,085</u>

See accompanying notes and independent auditor's report.

ABOLITIONIST LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>
Salaries and taxes	\$474,745	\$356,751	\$110,335	\$ 7,659
Legal program expenses	199,884	185,404	13,430	1,050
Insurance	39,262	26,479	12,215	568
Rent	22,247	16,718	5,170	359
Mutual aid support	19,405	19,405	-	-
Accounting	17,194	-	17,194	-
Office supplies	15,364	7,612	7,729	23
Information technology	11,355	1,773	9,582	-
Travel expenses	8,086	7,783	303	-
Events and meetings	4,325	4,286	39	-
Other taxes, licenses and fees	4,255	-	4,255	-
Bank fees	4,124	866	478	2,780
Charitable contributions	1,056	1,000	56	-
Depreciation	1,004	-	1,004	-
Advertising	899	257	642	-
Training	<u>285</u>	<u>285</u>	<u>-</u>	<u>-</u>
Total Functional Expenses	<u>\$823,490</u>	<u>\$628,619</u>	<u>\$182,432</u>	<u>\$ 12,439</u>

See accompanying notes and independent auditor's report.

ABOLITIONIST LAW CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Expenses</u>
Legal program expenses	\$288,003	\$269,416	\$ 17,318	\$ 1,269
Salaries and taxes	249,857	180,562	53,139	16,156
Travel expenses	36,743	33,966	2,759	18
Rent	28,320	21,465	5,257	1,598
Insurance	25,329	16,281	7,591	1,457
Accounting	16,032	-	16,032	-
Office supplies	14,620	3,810	10,810	-
Events and meetings	7,587	7,026	397	164
Information technology	6,114	231	5,883	-
Other taxes, licenses and fees	5,076	-	5,076	-
Bank fees	1,139	232	907	-
Training	850	850	-	-
Advertising	760	565	195	-
Depreciation	538	-	538	-
Charitable contributions	400	200	200	-
Dues and subscriptions	<u>40</u>	<u>40</u>	<u>-</u>	<u>-</u>
Total Functional Expenses	<u>\$681,408</u>	<u>\$534,644</u>	<u>\$126,102</u>	<u>\$ 20,662</u>

See accompanying notes and independent auditor's report.

ABOLITIONIST LAW CENTER**STATEMENTS OF CASH FLOWS****INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	<u>\$248,601</u>	<u>\$338,489</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,004	538
Decrease (increase) in:		
Restricted cash escrow	24,026	75,052
Grant receivables	(5,000)	25,000
Accounts receivable	(15,051)	(15,014)
Prepaid expenses	1,367	(1,347)
Increase (decrease) in:		
Accounts payable and accrued expenses	(581)	5,132
Other liabilities	(12,729)	(75,052)
Total adjustments	<u>(6,964)</u>	<u>14,309</u>
Net cash provided by operating activities	<u>241,637</u>	<u>352,798</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(2,381)</u>	<u>(1,442)</u>
Net cash used in investing activities	<u>(2,381)</u>	<u>(1,442)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	239,256	351,356
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>623,007</u>	<u>271,651</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$862,263</u>	<u>\$623,007</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent auditor's report.

ABOLITIONIST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES:

The Abolitionist Law Center (ALC) is a 501(c)(3) nonprofit organization, registered with the Pennsylvania Bureau of Charitable Organizations and various other states. The ALC is a public interest law firm inspired by the struggle of political and politicized prisoners, and organized for the purpose of abolishing class and race based mass incarceration in the United States. ALC litigates on behalf of people whose human rights have been violated in prison, educates the general public about the evils of mass incarceration, and works to develop a mass movement against the American punishment system by building alliances and nurturing solidarity across social divisions.

The ALC seeks to challenge this status quo by building creative, principled, visionary, and lasting alliances with people and organizations inside and outside of prison who are determined to confront and defeat these interconnected systems of oppression, and replace them with healthy, sustainable, and liberating alternatives.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of the ALC is presented to assist in understanding ALC's financial statements. The financial statements and notes are representations of ALC's management who are responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting policies and have been consistently applied in the preparation of the financial statements.

- A. Basis of Accounting - The accompanying financial statements of ALC have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, and gains and losses are reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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 ALC.

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 ALC or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

ABOLITIONIST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- B. Revenue Recognition - Revenues are recognized when control of the promised services is transferred to the customer in an amount that reflects the consideration the ALC expects to be entitled to receive in exchange for those services. The ALC applies the five-step revenue model under Financial Accounting Standards Board (FASB) *Accounting Standards Codification, Revenue from Contracts with Customers*, to determine when revenue is earned and recognized.

Private contributions and litigation settlement revenue are recognized as revenue in the earlier of the period promised or received. Conditional pledges or promises to give, with a measurable performance or another barrier, and the right of return, are not recognized until the conditions on which they depend have been substantially met. The ALC had no conditional promises during the years ending December 31, 2020 and 2019.

Grants revenue, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, are recognized as revenue when the ALC has incurred expenditures in compliance with specific contract or grant provisions.

- C. Revenue with and without Donor Restrictions - Revenues, which consist primarily of contributions, grants, and legal rewards received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Revenues that are restricted by the donor 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. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted revenues are reported as increases 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 and changes in net assets as net assets released from restrictions.
- D. Promises to Give - Unconditional promises to give are recognized as contribution revenue in the period pledged. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- E. Grant Receivables - Grant receivables represent amounts committed by donors that have not been received by ALC. No provision for estimated uncollectible receivables has been made, since management considers all receivables fully collectible.

ABOLITIONIST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- F. Cash and Cash Equivalents - Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. In addition, ALC may occasionally have deposits at individual financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) insured limit.
- G. Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires ALC's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- H. Investments - Investments are stated at their fair value based on readily determinable market quotations. Realized gains and losses are computed on the average cost method. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Investment revenue is presented net of investment fees.
- I. Property and Equipment - ALC capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are recorded on the basis of cost, or if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is computed by the straight-line method over the following estimated useful lives:

Equipment	5 years
-----------	---------

Repairs and maintenance which are not considered to extend the useful lives of the assets are charged to operations as incurred. Expenditures for additions and improvements are capitalized. Upon sale or retirement, the cost of assets and related allowances are removed from the accounts and any resulting gains or losses are included in the statement of activities and changes in nets assets in the year of disposal.

- J. Fair Value of Financial Instruments - The FASB ASB Topic "Financial Instruments" clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Disclosure includes reporting hierarchy in which fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3). The carrying amount of cash and cash equivalents, and accounts payable and accrued expenses approximates fair value due to the short maturity of these financial instruments.

- K. Advertising Costs - Advertising costs are expensed when incurred. Advertising expense was \$899 and \$760 for the years ended December 31, 2020 and 2019, respectively.

ABOLITIONIST LAW CENTER**NOTES TO FINANCIAL STATEMENTS****YEARS ENDED DECEMBER 31, 2020 AND 2019**

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- L. Functional Expense Allocation - The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis, and are based on management's estimate of usage of expenses or estimates of time and effort.
- M. Reclassifications - Certain reclassifications have been made to the 2019 presentation to conform to the format used in 2020. Total net assets and changes in net assets are unchanged due to these reclassifications.
- N. Date of Management's Review and Subsequent Event - Management has evaluated subsequent events through October 25, 2021, the date the financial statements were available to be issued.

As a result of the spread of the COVID-19 Coronavirus the ALC may be economically affected, but the financial impact and duration cannot be reasonably estimated at this time.

NOTE 3 - GRANT RECEIVABLES:

Grant receivables consist of the following:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Grants without donor restrictions	<u>\$ 5,000</u>	<u>\$ -</u>

All amounts are considered collectible in less than one year.

NOTE 4 - PREPAID EXPENSES:

Prepaid expenses consist of the following at:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Prepaid health insurance	\$ 1,745	\$ 1,064
Prepaid rent	795	795
Prepaid other	34	81
Prepaid professional fees	<u>-</u>	<u>2,001</u>
	<u>\$ 2,574</u>	<u>\$ 3,941</u>

ABOLITIONIST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Continued)

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Equipment	\$ 6,273	\$ 3,892
Accumulated depreciation	(2,182)	(1,178)
	<u>\$ 4,091</u>	<u>\$ 2,714</u>

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of the following at:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Payroll liabilities	\$10,419	\$ 3,490
Credit cards payable	439	2,835
Accounts payable	<u>-</u>	<u>5,114</u>
	<u>\$10,858</u>	<u>\$11,439</u>

NOTE 7 - OTHER LIABILITIES:

During the year ended December 31, 2020, the ALC received a contract advance of \$11,297 which is recorded as other liabilities until services are performed.

During the year ended December 31, 2019, the ALC, in conjunction with outside legal counsel, settled a case on behalf of an individual. The total monetary portion of the settlement amounted to \$47,000. In addition to paying the outside legal fees and costs, ALC was required to pay the individual \$24,026 which was included in other liabilities at December 31, 2019.

ABOLITIONIST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Continued)

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following at:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Allegheny County Jail project	\$154,044	\$149,740
Ending solitary confinement project	116,622	83,617
Life without parole project	49,853	24,485
Coalition to abolish death by incarceration project	29,489	32,541
Mary's daughter	20,816	112,500
Toxic prisons project	17,044	8,613
Whistleblower support project	7,805	13,908
MOVE project	1,100	1,384
Amistad law project	<u>-</u>	<u>8,030</u>
	<u>\$396,773</u>	<u>\$434,818</u>

NOTE 9 - OPERATING LEASE:

The Organization leases its office space with an unrelated third party under a two-year operating lease agreement which expired October, 2019. The lease was extended through October, 2022 and requires minimum rental payments of approximately \$750 per month. Rent expense amounted to \$16,455 and \$18,780 for the years ended December 31, 2020 and 2019, respectively.

Effective September, 2018, the Organization began leasing additional office space with an unrelated third party under an operating lease agreement expiring August, 2021. The lease requires minimum rental payments of approximately \$795 per month. Rental expense amounted to \$5,792 and \$9,540 for the years ended December 31, 2020 and 2019, respectively.

The following is a schedule of future minimum rental payments required under the above noncancelable operating leases:

<u>Year Ending December 31</u>	
2021	\$15,435
2022	<u>7,750</u>
	<u>\$23,185</u>

ABOLITIONIST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Continued)

NOTE 10 - INCOME TAXES:

ALC is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code but would be subject to tax on net income not related to the exempt purpose of the Organization. The ALC does not have any material unrelated business income (UBI) and, accordingly, no provision for income taxes is recorded in the financial statements for the years ended December 31, 2020 and 2019.

ALC follows the Accounting for Uncertainty in Income Taxes topic of the Codification. This topic clarifies the accounting and reporting of uncertainties in income tax positions to be taken on ALC's tax returns, applying minimum recognition and measurement thresholds. Management does not believe there are any material uncertain tax positions requiring recording or disclosure in the financial statements.

ALC is subject to income tax examinations for its fiscal years ended after December 31, 2017.

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$862,263	\$623,007
Accounts receivable	31,913	16,862
Grant receivables	5,000	-
Prepaid expenses	2,574	3,941
Less: restricted by donors with purpose and time restrictions	(396,773)	(434,818)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$504,977</u>	<u>\$208,992</u>