

TRIUMPH, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR
THE YEAR ENDED JUNE 30, 2018)



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TRIUMPH, INC.
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(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Triumph, Inc.
Taunton, Massachusetts

We have audited the accompanying financial statements of Triumph, Inc., which comprise the statement of financial position as of June 30, 2019, 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 the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit 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 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 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.

Board of Directors
Triumph, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Triumph, Inc. as of June 30, 2019, and changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The June 30, 2018 summarized comparative information has been derived from Triumph, Inc.'s 2018 financial statements and in our report dated November 7, 2018, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent in all material respects, with the audited financial statements from which it has been derived.

Effect of Adopting New Accounting Standard

As described in Note 1, the Organization adopted the 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*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. Our opinion is not modified with respect to that matter.



CliftonLarsonAllen LLP

Boston, Massachusetts
November 14, 2019

TRIUMPH, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 417,722	\$ 241,685
Accounts Receivable	219,311	255,924
Contribution Receivable, Current	34,384	42,945
Prepaid Expenses	1,200	2,029
Total Current Assets	672,617	542,583
CONTRIBUTION RECEIVABLE, Noncurrent	212,492	142,609
PROPERTY AND EQUIPMENT		
Property and Equipment	4,154,675	4,112,631
Less: Accumulated Depreciation	1,533,442	1,447,045
Property and Equipment, Net	2,621,233	2,665,586
Total Assets	\$ 3,506,342	\$ 3,350,778
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 57,166	\$ 56,052
Accounts Payable	36,189	55,136
Accrued Expenses	201,972	274,980
Total Current Liabilities	295,327	386,168
LONG-TERM DEBT, Net of Current Maturities	736,980	782,451
Total Liabilities	1,032,307	1,168,619
NET ASSETS		
Without Donor Restrictions	1,538,387	1,314,004
With Donor Restrictions	935,648	868,155
Total Net Assets	2,474,035	2,182,159
Total Liabilities and Net Assets	\$ 3,506,342	\$ 3,350,778

See accompanying Notes to Financial Statements.

TRIUMPH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
OPERATING REVENUE AND SUPPORT				
Program Service Revenue	\$ 6,067,126	\$ 65,000	\$ 6,132,126	\$ 6,145,684
Contributed Services and Property	132,965	104,267	237,232	115,646
Contributions	11,953	3,600	15,553	28,926
Special Event Income	4,655	-	4,655	4,506
Net Assets Released from Restrictions	62,429	(62,429)	-	-
Other Income	4,296	-	4,296	8,442
Total Operating Revenue and Support	<u>6,283,424</u>	<u>110,438</u>	<u>6,393,862</u>	<u>6,303,204</u>
EXPENSES				
Program Services	5,224,022	-	5,224,022	5,334,593
Management and General	828,905	-	828,905	942,022
Total Expenses	<u>6,052,927</u>	<u>-</u>	<u>6,052,927</u>	<u>6,276,615</u>
INCOME BEFORE DONATED RENT	230,497	110,438	340,935	26,589
Donated Rent Expense	(42,945)	-	(42,945)	(43,000)
Net Asset Releases - Donated Rent	42,945	(42,945)	-	-
INCOME (LOSS) FROM OPERATIONS	230,497	67,493	297,990	(16,411)
Loss on Sale of Property and Equipment	(6,114)	-	(6,114)	-
CHANGE IN NET ASSETS	224,383	67,493	291,876	(16,411)
Net Assets - Beginning of Year	<u>1,314,004</u>	<u>868,155</u>	<u>2,182,159</u>	<u>2,198,570</u>
NET ASSETS - END OF YEAR	<u>\$ 1,538,387</u>	<u>\$ 935,648</u>	<u>\$ 2,474,035</u>	<u>\$ 2,182,159</u>

See accompanying Notes to Financial Statements.

TRIUMPH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	Program Services				Supporting Services	2019 Total	2018 Total
	Early Childhood Services	Transportation Services	Heath and Nutrition Services	Total Program Services	Management and General		
OPERATING EXPENSES							
Salaries	\$ 2,853,770	\$ 129,643	\$ 181,712	\$ 3,165,124	\$ 544,660	\$ 3,709,784	\$ 3,849,065
Employee Benefits	624,964	26,564	49,559	701,087	106,135	807,222	903,443
Payroll Taxes	204,409	9,419	13,148	226,976	38,898	265,874	290,654
Occupancy	205,964	1,466	3,763	211,193	6,970	218,163	195,916
Supplies	89,770	764	39,584	130,118	6,867	136,985	227,404
Lunch Program Supplies	-	-	233,569	233,569	-	233,569	242,576
Professional Fees	175,101	1,728	1,450	178,279	40,172	218,451	133,312
Transportation	13,459	28,725	-	42,184	49	42,233	41,745
Training	69,540	4,704	780	75,024	9,760	84,784	73,593
Insurance	17,614	12,904	683	31,201	5,742	36,943	35,342
Advertising	-	-	-	-	1,484	1,484	2,838
Dues and Subscriptions	9,245	170	615	10,029	4,328	14,357	7,101
Postage and Printing	3,972	61	100	4,133	2,444	6,577	5,856
Interest Expense	-	-	-	-	48,299	48,299	46,072
Other Expense	18,509	375	870	19,754	7,994	27,748	27,891
Equipment Expense	21,443	1,653	2,845	25,942	2,507	28,449	24,850
Telephone	19,477	705	767	20,948	2,597	23,545	23,916
Vehicle Lease Expense	-	28,921	-	28,921	-	28,921	29,600
Depreciation	112,185	2,337	5,017	119,539	-	119,539	115,441
Total Operating Expenses	\$ 4,439,421	\$ 250,139	\$ 534,462	\$ 5,224,022	\$ 828,905	\$ 6,052,927	\$ 6,276,615

See accompanying Notes to Financial Statements.

TRIUMPH, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 291,876	\$ (16,411)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	119,539	115,441
Loss on Property and Equipment Disposal	6,114	-
(Increase) Decrease in:		
Accounts Receivable	36,613	(88,709)
Contribution Receivable	(61,322)	38,461
Prepaid Expenses	829	78,088
Increase (Decrease) in:		
Accounts Payable	(18,947)	22,046
Accrued Expenses	(73,008)	60,752
Deferred Revenue	-	(7,919)
Net Cash Provided by Operating Activities	301,694	201,749
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property and Equipment	700	-
Purchases of Property and Equipment	(82,000)	(45,357)
Net Cash Used by Investing Activities	(81,300)	(45,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(44,357)	(52,409)
Net Cash Used by Financing Activities	(44,357)	(52,409)
NET INCREASE IN CASH	176,037	103,983
Cash - Beginning of Year	241,685	137,702
CASH - END OF YEAR	\$ 417,722	\$ 241,685
SUPPLEMENTARY DISCLOSURES		
Cash Paid for Interest	\$ 48,299	\$ 46,072

See accompanying Notes to Financial Statements.

TRIUMPH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Triumph, Inc. (the Organization) is a Massachusetts corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code as a public charity. The Organization provides comprehensive child development, school readiness, and family support services to pregnant women and children six weeks to four years old. The Organization is funded primarily by the Head Start program of the U.S. Department of Health and Human Services. Additional funding is provided by the Massachusetts Department of Early Education and Care.

Summarized Comparative Data

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Triumph, Inc.'s financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded net of an allowance of expected losses. The allowance is estimated from historical performance and projections of trends. Management considers all amounts to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. Historically, interest has not been charged on delinquent accounts.

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of the amount expected to be collected unless immaterial. Conditional promises are not included as revenue until such times as the conditions are substantially met. Unconditional promises to give the use of long-lived assets are included as contributions receivable (see Note 9). Management considers all amounts to be fully collectible. Accordingly, no allowance for doubtful accounts has been established.

Property and Equipment

Property and equipment are recorded at cost. Assets with an estimated useful life of more than one year and a historical cost in excess of \$5,000 are capitalized. Gifts of long-lived assets are reported as support without donor restrictions unless explicit donor stipulations specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions.

TRIUMPH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property and Equipment (Continued)

The useful lives of property and equipment for purposes of computing depreciation are:

Buildings and Improvements	5 to 40 Years
Equipment	5 to 10 Years
Vehicles	5 Years

Absent explicit donor stipulation about how long those assets must be maintained, expiration of donor restrictions are reported when the donated or acquired long-lived assets are placed into service. Depreciation is computed using the straight-line method over the estimated useful life of the assets. At various times, government agencies provide the Organization with grants to purchase furniture, vehicles, leasehold improvements, and equipment. Title to such property does not vest with the Organization and the assets must be returned to the grantor upon request. Government/Grantor owned assets are recorded at depreciated cost with offsetting net assets with donor restrictions of an equal amount. The net assets with donor restrictions are decreased as the assets depreciate.

It is the Organization's policy to assess impairment losses on assets when events and circumstances indicate that the assets might be impaired. The Organization had no impairment losses as of June 30, 2019.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Designated amounts represent those revenues that the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposes for which the resources was restricted has been fulfilled, or both.

Revenue and Support With and Without Donor Restrictions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment.

TRIUMPH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue and Support With and Without Donor Restrictions (Continued)

Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted support is reported as an increase in net assets with donor restrictions based 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.

Promotional Advertising

Promotional advertising costs are expensed as incurred. Promotional advertising costs charged to operations amounted to \$1,484 for 2019.

Contributed Services

Contributed services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Program Service Revenue

The Organization receives support through various federal, state, and local grants and programs based on cost reimbursement or unit reimbursement contracts. Program service revenue is recognized as costs are incurred and services are provided.

Functional Allocation of Expenses

The cost of providing the various programs and services are summarized on a functional basis. Costs are generally identified as to program site, and are then allocated between programs and supporting services. Expenses are allocated based on related salary expense, funded enrollment, personal activity reports, and square footage.

Income Taxes

The Organization is a nonprofit corporation as described in section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to section 501(a) of the code.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TRIUMPH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Change in Accounting Principles

The Organization has adopted the accounting guidance in 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*, which changes presentation and disclosure requirements for nonprofit entities to provide more relevant information about their resources (and the changes in those resources) to donors, granters, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses, and liquidity. Adoption of the new standard had no effect on the previously reported total change in net assets or net assets balance.

New Accounting Pronouncements

In May 2014, FASB issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for the year ended June 30, 2020. Management continues to evaluate the impact of the adoption of this standard, but based on the latest industry guidance, management believes this standard will not have a material impact on the financial statements.

In June 2018, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) to clarify and improve accounting guidance for contributions received and made. The ASU provides guidance on distinguishing between contributions and exchange transactions. If a contribution is unconditional, the entity must determine whether it is donor restricted for limited purpose or timing. These contributions should be recognized immediately and classified as net assets with or without donor restrictions. If a contribution is conditional and assets are received in advance, the entity should record a liability and not recognize revenue until conditions are met. Guidance is further provided regarding reciprocal and nonreciprocal transactions. If both parties receive similar value, the transaction is considered reciprocal.

For nonreciprocal transactions, an entity must determine the conditions needed to be made. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Organization for the year ended June 30, 2020. Management continues to evaluate the impact of the adoption of this standard, but based on the latest industry guidance, management believes this standard will not have a material impact on the financial statements.

TRIUMPH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2019, the date the financial statements were available to be issued.

NOTE 2 CONTRIBUTED GOODS, SERVICES AND FACILITIES

The Organization receives contributed services for volunteer time, program supplies, facilities, and property for use in the operations of the Organization. Contributed goods used for program purposes amounted to \$10,163, contributed services for bus services and other consultants amounted to \$122,802, and contributed property for use in operations amounted to \$4,361 for the year ended June 30, 2019.

NOTE 3 PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows as of June 30, 2019:

Land	\$ 358,166
Building and Improvements	3,634,933
Equipment	57,207
Vehicles	104,369
Total Property and Equipment	<u>4,154,675</u>
Less: Accumulated Depreciation	<u>(1,533,442)</u>
Total Property and Equipment, Net	<u><u>\$ 2,621,233</u></u>

At June 30, 2019, the Organization had in its possession \$684,732, net of accumulated depreciation, in vehicles, leasehold improvements, and equipment purchased with grants from government agencies and for which the government possesses a reversionary interest.

Total depreciation expense for the year totaled \$119,539. Depreciation expense on those assets for which the federal government has a reversionary interest amounted to \$53,615 for 2019. Depreciation expense on assets owned by the Organization amounted to \$65,924 for 2019.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following as of June 30, 2019:

Governmental Agencies	\$ 217,255
Private Pay	2,056
Total	<u><u>\$ 219,311</u></u>

TRIUMPH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of the following:

Cash and Cash Equivalents

The Organization maintains cash and cash equivalent balances in several federally insured financial institutions in the same geographic area. At June 30, 2019, no amounts were in excess of the federally insured limits.

Accounts Receivable

Amounts due from governmental agencies comprise 99% of the Organization's total accounts receivable balance at June 30, 2019.

Major Funding

The Organization receives significant funding from the Head Start program by the U.S. Department of Health and Human Services (Head Start). The funds provide comprehensive developmental services for preschool children. The Head Start contract is subject to annual renewal and if a significant reduction in the level of support were to occur, the Organization's programs and activities would be affected proportionately. The Organization received \$3,983,312 from Head Start programs, which approximated 63% of the Organization's operating revenue for 2019.

NOTE 6 LINE OF CREDIT

The Organization maintains a \$200,000 revolving line of credit agreement with a bank. The line of credit is payable on demand, with interest payable at the greater of 5% or the bank's based lending rate plus 1% (6.5% at June 30, 2019). The expiration date on the agreement was extended to November 2019 and is secured by a second mortgage on property located in Taunton, Massachusetts. The unused portion at June 30, 2019 amounted to \$200,000.

TRIUMPH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 LONG-TERM DEBT

The Organization is obligated under long-term debt at June 30, 2019 as follows:

<u>Description</u>	<u>Amount</u>
Mortgage payable to a bank, bearing interest at 5.50% at June 30, 2019 secured by a first mortgage on property located in Taunton, Massachusetts, payable in monthly installments of \$8,344 including interest, due with all unpaid interest and principal on December 17, 2029; subject to interest rate conversion on April 17, 2024 to the bank's base rate plus 1% annually, with a floor of 5.50%	\$ 794,146
Less: Current Maturities	<u>57,166</u>
Long-Term Debt, Net	<u><u>\$ 736,980</u></u>

The following are maturities of long-term debt for each of the next five years:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 57,166
2021	60,553
2022	64,018
2023	67,680
2024	71,120
Thereafter	<u>473,609</u>
Total	<u><u>\$ 794,146</u></u>

NOTE 8 NET ASSETS WITH DONOR RESTRICTION

The Organization has received donor-restricted contributions, which have been accounted for as net assets with donor restrictions.

Net assets with donor restrictions consist of the following at June 30, 2019:

Property and Equipment Purchased with Government Funds (Note 3)	\$ 684,732
Contribution Receivable (Note 9)	246,876
Scholarships	<u>4,040</u>
Total Net Assets With Donor Restriction	<u><u>\$ 935,648</u></u>

TRIUMPH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 OPERATING LEASES

The Organization occupies its main facility on land owned by the City of Taunton School Department. Base rent under the lease agreement is \$1, payable annually. Management's estimate of the fair market value of the annual lease payments have been determined to be immaterial and therefore the in-kind contribution of the free use of the land is not reflected in the financial statements. In June of 2016, the lease agreement was extended for a term of ten years with a base rent of \$1, payable annually. The Organization has treated this as a contribution receivable, and therefore the estimated fair market value of the annual lease payments has been reflected in the financial statements. The discounted contribution receivable amounted to \$146,970 as of June 30, 2019. The contribution receivable will amortize \$10,988 annually into lease expense over the term of the lease.

The Organization occupies a building under a lease for a term of five years beginning July 1, 2014, with two options to extend the term for periods of five years each through June 30, 2029. Base rent under the lease agreement is \$1, payable annually. The Organization exercised their first right to extend the term for five additional years, beginning July 1, 2019 through June 30, 2024. Management's estimate of the fair market value of the annual lease payments for the next five year extension granted is \$23,396, for a total value over the lease term of \$116,979. At June 30, 2019, the contribution receivable amounted to \$99,906, net of unamortized discount of \$17,072. The amortization of the lease expense included in occupancy expense in 2019 amounted to approximately \$32,000.

NOTE 10 PENSION PLAN

The Organization offers a tax-deferred savings plan and Roth IRA option which are available to all employees that meet the terms of the plans eligibility criteria. Employees may provide tax deferred contributions to fully vested individual retirement accounts up to the Internal Revenue Code limit. The Organization matches 100% of these contributions up to 5% of wages. Pension plan expenses amounted to \$88,049 for 2019.

NOTE 11 CONTINGENCY

A significant portion of the Organization's revenues are derived from government agencies. Due to budgetary constraints at all levels of government, the Organization cannot determine whether there will be any changes in funding in the near term.

TRIUMPH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programmatic activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Financial assets available for general expenditure within one year of the statement of financial position date consisted of the following:

Cash	\$ 417,722
Accounts Receivable, Net	<u>219,311</u>
Total Financial Assets	<u><u>\$ 637,033</u></u>

Amounts included in net assets with donor restrictions not invested in perpetuity are expected to be used within one year of the financial position date for programmatic activities. In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization has a line of credit in the amount of \$200,000 available for use as of June 30, 2019 (See Note 6).

