



**FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

THE CENTER FOR AUTO SAFETY

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JUNE 30, 2020 AND 2019

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## Independent Auditors' Report

To the Board of Directors of  
The Center for Auto Safety  
Washington, D.C.

We have audited the accompanying financial statements of The Center for Auto Safety, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, 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 Center for Auto Safety 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.

To the Board of Directors of  
The Center for Auto Safety

***Emphasis of Matter***

As discussed in Note 3 of the financial statements, during the year ended June 30, 2019, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

*Councilor, Buchanan + Mitchell, P.C.*

Washington, D.C.  
January 4, 2021

Certified Public Accountants

**THE CENTER FOR AUTO SAFETY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,059,610	\$ 1,075,749
Accounts Receivable	13,365	4,360
Contributions Receivable	-	16,667
Prepaid Expenses	15,133	21,894
Total Current Assets	<u>1,088,108</u>	<u>1,118,669</u>
<b>Property and Equipment, at Cost</b>		
Furniture and Equipment	156,706	156,706
Leasehold Improvements	810	810
Less Accumulated Depreciation	<u>(157,056)</u>	<u>(156,303)</u>
Property and Equipment, Net	<u>460</u>	<u>1,213</u>
<b>Other Assets</b>		
Investments	-	434,852
Security Deposit	14,464	6,313
Total Other Assets	<u>14,464</u>	<u>441,165</u>
<b>Total Assets</b>	<u><u>\$ 1,103,032</u></u>	<u><u>\$ 1,561,047</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 76,384	\$ 13,295
PPP Refundable Advance	110,200	-
Deferred Lease Obligation	3,276	19,960
Accrued Payroll	14,249	15,935
Total Current Liabilities	<u>204,109</u>	<u>49,190</u>
<b>Net Assets</b>		
Without Donor Restrictions	828,923	1,169,815
With Donor Restrictions	<u>70,000</u>	<u>342,042</u>
Total Net Assets	<u>898,923</u>	<u>1,511,857</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,103,032</u></u>	<u><u>\$ 1,561,047</u></u>

*See accompanying Notes to Financial Statements.*

**THE CENTER FOR AUTO SAFETY**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Contributions	\$ 247,460	\$ 75,000	\$ 322,460	\$ 864,964	\$ 338,218	\$ 1,203,182
Publications/Library	19,173	-	19,173	14,233	-	14,233
Other Programs	2,302	-	2,302	4,650	-	4,650
Other Income	554	-	554	726	-	726
Investment Income (Loss)	(54,638)	-	(54,638)	32,706	-	32,706
Net Assets Released from Restrictions						
Satisfaction of Program Accomplishment	347,042	(347,042)	-	182,426	(182,426)	-
Total Revenue and Support	<u>561,893</u>	<u>(272,042)</u>	<u>289,851</u>	<u>1,099,705</u>	<u>155,792</u>	<u>1,255,497</u>
<b>Expenses</b>						
Program Services						
Safe Climate Campaign	217,016	-	217,016	182,427	-	182,427
Vehicle Safety Project	547,153	-	547,153	587,883	-	587,883
Total Program Services	<u>764,169</u>	<u>-</u>	<u>764,169</u>	<u>770,310</u>	<u>-</u>	<u>770,310</u>
Supporting Services						
Management and General Development	110,111	-	110,111	85,804	-	85,804
Development	28,506	-	28,506	30,433	-	30,433
Total Supporting Services	<u>138,616</u>	<u>-</u>	<u>138,616</u>	<u>116,237</u>	<u>-</u>	<u>116,237</u>
Total Expenses	<u>902,785</u>	<u>-</u>	<u>902,785</u>	<u>886,547</u>	<u>-</u>	<u>886,547</u>
Change in Net Assets	(340,892)	(272,042)	(612,934)	213,158	155,792	368,950
Net Assets, Beginning of Year	<u>1,169,815</u>	<u>342,042</u>	<u>1,511,857</u>	<u>956,657</u>	<u>186,250</u>	<u>1,142,907</u>
Net Assets, End of Year	<u>\$ 828,923</u>	<u>\$ 70,000</u>	<u>\$ 898,923</u>	<u>\$ 1,169,815</u>	<u>\$ 342,042</u>	<u>\$ 1,511,857</u>

*See accompanying Notes to Financial Statements.*

**THE CENTER FOR AUTO SAFETY**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services			Supporting Services			
	Safe Climate Campaign	Vehicle Safety Project	Total Program Services	Management and General	Development	Total Supporting Services	Total Expenses
Salaries	\$ 113,279	\$ 245,540	\$ 358,819	\$ 45,182	\$ 14,685	\$ 59,867	\$ 418,686
Payroll Taxes	9,692	20,456	30,148	3,755	1,229	4,984	35,132
Benefits	15,625	31,200	46,825	5,735	1,875	7,610	54,435
Retirement	9,554	20,709	30,263	3,811	1,239	5,050	35,313
<b>Total Personnel and Related Expenses</b>	<b>148,150</b>	<b>317,905</b>	<b>466,055</b>	<b>58,484</b>	<b>19,028</b>	<b>77,512</b>	<b>543,567</b>
Accounting	-	-	-	11,794	-	11,794	11,794
Bank Fees	-	-	-	599	-	599	599
Consulting	-	56,978	56,978	-	-	-	56,978
Depreciation	-	605	605	111	36	148	753
Grants	66,838	-	66,838	-	-	-	66,838
Information Technology	-	6,225	6,225	423	138	561	6,786
Insurance	339	742	1,081	7,152	45	7,196	8,277
Legal	-	63	63	3,335	-	3,335	3,398
Miscellaneous	-	-	-	1,840	-	1,840	1,840
Marketing	200	45	245	95	349	444	689
Occupancy	-	112,874	112,874	20,721	6,783	27,504	140,378
Travel	-	3,647	3,647	44	-	44	3,691
Publications	-	38,972	38,972	-	-	-	38,972
Office	1,489	9,097	10,586	5,513	2,127	7,640	18,226
<b>Total Expenses</b>	<b>\$ 217,016</b>	<b>\$ 547,153</b>	<b>\$ 764,169</b>	<b>\$ 110,111</b>	<b>\$ 28,506</b>	<b>\$ 138,616</b>	<b>\$ 902,785</b>

See accompanying Notes to Financial Statements.

**THE CENTER FOR AUTO SAFETY**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services			Supporting Services			
	Safe Climate Campaign	Vehicle Safety Project	Total Program Services	Management and General	Development	Total Supporting Services	Total Expenses
Salaries	\$ 142,305	\$ 201,766	\$ 344,071	\$ 30,103	\$ 14,340	\$ 44,443	\$ 388,514
Payroll Taxes	11,091	15,725	26,816	2,346	1,118	3,464	30,280
Benefits	13,795	23,266	37,061	4,153	1,654	5,807	42,868
Retirement	11,300	18,715	30,015	4,212	1,330	5,542	35,557
<b>Total Personnel and Related Expenses</b>	<b>178,491</b>	<b>259,472</b>	<b>437,963</b>	<b>40,814</b>	<b>18,442</b>	<b>59,256</b>	<b>497,219</b>
Accounting	-	-	-	10,456	-	10,456	10,456
Bank Fees	-	-	-	655	-	655	655
Communications	-	3,904	3,904	582	777	1,359	5,263
Conference and Meetings	-	87	87	4,000	-	4,000	4,087
Consulting	-	149,731	149,731	85	41	126	149,857
Depreciation	-	522	522	78	37	115	637
Information Technology	-	6,407	6,407	268	128	396	6,803
Insurance	493	843	1,336	4,684	60	4,744	6,080
Marketing	-	-	-	-	-	-	-
Occupancy	-	116,488	116,488	19,347	9,216	28,563	145,051
Travel	772	7,042	7,814	-	-	-	7,814
Publications	-	37,266	37,266	-	-	-	37,266
Office	2,671	6,121	8,792	4,835	1,732	6,567	15,359
<b>Total Expenses</b>	<b>\$ 182,427</b>	<b>\$ 587,883</b>	<b>\$ 770,310</b>	<b>\$ 85,804</b>	<b>\$ 30,433</b>	<b>\$ 116,237</b>	<b>\$ 886,547</b>

*See accompanying Notes to Financial Statements.*



**THE CENTER FOR AUTO SAFETY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (612,934)	\$ 368,950
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation	753	637
Unrealized/Realized Loss (Gain) on Investments	72,221	(12,964)
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	(9,005)	(590)
Contributions Receivable	16,667	47,500
Prepaid Expenses	6,761	(3,242)
Security Deposits	(8,151)	-
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable	63,089	(7,389)
PPP Refundable Advance	110,200	-
Deferred Lease Obligation	(16,684)	(13,189)
Accrued Payroll	(1,686)	4,472
Net Cash (Used in) Provided by Operating Activities	<u>(378,770)</u>	<u>384,185</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Equipment	-	(826)
Maturities of Investments	368,565	3,438
Purchase of Investments	(5,934)	(114,380)
Net Cash Provided by (Used in) Investing Activities	<u>362,631</u>	<u>(111,768)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(16,139)	272,417
Cash and Cash Equivalents, Beginning of Year	<u>1,075,749</u>	<u>803,332</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 1,059,610</u></u>	<u><u>\$ 1,075,749</u></u>

*See accompanying Notes to Financial Statements.*

**THE CENTER FOR AUTO SAFETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**1. ORGANIZATION**

The Center for Auto Safety (the Organization) is a not-for-profit organization formed in 1970 to analyze the problems of motor vehicle and highway safety and related problems; to make available the results of related research studies, investigations, evaluations, surveys and other related information to the public and other organizations with an interest in motor vehicles and highways; the Organization's program areas are:

*Vehicle Safety Project* - Research and analysis on vehicle safety and reliability, fuel, economy, emissions and warranty issues.

*Safe Climate Campaign* - The Safe Climate Campaign seeks to reduce global warming by educating consumers, automakers, and regulators about clean vehicles and by working with federal and state regulators to issue and implement effective fuel economy regulations and pollution reduction programs.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Method of Accounting*

The financial statements have been prepared on the accrual basis of accounting.

*Cash Equivalents*

The Organization considers all short-term investments with original maturities of three months or less to be cash equivalents included in cash.

*Investments*

Investments are carried at fair market value based on quotations received from national security exchanges.

*Accounts and Contributions Receivable*

Accounts and contributions receivable are recorded at the amount the Organization expects to collect on balances outstanding at the end of the fiscal year. Management closely monitors accounts receivable and charges off any balances that are determined to be uncollectible. As of June 30, 2020 and 2019, the Organization's allowance for doubtful accounts was \$-0. The Organization had no bad debt expense for the years ended June 30, 2020 and 2019.

*Property and Equipment*

Property and equipment are stated at cost. Depreciation is calculated on a straight-line basis over the useful life of the assets which range from three to eight years. The Organization capitalizes property and equipment with a cost basis of \$1,000 or more.

*Classification of Net Assets*

The Organization is required to report its financial position and activities according to two classes of net assets; net assets without donor-imposed restrictions and net assets with donor-imposed restrictions.

**THE CENTER FOR AUTO SAFETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Classification of Net Assets (Continued)*

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

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds in perpetuity.

*Revenue Recognition*

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donor assets. When a donor restriction expires, that is when a stipulated time restriction ends or the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional grants and contributions are not recorded as revenue until the related contributions have been satisfied. Amounts received from conditional grants are recorded as refundable advances until the conditions have been met.

Program and publications/library revenue is recognized when earned.

*Functional Allocation of Expenses*

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits and other personnel expenses, rent costs, insurance, and office expenses. The basis of the allocations is direct salary costs which have been allocated to program and supporting functions based on documentation of employee time and effort.

*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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Income Taxes*

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income. No provisions for income tax are required for the years ended June 30, 2020 or 2019, as the Organization had no unrelated

**THE CENTER FOR AUTO SAFETY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes (Continued)*

business income tax liability. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization’s IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by tax authorities generally for three years after filing.

**3. ADOPTION OF ACCOUNTING STANDARDS**

During the year ended June 30, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU made improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB’s improvements to net asset classification requirements and the information presented about a not-for-profit’s liquidity, financial performance, and cash flows. The ASU became effective for fiscal years beginning after December 15, 2017. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied.

During the year ended June 30, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities.

This change in accounting principle was adopted on a modified prospective basis in 2020, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019. The impact of adoption was not material to the financial statements.

**4. LIQUIDITY AND AVAILABLE RESOURCES**

The Organization’s cash flows have seasonable variations due to the timing of grants and contributions. The Organization manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

**THE CENTER FOR AUTO SAFETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**4. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)**

*Quantitative Analysis*

The following represents the Organization's financial assets and liquidity resources available for general operating expenses as of June 30, 2020 and 2019:

	<b>2020</b>	2019
<i>Financial Assets</i>		
Cash and Cash Equivalents	<b>\$ 1,059,610</b>	\$ 1,075,749
Accounts Receivable	<b>13,365</b>	4,360
Contributions Receivable	-	16,667
Investments	-	434,852
	<b>1,072,975</b>	1,531,628
Total Financial Assets and Liquidity Resources Available in One Year		
Less Amounts Unavailable for General Expenditures within One Year Due to Purpose Restrictions by Donor	-	(342,042)
	<b>\$ 1,072,975</b>	\$ 1,189,586
Total Financial Assets Available within One Year	<b>\$ 1,072,975</b>	\$ 1,189,586

**5. INVESTMENTS**

Investment income (loss) is comprised of the following at June 30, 2020 and 2019:

	<b>2020</b>	2019
Interest and Ordinary Dividend Income	<b>\$ 20,827</b>	\$ 23,180
Realized and Unrealized Gain (Loss)	<b>(72,221)</b>	12,964
Investment Fees	<b>(3,244)</b>	(3,438)
	<b>\$ (54,638)</b>	\$ 32,706
Total	<b>\$ (54,638)</b>	\$ 32,706

**6. FAIR VALUE MEASUREMENTS**

FASB ASC 820-10, *Fair Value Measurement and Disclosure*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. In accordance with FASB ASC 820-10, fair value is defined as the price that the Organization would receive to sell an investment or to pay to transfer a liability in an orderly transaction with an independent counterparty in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The FASB ASC 820-10 hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

**THE CENTER FOR AUTO SAFETY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**6. FAIR VALUE MEASUREMENTS (CONTINUED)**

The Organization's investments in equity securities are reported at fair value in the accompanying statements of financial position. The Organization closed the Investment account in April 2020.

<u>Balance as of June 30, 2019</u>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Money Market Funds	\$ 4,862	\$ 4,862	\$ -	\$ -
Fixed Income Funds	195,423	195,423	-	-
Equity Mutual Funds	234,567	234,567	-	-
Total	<u>\$ 434,852</u>	<u>\$ 434,852</u>	<u>\$ -</u>	<u>\$ -</u>

The Organization invests in professionally managed portfolios that contain mutual funds, bonds, preferred equities, and money market funds. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in market conditions in the near term could materially affect investment balances and the amounts reported in the financial statements.

**7. OPERATING LEASE**

The Organization leased office space under a non-cancelable lease that terminated on August 30, 2020. The Organization received \$52,590 in rent abatement under the terminated lease. Under accounting principles accepted in the United States of America (GAAP) all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. The difference between the rent expense and the required lease payments is reflected as deferred rent in the accompanying statements of financial position.

In March 2020, the Organization signed a new lease for office space which began on September 1, 2020 and terminates December 31, 2025. Under the terms of the lease agreement, the base rent increases annually based on scheduled increases provided in the lease.

Future minimum payments for the office lease is as follows:

For the Years Ending June 30,

2021	\$ 102,614
2022	99,853
2023	102,350
2024	104,908
2025	107,527
Thereafter	<u>54,884</u>
Future Minimum Rental Payments	<u>\$ 572,136</u>

Rent expense for the years ended June 30, 2020 and 2019, was \$140,378 and \$145,051, respectively.

**8. RETIREMENT PLAN**

The Organization maintains a defined contribution Simplified Employee Pension Plan (SEP) covering all employees who have been employed for a minimum of three years and have attained

THE CENTER FOR AUTO SAFETY

NOTES TO FINANCIAL STATEMENTS  
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8. RETIREMENT PLAN (CONTINUED)

the age of 21. The SEP is an employer contribution plan (the Plan) and requires no matching contribution from the participants. Any contributions by the Organization are discretionary. Contributions by the Organization to the Plan during the years ended June 30, 2020 and 2019, were \$35,313 and \$35,557, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019, were available for the following purpose:

	<u>2020</u>	<u>2019</u>
Safe Climate Campaign	\$ -	\$ 342,042
Vehicle Safety Project	<u>70,000</u>	<u>-</u>
Total	<u>\$ 70,000</u>	<u>\$ 342,042</u>

For the years ended June 30, 2020 and 2019, net assets released from donor restrictions were as follows:

	<u>2020</u>	<u>2019</u>
Safe Climate Campaign	\$ 277,042	\$ 182,426
Vehicle Safety Project	<u>70,000</u>	<u>-</u>
Total	<u>\$ 347,042</u>	<u>\$ 182,426</u>

On June 30, 2020, the Safe Climate Campaign Program was closed. All donor restriction requirements were met.

10. REFUNDABLE ADVANCE - PAYCHECK PROTECTION PROGRAM

During 2020, the Organization received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$110,200. PPP provides cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If the Organization maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five-year maturity date, if not forgiven.

The Organization is accounting for the SBA loan as a conditional contribution since repayment has not been waived as of June 30, 2020, and as such the loan proceeds are shown as PPP Refundable Advance in the statements of financial position.

11. CONTINGENCIES AND RISKS

*COVID-19 Pandemic*

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits around the world. There is uncertainty

**THE CENTER FOR AUTO SAFETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**11. CONTINGENCIES AND RISKS (CONTINUED)**

*COVID-19 Pandemic (Continued)*

about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

*Credit Risk*

The Organization maintains operating cash and various money market fund accounts at banks or financial institutions which exceeded federally insured limits at times during the year. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant financial risk on cash.

**12. SUBSEQUENT EVENTS**

The Organization evaluated subsequent events through January 4, 2021, which is the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.