Audited Financial Statements

OC Human Relations

Building community by fostering respect, resolving conflict and pursuing equality

June 30, 2020

Quigley & Miron

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Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Orange County Human Relations Council
Santa Ana, California

We have audited the accompanying financial statements of Orange County Human Relations Council, a nonprofit organization, which comprise the statements of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orange County Human Relations Council as of June 30, 2020, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Los Angeles, California
May 12, 2021

Orange County Human Relations Council
Statement of Financial Position
June 30, 2020

Assets		
Current Assets		
Cash and cash equivalents		$ 546,303
Restricted cash		327,378
Investments in certificates of deposit—Note 3		641,329
Accounts receivable—Note 4		222,595
Prepaid expenses		42,304
Property and equipment, net—Note 5		7,589
	Total Current Assets	**1,787,498**
Non-Current Assets		
Deposits		6,969
	Total Non-Current Assets	**6,969**
	Total Assets	**$ 1,794,467**
Liabilities and Net Assets		
Liabilities		
Accounts payable		$ 26,589
Accrued expenses		168,733
Deferred revenue		40,275
Rental benefit		7,784
PPP advance—Note 6		327,378
	Total Liabilities	**570,759**
Net Assets		
Without donor restrictions		1,043,852
With donor restrictions—Note 7		179,856
	Total Net Assets	**1,223,708**
	Total Liabilities and Net Assets	**$ 1,794,467**

See notes to financial statements.

Orange County Human Relations Council
Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and grant income	$ 547,008	$ 340,914	$ 887,922
In-kind contributions—Note 10	158,976		158,976
Interest income	15,728		15,728
Program revenues	1,207,777		1,207,777
Total Support and Revenue Before Reclassifications	**1,929,489**	**340,914**	**2,270,403**
Reclassifications			
Net assets released from restrictions —Note 7	373,401	(373,401)	
Total Support and Revenue After Reclassifications	**2,302,890**	**(32,487)**	**2,270,403**
Expenses			
Program services			
Youth Schools program	704,608		704,608
Community Building program	522,884		522,884
Dispute Resolution program	568,238		568,238
Total Program Services	**1,795,730**		**1,795,730**
Supporting services			
Management and general	167,487		167,487
Fundraising and development	173,882		173,882
Total Expenses	**2,137,099**		**2,137,099**
Change in Net Assets	**165,791**	**(32,487)**	**133,304**
Net Assets at Beginning of Year	**878,061**	**212,343**	**1,090,404**
Net Assets at End of Year	**$ 1,043,852**	**$ 179,856**	**$ 1,223,708**

See notes to financial statements.

Orange County Human Relations Council
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services				Supporting Services		
	Youth Schools Program	**Community Building Program**	**Dispute Resolution Program**	**Total Program**	**Management and General**	**Fundraising and Development**	**Total**
Expenses							
Salaries	$ 459,212	$ 356,207	$ 273,118	$ 1,088,537	$ 104,494	$ 111,241	$ 1,304,272
Payroll taxes	38,613	27,709	23,528	89,850	7,638	8,896	106,384
Other employee benefits	73,832	88,519	55,251	217,602	22,871	23,058	263,531
Total Personnel Expenses	**571,657**	**472,435**	**351,897**	**1,395,989**	**135,003**	**143,195**	**1,674,187**
Communications	14,997	7,641	7,379	30,017	2,996	2,678	35,691
Conference	1,413	177	776	2,366	187	83	2,636
Depreciation	3,238	1,649	1,512	6,399	580	748	7,727
Insurance	4,109	2,129	3,207	9,445	2,295	828	12,568
Meeting	22,996	1,520	3,846	28,362	5,540	4,265	38,167
Mileage	7,428	2,713	3,628	13,769	301	35	14,105
Office	7,372	5,666	4,637	17,675	1,531	1,383	20,589
Professional fees	38,151	11,720	174,600	224,471	13,359	14,270	252,100
Publication	1,040	543	612	2,195	177	192	2,564
Rent	32,207	16,691	16,144	65,042	5,518	6,205	76,765
Total Expenses by Function	**$ 704,608**	**$ 522,884**	**$ 568,238**	**$ 1,795,730**	**$ 167,487**	**$ 173,882**	**$ 2,137,099**

See notes to financial statements.

Orange County Human Relations Council
Statement of Cash Flows
Year Ended June 30, 2020

Cash Flows from Operating Activities		
Change in net assets	$	133,304
Adjustments to reconcile change in net assets assets to net cash provided by operating activities		
Depreciation expense		7,727
Changes in operating assets and liabilities:		
Accounts receivable		35,796
Prepaid expenses		18,965
Deposits		(6,969)
Accounts payable		24,987
Accrued expenses		33,408
Deferred revenue		(239,569)
PPP advance		327,378
Net Cash Provided by Operating Activities		**335,027**
Cash Flows from Investing Activities		
Net maturities of certificates of deposit		193,221
Purchase of property and equipment		(1,569)
Net Cash Provided by Investing Activities		**191,652**
Increase in Cash, Cash Equivalents, and Restricted Cash		**526,679**
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year		**347,002**
Cash, Cash Equivalents, and Restricted Cash at End of Year	**$**	**873,681**

Supplementary Disclosures		
Income taxes paid	$	
Interest paid	$	

See notes to financial statements.

Orange County Human Relations Council
Notes to Financial Statements
June 30, 2020

Note 1—Organization and Summary of Significant Accounting Policies

Organization—The Orange County Human Relations Council (Council) was incorporated in 1991 as a California nonprofit benefit corporation. The purpose of the Council is to foster mutual understanding among residents and eliminate prejudice, intolerance and discrimination in order to make Orange County a better place for all people to live, work and do business.

Major programs of the Council:

Youth Schools Programs—The mission of the Youth Schools Programs is to improve intergroup relations by partnering with schools and communities to create, advocate, and sustain a safe, inclusive school climate that respects society's diversity. This includes the BRIDGES program proper along with the Restorative Schools program.

Community Building Programs—The mission of the Community Building Programs is to organize the community building initiatives through collaboration with diverse organizations and residents in order to promote mutual understanding, advocate for justice, and build community capacity.

Dispute Resolution Programs—The mission of Dispute Resolution Programs is to provide a broad spectrum of dispute resolution and prevention services whereby conflicts and disputes can be settled out of court in an expedited, efficient, and cost-effective way.

Strategic investment:

Restorative Schools Programs—The mission of the new Restorative Schools Program is to address the ineffectiveness and disproportionality that arises in more traditional school discipline systems by bringing a Restorative Justice (RJ) perspective to the school setting. Traditional school discipline negatively impacts student success, disproportionately increasing dropout and incarceration rates among vulnerable students. RJ focuses on repairing the damage rather than suspending or expelling students. These programs encourage students to reflect on their transgressions and their root causes and work together with those they have harmed to decide how they will make it right. For districts using restorative justice, the programs have helped strengthen campus communities, prevent bullying, and reduce student conflicts. The benefits are clear: early-adopting districts have seen drastic reductions in suspension and expulsion rates, and students say they are happier and feel safer.

This new program began during the 2017-18 fiscal year. To make it financially feasible for schools to adopt this program, the Council offset the fees and made its own strategic investment in staffing and program development. After the first year of implementation, school districts agreed to pay an increased amount of the fees, and will continue to do so. The intent of the Council is to fully recoup costs over time via fees.

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Council's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Council and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council'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; such restrictions that may or will be met either by actions of the Council and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Council to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of providing resources and community counseling and advocacy services to residents of the Orange County area. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—The Internal Revenue Service (IRS) has classified the Council as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and the Council is exempt from California state income taxes from the Franchise Tax Board.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2020. Generally, the Council's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash, Cash Equivalents, and Restricted Cash—Cash and cash equivalents consist of cash on premises generated through the course of daily activities and cash on deposit with banks as well as money market funds or short-term investments held at financial institutions, with original maturities of three months or less from the date of purchase.

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the cash, cash equivalents, and restricted cash total shown in the statement of cash flows at June 30, 2020.

Cash and cash equivalents		
Cash—operations	$	546,303
Restricted cash		
PPP advance		327,378
Total	**$**	**873,681**

Concentration of Credit Risk—Cash and cash equivalents, investments in certificates of deposit, and receivables are the primary form of concentration of credit risk to which the Council is subject. The Council places its cash and cash equivalents and investments with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. At times, in the normal course of business, such cash balances are in excess of the FDIC/SIPC insurance limits, but management deems the risk of loss due to these concentrations to be minimal. Receivables at June 30, 2020 are due from donors and governmental bodies that are well-known to the Council with favorable past payment histories. Management has assessed the credit risk associated with its receivables and has determined that an allowance for potential uncollectible amounts at June 30, 2020 is not necessary.

Investments—Investments consist of certificates of deposit with terms greater than three months. Donated investments are recorded at fair value on the date of donation.

Property and Equipment—Purchased property and equipment are recorded at cost, and donated assets are recorded at the estimated fair value on the date of receipt. The Council depreciates its property and equipment using the straight-line-method over the following estimated useful lives:

Furniture, fixtures and equipment	3-10 years
Building improvements	10-20 years
Buildings	55 years
Exhibition and media development costs	5-10 years

Repairs and maintenance costs are expensed as incurred. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used and gifts of cash or other assets that must be used to acquire and maintain long-lived assets are reported as restricted support. Absent explicit donor stipulations, the Council reports expirations of donor restrictions when such long-lived assets are placed in service.

Deferred Revenue—Deferred revenue results from the Council recognizing program fees and city dues in the period in which the related service is performed.

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

Revenue Recognition—The Council's revenue recognition policies are as follows:

> Grants and contracts—Revenues from grants and contracts are reported as increases in net assets without donor restrictions as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants receivable. Program revenues are recognized as earned.

Contributions—Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statement of activities as net assets released from restrictions.

Contributed Goods and Services—Materials and other noncash contributions received through donation are valued at their estimated fair market value at the date of receipt. Contributed services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Depreciation and rent are allocated on the basis of square footage. Salaries, payroll taxes, benefits, communications, conference, insurance, meeting, mileage, office, and professional fees are allocated on the basis of estimates of 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 certain estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Note 1—Organization and Summary of Significant Accounting Policies—*Continued*

Recently Adopted Accounting Principles

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers,* which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The Council has determined that the adoption of ASU No. 2014-09 had no material effect on the financial statements.

Restricted Cash—In February 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 203): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities are required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. The Council adopted ASU No. 2016-18 during the year ended June 30, 2020 and had to material effect on the financial statements.

Cash Classification—In August 2016, FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. ASU No. 2016-15 addresses various classification issues related to the statements of cash flows. ASU No. 2016-15 has been adopted by the Council for the year ended June 30, 2020, and noted that there was no material effect on the financial statements.

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU No. 2018-08 clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. The clarified guidance applies to all entities that receive or make contributions (grants). ASU No. 2018-08 was adopted for the year ended June 30, 2020 and the Council has determined that the adoption of ASU No. 2018-08 had no material effect on the financial statements.

Note 2—Availability and Liquidity

The Council's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $538,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

The following represents the availability and liquidity of the Council's financial assets at June 30, 2020 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	$	756,950
Investments in certificates of deposit		641,329
Accounts receivable		222,595
Current Availability of Financial Assets	**$**	**1,620,874**

Note 3—Investments and Fair Value

In determining the fair value of investments, the Council utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Council determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

<u>Level 1</u> inputs are quoted prices (unadjusted) in active markets for identical assets that the entity has the ability to access at the measurement date. The Council had no Level 1 assets of liabilities at June 30, 2020.

<u>Level 2</u> inputs are inputs other than quoted prices included within Level 1 that are observable for the assets, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated by observable market data.

<u>Level 3</u> inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. The Council had no Level 3 assets of liabilities at June 30, 2020.

The Council may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Council to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. The Council had no assets or liabilities classified at NAV as a practical expedient during the year ended June 30, 2020.

Investments as of June 30, 2020 consist of the certificates of deposit totaling $641,329, which the Council values using observable inputs for similar securities. The Council considers these assets to have Level 2 inputs.

Note 4—Accounts Receivable

Accounts receivable at June 30, 2020 consists of contributions due from the following:

Orange County Community Resources	$	110,000
School districts		90,000
Other		22,595
Total	**$**	**222,595**

These receivables are deemed fully collectible, therefore no allowance for uncollectible accounts was provided for as of June 30, 2020.

Note 5—Property and Equipment, Net

The major classes of property and equipment, net at June 30, 2020 is as follows:

Software	$	55,352
Computers		54,652
Equipment		3,620
		113,624
Less accumulated depreciation		(106,035)
Net	**$**	**7,589**

Total depreciation expense recorded for the year ended June 30, 2020 was $7,727.

Note 6—PPP Advance

On April 21, 2020, the Council received $327,378 in Paycheck Protection Program (PPP) funding from the U.S. Small Business Administration (SBA). The funding is designed to provide a direct incentive for small businesses struggling from the impact of the COVID-19 pandemic (see Note 13) to keep their workers on the payroll. While these funds carry loan repayment terms, it is the opinion of management that all funds received will be forgiven under the present terms of the PPP.

Note 7—Net Assets

Net assets with donor restrictions for the year ended June 30, 2020 are as follows:

Subject to expenditure for specified purpose:		
Youth Schools Program	$	78,750
Walk in My Shoes		18,750
Restorative Justice		19,231
Subject to time restrictions:		
General fund		63,125
Total Net Assets with Donor Restrictions	**$**	**179,856**

Net assets released from donor restrictions for the year ended June 30, 2020 are as follows:

Satisfaction of purpose restrictions:		
Youth Schools Program	$	78,750
Walk in My Shoes		18,750
Restorative Justice		30,769
Satisfaction of passage of time:		
General fund		245,132
Total Net Assets Released from Donor Restrictions	**$**	**373,401**

Note 8—Employee Retirement Plan

The Council has a defined contribution 401(k) plan. The plan covers all full-time employees who have attained the age of 18. Employees may contribute up to a maximum of 12% of their earnings, subject to the Internal Revenue Service limitation.

The Council makes a three percent contribution to eligible participant's elective deferral regardless of the participant's contribution amount. The contribution amount to the plan for the year ended June 30, 2020 was $37,835.

The Council absorbs all expenses related to the administration of the plan, net of forfeitures. The Council did not incur expenses related to the administration of the plan for the year ended June 30, 2020.

Note 9—Commitments

The Council has noncancelable operating leases on its office space though October 2022. Total rent expense for the year ended June 30, 2020 amounted to $76,765. Rental benefit represents three months of free rent which is amortized over the term of the office space lease.

Future minimum lease payments under the office space lease are as follows:

For the Year Ending June 30,		
2021	$	85,991
2022		88,173
2023		29,633
Total	**$**	**203,797**

Note 10—In-Kind Contributions

The Council recognized in-kind professional fees and supplies by natural expense classification on the functional expense schedule for the year ended June 30, 2020 as follows:

Professional fees	$	158,946
Office		30
Total	**$**	**158,976**

Note 11—Orange County Human Relations Commission

The Orange County Human Relation Commission (Commission) was created by the Orange County Board of Supervisors in 1971 in collaboration with the Orange County Division of the League of Cities. The purpose set forth was to build mutual understanding among residents and to terminate prejudice, intolerance, and discrimination. The Board of Supervisors contracts with the Orange County Human Relations Council to provide staff support for the Commission.

Note 12—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for private companies, nonprofit organizations, and certain small public companies with annual periods beginning after December 15, 2021 with early adoption permitted. The Council is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Note 12—Recent Accounting Pronouncements—*Continued*

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. The Council is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

Note 13—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Since then, business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The Council is continuing to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on the Council cannot be fully determined, therefore no related adjustment has been made to these financial statements.

Note 14—Subsequent Events

Management has evaluated all activities of Orange County Human Relations Council through May 12, 2021, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.