

Financial Statements and
Independent Auditors' Report

The Ability Experience

As of September 30, 2020 and 2019

The Ability Experience

Table of Contents

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



VANCE FLOUHOUSE & GARGES, PLLC
Certified Public Accountants and Consultants

Independent Auditors' Report

To the Board of Directors of
The Ability Experience:

We have audited the accompanying financial statements of The Ability Experience (a nonprofit organization), which comprise the statements of financial position as of September 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 audit 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 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 The Ability Experience as of September 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.

Vance Foubhouse & Hayes PLLC

Charlotte, North Carolina

June 3, 2021

Statements of Financial Position

September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 245,704	\$ 94,640
Restricted cash and cash equivalents	27,960	26,480
Prepaid expenses	16,443	20,078
Promises to give temporarily restricted, net of discount and allowance	2,963	4,463
Investments:		
Without donor restrictions	420,379	399,817
With donor restrictions	1,728,439	1,670,163
Property and equipment - net	22,395	39,216
Deferred compensation plan	22,261	22,232
	<u>2,486,544</u>	<u>2,277,089</u>
Total assets	\$ 2,486,544	\$ 2,277,089
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 83,488	\$ 106,936
Accrued expenses	13,053	9,519
Deferred compensation plan liability	22,261	22,232
Payroll protection program loan	150,085	-
Deferred revenue	35,697	14,145
	<u>304,584</u>	<u>152,832</u>
Total liabilities	304,584	152,832
Net assets:		
Without donor restrictions	422,598	423,151
With donor restrictions	1,759,362	1,701,106
	<u>2,181,960</u>	<u>2,124,257</u>
Total net assets	2,181,960	2,124,257
	<u>\$ 2,486,544</u>	<u>\$ 2,277,089</u>
Total liabilities and net assets	\$ 2,486,544	\$ 2,277,089

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

The Ability Experience

Statements of Activities

Years ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:						
Chapter fundraising	\$ 427,025	\$ -	\$ 427,025	\$ 673,582	\$ -	\$ 673,582
Event fundraising	514,758	-	514,758	768,143	-	768,143
Private contributions	562,509	-	562,509	409,602	(1,251)	408,351
In-Kind contributions	46,030	-	46,030	381,629	-	381,629
Registration fees	35,291	-	35,291	35,808	-	35,808
Sales	1,157	-	1,157	13,394	-	13,394
Dividend and interest income, net of fees	9,336	40,286	49,622	13,967	67,521	81,488
Realized gains (losses) on investments	(17,636)	(105,088)	(122,724)	-	-	-
Unrealized gains (losses) on investments	35,498	149,348	184,846	(13,017)	(86,211)	(99,228)
	<u>1,613,968</u>	<u>84,546</u>	<u>1,698,514</u>	<u>2,283,108</u>	<u>(19,941)</u>	<u>2,263,167</u>
Net assets released from restrictions	26,290	(26,290)	-	45,196	(45,196)	-
Total revenues, gains, and other support	<u>1,640,258</u>	<u>58,256</u>	<u>1,698,514</u>	<u>2,328,304</u>	<u>(65,137)</u>	<u>2,263,167</u>
Expenses						
Program services:						
Chapter services	333,077	-	333,077	296,388	-	296,388
Grants and placements	270,460	-	270,460	491,544	-	491,544
Journey of Hope	295,027	-	295,027	807,334	-	807,334
Build America	52,338	-	52,338	101,623	-	101,623
Gear Up Florida	86,997	-	86,997	160,319	-	160,319
The Ability Experience Challenge	132,873	-	132,873	121,500	-	121,500
Supporting services:						
Administrative	203,460	-	203,460	168,644	-	168,644
Financial development	266,579	-	266,579	182,835	-	182,835
Total expenses	<u>1,640,811</u>	<u>-</u>	<u>1,640,811</u>	<u>2,330,187</u>	<u>-</u>	<u>2,330,187</u>
Change in net assets	(553)	58,256	57,703	(1,883)	(65,137)	(67,020)
Net assets at beginning of year	423,151	1,701,106	2,124,257	425,034	1,766,243	2,191,277
Net assets at end of year	<u>\$ 422,598</u>	<u>\$ 1,759,362</u>	<u>\$ 2,181,960</u>	<u>\$ 423,151</u>	<u>\$ 1,701,106</u>	<u>\$ 2,124,257</u>

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

The Ability Experience

Statement of Functional Expenses

Year ended September 30, 2020

	Program Services						Support Services			Total All Expenses	
	Chapter Services	Grants and Placements	Journey of Hope	Build America	Gear Up Florida	ABEX Challenge	Total	Administrative	Financial Development		Total
Salaries and wages	\$ 213,537	\$ 85,519	\$ 203,993	\$ 33,958	\$ 60,946	\$ 34,016	\$ 631,969	\$ 74,744	\$ 175,651	\$ 250,395	\$ 882,364
Employee benefits	17,221	6,940	21,251	5,604	6,969	5,322	63,307	40,834	14,330	55,164	118,471
Payroll taxes	13,522	5,511	12,979	2,002	3,846	1,498	39,358	5,533	11,847	17,380	56,738
Professional fees	30,262	3,736	19,577	2,878	3,837	11,630	71,920	20,467	8,970	29,437	101,357
Supplies	8,872	4,929	(8,167)	-	83	2,021	7,738	366	400	766	8,504
Telephone	1,066	-	1,348	-	155	-	2,569	3,150	2,430	5,580	8,149
Postage and shipping	2,078	164	1,158	37	214	43	3,694	458	5,305	5,763	9,457
Occupancy	14,843	5,080	13,336	3,084	4,112	5,303	45,758	7,471	7,478	14,949	60,707
Non-capitalized equipment	12,674	4,310	15,709	2,550	3,805	4,305	43,353	3,732	6,504	10,236	53,589
Printing and publications	39	34	-	-	-	-	73	110	15,901	16,011	16,084
Travel	5,147	3,177	3,385	-	-	3,204	14,913	950	7,305	8,255	23,168
Lodging and meals	810	93	1,211	-	563	50,409	53,086	1,584	4,986	6,570	59,656
Student leadership events	8,120	-	393	393	393	13,096	22,395	497	999	1,496	23,891
Assistance to facilities and organizations	-	147,141	-	-	-	-	147,141	22,791	-	22,791	169,932
Professional development	666	89	2,333	74	168	110	3,440	13,827	1,871	15,698	19,138
Awards	1,529	59	1,543	76	224	402	3,833	314	79	393	4,226
Depreciation	2,691	1,178	4,878	1,682	1,682	1,514	13,625	673	2,523	3,196	16,821
Insurance	-	2,500	100	-	-	-	2,600	5,959	-	5,959	8,559
	<u>\$ 333,077</u>	<u>\$ 270,460</u>	<u>\$ 295,027</u>	<u>\$ 52,338</u>	<u>\$ 86,997</u>	<u>\$ 132,873</u>	<u>\$ 1,170,772</u>	<u>\$ 203,460</u>	<u>\$ 266,579</u>	<u>\$ 470,039</u>	<u>\$ 1,640,811</u>

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

The Ability Experience

Statement of Functional Expenses

Year ended September 30, 2019

	Program Services						Support Services			Total All Expenses	
	Chapter Services	Grants and Placements	Journey of Hope	Build America	Gear Up Florida	ABEX Challenge	Total	Administrative	Financial Development		Total
Salaries and wages	\$ 188,362	\$ 64,535	\$ 235,614	\$ 43,784	\$ 67,683	\$ 73,612	\$ 673,590	\$ 4,672	\$ 105,039	\$ 109,711	\$ 783,301
Employee benefits	14,138	5,842	17,736	4,305	5,712	5,635	53,368	10,509	10,698	21,207	74,575
Payroll taxes	10,303	3,580	12,178	2,315	3,843	4,132	36,351	2,598	9,848	12,446	48,797
Professional fees	12,034	374	6,393	3,629	3,679	8,335	34,444	59,373	9,743	69,116	103,560
Supplies	15,894	7,636	60,846	2,075	8,474	3,503	98,428	714	1,765	2,479	100,907
Telephone	990	-	4,958	75	100	0	6,123	2,762	1,230	3,992	10,115
Postage and shipping	2,466	517	7,606	1,283	405	90	12,367	265	4,772	5,037	17,404
Occupancy	12,919	7,545	12,796	2,423	5,612	5,948	47,243	2,775	6,418	9,193	56,436
Non-capitalized equipment	15,204	5,270	26,141	3,981	5,756	6,262	62,614	4,048	6,777	10,825	73,439
Printing and publications	749	424	1,248	161	637	243	3,462	4,445	8,869	13,314	16,776
Travel	9,373	5,501	45,912	11,623	14,785	5,621	92,815	705	7,522	8,227	101,042
Lodging and meals	2,895	87,357	315,278	22,897	38,829	4,479	471,735	6,620	5,666	12,286	484,021
Student leadership events	7,287	-	51,201	1,756	3,334	1,146	64,724	-	580	580	65,304
Assistance to facilities and organizations	-	299,630	-	-	-	-	299,630	45,000	-	45,000	344,630
Professional development	867	52	2,098	32	41	51	3,141	17,765	2,354	20,119	23,260
Awards	1,472	153	4,222	387	532	1,636	8,402	491	208	699	9,101
Depreciation	1,435	628	2,602	897	897	807	7,266	359	1,346	1,705	8,971
Insurance	-	2,500	505	-	-	-	3,005	5,543	-	5,543	8,548
	<u>\$ 296,388</u>	<u>\$ 491,544</u>	<u>\$ 807,334</u>	<u>\$ 101,623</u>	<u>\$ 160,319</u>	<u>\$ 121,500</u>	<u>\$ 1,978,708</u>	<u>\$ 168,644</u>	<u>\$ 182,835</u>	<u>\$ 351,479</u>	<u>\$ 2,330,187</u>

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

Statements of Cash Flows

Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 57,703	\$ (67,020)
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	16,821	8,971
Bad debt expense	-	304
Dividends and interest reinvested	(49,622)	(81,488)
Net realized and unrealized (gains) losses on investments	(62,122)	99,228
Changes in operating assets and liabilities:		
Promises to give, net of discount	1,500	1,143
Prepaid expenses	3,635	(12,136)
Other assets	(29)	(232)
Accounts payable and accrued expenses	(19,914)	(39,974)
Deferred revenue	21,552	(6,857)
Net cash used in operating activities	<u>(30,476)</u>	<u>(98,061)</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(44,794)
Purchase of investments	(1,300,641)	(3,475,212)
Proceeds from sale of investments	1,333,547	3,510,407
Net cash provided by (used in) investing activities	<u>32,906</u>	<u>(9,599)</u>
Cash flows from financing activities:		
Proceeds from payroll protection program loan	150,085	-
Net cash provided by (used in) financing activities	<u>150,085</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	152,515	(107,660)
Cash, equivalents, restricted cash and equivalents at beginning of year	<u>121,120</u>	<u>228,780</u>
Cash, equivalents, restricted cash and equivalents at end of year	<u>\$ 273,635</u>	<u>\$ 121,120</u>

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

Notes to Financial Statements

September 30, 2020

1. Organization

The Ability Experience, Inc. ("the Organization") is a 501(c)(3) nonprofit organization that uses shared experiences to support people with disabilities and develop the men of Pi Kappa Phi into servant leaders. The Ability Experience was founded in 1977 as the national philanthropy of Pi Kappa Phi Fraternity with the purpose of instilling lifelong service in its members and enhancing the quality of life for people with disabilities. The Ability Experience has grown into a national nonprofit with numerous programs educating undergraduates, alumni and communities about the abilities of people with disabilities while forging friendships between Pi Kappa Phi members and people with disabilities.

2. Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board *Accounting Standards Codification (ASC) 958-205 Not-for-Profit Entities: Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions: Net assets that are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions: Net assets subject to donor restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purpose specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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 donated assets. When a donor restriction expires (that is when a stipulated time restriction ends or a 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. Contributions whose restrictions are met in the same reporting period are classified as contributions without donor restrictions.

Significant Risks and Uncertainties

The global coronavirus pandemic (COVID-19) has resulted in mandates from federal, state, and local authorities that led to a significant decline in economic activity resulting in a negative impact on our revenues. The duration and extent of the impact on the financial performance of the Organization cannot be reasonably estimated at this time.

Cash and Equivalents

The Organization considers all highly liquid financial instruments with original maturity of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

Restricted Cash and Cash Equivalents

Cash and cash equivalents that are restricted as to withdrawal or use are included in restricted cash and cash equivalents.

Unconditional promises to give

Unconditional promises to give that are expected to be collected in less than one year are recognized at net realizable value. The fair value of amounts due in more than one year are measured at the present value of the unconditional promise to give using a discount rate of 1.66% for pledges receivable as of September 30, 2020 and 2019. In subsequent years, amortization of the discounts is included in contributions in the statement of activities. Management's determination of the allowance for doubtful accounts is based on an analysis of historical collection trends, experience with the donor and current and anticipated economic conditions. Promises to give are written-off when, in the opinion of management, such receivables are deemed to be uncollectible. While management uses the best information available to make such evaluations, future adjustments to the allowance may be necessary if conditions differ substantially from the assumptions used in formulating the initial evaluations.

Investments

The Organization accounts for investments under *FASB ASC 958 Not-for-Profit Entities*. Under *ASC 958*, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Investment returns that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the investment returns are recognized.

Property and Equipment

Property and equipment additions are carried at cost or, if donated, at the approximate fair value at the date of donation. All property and equipment contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Depreciation is computed using primarily the straight-line method over the estimated lives of the assets, ranging from three to ten years. Improvements to property and equipment that do not extend the useful life of the asset are expensed in the year incurred. When property and equipment are retired, the cost and related accumulated depreciation are removed from the accounts with any gain or loss recognized in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Long-Lived Assets

Cash or other assets whose use is restricted to acquire long-lived assets are recorded as temporarily restricted until the long-lived assets are acquired. Once acquired, long-lived assets are recorded as unrestricted net assets unless otherwise disclosed.

Donated Materials, Services, and Use of Property

Under *FASB ASC 958 Not-for-Profit Entities*, the Organization recognizes services requiring specialized skills such as those provided by accountants, attorneys, marketing consultants, and other professionals if the services would need to be purchased if not donated. The Journey of Hope and other team and special events receive donations of lodging, meals, vehicles and services. These donations are valued at estimated fair market value. The amount of donated services recognized as revenues and expenses for the years ended September 30, 2020 and 2019 are \$46,030 and \$381,629, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Financial Development

Financial development expenses represent amounts incurred in raising additional funds for the Organization.

Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the 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.

Fair Value of Financial Instruments

The Organization has estimated the fair value of its financial instruments using available market information and other valuation methodologies in accordance with *ASC 820 Fair Value Measurements and Disclosures*. The FASB Fair Value Measurement standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and expands disclosures about fair value measurements in an effort to make the measurement of fair value more consistent and comparable. Financial instruments, as defined in *ASC Topic No. 825-10-50 Fair Value of Financial Instruments*, consist of cash, accounts receivable, investments, accounts payable, and accrued expenses.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).
- Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The fair value of each class of financial instruments for which it is practicable to estimate the fair value were determined as follows:

Investments in common stock, mutual funds and exchange-traded funds: Valued at the quoted net market value of shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization is not a private foundation pursuant to Internal Revenue Code Section 509(a)(1).

The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2020 and 2019. The Organization records interest and penalties related to unrecognized tax positions in interest expense. For the years ended September 30, 2020 and 2019, there has been no recognition of interest or penalties related to unrecognized tax positions.

Subsequent Events

The Organization has analyzed its operations subsequent to September 30, 2020, through June 3, 2021, the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

The Organization applied for a second PPP loan in 2021 for approximately \$147,000.

3. Liquidity and Availability

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

Cash	\$ 245,704
Investments	<u>420,379</u>
	<u>\$ 666,083</u>

4. Concentrations

Management places cash and cash equivalents with high quality financial institutions believed to be credit worthy. At times, amounts on deposit may exceed insured limits or include uninsured investments. The Organization has not experienced any losses on the accounts.

5. Promises to Give

Unconditional promises to give are included in the financial statements as promises to give and revenue of the appropriate net asset classification. Unconditional promises to give at September 30, 2020 and 2019 consisted of the following:

	2020	2019
Unconditional promises to give	\$ 3,000	\$ 4,500
Less: unamortized discount	(37)	(37)
Unconditional promises to give - net	\$ 2,963	\$ 4,463

Unconditional promises to give at face value at September 30, 2020 and 2019 are as follows:

	2020	2019
Receivable in less than one year	\$ 1,500	\$ 1,500
Receivable in one to five years	1,500	3,000
	\$ 3,000	\$ 4,500

The Organization receives monthly donations from donors as a part of the 77 Society campaign which offers a steady source of revenue. The 77 Society has 113 donors that have given \$8,213 annually.

As part of the Common Loyalty Campaign, The Ability Experience receives 10% of all unrestricted gifts from the balance calculated as of December 31 based on the Pi Kappa Phi Foundation's fiscal year. Annually, The Ability Experience is able to request these funds that fall within predetermined spending rules that clearly support the mission of the organization. The Ability Experience's unrestricted gift portion balance held by Pi Kappa Phi Foundation was \$254,059 at December 31, 2019 with The Ability Experience receiving a grant of \$10,162 during 2020.

The Ability Experience also has a restricted fund with the Pi Kappa Phi Foundation. This fund total is approximately \$360,000, of which 8% is to be used for activities to impact the mission of The Ability Experience and 4% is to go to the summer event team members from the Alpha Omicron Chapter.

6. Investments

The Organization maintains investments in mutual funds and exchange-traded funds that invest in equity and debt securities. The Organization also invests in marketable equity securities. Investment income, realized gains and losses, and unrealized gains and losses from these securities are allocated to the unrestricted and temporarily restricted funds based on each fund's percentage of ownership of total investment assets.

Investments were comprised of the following at September 30:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Without Donor Restrictions:				
Common stock and mutual funds	\$ 332,703	\$ 372,070	\$ 306,580	\$ 318,393
Exchange-traded funds	37,438	48,309	78,496	81,424
Total cost	<u>370,141</u>	<u>420,379</u>	<u>385,076</u>	<u>399,817</u>
With Donor Restrictions:				
Common stock and mutual funds	1,412,095	1,562,987	1,316,967	1,342,393
Exchange-traded funds	131,164	165,452	317,364	327,770
Total cost	<u>1,543,259</u>	<u>1,728,439</u>	<u>1,634,331</u>	<u>1,670,163</u>
	<u>\$ 1,913,400</u>	<u>\$ 2,148,818</u>	<u>\$ 2,019,407</u>	<u>\$ 2,069,980</u>

Investment advisory fees paid for the management of the investment accounts totaled \$15,512 and \$15,671 for the years ended September 30, 2020 and 2019, respectively .

7. Fair Value Measurements

The following tables set forth the level, within the fair value hierarchy, of the Organization's financial investments at fair value as of September 30, 2020 and 2019:

	Fair Value	Level 1	Level 2	Level 3
<u>September 30, 2020</u>				
Common stock and mutual funds	\$ 1,935,057	\$ 1,935,057	\$ -	\$ -
Exchange-traded funds	213,761	213,761	-	-
	<u>\$ 2,148,818</u>	<u>\$ 2,148,818</u>	<u>\$ -</u>	<u>\$ -</u>
<u>September 30, 2019</u>				
Common stock and mutual funds	\$ 1,660,786	\$ 1,660,786	\$ -	\$ -
Exchange-traded funds	409,194	409,194	-	-
	<u>\$ 2,069,980</u>	<u>\$ 2,069,980</u>	<u>\$ -</u>	<u>\$ -</u>

8. Property and Equipment

Property and equipment consisted of the following at September 30:

	Useful Lives	2020	2019
Computer equipment and software	3 - 5 years	\$ 169,004	\$ 169,004
Office furniture and equipment	5 - 10 years	168,498	168,498
		337,502	337,502
Less accumulated depreciation		(315,107)	(298,286)
		\$ 22,395	\$ 39,216

Depreciation expense for the years ended September 30, 2020 and 2019 was \$16,821 and \$8,971, respectively.

9. Payroll Protection Program Loan

The Organization received a loan under the Paycheck Protection Program (“PPP Loan”) in the amount of \$150,085 on April 17, 2020. The Organization expects the entire amount of the PPP Loan to be forgiven.

10. Restrictions on Net Assets

The temporarily restricted net assets include donor restricted funds to provide fellowships to be used as an incentive for camp counselors serving at summer programs for people with disabilities and the sustainability of the Journey of Hope program. A summary of the activity on temporarily restricted assets is below:

Purpose/Use Restriction:	9/30/19	Additions	Utilized	9/30/20
Restricted for time	\$ 4,463	\$ -	\$ (1,500)	\$ 2,963
Journey of Hope Sustainability	1,668,337	83,193	(24,790)	1,726,740
Fellowships for Camp Counselors	28,306	1,353	-	29,659
	\$ 1,701,106	\$ 84,546	\$ (26,290)	\$ 1,759,362

Purpose/Use Restriction:	9/30/18	Additions	Utilized	9/30/19
Restricted for time	\$ 5,910	\$ -	\$ (1,447)	\$ 4,463
Journey of Hope Sustainability	1,731,737	-	(63,400)	1,668,337
Fellowships for Camp Counselors	28,596	-	(290)	28,306
	\$ 1,766,243	\$ -	\$ (65,137)	\$ 1,701,106

11. Retirement Plans

The Organization offers its employees a 401(k) plan that currently provides for a maximum matching contribution of 4%. The Organization also has a deferred compensation plan for eligible senior management, as determined by the Board of Directors. Expense for these two retirement plans was \$57,473 and \$25,522 for the years ended September 30, 2020 and 2019, respectively. For the expense in fiscal 2020, \$28,057 was a catch-up contribution to the deferred compensation plan. This contribution was not funded as of September 30, 2020, but the Organization plans to do so in fiscal 2021.

12. Related Party Transactions

The Organization has a signed shared services agreement with Pi Kappa Phi Fraternity, an affiliated organization, on an annual basis for shared resources, such as office equipment, personnel salaries, software charges, insurance costs and publication fees. The amount charged to the Organization for shared services during the year ending September 30, 2020 was approximately \$254,524. The amount charged to the Organization for shared services during the year ending September 30, 2019 was approximately \$244,037.

The Organization also incurs normal business expenses such as health insurance, telephone lines, postage, printing supplies, and bank fees. These fees are paid by Pi Kappa Phi Fraternity and reimbursed by the Organization on a monthly basis. The amount charged to the Organization for these expenses during the year ending September 30, 2020 was approximately \$113,167.

In addition to the verbal shared services agreement, The Ability Experience and Pi Kappa Phi Fraternity have a sublease for office space with a lease termination date of August 31, 2023. A portion of the shared service amounts listed above can be attributed to this sublease agreement. The sub-lease terms state the base rent of the office space will be recalculated annually, based on the usage of the office space by the Organization. The lease payment amount adjusts annually at a pre-determined rate. Based on the initial calculation of the base rent, the future minimum payments are as follows:

2021	\$	53,136
2022		54,725
2023		51,546
2024		-

Rent expense for office space was \$60,874 and \$57,971, respectively, for the years ended September 30, 2020 and 2019. The amount due to Pi Kappa Phi Fraternity as of September 30, 2020 and 2019 was \$0 and \$7,252, respectively.

In 2013 The Ability Experience agreed to join the Pi Kappa Phi Foundation’s Common Loyalty fundraising campaign. In the written agreement, The Ability Experience would receive 10% of all unrestricted gifts. These funds will be/are deposited with and invested by the Pi Kappa Phi Foundation. Annually, The Ability Experience is able to request these funds that fall within predetermined spending rules that clearly support the mission of the organization.