HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

Independent Auditors' Report
Financial Statements

June 30, 2020 and 2019

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HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Human Resources Agency of New Britain, Inc.
New Britain, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of Human Resources Agency of New Britain, Inc. (the "Agency"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 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.

Whittlesey PC

Hartford, Connecticut
October 28, 2020

Human Resources Agency of New Britain, Inc.

Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 729,873	$ 550,745
Grants receivable	901,698	834,162
Other receivables	195,905	133,558
Debt service funding held by state	383,338	376,938
Prepaid expenses	60,629	93,987
Total current assets	2,271,443	1,989,390
Property and Equipment		
Land and buildings	15,486,507	15,381,597
Leasehold improvements	645,967	645,967
Equipment	1,345,298	1,211,012
Vehicles	119,757	143,327
Construction in progress	46,370	45,736
	17,643,899	17,427,639
Less accumulated depreciation	5,724,066	5,245,704
Net property and equipment	11,919,833	12,181,935
Other Assets		
Restricted cash	130,319	128,437
Total Assets	$ 14,321,595	$ 14,299,762

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

HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

Statements of Financial Position (continued)

June 30, 2020 and 2019

LIABILITIES AND NET ASSETS	2020	2019
Current Liabilities		
Current portion of bonds payable	$ 250,000	$ 240,000
Current portion of notes payable	41,425	189,089
Current portion of capital leases	78,553	-
Accounts payable and accrued expenses	353,809	329,345
Accrued payroll and vacations	523,048	467,239
Accrued interest payable	133,338	136,938
Due to funding source	16,625	16,625
Deferred revenue	697,280	327,027
Total current liabilities	2,094,078	1,706,263
Long-Term Liabilities		
Bonds payable, net	6,026,382	6,279,138
Notes payable, net	1,033,060	935,273
Long-term portion of capital leases	82,575	-
Total long-term liabilities	7,142,017	7,214,411
Total liabilities	9,236,095	8,920,674
Net Assets		
Without donor restrictions	5,041,982	5,335,570
With donor restrictions	43,518	43,518
Total net assets	5,085,500	5,379,088
Total Liabilities and Net Assets	$ 14,321,595	$ 14,299,762

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

HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

Statements of Activities

June 30, 2020 and 2019

		2020		2019
Changes in Net Assets Without Donor Restrictions				
Revenues, gains and other support:				
Government grants	$	11,644,007	$	13,543,163
Program income		902,786		1,178,621
Nongovernmental grants and contributions		834,440		774,533
Bond debt service funding		432,974		430,627
Rental income		139,657		142,113
Contributed services		84,981		161,249
Other income		7,133		12,848
Total revenues, gains and other support		14,045,978		16,243,154
Expenses				
Salaries and benefits		7,792,319		7,849,044
Direct client assistance		3,437,627		5,056,727
Professional and contracted services		849,759		1,220,518
Occupancy		814,836		916,967
Depreciation		513,156		507,771
Interest		323,426		348,337
Materials and supplies		419,644		212,659
Other		188,799		197,921
Total expenses		14,339,566		16,309,944
Change in net assets without donor restrictions		(293,588)		(66,790)
Net assets - beginning of year		5,379,088		5,445,878
Net assets - end of year	$	5,085,500	$	5,379,088

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

HUMAN RESOURCES AGENCY OF NEW BRITAIN, INC.

Statements of Cash Flows

June 30, 2020 and 2019

	2020	2019
Cash flows from operating activites		
Change in net assets	$ (293,588)	$ (66,790)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	513,156	507,771
Amortization	12,093	12,093
(Increase) decrease in operating assets:		
Grants receivable	(67,536)	(107,943)
Other receivables	(62,347)	62,107
Debt service funding held by state	(6,400)	(1,476)
Prepaid expenses	33,358	(37,568)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	24,464	(111,237)
Accrued payroll and vacations	55,809	(52,743)
Accrued interest payable	(3,600)	(3,525)
Due to funding source	-	(5,193)
Deferred revenue	370,253	(278,525)
Net change in cash from operating activities	575,662	(83,029)
Cash flows from investing activities		
Purchases or improvement of property and equipment	(89,926)	(118,060)
Net change in cash from investing activities	(89,926)	(118,060)
Cash flows from financing activities		
Proceeeds from note payable	140,372	-
Principal repayments on bonds and notes payable	(445,098)	(265,953)
Net change in cash from financing activities	(304,726)	(265,953)
Net change in cash and cash equivalents	181,010	(467,042)
Cash, cash equivalents and restricted cash - beginning of year	679,182	1,146,224
Cash, cash equivalents and restricted cash - end of year	$ 860,192	$ 679,182
Supplemental Information:		
Cash paid during the year for		
Interest	$ 319,826	$ 344,812
Fixed assets acquired through capital lease	$ 161,128	$ -

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Human Resources Agency of New Britain, Inc. (the "Agency"), a community action agency, was established in 1964 as a Connecticut nonstock, nonprofit corporation whose purpose is to provide the economically disadvantaged in the greater New Britain, Connecticut, area with various social programs and services including food, training, education, child care, shelter and energy-related assistance.

Basis of Accounting and Presentation

The financial statements of the Agency have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

- 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 Agency. These net assets may be used at the discretion of the Agency'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 Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of 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 certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Agency considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, exclusive of restricted cash. Restricted cash consists of cash restricted by the Connecticut Health and Educational Facilities Authority (CHEFA) bond indenture for property renewal and replacements.

Property and Equipment

Property and equipment acquisitions and improvements thereon that exceed $2,500 are capitalized at cost and depreciated on the straight-line basis over their estimated useful lives. Leasehold improvements are amortized over the life of the improvement or the remaining lease term, whichever is shorter. Repairs and maintenance are charged to expense as incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Funding sources retain a reversionary right to certain property acquired with grant funds, although no grant programs are expected to end prior to the end of the properties' required useful lives that would require return of such assets. In connection with a State of Connecticut grant in the amount of $345,000, for which the Agency received the final payment on 9/10/15 and forgivable liens have been placed on the real property of the Agency. The period of forgiveness will be forgiven at a rate of ten percent per year from the date of the final payment. If the Agency were to not fulfill the requirements of this grant, a liability for the remaining balance of the lien would occur. The amount of the remaining lien was $172,500 and $207,000 at June 30, 2020 and 2019.

Deferred Financing Costs

Deferred financing costs represent costs incurred in obtaining bond financing. Debt issuance costs are presented as a direct deduction of the carrying amount of the debt. These costs are being amortized on a straight-line basis over the term of the related bonds. Amortization of debt issuance costs is included in interest expense. Amortization expense (interest) for each of the years ended June 30, 2020 and 2019 was $12,093. Amortization expense (interest) for each of the next five years is $12,093.

Grants and Contracts

The Agency receives grant and contract funding from various government agencies and private foundations to provide a variety of program services to the public conditioned on specific requirements included in the agreements and/or incurring allowable qualifying expenses. These program services range from childcare and family programs to social services and fuel assistance. Such grants and contracts are nonreciprocal transactions and include conditions stipulated by the granting agencies and are, therefore, accounted for as conditional contributions. Revenues from such grants and contracts are recognized as conditions are satisfied, primarily as expenses are incurred.

Grants receivable represent expenditures of funds in accordance with grant stipulations or fulfillment of contract terms for which reimbursement has not yet been received by the grantor agency. A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon contractual agreements and a favorable history of collection and as such, there is no allowance for June 30, 2020 and 2019.

A portion of the Agency's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The Agency received cost-reimbursement grants that have not been recognized at June 30, 2020 and 2019 because qualifying expenses have not yet been incurred, with advance payments of $697,280 and $327,027 recognized in the statements of financial position as a deferred revenue at June 30, 2020 and 2019, respectively. The Agency has not been informed by any agencies of any funds which are required to be returned

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Program Service Fees

The Agency has multiple revenue streams that are accounted for as reciprocal exchange transactions, including program service fees received from clients in exchange for, education, childcare and other program services.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in Note 13. Accordingly, costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses are allocated based on time and effort, with the exception of depreciation, which is based on square footage and time and effort.

Income Taxes

The Agency is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code as a public charity.

New Accounting Pronouncements

In November 2016, the FASB issued an update, ("ASU 2016-18") *Restricted Cash,* to ASC Topic 230, *Statement of Cash Flows*. ASU 2016-18 requires entities to include restricted cash or restricted cash equivalents with cash and cash equivalents balances in the statement of cash flows. ASU 2016-18 is effective for reporting periods beginning after December 15, 2018 for nonpublic reporting entities, with early adoption permitted. The Agency adopted ASU 2016-18 effective July 1, 2019.

During the year ended June 30, 2020, the Agency adopted Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which provides a single comprehensive model for revenue recognition. The new guidance's core principle is that an organization will recognize revenue when it transfers control over promised goods or services in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The Agency adopted the new revenue guidance using the modified retrospective method on July 1, 2019. Therefore, the comparative information has not been restated and continues to be reported under the accounting standards in effect for that period.

The Agency evaluated each revenue stream and applied ASU 2014-09. As a result of this change in accounting guidance, the Agency updated its revenue recognition policies and disclosures. ASU 2014-09 did not impact the amount of revenue recognized in previous periods, and, accordingly, there was no impact to the Agency's opening net asset balances upon adoption. The Agency does not expect the impact of the adoption of the new standard to be material to the results of operations on an ongoing basis.

During the year ended June 30, 2020, the Agency adopted ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), which provides clarification about whether a transfer or assets is a contribution or an exchange transaction and whether a contribution is conditional or unconditional. The Agency adopted the new guidance under the modified prospective basis. Therefore, the new guidance was applied to revenue that had not yet been recognized on agreements that were not completed as of July 1, 2019 and revenue related to agreements that were entered into after July 1, 2019. The comparative information has not been restated and continues to be reported under the accounting standards in effect for that period. As a result, there was no cumulative effect adjustment to opening net assets without donor restrictions or opening net assets without donor restrictions as of July 1, 2019. In comparison to the year ended June 30, 2019, the effect of adopting the new accounting principle has no effect on grant revenue.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Fair Value of Financial Instruments

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2- Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial Instruments Carried at Fair Value

The carrying value of bonds payable approximates its fair value based on quoted prices for similar bond issues and is considered to be a Level 2 input.

Financial Instruments Not Carried at Fair Value

The Agency's major financial instruments not carried at fair value consist of cash and cash equivalents, grants receivable, accounts payable, line of credit and notes payable. The carrying values of cash and cash equivalents, restricted cash, grants receivable and accounts payable approximate their fair values due to the short-term nature of these items. It is impracticable to determine the fair value of the Agency's notes payable due to their lack of marketability.

Subsequent Events

In preparing these financial statements, the Agency has evaluated subsequent events through October 28, 2020, which represents the date the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS

Cash and Cash Equivalents

The Agency maintained deposits in financial institutions that exceeded federal depository insurance limits. However, management regularly monitors the financial strength of its depository institutions and, based on that monitoring, believes that the Agency's deposits are not subject to significant credit risk. Cash and cash equivalents were as follows at June 30,:

	2020	2019
Cash and cash equivalents	$ 729,873	$ 550,745
Restricted cash	130,319	128,437
	$ 860,192	$ 679,182

Government Grants and Contracts

Based on historical experience, management believes grant and contract receivables represent negligible credit risk. Therefore, no allowance is generally maintained for grants and contracts receivable. The Agency receives a significant portion of its total support from the United States Department of Health and Human Services and the State of Connecticut Department of Social Services ("DSS"). As with all government funding, these grants and contracts may not be renewed or may be renewed in reduced amounts in future years. In addition, grants and contracts currently in effect are subject to reduction prior to the end of the grant or contract period. Any significant reduction in these grants and contracts could have an adverse effect on the Agency's program services.

NOTE 3 – CAPITAL LEASES

Capital leases consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Lease payable in monthly installments through February 1, 2026 at an annual interest rate of 4.35%. The fourth payment on 6/1/2020 was for $6,546, and the three preceeding payments and every payment thereafter is for $111.	$ 6,569	$ -
Lease payable in monthly installments through May 15, 2026 at an annual interest rate of 4.35%. The fourth payment on 9/15/20 is for $5,684, and the three preceeding payments and every payment thereafter is for $102.	11,846	-
Lease payable in monthly installments through May 15, 2020 at an annual interest rate of 4.35%. The fourth payment on 9/15/2020 is for $61,200, and the three preceeding payments and every payment thereafter is for $1,349.	142,713	-
	161,128	-
Less current portion	78,553	-
Long-term portion	$ 82,575	$ -

NOTE 3 – CAPITAL LEASES (CONTINUED)

Maturities of capital leases for the next five years and thereafter are as follows:

2021	$	84,178
2022		18,746
2023		18,746
2024		18,746
2025		18,746
Thereafter		16,852
Total minimum lease payments		176,014
Less amount representing interest		14,886
Present value of lease payments		161,128
Less current portion		78,553
Long term portion	$	82,575

NOTE 4 – BONDS PAYABLE

Bonds payable consisted of the following as of June 30, 2020 and 2019:

	2020		2019	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
CHEFA refunding bonds payable, maturing through 2036, original amount $7,360,000, with interest ranging from 1.5%-5.0%	$ 6,225,000	$ 193,497	$ 6,465,000	$ 205,590
Unamortized bond premium	244,879	-	259,728	-
Total	6,469,879	$ 193,497	6,724,728	$ 205,590
Less current portion	250,000		240,000	
Long-term portion	6,219,879		6,484,728	
Less unamortized deferred financing costs	(193,497)		(205,590)	
Bonds payable - long-term, net	$ 6,026,382		$ 6,279,138	

DSS funds the majority of the debt service related to the bond issuance through its Debt Service Fund and a Contract Intercept agreement with the Agency. This revenue is presented in the accompanying statements of activities as bond debt service funding. Debt payments funded by DSS and intercepted from Agency grants are held by DSS until debt service payments are due on the bonds. Amounts held by DSS are reported as debt service funding held by state in the accompanying statements of financial position. These amounts are released by DSS on July 1 of the following fiscal year and remitted to the bondholders on behalf of the Agency.

NOTE 4 – BONDS PAYABLE *(CONTINUED)*

Maturities of bonds payable for the next five years and thereafter are as follows:

Year Ending June 30:	
2021	$ 250,000
2022	269,849
2023	279,849
2024	299,849
2025	314,849
Thereafter	5,055,483
	$ 6,469,879

NOTE 5 – NOTES PAYABLE

Notes payable consisted of the following as of June 30, 2020 and 2019:

	2020	2019
Mortgage of $975,000, payable in monthly installments of $6,270 through August 1, 2038, at which time the remaining balance of $605,919 is due, including interest at 4.625%, secured by real property	$ 918,699	$ 949,954
Note of $140,372, payable in monthly installments of $836 through May 2030, at which time the remaining balance is due including interest at 3.75%, secured by real property	140,372	-
Mortgage of $225,000, payable in monthly installments of $1,503 through April 2020, at which time the remaining balance of $142,770 is due, secured by real property	-	150,109
Note of $45,979, payable in montly installments of $677 through July 2022, including interest at 1.90%, secured by a vehicle	15,414	-
Note of $84,038, payable in monthly installments of $2,469 through March 2021, including interest at 3.60%, secured by equipment	-	24,299
	1,074,485	1,124,362
Less current portion	41,425	189,089
Notes payable - long-term	$ 1,033,060	$ 935,273

NOTE 5 – NOTES PAYABLE *(CONTINUED)*

Expected maturities of notes payable for the next five years and thereafter are as follows:

2021	$	41,425
2022		38,459
2023		36,762
2024		37,711
2025		38,913
Thereafter		881,215
	$	1,074,485

NOTE 6 – LINE OF CREDIT

The Agency has an available line of credit of $1,250,000, which expires May 1, 2030 and bears interest at the Wall Street Journal Prime Rate plus .25%. The interest rate at June 30, 2020 and 2019 was 5.25% and 4.50%, respectfully. The line is secured by substantially all Agency assets and is subject to certain financial covenants. No amounts were outstanding under the line as of June 30, 2020 and 2019.

NOTE 7 – NET ASSETS

Net assets with donor restrictions of $43,518 as of June 30, 2020 and 2019, are available for use in the assets for independence program. No net assets were released for this program during the years ended June 30, 2020 and 2019.

NOTE 8 – OPERATING LEASES

The Agency leases various locations and equipment under leases that expire through 2023. Total rent expense was $75,215 and $78,975 for the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments under operating leases that have remaining terms in excess of one year are as follows:

2021	$	26,748
2022		26,748
2023		24,384
	$	77,880

NOTE 9 – CONTRIBUTED SERVICES

Contributed services recognized of $84,981 and $161,249 for the years ended June 30, 2020 and 2019, respectively, relate principally to early childhood programs.

NOTE 10 – CONTINGENCIES

The Agency participates in federal and state-assisted grant programs. These grants are subject to audits by grantor agencies, which could result in disallowed costs due back to the grantor. The Agency has recognized all known audit liabilities.

NOTE 11 – EMPLOYEE BENEFIT PLAN

The Agency sponsors a defined contribution 401(k) profit-sharing plan covering substantially all employees. All full-time employees are eligible to participate upon hire and will be eligible for profit sharing after one year of service, as defined, and attaining the age of 18. The Agency matches employees' contributions up to 2% of their compensation. Agency contributions totaled $68,402 and $69,843 for the years ended June 30, 2020 and 2019, respectively.

NOTE 12 – RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. COVID-19 has caused significant disruption in the national and global economy. The Agency's operating activities, liquidity, and cash flows may be adversely affected by this global pandemic. While the disruption is currently expected to be temporary, there is uncertainty related to the duration. Therefore, while the Agency expects this matter to negatively impact the business, the related financial impact cannot be reasonably estimated at this time.

NOTE 13 – EXPENSES BY FUNCTION

Expenses by function are as follows for the year ended June 30, 2020 and 2019:

	2020		
	Program	Management and General	Total
Salaries and benefits	$ 7,181,299	$ 611,020	$ 7,792,319
Direct client assistance	3,437,627	-	3,437,627
Professional and contracted services	492,906	356,853	849,759
Occupancy	698,276	116,560	814,836
Depreciation	420,624	92,532	513,156
Interest	323,101	325	323,426
Materials and supplies	384,581	35,063	419,644
Other	127,555	61,244	188,799
Total expenses	$ 13,065,969	$ 1,273,597	$ 14,339,566

NOTE 13 – EXPENSES BY FUNCTION *(CONTINUED)*

	2019		
	Program	Management and General	Total
Salaries and benefits	$ 7,246,490	$ 602,554	$ 7,849,044
Direct client assistance	5,056,727	-	5,056,727
Professional and contracted services	992,518	228,000	1,220,518
Occupancy	808,201	108,766	916,967
Depreciation	418,975	88,796	507,771
Interest	347,297	1,040	348,337
Materials and supplies	204,201	8,458	212,659
Other	143,711	54,210	197,921
Total expenses	$ 15,218,120	$ 1,091,824	$ 16,309,944

NOTE 14 – LIQUIDITY AND AVAILABILITY

The following represents the Agency's financial assets available to meet general expenditures over the next twelve months at June 30,:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	$ 729,873	$ 550,745
Grants receivable	901,698	834,162
Other receivables	195,905	133,558
Restricted cash	130,319	128,437
Total financial assets	1,957,795	1,646,902
Less amounts not available to be used within one year:		
Restricted cash	130,319	128,437
Net assets with donor restrictions	43,518	43,518
	173,837	171,955
Financial assets available to meet general expenditures over the next twelve months	$ 1,783,958	$ 1,474,947

The Agency's liquidity goal is to maintain the ratio of current assets over current liabilities to be greater than 1 and to maintain 30 days or more of available cash. The Agency has a line of credit of $1,250,000 that is available to use.

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