

CORONADO HISTORICAL ASSOCIATION

AND CORONADO MUSEUM

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



Leaf & Cole, LLP
Certified Public Accountants

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Coronado Historical Association, Incorporated

Opinion

We have audited the accompanying financial statements of Coronado Historical Association, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, 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 Coronado Historical Association, Incorporated as of June 30, 2022 and 2021, 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 for 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 Coronado Historical Association, Incorporated, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Coronado Historical Association, Incorporated'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.

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 Coronado Historical Association, Incorporated'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 Coronado Historical Association, Incorporated'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.

Leaf & Cole LLP

San Diego, California
November 3, 2022

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<u>Current Assets:</u> (Notes 2, 4, 5 and 6)		
Cash and cash equivalents	\$ 315,268	\$ 155,794
Accounts receivable	5,758	4,327
Contributions receivable	9,050	7,000
Inventory	12,140	13,112
Prepaid expenses	12,125	40,320
Total Current Assets	354,341	220,553
<u>Noncurrent Assets:</u> (Notes 2, 4, 5 and 7)		
Deposits	-	18,000
Property and equipment, net	7,019,759	454,093
Restricted cash and investments:		
Board designated funds	845,692	87,795
Board designated endowment fund	-	863,913
Comprehensive campaign	-	106,210
Total Noncurrent Assets	7,865,451	1,530,011
TOTAL ASSETS	\$ 8,219,792	\$ 1,750,564

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2, 8 and 12)		
Accounts payable and accrued expenses	\$ 40,338	\$ 22,654
Payroll and related liabilities payable	9,208	12,440
Deferred revenue	43,500	-
Current portion of notes payable	4,327	2,000
Total Current Liabilities	97,373	37,094
<u>Noncurrent Liabilities:</u> (Note 8)		
Notes payable, net of current portion	2,118,761	168,000
Total Liabilities	2,216,134	205,094
<u>Commitments and Contingency</u> (Notes 12 and 13)		
<u>Net Assets:</u> (Notes 2, 9, 10 and 11)		
Without Donor Restrictions:		
Undesignated	5,157,966	486,339
Board designated funds	845,692	87,795
Board designated endowment fund	-	863,913
Total Without Donor Restrictions	6,003,658	1,438,060
With Donor Restrictions:		
Purpose restrictions	-	107,410
Total With Donor Restrictions	-	107,410
Total Net Assets	6,003,658	1,545,470
TOTAL LIABILITIES AND NET ASSETS	\$ 8,219,792	\$ 1,750,564

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

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support and Revenue:</u>						
In-kind contributions	\$ 4,731,436	\$ -	\$ 4,731,436	\$ 99,886	\$ -	\$ 99,886
Grants	194,177	-	194,177	306,131	-	306,131
Membership dues	163,595	-	163,595	134,760	-	134,760
Contributions	100,975	-	100,975	42,890	1,920	44,810
Museum store sales	80,893	-	80,893	34,401	-	34,401
Other income	58,469	-	58,469	495	-	495
Education	55,057	-	55,057	-	-	-
Event income	54,100	-	54,100	-	-	-
Rental income, net of expenses of \$63,563 and \$62,317	4,525	-	4,525	525	-	525
Research library fees	3,858	-	3,858	4,332	-	4,332
Investment (loss) income	(105,926)	-	(105,926)	210,980	1,058	212,038
Loss on disposal of property and equipment	-	-	-	(3,472)	-	(3,472)
Net assets released from restrictions	107,410	(107,410)	-	63,377	(63,377)	-
Total Support and Revenue	<u>5,448,569</u>	<u>(107,410)</u>	<u>5,341,159</u>	<u>894,305</u>	<u>(60,399)</u>	<u>833,906</u>
<u>Expenses:</u>						
Program Services:						
Education and outreach	314,682	-	314,682	267,530	-	267,530
Museum collections and exhibits	351,960	-	351,960	345,313	-	345,313
Museum store	77,839	-	77,839	47,272	-	47,272
Total Program Services	<u>744,481</u>	<u>-</u>	<u>744,481</u>	<u>660,115</u>	<u>-</u>	<u>660,115</u>
Supporting Services:						
Management and general	81,752	-	81,752	108,510	-	108,510
Fundraising	56,738	-	56,738	40,088	-	40,088
Total Supporting Services	<u>138,490</u>	<u>-</u>	<u>138,490</u>	<u>148,598</u>	<u>-</u>	<u>148,598</u>
Total Expenses	<u>882,971</u>	<u>-</u>	<u>882,971</u>	<u>808,713</u>	<u>-</u>	<u>808,713</u>
Change in Net Assets	4,565,598	(107,410)	4,458,188	85,592	(60,399)	25,193
Net Assets at Beginning of Year	<u>1,438,060</u>	<u>107,410</u>	<u>1,545,470</u>	<u>1,352,468</u>	<u>167,809</u>	<u>1,520,277</u>
NET ASSETS AT END OF YEAR	<u>\$ 6,003,658</u>	<u>\$ -</u>	<u>\$ 6,003,658</u>	<u>\$ 1,438,060</u>	<u>\$ 107,410</u>	<u>\$ 1,545,470</u>

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Supporting Services			
	Museum Collections and Exhibits	Education and Outreach	Museum Store	Total	Management and General	Fundraising	Total	Total
Salaries and Related Expenses:								
Salaries and wages	\$ 104,468	\$ 122,535	\$ 16,837	\$ 243,840	\$ 9,963	\$ 5,300	\$ 15,263	\$ 259,103
Payroll taxes and related costs	10,237	10,168	1,665	22,070	1,369	478	1,847	23,917
Employee benefits	7,458	9,456	307	17,221	759	367	1,126	18,347
Total Salaries and Related Expenses	<u>122,163</u>	<u>142,159</u>	<u>18,809</u>	<u>283,131</u>	<u>12,091</u>	<u>6,145</u>	<u>18,236</u>	<u>301,367</u>
Nonsalary Related Expenses:								
Administrative expenses	1,766	6,212	5,760	13,738	12,353	2,441	14,794	28,532
Advertising and marketing	233	2,796	-	3,029	1,350	-	1,350	4,379
Buildings and grounds	78,734	61,238	5,249	145,221	17,496	12,248	29,744	174,965
Collection	6,835	-	-	6,835	-	-	-	6,835
Cost of goods sold	-	-	38,112	38,112	-	-	-	38,112
Dues and subscriptions	1,055	210	-	1,265	-	-	-	1,265
Events	3,943	2,165	20	6,128	-	20,670	20,670	26,798
Exhibitions	15,841	-	-	15,841	-	-	-	15,841
Gifts, plaques and awards	160	2,860	53	3,073	-	66	66	3,139
Information technology	7,231	2,080	1,507	10,818	2,062	-	2,062	12,880
Insurance	5,166	4,018	344	9,528	1,148	804	1,952	11,480
Interest	20,696	16,097	1,380	38,173	4,599	3,219	7,818	45,991
Miscellaneous	325	451	776	1,552	43	-	43	1,595
Outside services	15,792	14,125	-	29,917	14,527	-	14,527	44,444
Professional services	9,446	7,346	630	17,422	2,099	1,469	3,568	20,990
Supplies	367	4,542	1,052	5,961	160	-	160	6,121
Total Nonsalary Related Expenses	<u>167,590</u>	<u>124,140</u>	<u>54,883</u>	<u>346,613</u>	<u>55,837</u>	<u>40,917</u>	<u>96,754</u>	<u>443,367</u>
Depreciation	<u>62,207</u>	<u>48,383</u>	<u>4,147</u>	<u>114,737</u>	<u>13,824</u>	<u>9,676</u>	<u>23,500</u>	<u>138,237</u>
Total Expenses	<u>\$ 351,960</u>	<u>\$ 314,682</u>	<u>\$ 77,839</u>	<u>\$ 744,481</u>	<u>\$ 81,752</u>	<u>\$ 56,738</u>	<u>\$ 138,490</u>	<u>\$ 882,971</u>

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

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services			
	Museum			Total	Management and General			Total
	Collections and Exhibits	Education and Outreach	Museum Store		Fundraising	Total	Total	
Salaries and Related Expenses:								
Salaries and wages	\$ 112,934	\$ 49,196	\$ 9,269	\$ 171,399	\$ 5,003	\$ 4,066	\$ 9,069	\$ 180,468
Payroll taxes and related costs	5,181	5,727	1,011	11,919	347	283	630	12,549
Employee benefits	11,755	13,256	380	25,391	100	113	213	25,604
Total Salaries and Related Expenses	<u>129,870</u>	<u>68,179</u>	<u>10,660</u>	<u>208,709</u>	<u>5,450</u>	<u>4,462</u>	<u>9,912</u>	<u>218,621</u>
Nonsalary Related Expenses:								
Administrative expenses	294	769	3,349	4,412	13,206	1,804	15,010	19,422
Advertising and marketing	233	1,287	-	1,520	-	-	-	1,520
Buildings and grounds	141,925	141,925	10,674	294,524	88,753	24,837	113,590	408,114
Collection	1,488	-	-	1,488	-	-	-	1,488
Cost of goods sold	-	-	17,417	17,417	-	-	-	17,417
Dues and subscriptions	1,440	-	-	1,440	-	-	-	1,440
Events	1,129	-	-	1,129	-	525	525	1,654
Exhibitions	7,538	-	-	7,538	-	-	-	7,538
Gifts, plaques and awards	110	415	-	525	-	-	-	525
Information technology	2,514	2,384	1,243	6,141	9,824	-	9,824	15,965
Insurance	6,763	-	-	6,763	4,454	-	4,454	11,217
Miscellaneous	-	-	152	152	-	-	-	152
Outside services	5,001	5,266	45	10,312	3,197	203	3,400	13,712
Professional services	-	-	-	-	27,193	-	27,193	27,193
Supplies	-	297	206	503	882	30	912	1,415
Total Nonsalary Related Expenses	<u>168,435</u>	<u>152,343</u>	<u>33,086</u>	<u>353,864</u>	<u>147,509</u>	<u>27,399</u>	<u>174,908</u>	<u>528,772</u>
Shared cost allocation	22,480	22,480	1,686	46,646	(50,581)	3,935	(46,646)	-
Depreciation	24,528	24,528	1,840	50,896	6,132	4,292	10,424	61,320
Total Expenses	<u>\$ 345,313</u>	<u>\$ 267,530</u>	<u>\$ 47,272</u>	<u>\$ 660,115</u>	<u>\$ 108,510</u>	<u>\$ 40,088</u>	<u>\$ 148,598</u>	<u>\$ 808,713</u>

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

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 4,458,188	\$ 25,193
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	138,237	61,320
Amortization of debt issuance costs	3,355	-
Net realized and unrealized losses (gains) on investments	119,748	(185,966)
Loss on disposal of property and equipment	-	3,472
Donated property	(4,700,000)	-
(Increase) Decrease in:		
Accounts receivable	(1,431)	17,288
Contributions receivable	(2,050)	(1,400)
Inventory	972	4,811
Prepaid expenses	46,195	(3,166)
Increase (Decrease) in:		
Accounts payable and accrued expenses	17,684	17,502
Payroll and related liabilities payable	(3,232)	758
Deferred revenue	43,500	(14,924)
Net Cash Provided by (Used in) Operating Activities	<u>121,166</u>	<u>(75,112)</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of Property and equipment	(2,003,903)	-
Investment (purchases) and sales, net	(1,250)	(61,872)
Restricted cash and investments (purchases) and sales, net	93,728	34,806
Net Cash Used in Investing Activities	<u>(1,911,425)</u>	<u>(27,066)</u>
<u>Cash Flows From Financing Activities:</u>		
Proceeds from notes payable	2,095,000	155,000
Payments on notes payable	(11,054)	-
Payments for debt issuance costs	(134,213)	-
Net Cash Provided by Financing Activities	<u>1,949,733</u>	<u>155,000</u>
Net Increase in Cash and Cash Equivalents	159,474	52,822
Cash and Cash Equivalents at Beginning of Year	<u>155,794</u>	<u>102,972</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>315,268</u>	\$ <u>155,794</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for interest	<u>\$ 43,639</u>	<u>\$ -</u>

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

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1 - Organization:

Coronado Historical Association, Incorporated (“CHA”), a non-profit 501(c)(3) charitable organization, was founded in 1969 to help people understand and appreciate Coronado’s unique history, art, architecture, and historical resources. CHA continually works towards these goals and brings the history of Coronado to the community. We carefully preserve everything from 1880s newspapers to vintage garments, and over 20,000 photographs. In our galleries, we bring Coronado’s history to life through fascinating permanent exhibits and changing displays.

Mission

CHA’s mission is to advance learning and stewardship in all by serving as Coronado’s primary center for community history.

The following is a brief description of CHA’s programs:

Historic Collections and Exhibits

Coronado Historical Association offers the public an opportunity to learn about the history, people, and culture that make Coronado special, and for that purpose, it develops educational exhibits and programs. CHA’s building houses three exhibition galleries, a lecture hall/classroom, a public research center, museum collections storage vault, Museum Store, and Tent City Restaurant.

CHA has an extensive collection of local history objects and archives, including paintings, photographs, military items, textiles, and early Coronado documents. The collection is maintained under the care of the Curator of Collections and Executive Director/Curator, and is held for research, education, and public exhibition in furtherance of public service. As a matter of policy, proceeds from the sale of collection items are used for direct care of the collection, or to acquire other items for the collection. CHA does not include either the cost or the value of its collection in the statements of financial position, nor does it recognize gifts of collection items as revenues in the statements of activities.

Education and Outreach

In support of its mission, CHA has a special focus on educational programs and outreach. In addition to a year-round schedule of public lectures and other thought-provoking programs for adults and youth, such as a Preservation Symposium every spring (co-presented with other leading Coronado organizations), CHA presents core curriculum aligned in-classroom programming in partnership with the Coronado Unified School District. CHA also promotes appreciation of historic landscapes through the annual Coronado Historic Home Tour. Additionally, CHA awards the Going the Extra Mile (GEM) award to one property owner whose thoughtful efforts to preserve and restore, rather than replace, existing homes turns potential teardowns into local architectural GEMS. CHA’s volunteer Docents lead historic walking tours around Coronado. The tours are offered four days a week. The tour explores downtown Coronado, Ocean Blvd, Star Park, the Hotel del Coronado, and other points of interest. CHA’s commitment to education extends to training future professionals through robust high school, college, and graduate internship programs. CHA partners with Coronado High School and local universities to create opportunities for students to get hands-on experience conducting oral histories, developing exhibits, and cataloging collections. A key outreach tool is CHA’s “History Matters,” which is published in partnership with the *Coronado Eagle and Journal*. We also utilize other publications such as the *Heritage Bulletin* eNewsletter and contribute scholarly informational articles in local journals and magazines.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of CHA have been prepared on the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

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 thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations, and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated endowment.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements in conformity 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 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.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy), and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Fair Value Measurements

CHA's statements of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in mutual funds are considered Level 1 assets, and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method, based on management's evaluation of outstanding accounts receivable and pledges receivable. Management believes that all accounts receivable and contributions receivable are fully collectible; therefore, no allowance for doubtful accounts receivable and contributions receivable was recorded at June 30, 2022 and 2021.

Inventory

Inventory of retail store merchandise consist primarily of books, periodicals, and other gift items. Inventory is valued at the lower of average cost (first-in, first-out) or net realizable value.

Capitalization and Depreciation

CHA capitalizes all expenditures in excess of \$1,500 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, CHA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CHA reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Buildings	40 years
Building improvements	7 - 30 years
Office furniture and equipment	3 - 7 years
Exhibit equipment and furniture	5 years

Depreciation totaled \$138,237 and \$61,320 for the years ended June 30, 2022 and 2021, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Impairment of Real Estate

CHA reviews its investment in real estate for impairment whenever events and changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of real estate exceeds the fair value of such property. There were no impairment losses recognized in 2022 and 2021.

Debt Issuance Costs

Debt issuance costs are incurred in order to obtain financing for CHA. Debt issuance costs are amortized on a straight-line basis over the term of the related loan, which approximates the interest method. Unamortized deferred financing costs are presented as a direct reduction from the carrying value of the related obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense, and totaled \$3,355 and \$0 for the years ended June 30, 2022 and 2021, respectively.

Collections

In conformity with the practice followed by many museums and historical organizations, art and historic objects purchased by or donated to CHA are not capitalized in the statement of financial position. CHA's collection is made up of artifacts, photographs, records, and remembrances of Coronado's past that are held for exhibition and various other program activities. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously. The collection is maintained under the care of professional staff and is held for research, education, and public exhibition in furtherance of public service, rather than for financial gain. As a matter of policy, proceeds from the sale of collection items are used for the direct care of the collection or to acquire other items for the collection. Direct care of collections is defined by CHA as costs that prolong the life and usefulness of the collection, costs providing benefits that enhance the quality and protection of the collection, and costs that make a physical impact on collection objects, increasing or restoring their cultural or scientific value. Routine and ongoing expenditures are not considered direct care of collections.

CHA does not include either the cost or the value of its collection in the statement of financial position, nor does it recognize gifts of collection items as revenues in the statement of activities. Purchased collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or in net assets with donor restrictions if the net assets used to purchase the items are restricted by the donor. Contributed collection items are excluded from the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes, as determined by the item's Deed of Gift.

Compensated Absences

Accumulated unpaid vacation totaling \$4,086 and \$9,720 at June 30, 2022 and 2021, respectively, is accrued when incurred, and included in payroll and related liabilities payable.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition

Grants and contributions are recognized when the donor makes a promise to give to CHA that is in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the grants and contributions are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

CHA offers memberships that typically last for a term of one year. CHA divides fees from these memberships between contributions and exchange transactions and recognizes revenue for the contribution upon sale. The exchange portion is also recognized upon sale, since fees are non-refundable and used to fund CHA’s mission and access programs.

Museum store sales are recognized as revenue when the sale transaction occurs.

CHA recognizes revenue from education program fees, event income, rental income, and research library fees upon sale or date of service, as applicable.

Donated Materials and Services

CHA utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements, unless the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2022 and 2021 did not meet the requirements above; therefore, no amounts were recognized in the financial statements.

CHA received the following in-kind donations which are recorded at fair value for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Property – land and building	\$ 4,700,000	\$ -
Rent	31,311	97,074
Supplies and materials	125	2,812
Total In-Kind Contributions	<u>\$ 4,731,436</u>	<u>\$ 99,886</u>

In valuing the land and building, CHA estimated the fair value based on an independent appraisal of the property at the time of purchase. The difference between the purchase price and the fair value has been recorded as an in-kind contribution (Note 12).

CHA leased property at below-market rates (Note 12). These amounts have been recorded as in-kind contributions and as buildings and grounds expense.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. CHA allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by CHA's management.

Income Taxes

CHA is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, except on net income derived from unrelated business activities. CHA's unrelated business activity did not generate taxable income, and no tax liability has been recorded at June 30, 2022 and 2021. CHA 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. CHA is not a private foundation.

CHA's Return of Organization Exempt from Income Tax and Exempt Organization Business Income Tax Returns for Tax for the years ended June 30, 2022, 2021, 2020, and 2019 are subject to examination by Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

Risks and Uncertainties

CHA invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term, and such changes could materially affect the amounts reported in the statement of financial position.

CHA maintains its cash in bank accounts and brokerage accounts which, at times, may exceed federally insured limits. CHA has not experienced any losses in such accounts. CHA believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statements of cash flows, CHA considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents that are donor-restricted endowment or board-designated endowment funds are held for long-term purposes, and are not included in cash and cash equivalents.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Accounting Pronouncements Adopted

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 improves transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. This standard is applied on a retrospective basis. The adoption had no effect on the 2022 financial statements.

Subsequent Events

In preparing these financial statements, CHA has evaluated subsequent events for potential recognition or disclosure through November 3, 2022, the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Liquidity and Availability:

CHA regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. CHA considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, CHA considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The table below presents financial assets available for general expenditures within one year at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 315,268	\$ 155,794
Accounts receivable	5,758	4,327
Contributions receivable	<u>9,050</u>	<u>7,000</u>
Financial assets available to meet general expenditures within one year	<u>\$ 330,076</u>	<u>\$ 167,121</u>

In addition to financial assets available to meet general expenditures over the next 12 months, CHA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

CHA's governing board has designated a portion of its unrestricted resources for Board designated purposes. These funds are invested for long-term appreciation and current income, but remain available, and may be spent at the discretion of the Board of Directors.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 4 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at June 30:

	2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Mutual funds	\$ 845,651	\$ -	\$ -	\$ 845,651
	2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Mutual funds	\$ 951,707	\$ -	\$ -	\$ 951,707

Note 5 - Investments:

Investments consist of the following at June 30:

	2022	2021
Mutual funds	\$ 845,651	\$ 951,707
Total Investments	\$ 845,651	\$ 951,707

Restricted cash and investments consist of the following at June 30:

	2022	2021
Mutual Funds	\$ 845,651	\$ 951,707
Cash	41	106,211
Total Restricted Cash and Investments	\$ 845,692	\$ 1,057,918

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 5 - Investments: (Continued)

The following schedule summarizes the investment income (loss) for the years ended June 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 15,259	\$ -	\$ 15,260
Net realized and unrealized losses	(119,748)	-	(119,748)
Investment fees	(1,437)	-	(1,437)
Total Investment Income	\$ (105,926)	\$ -	\$ (105,926)
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 27,442	\$ -	\$ 27,442
Net realized and unrealized gains	184,908	1,058	185,966
Investment fees	(1,370)	-	(1,370)
Total Investment Income	\$ 184,480	\$ 1,058	\$ 212,038

Note 6 - Contributions Receivable:

Contributions receivable totaling \$9,050 and \$7,000 at June 30, 2022 and 2021, respectively, are due in less than one year.

Note 7 - Property and Equipment:

Property and equipment consist of the following at June 30:

	2022	2021
Land	\$ 2,300,000	\$ -
Building	4,400,000	-
Building improvement	1,375,468	1,375,468
Office furniture and equipment	44,362	66,946
Collections and exhibitions	28,058	28,058
Subtotal	8,147,888	1,470,472
Less: Accumulated depreciation	(1,128,129)	(1,016,379)
Property and Equipment, Net	\$ 7,019,759	\$ 454,093

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 8 - Notes Payable:

Notes payable consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
<p>The note payable which was originated on May 1, 2020 is held by the City of Coronado (the "City") under the Life Business Loan Program, in the original amount of \$15,000. On June 16, 2020, the City authorized an additional \$5,000, which was advanced on July 2, 2020. The loan is noninterest-bearing. Principal payments are due monthly in the amount of \$333, beginning on January 1, 2022, until the loan is paid in full. The loan is unsecured.</p>	\$ 19,334	\$ 20,000
<p>The loan payable, which was originated on August 28, 2020, is held by the U.S. Small Business Administration in the original amount of \$150,000. Interest is accrued at 2.75% per annum. Monthly principal and interest payments of \$641 are due beginning August 28, 2022. The loan is due August 28, 2050. Secured by property and equipment. Accrued interest totaled \$2,665 and \$3,438 at June 30, 2022 and 2021, respectively, and is included in accounts payable and accrued expenses.</p>	139,612	150,000
<p>The California Enterprise Development Authority Series A Bonds which were originated on October 29, 2021 are held by First Republic Bank in the original amount of \$1,600,000 and bear interest at 2.90%. Interest only payments are required beginning December 1, 2021 through October 1, 2023. Beginning November 1, 2023, monthly payments of principal and interest in the amount of \$6,995 are required. The loan is due October 1, 2051. Secured by a Deed of Trust.</p>	1,600,000	-
<p>The California Enterprise Development Authority Series B Bonds which were originated on October 29, 2021 are held by First Republic Bank in the original amount of \$495,000 and bear interest at 3.75%. Interest only payments are required beginning December 1, 2021 through October 1, 2023. Beginning November 1, 2023, monthly payments of principal and interest in the amount of \$2,397 are required. The loan is due October 1, 2051. Secured by a Deed of Trust.</p>	495,000	-
<p>Total Notes Payable</p>	<u>2,253,946</u>	<u>170,000</u>
<p>Less: Unamortized debt issuance costs</p>	<u>(130,858)</u>	<u>-</u>
<p>Total Notes Payable, net</p>	2,123,088	170,000
<p>Less: Current Portion</p>	<u>(4,327)</u>	<u>(2,000)</u>
<p>Notes Payable, Net, Noncurrent</p>	\$ <u>2,118,761</u>	\$ <u>168,000</u>

Debt issuance costs total \$134,213, less accumulated amortization of \$3,355 and \$-0- at June 30, 2022 and 2021, respectively.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 8 - Notes Payable: (Continued)

The future principal payments on the note payables are as follows:

<u>Years Ended</u> <u>June 30</u>		
2023	\$	4,327
2024		39,305
2025		56,533
2026		58,182
2027		59,237
Thereafter		<u>2,036,362</u>
Total	\$	<u><u>2,253,946</u></u>

Note 9 – Board-Designated Funds:

CHA’s Board of Directors have designated a portion of its resources without donor restriction for the following purpose at December 31:

	<u>2022</u>	<u>2021</u>
Board-Designated funds:		
CHA mission support	\$ <u>845,703</u>	\$ <u>87,808</u>
Total Board-Designated Funds	<u>845,703</u>	<u>87,808</u>
Board-Designated Endowment		
Board-Designated endowment fund (Note 11)	<u>-</u>	<u>863,913</u>
Total Net Assets with Donor Restrictions	<u><u>\$ -</u></u>	<u><u>\$ 951,721</u></u>

Note 10 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by CHA, which are limited in their use by the donor-imposed restrictions. Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Comprehensive campaign	\$ -	\$ 106,210
Exhibit	<u>-</u>	<u>1,200</u>
Total Subject to Expenditure for Specified Purpose	<u><u>-</u></u>	<u><u>107,410</u></u>

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 10 - Net Assets With Donor Restrictions: (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the years ended June 30:

Purpose Restrictions Accomplished:	<u>2022</u>	<u>2021</u>
Comprehensive campaign	\$ 106,210	\$ -
Exhibit	1,200	200
Education	-	1,869
Total Net Assets Released from Restrictions	<u>107,410</u>	<u>2,069</u>
Endowment Net Assets Released	<u>-</u>	<u>61,308</u>
	<u>\$ 107,410</u>	<u>\$ 63,377</u>

During the year ended June 30, 2021, the Board of Directors reviewed their investment policy and determined that the original donation was for the support of CHA’s mission and was not intended by the donor to be an endowment fund. The Board resolved to change the funds to a Board-Designated fund.

Note 11 - Board- Designated Endowment Fund and Endowment Net Assets:

CHA’s endowment consists of an individual fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

CHA has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, CHA classifies donor-restricted net assets of a perpetual nature as (1) the original value of gifts donated to the permanent endowment; (2) the original value of subsequent gifts donated to the permanent endowment; (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in ‘donor-restricted net assets of a perpetual nature’ is classified as ‘donor-restricted net assets with time restrictions,’ until those amounts are appropriated for expenditure by CHA in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, CHA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of CHA and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of CHA
- The investment policies of CHA

CHA considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. CHA has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 11 - Board Designated Endowment Fund and Endowment Net Assets: (Continued)

CHA has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives, while keeping risk at a moderate level
- Comply with applicable laws

CHA's endowment funds are invested in a diversified portfolio of mutual funds that are structured to satisfy its long-term rate-of-return objectives. CHA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

CHA's endowment funds are invested in a diversified portfolio of equity and debt securities, which is structured for long-term total return. CHA's spending policy is to spend 5%.

Endowment composition by type of fund at June 30:

	2022			
	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Total
Board-designated endowment fund	\$ -	\$ -	\$ -	\$ -
Total Endowment Net Assets	\$ -	\$ -	\$ -	\$ -
	2021			
	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Total
Board-designated endowment fund	\$ 863,913	\$ -	\$ -	\$ 863,913
Total Endowment Net Assets	\$ 863,913	\$ -	\$ -	\$ 863,913

During fiscal year 2022 the Board of Directors reviewed their investment policy and reclassified the Board-designated endowment to a Board designated fund.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 11 - Board Designated Endowment Fund and Endowment Net Assets: (Continued)

Endowment composition changes in endowment net assets for the years ended June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Purpose</u>	<u>With Donor Restrictions - Perpetual</u>	<u>Total</u>
Endowment Net Assets at June 30, 2020	\$ 679,319	\$ -	\$ 60,250	\$ 739,569
Investment income	184,594	-	1,058	185,652
Net assets released	<u>-</u>	<u>-</u>	<u>(61,308)</u>	<u>(61,308)</u>
Endowment Net Assets at June 30, 2021	863,913	-	-	863,913
Board reclassification to non endowment funds	<u>(863,913)</u>	<u>-</u>	<u>-</u>	<u>(863,913)</u>
Endowment Net Assets at June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 12 - Commitment:

Lease Commitment, Building Purchase Option, & Gift

In December 2017, CHA executed a lease amendment (the “Lease Amendment”) amending its lease of the Coronado Bank and Commerce building (the “Building”), and the real property on which the Building is situated (the “Land”), from a limited liability company (the “Landlord”) which is wholly owned by Don and Leslie Budinger. The base rent paid by CHA totaled \$106,795 and \$317,244 for the years ended June 30, 2022 and 2021, respectively.

An independent appraisal obtained by CHA in 2017 (the “Appraisal”) shows that the rent agreed to be paid by CHA under the Lease Amendment is less than the current market rate. Therefore, the Lease Amendment also represents a gift to CHA from the Budingers to the extent of the difference between the agreed rent and the current market rate. The in-kind rent recognized due to below-market rates totaled \$31,311 and \$97,074 for the years ended June 30, 2022 and 2021, respectively.

The rent paid by CHA is also partially offset by rental income received by CHA, from subleases of portions of the building to tenants under sublease agreements. Rental income from those subleases totaled \$63,563 and \$62,317 for the years ended June 30, 2022 and 2021, respectively, and has been recorded as a reduction in rent expense. CHA bills a pro rata share of operating expense to certain tenants each month.

The Lease Amendment also provides for CHA to hold an option (the “Option”) to cause the Landlord to transfer title of the Building and the Land to CHA at any time on or after January 1, 2019, by payment to the Landlord of a cash amount. In the event the Option is exercised, the Lease Amendment requires CHA to lease back to the seller a portion of the office space in the Building which is now used by Don Budinger, as described in the Lease Amendment.

In October 2021, CHA exercised the Option and purchased the Building and Land for \$2,000,000. An independent appraisal in 2021 valued the Building and Land at \$6,700,000 and the gift from the Budingers to CHA was recorded at \$4,700,000 as an in-kind contribution.

CORONADO HISTORICAL ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 12 - Commitment: (Continued)

Lease Commitment, Building Purchase Option, & Gift (Continued)

The independent appraiser included a land value at the request of CHA. The appraiser valued the land at \$2,300,000 and notes the following: the building is deemed historic and cannot be redeveloped. In addition, there are leases in place. In this case the land value is hypothetical. A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is not used for the purposes of analysis.”

Retirement Plan

CHA has a retirement benefit plan (the “Plan”) for eligible employees. The Plan allows for employee contributions up to the maximum amount allowed by the Internal Revenue Code. CHA may make discretionary matching and nonelective contributions if an eligible employee contributes to the Plan. CHA’s contributions totaled \$5,889 and \$10,000 for the years ended June 30, 2022 and 2021, respectively and is included in employee benefits in the statement of functional expenses.

Note 13 - Contingency:

Coronavirus Pandemic Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. CHA is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on CHA’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on CHA’s donors, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact CHA’s financial position and changes in net assets and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.