

## Holley Dennison

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**From:** Joel Hanson <jhanson@sailinc.org>  
**Sent:** Friday, August 20, 2021 12:41 PM  
**To:** Holley Dennison  
**Cc:** Sierra Jimenez  
**Subject:** SAIL CBS Non Profit Grant Application  
**Attachments:** SAIL City of Sitka FY22 Grant App Final.pdf

Hello Holley,

I have completed the City and Borough of Sitka FY22 General Fund Application for non-profits for SAIL. I have attached it to this email as a PDF. Please let me know if you have any questions or need any additional information from me.

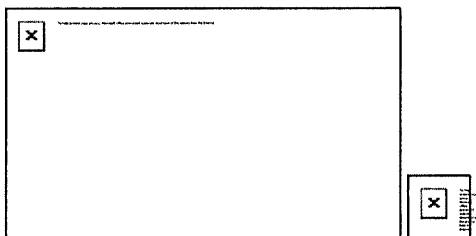
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Gunalchéesh / Háw'aa / Thank you

Joel Hanson  
Sitka Program Director  
Southeast Alaska Independent Living  
Pronouns: He/Him/His Why Pronouns Matter

**NOTE NEW PHONE NUMBERS BELOW**

SAIL Office: 1.888.500.7245  
Direct Line: 1.888.487.1032  
SAIL Cell: 907.738.1491  
Fax: 1.888.521.4870  
[www.sailinc.org](http://www.sailinc.org)



City and Borough of Sitka  
ANNUAL GRANTS FROM GENERAL FUND  
SUMMARY SHEET

Name of Organization: Southeast Alaska Independent Living

Alaska State Business License Number (if applicable):                     

Name of Contact Person: Joel Hanson

Phone: (888) 487-1032 Email: jhanson@sailinc.org

Mailing address: 514 C Lake Street Sitka Alaska 99835

Grant Category (check either annual or special emergency grant, and check type of services for annual grant):

- ☒ Annual Grant:
  - ☒ Human Services or
  - ☐ Cultural and Educational Services or
  - ☐ Community Development
- ☐ Special Emergency Grant

Dollars Requested: \$20,000

Match Dollars Committed: \$266,126

Percentage: 92.5% Committed and 7.5% Requested

Sources of Matched Dollars: Department of Health and Social Services: DDRC, ADRC, CIMG OBA and IL Grants. Health and Human Services-ACL Grant. White Elephant, Sitka Charitable Trust, Donations, Fundraising Fees for service

Brief Description of the Purpose of the Grant: SAIL requests to provide essential, often urgent services and support to seniors and/or people who experience a disability. Additionally SAIL will engage the community through accessibility assessments and education to increase inclusion of people who experience disabilities..

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I, Joel Hanson, do hereby certify that all information provided for this grant application is accurate and complete to the best of my knowledge.

Name: Joel Hanson *Joel Hanson*

Title: SAIL Sitka Program Director Date: 8/20/2021

## **1. Project Description - Grant Category: Human Services**

Southeast Alaska Independent Living (SAIL)'s mission is simple. It is to *Inspire Personal Independence*. The SAIL Sitka Program empowers seniors and people who experience disabilities by promoting options to live as active, productive, and involved citizens. SAIL does this by providing services and support necessary for independent living including home modifications, emergency financial assistance, loans of assistive devices and durable medical equipment, peer support groups, recreation and community inclusion activities, employment services and providing educational and outreach programs to the Sitka community.

**SAIL does not duplicate services provided by other agencies in a service area, instead it collaborates with existing agencies and attempts to pick up what is 'falling through the cracks.'** Our collaborative efforts with local organizations such as Alaska Division of Vocational Rehabilitation, Center for Community, Brave Heart Volunteers, Sitka Tribe of Alaska, Baranof Island Housing Authority, Alaska Housing Finance Corporation, SEARHC, Youth Advocates of Sitka, Sitkans Against Family Violence, Sitka School District, Sitka Counseling & Prevention, Sitka Public Library, Southeast Senior Services, Hames PE Center, CBS departments and many other agencies are a key to our success.

**What will be done with the funds and who will do it:** The nature of our work and mission requires SAIL services to be extremely personnel intensive—in Sitka, personnel costs account for 79% of the operating budget. Our services are delivered by a Program Director/Independent Living Advocate, an Independent Living Advocate and Recreation Coordinator Jesuit Volunteer/Americorps Member, an Employment Specialist/Independent living Advocate, and an Aging and Disability Resource Center Specialist and a part-time assistant. We are currently in the hiring process for the Aging and Disability Resource Center Specialist.

This proposal requests \$13,749 for personnel expenses to serve our consumers and to provide disability awareness presentations to the broader community and \$6,251 for operating costs necessary to deliver essential services. Although this request for \$20,000 represents only 7.5% of our annual budget, support by the City is a vital piece in demonstrating community buy-in, which is critical to leveraging outside dollars to fund our core programs here in Sitka.

**Who will be served:** SAIL Sitka serves seniors and people of all ages and all disabilities including: physical, cognitive, neurological, and mental health disabilities. Thanks to funding received from the City and Borough last year, SAIL Sitka provided Independent Living Services to a total of **150** active consumers. Furthermore, **23** consumers met their goals for independent living and completed use of SAIL's services during the FY21. **205** individuals acquired information, referrals and/or necessary Assistive Technology and durable medical equipment through our loan closet, with another **27** individuals receiving goods and services through our Last Resort Fund. **12** local high school students have received special services to help them transition into adulthood after a school career with support from special education teachers. **6** young adults participated in SAIL's Summer Work Program in partnership with the Division of Vocational Rehabilitation, Sitka Trail Works, Cistka Cycling Club, Alaska State Parks, US Forest Service and Youth Advocates of Sitka.

In all, these services dramatically impact the safety, independence, and quality of life of local residents in need. We collaborated with numerous local agencies to ensure success for these individuals as well as share education and awareness to increase understanding of disabilities and foster acceptance of all people.

Disability Awareness and Americans with Disabilities Act (ADA) presentations will continue to be offered to community groups as requested. Last year SAIL provided presentations to many local businesses & community groups.

**When will service be provided:** Project services and expenses will be conducted throughout FY22.

### **CBS General Fund Grants previously received:**

FY 2005 \$5,000; FY 2006 \$5,000; FY 2007 \$4,000; FY 2008 \$8,850; FY 2009 \$7,500; FY 2010 \$5,000; FY 2011 \$7,500; FY 2012 \$5,000; FY 2013 \$10,000; FY 2014 \$10,000; FY 2015 \$8,357; FY 2016 \$4,833; FY 2017 \$8,835; FY 2018 \$7,529; FY 2019 \$6,500; FY2020 \$7,742; FY2021 \$6,500

## **2. Expected Outcomes**

**Measurement of Success:** The success and community benefit of this project will be measured by comparing stated objectives and outcomes (table below) against actual results. Obtaining these objectives or “outputs” is quantifiable, tangible and easily measured. Outcomes such as maintaining or increasing independence, improvement in attitudes and quality of life improvements, by nature are more difficult to measure. Therefore, pre- and post-service surveys and comparison of individual goals to post-service results will be used.

### **Tangible Community Benefits:**

<b>Objective</b>	<b>Outcome</b>
Empower two hundred (200) Sitka residents by providing Independent Living services for individualized requests (e.g. assistance securing essential life services such as housing, employment, transportation, and benefits such as Social Security, Medicaid, Alaska Public Assistance, etc.)	Sitka residents with disabilities or seniors will increase or maintain independence; increase self-esteem; become active, productive and involved citizens. Bettering the entire community.
Twenty-five (25) Sitka local high school students will receive support to help them prepare for the transition to employment and adulthood.	Young adults who experience disabilities will be able to become more independent as they leave the supportive special education program and move into adulthood.
Ten (10) local businesses or groups will receive disability awareness/ADA training and/or education.	A greater understanding and inclusion of seniors and people with disabilities. Local businesses voluntarily become more accessible after learning the direct benefits of removing both architectural and attitudinal barriers.
Help one hundred (150) individuals acquire necessary Assistive Technology, home modifications, durable medical equipment or funding through the Loan Closet and Last Resort Fund.	Provide more accessibility, safer environments and reduce health disparities in the home, community and workplace. Allow individuals to remain in their home and community.

**Evaluation/Benchmarks-** SAIL maintains complete records for all services and programs both to ensure we meet the needs of our consumers and the community and to provide accurate and timely reports. We use a number of methodologies to evaluate programs and services, ascertain the project is going in the right direction, and adjust services accordingly, as noted below:

- Consumers identify specific individual goals during the original point of program entry; progress and goal attainment monitored
- All individualized and community services are documented in MiCIL, a database designed specifically for Independent Living Centers such as SAIL
- Teachers, students and businesses are surveyed before and after disability awareness training
- Quarterly and annual fiscal & narrative reporting comparing proposed to actual results
- Yearly consumer satisfaction surveys mailed to consumers and results are collated
- Website feedback links. Annual fiscal audits by the firm of Elgee, Rehfeld and Mertz CPAs. Regular site reviews by Alaska Department of Health and Social Services and the US Dept. of Education-Rehabilitation Services Administration

### **3. Statement of Need**

**Funding Category:** This proposal aligns with the **Human Services** Category.

**Documented Need:**

According to the State of Alaska Governor's Council on Disabilities and Special Education, "it is generally accepted that 1 in 7 people have some sort of disability according to the definition used in the American with Disabilities Act." Roughly 1,300 Sitka residents experience a disability. We also offer our services, as Sitka's Aging and Disability Resource Center, to everyone over 60. In Sitka there are over 1,800 seniors.

*Healthy People 2020*, a joint project of the US Department of Health and Human Services, Centers for Disease Control and Prevention, and the US Department of Education-National Institute on Disability and Rehabilitation Research, reported, "People with disabilities play an important and valued role in every community. All people, including people with disabilities, must have the opportunity to take part in important daily activities that add to a person's growth, development, fulfillment, and community contribution. The Disability and Health objectives highlight areas for improvement and opportunities for people with disabilities:

- 1- Reduce the proportion of people with disabilities who report barriers to obtaining the assistive devices, service animals, technology services, and accessible technologies that they need.
- 2- Reduce the proportion of people with disabilities who encounter barriers to participating in home, school, work, or community activities.

Without these opportunities, people with disabilities will continue to experience disparities, compared to the general population. The 2020 objectives were developed with extensive input from disability communities, and this partnership between the public health and disability communities must continue over the decade in order to meet the *Healthy People 2020* objectives."

The need for disability awareness education is expressed well by Judy Heumann, former Assistant Secretary at the Office of Special Education and Research Services at the United States Department of Education, when she said: "When I speak out about the oppression of people with disabilities, some professionals will ask, 'Is she bitter about being handicapped?' The answer is yes, I am bitter about being handicapped, but not about having a disability for **it is not my disability that handicaps me. It is society that handicaps me**, and my brothers and sisters, handicaps us by building inaccessible schools, theaters, buses, houses, and the list goes on. All this helps keep us in our place."

As individuals age (and we know Sitka is the fastest aging community in the state, per capita) they more often than not have need for adaptive equipment, including durable medical equipment to live more independently and safely in their homes. SAIL's Loan Closet and HomeMAP assessments are available to assist with needed accommodations so seniors can live safely and independently in their home and community of choice.

This proposal directly addresses the documented need for assistive technology, accessibility modifications, and social participation for seniors and people with disabilities and the need for education and public awareness about the subject of 'disability.'

**Funding Leverage:** This proposal will most definitely help SAIL Sitka leverage additional program support. Most grant applications SAIL puts forward look for demonstration of community support. Funding provided by the City of Sitka is a proven commitment to our services and to the city's support of and belief in, the necessity of our programs.

#### **4. Organizational Capacity (track record, community support, Board attendance)**

**Track Record** – SAIL has enjoyed an impeccable record for grant management and service delivery since its inception. The State Independent Living Council conducts an annual consumer satisfaction survey throughout the state and results show an overwhelming enthusiasm for SAIL. The agency and staff have received local, state, and national recognition for excellence. The Alaska Legislature has honored SAIL with a proclamation for providing “people with disabilities the chance to work for self-determination, equal opportunities and self-respect.” SAIL has demonstrated success for the last twenty eight years, managing literally dozens of grants every year—every one, without exception, completed successfully.

**Community Support** – One of the agency’s biggest strengths is our ability to collaborate with others by leading and participating in community coalitions. Currently SAIL has active partnerships with numerous agencies in Sitka including the Alaska Division of Vocational Rehabilitation, Center for Community, Sitka Tribe of Alaska, Southeast Alaska Regional Health Consortium, Sitka School District, Southeast Senior Services, Brave Heart Volunteers, Sitka Pioneer Home, Hames PE Center, Youth Advocates of Sitka, Veterans Administration, and others. In addition to agency support, SAIL is supported financially by individual and business donors.

The support of the City and Borough of Sitka is a very important factor in our ability to leverage additional funds. The Last Resort Fund (LRF) is a fund of last resort and has a proven success rate at seeking out other agencies and alternative funding before the LRF kicks in. Most often this leads to a collaborative effort with different agencies, businesses and individuals. Though the successes we witness at SAIL could appear minor to some, for those we serve they are major.

**Here's one example of the services that SAIL provides:** We have been working with someone over the last six month who lost her social security disability income because she forgot to properly report her income from her job. This made it difficult for her to pay bills and stay on top of her rent. We helped her file an appeal with the Social Security Administration. We also helped fill in the gaps with funding from SAIL’s small Last Resort Fund to pay for art supplies and other items that were critical to her employment. We also helped this person apply to a rental relief program through Alaska Housing Finance Corporation and spoke with her to her landlord about rental payments and her recent change in income. We also applied to a Alaska Mental Health Trust Authority Mini-Grant to pay for car repairs, new clothes, a laptop and a speech to text program because her disability makes it difficult for her to type on a computer, which is also essential for her personal and employment business. Lastly, after a negative experience on a plane to Anchorage for a medical procedure in which she experience racial discrimination, SAIL provided a listening ear to validate her experience and work toward a solution with the help of the Sitka Tribe of Alaska. Lastly, SAIL is in the process of referring her to the State of Alaska’s Division of Vocational Rehabilitation office so that she can have a benefits analysis done to make sure that she is getting the most that she can out of her benefits with Social Security and employment. Most recently, after many calls to the Social Security Administration advocating for this individual, she recently called SAIL and happily stated that her SSDI benefits were reinstated!

**Board of Directors** – SAIL is pleased to have an active, engaged Board of Directors with higher than 80% attendance. As a member of the Foraker Group, SAIL has adopted their recommendation of 100% board giving, and a tracking system endorsed by them and the Rasmuson Foundation. One-hundred percent of the Board of Directors make significant annual financial contributions to SAIL.

**SAIL Board Officers:** Board Chair, Norton Gregory – Douglas; Vice Chair, Jeff Irwin – Gustavus; Secretary, Suzanne Williams, Ketchikan; Treasurer Mary Gregg, Ketchikan

**Members:** Bob Purvis, Sitka; Cheryl Putnam, Juneau; Brandee Gerke, Juneau; Ellen Pavitt, Juneau

**SOUTHEAST ALASKA INDEPENDENT LIVING, INC.**

Sitka City Grant Proposal - Fiscal Year 2022

**Detailed Sitka Program Budget FY22 and Actual Revenue and Expense FY21**

<b>EXPENDITURES</b>		<b>This</b>	<b>Other</b>	<b>TOTAL</b>	<b>TOTAL</b>
	<b>FTE</b>	<b>Request</b>	<b>Funds</b>	<b>Budget</b>	<b>Actual</b>
				<b>FY 2022</b>	<b>FY21</b>
<b>A. 100 Personnel Services</b>					
Sitka staff	3.10	\$10,869	\$152,636	\$163,505	\$117,122
Jesuit Volunteer	1.00		\$18,000	\$18,000	\$17,962
Fringe Benefits/Payroll taxes		\$2,880	\$43,485	\$46,365	\$35,866
<b>TOTAL Personnel Services</b>		<b>\$13,749</b>	<b>\$214,121</b>	<b>\$227,870</b>	<b>\$170,950</b>
<b>B 200 Travel</b>					
Staff travel		\$0	\$0		
Auto gas		\$0	\$800	\$800	\$430
<b>TOTAL Travel</b>		<b>\$0</b>	<b>\$800</b>	<b>\$800</b>	<b>\$430</b>
<b>C. 300 Facility</b>					
Office rental		\$1,190	\$11,810	\$13,000	\$12,326
Postage		\$12	\$488	\$500	\$342
Telephone		\$278	\$4,422	\$4,700	\$4,620
<b>TOTAL Facility</b>		<b>\$1,480</b>	<b>\$16,720</b>	<b>\$18,200</b>	<b>\$17,288</b>
<b>D. 400 Supplies</b>					
Office supplies		\$71	\$929	\$1,000	\$997
Program supplies		\$1,000	\$500	\$1,500	\$426
<b>TOTAL Supplies</b>		<b>\$1,071</b>	<b>\$1,429</b>	<b>\$2,500</b>	<b>\$1,423</b>
<b>E. 500 Equipment</b>					
Vehicle		\$0	\$1,000	\$1,000	\$1,200
<b>TOTAL Equipment</b>		<b>\$0</b>	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,200</b>
<b>F. 600 Other Operating Expense</b>					
Accounting		\$0	\$0	\$0	\$0
Agency liability insurance		\$0	\$0	\$0	\$0
Advertising		\$0	\$0	\$0	\$0
Dues, fees, and licenses		\$0	\$0	\$0	\$0
Consumer Service Fund		\$0	\$0	\$0	\$0
Education & Training		\$0	\$0	\$0	\$0
Scholarships		\$0	\$250	\$250	\$47
Tech Support		\$0	\$0	\$0	\$0
Audit		\$0	\$0	\$0	\$0
Fundraising expense		\$0	\$2,000	\$2,000	\$0
Indirect Cost Rate		\$3,700	\$29,806	\$33,506	\$39,798
<b>TOTAL Other Expense</b>		<b>\$3,700</b>	<b>\$32,056</b>	<b>\$35,756</b>	<b>\$39,845</b>
<b>TOTAL PROJECT COSTS</b>		<b>\$20,000</b>	<b>\$266,126</b>	<b>\$286,126</b>	<b>\$231,136</b>
<b>REVENUE</b>					
		<b>Project</b>	<b>Other</b>	<b>TOTAL</b>	
		<b>Request</b>	<b>Funds</b>	<b>Project</b>	
				<b>Budget</b>	
<i>Local, State, Federal grants</i>					
Sitka City grant		\$20,000		\$20,000	\$6,500
DHSS STAR, ADRC, CIMG AND IL			\$75,000	\$75,000	\$71,257
HHS-ACL			\$94,731	\$94,731	\$85,000
DHSS OBA grant			\$15,550	\$15,550	\$11,000
Fundraising and Support				\$0	
White Elephant			\$3,000	\$3,000	\$765
Sitka Charitable Trust			\$6,845	\$6,845	\$6,614
Donations			\$7,000	\$7,000	\$5,000
Fundraising			\$4,000	\$4,000	
Fees for service			\$60,000	\$60,000	\$45,000
<b>TOTAL PROJECT REVENUE</b>		<b>\$20,000</b>	<b>\$266,126</b>	<b>\$286,126</b>	<b>\$231,136</b>

Non-profit Documentation Attached below

CBS Liabilities Form Attached below

SAIL Business License Attached below

SAIL Statement of assets, revenues, and expenditures for previous year Attached below





Department of the Treasury  
Internal Revenue Service

P.O. Box 2508, Room 4010  
Cincinnati OH 45201

In reply refer to: [REDACTED]  
Mar. 28, 2016 LTR 4168C 0  
[REDACTED] 000000 00  
00029548  
BODC: TE

SOUTHEAST ALASKA INDEPENDENT LIVING  
INC  
SAIL  
3225 HOSPITAL DR UNIT 300  
JUNEAU AK 99801-7863



054989

Employer ID Number: [REDACTED]  
Form 990 required: Yes

Dear Taxpayer:

This is in response to your request dated Feb. 29, 2016, regarding your tax-exempt status.

We issued you a determination letter in February 1993, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

Our records also indicate you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

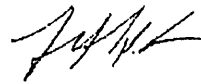
For tax forms, instructions, and publications, visit [www.irs.gov](http://www.irs.gov) or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

Mar. 28, 2016 LTR 4168C 0  
000000 00  
00029549

SOUTHEAST ALASKA INDEPENDENT LIVING  
INC  
SAIL  
3225 HOSPITAL DR UNIT 300  
JUNEAU AK 99801-7863

Sincerely yours,



Jeffrey I. Cooper  
Director, EO Rulings & Agreement

# General Fund Grants for Non-Profit Organizations for Fiscal Year 2022

## CBS Liabilities Form

*Complete and submit this form with your Non-Profit Grant Application.*

Organization Name: Southeast Alaska Independent Living

- Property Tax

Justin Harris

Justin Harris, Supervisory Senior Accountant  
747-1853

- Sales Tax

Justin Harris

Justin Harris, Supervisory Senior Accountant  
747-1853

- Municipal Leases

Erica Stocker

Erica Stocker, Utility/Harbor Billing Clerk  
747-1843

- Loan/Promissory Note

Denise Salter

Denise Salter, Controller  
747-1836

- Utilities

Erica Stocker

Erica Stocker, Utility/Harbor Billing Clerk  
747-1843

*CBS Department signatures must be complete to verify your organization is current on all CBS liabilities.*

**Alaska Department of Commerce, Community, and Economic Development**

Division of Corporations, Business, and Professional Licensing  
PO Box 110806, Juneau, AK 99811-0806

This is to certify that

**SAIL**

3225 HOSPITAL DR UNIT 300, JUNEAU, AK 99801-7863

owned by

SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

is licensed by the department to conduct business for the period

October 31, 2019 to December 31, 2021  
for the following line(s) of business:

62 - Health Care and Social Assistance

This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.  
It is not transferable or assignable.

Julie Anderson  
Commissioner





## FINANCIAL STATEMENTS

June 30, 2020 and 2019  
Together with Independent Auditor's Report

SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Southeast Alaska Independent Living, Inc.  
Juneau, Alaska

***Report on the Financial Statements***

I have audited the accompanying financial statements of the Southeast Alaska Independent Living, Inc. ("SAIL", a nonprofit organization), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the financial statements as listed in the table of contents.

***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***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of SAIL as of June 30, 2020 and 2019, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to be 'MEU' or similar, written in a cursive style.

October 9, 2020



SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents:		
Operating	\$ 376,208	\$ 438,456
Project Playground - Juneau and Sitka	-	23,684
Accounts and grants receivable	426,119	354,921
Prepays and deposits	49,474	36,098
<b>Total Current Assets</b>	<b>851,801</b>	<b>853,159</b>
<b>PROPERTY AND EQUIPMENT, net</b>	<b>668,098</b>	<b>199,237</b>
<b>LONG-TERM INVESTMENTS</b>	<b>237,852</b>	<b>231,391</b>
<b>BENEFICIAL INTEREST</b>	<b>95,005</b>	<b>92,043</b>
<b>Total Assets</b>	<b>\$ 1,852,756</b>	<b>\$ 1,375,830</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 14,995	\$ 89,163
Accrued payroll expenses	121,999	95,873
Payable to Project Playground - Juneau and Sitka	-	23,684
Paycheck Protection Program advance	86,334	-
Refundable advances	81,268	34,878
<b>Total Current Liabilities</b>	<b>304,596</b>	<b>243,598</b>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	384,950	534,544
Invested in equipment and leasehold improvements	668,098	199,237
Beneficial interest	95,005	92,043
Board-designated endowment	237,852	231,391
<b>Total Net Assets Without Donor Restrictions</b>	<b>1,385,905</b>	<b>1,057,215</b>
<b>With Donor Restrictions</b>	<b>162,255</b>	<b>75,017</b>
<b>Total Net Assets</b>	<b>1,548,160</b>	<b>1,132,232</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,852,756</b>	<b>\$ 1,375,830</b>

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

SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

**STATEMENTS OF ACTIVITIES**

For the Years Ended June 30, 2020 and 2019

	For the Year Ended June 30, 2020			For the Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>CONTRIBUTIONS AND REVENUE</b>						
<b>CONTRIBUTIONS</b>						
Grants and Contracts from Government Agencies						
Federal government	\$ 482,501	\$ -	\$ 482,501	\$ 639,631	\$ -	\$ 639,631
State of Alaska, including federal pass-thru grants	966,771	-	966,771	920,374	-	920,374
Local governments	235,880	-	235,880	130,905	-	130,905
Total Government Grants and Contracts	1,685,152	-	1,685,152	1,690,910	-	1,690,910
Contributions from non-governmental sources	293,048	162,255	455,303	174,271	75,017	249,288
Less: costs of direct benefits to donors	(8,814)	-	(8,814)	(14,665)	-	(14,665)
Total Contributions	1,969,386	162,255	2,131,641	1,850,516	75,017	1,925,533
<b>REVENUES</b>						
Program service fees	430,186	-	430,186	353,493	-	353,493
Investment income	10,462	-	10,462	14,538	-	14,538
Other income	1,668	-	1,668	22,988	-	22,988
Total Revenues	442,316	-	442,316	391,019	-	391,019
<b>CONTRIBUTIONS PROVIDED BY EXPIRING TIME AND PURPOSE RESTRICTIONS</b>						
	75,017	(75,017)	-	10,000	(10,000)	-
Total Contributions and Revenue	2,486,719	87,238	2,573,957	2,251,535	65,017	2,316,552
<b>EXPENSES</b>						
Program Services - Independent Living	1,750,746	-	1,750,746	1,836,509	-	1,836,509
Supporting Services:						
Management and general	377,180	-	377,180	349,802	-	349,802
Fundraising	30,103	-	30,103	27,517	-	27,517
Total Expenses	2,158,029	-	2,158,029	2,213,828	-	2,213,828
Change in Net Assets	328,690	87,238	415,928	37,707	65,017	102,724
NET ASSETS, beginning of year	1,057,215	75,017	1,132,232	1,019,508	10,000	1,029,508
NET ASSETS, end of year	\$ 1,385,905	\$ 162,255	\$ 1,548,160	\$ 1,057,215	\$ 75,017	\$ 1,132,232

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

SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2020

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL EXPENSES
	Independent Living	Management and General	Fundraising	
Personnel services	\$ 1,024,448	\$ 233,004	\$ 4,896	\$ 1,262,348
Travel	44,234	377	2,712	47,323
Facility	146,083	30,224	7,901	184,208
Supplies	49,783	2,113	8,334	60,230
Equipment	27,421	-	-	27,421
Other expenses	56,929	44,227	6,260	107,416
Contracts	337,854	62,508	-	400,362
Depreciation and amortization	63,994	4,727	-	68,721
Total Expenses	\$ 1,750,746	\$ 377,180	\$ 30,103	\$ 2,158,029

SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2019

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL EXPENSES
	Independent Living	Management and General	Fundraising	
Personnel services	\$ 1,021,823	\$ 199,230	\$ 5,983	\$ 1,227,036
Travel	73,287	4,375	3,053	80,715
Facility	139,894	33,124	7,972	180,990
Supplies	73,609	2,459	3,804	79,872
Equipment	6,817	330	430	7,577
Other expenses	51,720	47,128	6,075	104,923
Contracts	399,189	58,185	200	457,574
Depreciation and amortization	70,170	4,971	-	75,141
Total Expenses	\$ 1,836,509	\$ 349,802	\$ 27,517	\$ 2,213,828

SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

**STATEMENTS OF CASH FLOWS**

For the Years Ended June 30, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Inflows from Operations		
Cash received from grants and government contracts	\$ 1,660,344	\$ 1,577,482
Cash received from contributions	532,823	229,744
Cash received from service fees	430,186	418,995
Cash received from interest	7,500	14,538
Cash received from other sources	1,668	22,863
Cash Outflows from Operations		
Cash paid to employees	(1,236,222)	(1,231,512)
Cash paid to suppliers	(938,188)	(950,539)
<b>Net Cash Provided by Operating Activities</b>	<b>458,111</b>	<b>81,571</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for long-term investment	(6,461)	(6,530)
Cash paid for equipment	(537,582)	(22,995)
<b>Net Cash Used for Investing Activities</b>	<b>(544,043)</b>	<b>(29,525)</b>
Change in cash and cash equivalents	\$ (85,932)	\$ 52,046
Cash and Cash Equivalents, Beginning of Year	462,140	410,094
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>\$ 376,208</b>	<b>\$ 462,140</b>

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

## **SOUTHEAST ALASKA INDEPENDENT LIVING, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

Years Ended June 30, 2020 and 2019

#### **NOTE 1 – DESCRIPTION OF ORGANIZATION**

Southeast Alaska Independent Living, Inc. (SAIL) is an advocacy-oriented organization that was incorporated in November 1992. SAIL is a Center for Independent Living and an Aging and Disability Resource Center whose mission is to “Inspire Personal Independence” by providing and promoting options for Southeast Alaskans to live as active, productive, and involved citizens in their community of choice.

SAIL provides consumer directed independent living services to seniors and people with significant disabilities throughout Southeast Alaska, enabling increased options for active, involved, productive and integrated community living. SAIL provides five core services, 1) Advocacy, 2) Information and Referral; 3) Peer Support; 4) Independent Living Skills training; and 5) Transition Services. SAIL is significantly funded by federal and state of Alaska grants to promote independent living.

SAIL is controlled by a Board of Directors who has hired an Executive Director to carry on the day-to-day activities of the organization.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

SAIL prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by SAIL are described subsequently to enhance the usefulness and understandability of the financial statements.

##### Basis of Accounting

SAIL prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

##### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, SAIL's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. SAIL's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

##### Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

##### Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the environment in which it operates,

## **SOUTHEAST ALASKA INDEPENDENT LIVING, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

#### Net Assets with Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; SAIL must continue to use the resources in accordance with the donor's instructions.

SAIL's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. SAIL also classifies donor restricted amounts as unrestricted if it satisfied the restriction in the same fiscal year in which the support was received. Net assets restricted for acquisition of buildings or equipment (or infrequently, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by SAIL, unless the donor provides more specific directions about the period of its use.

#### Classification of Transactions

All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on beneficial interests increase net assets with donor restrictions, and net losses on beneficial interests reduce that net asset class.

#### Cash and Cash Equivalents

SAIL considers all cash on-hand and in certificates of deposit, and checking and savings accounts to be cash and cash equivalents. Cash associated with gaming activities is maintained in a separate bank account, as required by State statute and regulations. SAIL maintains cash balances at several Alaska-based financial institutions. Deposit accounts at each are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per account. The balances in these accounts occasionally exceed these limits.

#### Accounts and Grants Receivables

Accounts and grants receivable consist of amounts due from grantors on cost reimbursements grants, and amounts from customers on contractual or fee for service arrangements. Management believes that all receivables are collectible in full. Accordingly, no allowance for doubtful receivables has been made.

#### Prepaid Expenses and Deposits

Prepaid expenses and deposits include amounts paid in advance for insurance agreements, and resulting from facility rental agreements.

## SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Equipment and Leasehold Improvements

Equipment and leasehold improvements are recorded in the balance sheets at cost or, in the case of donated property, at their estimated fair value at date of receipt. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than one year. Depreciation is calculated by the straight-line method over the useful lives of the assets, estimated to be five to ten years. Repairs and maintenance that do not significantly increase the useful life of an asset are expensed as incurred; major renewals and betterments are capitalized.

Equipment and leasehold improvements are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

#### Long-Term Investments and Board Designated Endowment

Long-term investments consist of an account with the Alaska Community Foundation (ACF), purchased with board-designated resources in fiscal year 2018, which have been set aside by the Board of Directors for an indeterminate period to operate in a manner similar to a donor-restricted perpetual endowment. Because a board-designated endowment results from an internal designation, it can be spent upon action of the Board of Directors. ACF is an Alaska-based 501 (c)(3) charitable organization and SAIL's account with ACF, titled the Sail Inc. Fund is a component of ACF as defined in Section 1.170A-9(f)(11) of the Internal Revenue Code. ACF manages and invests the Sail Inc. Fund and it is commingled with the assets of ACF.

Endowment investments are reported at fair value as reported by ACF, with changes to fair value reported as investment return in the statements of activities. Purchases and sales of investments are reported on the trade date. The investment and spending policies for the Board designated endowment are discussed in note 8.

#### Beneficial Interest

SAIL is the irrevocable beneficiary of a perpetual charitable trust held by the Juneau Community Foundation (JCF), which was established by the Board of Directors in fiscal 2018 through a transfer of unrestricted assets to JCF. The beneficial interest is reported at its fair value, which is estimated as the fair value of the underlying trust assets. Distributions of income from the trust assets are restricted to support SAIL as its Board of Directors deems necessary and are reported as investment return. The value of the beneficial interest is adjusted annually for the change in its estimated fair value.

#### Accrued Personal Leave

SAIL recognizes employee compensation for future absences as a liability when earned. Accrued leave is based upon an established monthly accrual at the employee's hourly rate of pay. The accrual is adjusted when an employee uses leave or requests a payment of cash in lieu of actual personal leave taken.

#### Accounting for Contributions

SAIL, as noted under Change in Accounting Principles below, has implemented the new accounting and reporting standards regarding contributions. The new standard clarifies distinguishing between exchange transactions, and those of a non-reciprocal arrangement leading to a contribution, while providing rules and guidance on what constitutes an underlying condition that may be associated with a contribution.



## **SOUTHEAST ALASKA INDEPENDENT LIVING, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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. 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.

Conditional contributions are determined on the basis of whether or not an underlying agreement includes both a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If both exist, then the contribution is conditional. Barriers include and are not limited to:

- Measurable performance-related barrier(s) (e.g., specified level of service, specific output, or outcome, matching requirement);
- Extent to which a stipulation limits discretion on conduct of activity (e.g., qualifying expenses, specific protocols); and
- Extent to which a stipulation is related to the purpose of the agreement (excludes administrative or trivial).

Conditional contributions are not recognized as revenue until they become unconditional, that is, until all conditions on which they depend are substantially met. Therefore, any respective advance payments received are recorded as a refundable advance and subsequently recognized as contribution revenue when the underlying conditions are fulfilled. Refundable advances are disclosed in Note 11.

SAIL may be a beneficiary under donors' wills. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and SAIL has an irrevocable right to the bequest.

#### Gifts-in-Kind Contributions

SAIL receives contributions in a form other than cash or investments. Most are donated independent-living equipment, which are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If SAIL receives a contribution of equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets SAIL's capitalization policy.

SAIL benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services to SAIL's program operations and its fund-raising activities. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. None of the donated services met those criteria in fiscal years 2020 and 2019.

#### Federal and State Grant and Contract Recognition

SAIL receives grants and contracts from federal governmental agencies for the purpose of providing a social benefit to the general public. Contributions derived from cost-reimbursable federal and state contracts and grants is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as grant contributions when

## **SOUTHEAST ALASKA INDEPENDENT LIVING, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

expenditures are incurred expenditures in compliance with specific contract or grant provisions. Grants receivables are recorded to the extent unreimbursed expenses have been incurred for the purposes specified by the granting agency. Funds received in advance, and those that are unexpended as of year-end, are reflected as a refundable advance.

Grants from federal agencies are subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. Grant funds from State agencies are subject to independent audit per the State of Alaska's audit requirements for state awards and reviews by grantor agencies. Such reviews could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, SAIL's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of SAIL. SAIL was not subject to federal or State grant audit requirements in fiscal year 2020, It was subject to federal, but not State, grant audit requirements in 2019.

#### Service Fees and Other Revenue Recognition

SAIL earns revenue providing services under its support programs as discussed in Note 1. SAIL recognizes revenue from providing these services when the performance obligations of transferring the products and/or providing the services are met.

#### Expense Recognition and Allocation

The cost of providing SAIL's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on time records prepared by SAIL's employees.
- Rent, supplies, postage and internet and telephone costs are allocated quarterly based on the proportion of each program's personnel expenses determined using payroll time records.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of SAIL. These expenses are charged to programs based on SAIL's federally approved indirect cost rate.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. SAIL generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

#### Income Taxes

SAIL is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to SAIL are tax deductible to donors under Section 170 of the IRC. SAIL is not classified as a private foundation. Management believes that it has appropriate

## SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

### NOTES TO FINANCIAL STATEMENTS

support for any tax positions taken. SAIL's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitations on those tax returns, which, in general, have a three-year statute of limitations.

#### Management's Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Change in Accounting Principles

SAIL implemented Financial Accounting Standard Board (FASB) ASU No. 2018-18 "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*" in the current year, applying the changes retrospectively. The ASU was issued to clarify and improve the guidance for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution that is a promise to give is conditional.

This ASU amends the definition of a donor-imposed condition to state it must include both (a) one or more barriers that must be overcome before the organization is entitled to the promised assets, and (b) a right of release from the obligation stipulating the donor has the right to be released from its obligation to transfer assets or to reduce, settle, or cancel liabilities.

The implementation had no effect on net assets.

#### Recent Accounting Pronouncements

SAIL is evaluating the impact of the recent accounting pronouncements, listed below, on SAIL's financial position, results of operations or cash flows. The impact of adoption has not been fully determined. Other accounting standards that have been issued or proposed by the FASB, or other standard-setting bodies, not listed below, will also be evaluated prior to their effective date.

#### ASU 2016-02

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." The amendments in this update will supersede much of the existing authoritative guidance for leases. This guidance requires lessees to recognize right-of-use assets and liabilities on their balance sheet for all leases with terms longer than twelve months. In November 2019, the FASB issued ASU No. 2019-10 (including Leases Topic 842) which added a year to the effective date of ASU 2016-02. In June 2020 the FASB issued ASU 2020-05 in response to the COVID pandemic adding another year to the effective date. The amendments in ASU 2016-02 are now effective for fiscal years beginning after December 15, 2021 with early application permitted. SAIL plans to adopt ASU 2016-02 in its fiscal year ended June 30, 2023. Management currently does not anticipate a significant impact as a result of adoption.

#### ASU 2015-14

In August 2015, the FASB issued ASU No. 2015-14, "Deferral of the Effective Date" which modified ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)" which was issued by the FASB in May 2014. These standards replace existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. ASU 2015-14 is effective for not-for-profits entities annual reporting periods beginning after December 15, 2018, including interim

## SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

### NOTES TO FINANCIAL STATEMENTS

reporting periods within that reporting period. In June 2020 the FASB issued ASU 2020-05 in response to the COVID pandemic adding another year to the effective date. The amendment is required to be applied retrospectively and all entities can adopt the standard as early as the original effective date. SAIL plans to adopt ASU 2015-14 in its fiscal year ended June 30, 2021 and does not anticipate a significant impact as a result of adoption.

#### Subsequent Events

SAIL has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

#### Reclassification

Certain amounts presented for the prior year have been reclassified to conform to the current year presentation.

### NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, are:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 376,208	\$ 462,140
Accounts and grants receivable	426,119	354,921
Long-term investments	237,852	231,391
Beneficial interest	95,005	92,043
Total financial assets	1,135,184	1,140,495
Less financial assets had to meet donor-imposed restrictions:		
Beneficial interest	(95,005)	(92,043)
Less amounts held by SAIL for Project Playground	(-)	(23,684)
Less board-designated endowment	(237,852)	(231,391)
<u>Amount available for general expenditure within one year</u>	<u>\$ 802,327</u>	<u>\$ 793,377</u>

The above table reflects board-designated endowment funds as unavailable because it is SAIL's intention to invest those resources for the long-term support of SAIL. However, in the case of need, the Board of Directors could appropriate resources from its designated endowment fund of \$237,852 and \$231,391 as of June 30, 2020 and 2019, respectively. Note 8 provides more information about those funds and about the spending policies for all endowment funds.

### NOTE 4 – FAIR VALUE MEASUREMENTS

SAIL reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The

## **SOUTHEAST ALASKA INDEPENDENT LIVING, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which SAIL has access at the measurement date.
- Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, SAIL measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for certain assets including its long-term investment and its beneficial interest.

The primary uses of fair value measures in SAIL's financial statements are:

- Recurring measurement of the long-term investment (note 5).
- Recurring measurement of beneficial interests in trusts (note 6).

#### **NOTE 5 – LONG-TERM INVESTMENT**

Long-term investment includes SAIL's account with ACF which was reported by ACF to have a fair market value of \$237,852 and \$231,391 as of June 30, 2020 and 2019, respectively, and has a cost basis of \$225,000 and \$225,000 as of June 30, 2020 and 2019, respectively. Fair value is based on the underlying fair value of the ACF net assets. As of December 31, 2018, ACF's most recently available fiscal year financial statements, ACF reported total assets of \$92.9 million and net assets of \$76.4 million. SAIL's account is part of ACF's Agency Funds which totaled \$14.0 million as of December 31, 2018. ACF reported revenues of \$11.3 million and expenses of \$12.3 million in the year ended December 31, 2018.

The beneficial interest in assets held at the ACF is valued, as a practical expedient, at the fair value of the SAIL's share of ACF's investment pool as of the measurement date, utilizing valuations provided by the investment funds. The ACF values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The ACF's investments are composed of approximately 8 percent cash and cash equivalents, 42 percent common equity accounts, 26 percent corporate, government and agency bonds, and 24 percent alternative investments including hedge funds, real estate and private equity funds. The beneficial interest in assets held at the Foundation is not redeemable by SAIL.

## SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

### NOTES TO FINANCIAL STATEMENTS

As discussed in note 4, SAIL is required to report its fair value measurements in one of three levels, which are based on the ability to observe the inputs to SAIL's valuation techniques in the marketplace. For its account with ACF, SAIL uses the fair value as reported in the account statement provided by ACF, and considers the underlying financial condition of ACF. Because there are no observable market transactions for assets similar to the account in ACF, the valuation technique used by SAIL is a level 3 fair value measure. The changes in long-term investment balances are reflected in Note 8.

#### NOTE 6 – BENEFICIAL INTEREST

SAIL's beneficial interest with JCF are neither in the possession of, nor under the control of, SAIL. The terms of the Endowment Agreement with JCF provide that SAIL is to receive an annual distribution from JCF, if requested by SAIL, in accordance with the spending policy established by the Board of JCF, not less than annually. The present spending policy of the JCF calls for no more than 5% of the average fund balance to be distributed to SAIL annually if SAIL chooses to make a distribution. As further discussed in Note 8, SAIL has adopted a spending plan, which is integrated with its endowment, for use of earnings from the beneficial interest

The beneficial interest is reported at its fair value, which is estimated as the fair value of the underlying JCF net assets. As of December 31, 2019, the end of JCF's most recently completed fiscal year, JCF reported total assets of \$66.2 million and net assets of \$63.5 million. SAIL's account is part of JCF's Agency Endowments which totaled \$2.7 million as of December 31, 2019. JCF reported revenues, net of investment losses of \$14.9 million and expenses of \$4.2 million in the year ended December 31, 2019. As discussed in note 4, because there are no observable market transactions for assets similar to the beneficial interest in the trust and because the trust cannot be redeemed, the valuation technique used by SAIL is a level 3 fair value measure.

The changes in SAIL's beneficial interest in JCF for the year ended June 30, are as follows:

	2020	2019
Beneficial interest, beginning of year	\$ 92,043	\$ 87,039
Contribution to JCF	-	-
Investment return earned by JCF	3,737	5,084
Administrative fees paid to JCF	(775)	(80)
Amount distributed to SAIL	-	-
<b>Beneficial interest, end of year</b>	<b>\$ 95,005</b>	<b>\$ 92,043</b>

Investment return, net of administrative fees paid to JCF, increases net assets with donor restrictions in the statement of activities.

# SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7 – PROPERTY AND EQUIPMENT

SAIL's property and equipment and leasehold improvements consist of the following at June 30:

	2020	2019
Land	\$ 381,527	\$ -
Equipment	915,259	759,204
Leasehold improvements	60,244	60,244
Less: accumulated depreciation and amortization	(688,932)	(620,211)
<b>Equipment and leasehold improvements, net</b>	<b>\$ 668,098</b>	<b>\$ 199,237</b>

Depreciation and amortization expense was \$68,721 and \$75,141 for fiscal years 2020 and 2019, respectively.

The federal or state government retains a reversionary interest in equipment funded by federal or state monies, respectively, for individual items greater than \$5,000. Sale, trade-in or other disposition of such equipment generally requires notification of the appropriate federal or state authorities.

### NOTE 8 – ACCOUNTING FOR ENDOWMENTS

SAIL's endowment consists of resources set aside by the Board of Directors to function as endowments (referred to as board-designated endowment funds). The board designated endowment is included in net assets without donor restrictions in the accompanying financial statements.

SAIL adopted an investment policy, as a component of its financial policies, which is monitored by the Finance/Investment/Audit Committee. The investment policy describes the objective for the fund which is to preserve capital, maintain liquidity to meet SAIL operating requirements, minimize credit, market and interest rate risk and provide the highest yield commensurate with the other objectives. The investment policy has established a guideline of maintaining at least three months of operating expenses in cash and cash equivalents, with remaining funds to be invested in fixed-income securities, endowed or non-endowed funds of an Alaska-based community foundation, or land and property.

SAIL has adopted a spending plan for its board-designated endowment and beneficial interest. Under the current plan, the board has determined that it will not use earnings in order to allow the funds to grow. On no less than an annual basis, the Board will evaluate SAIL's financial position to determine whether circumstances warrant a change to this policy that would allow spending of some earnings. Uses of the earnings of the board-designated endowment fund is integrated with SAIL's annual budget development and approval process.

The changes in SAIL's board-designated endowment fund for the year ended June 30, are as follows:

	2020	2019
Board-designated endowment, beginning of year	\$ 231,391	\$ 224,861
Contributions	-	-
Investment return	9,829	8,151
Administrative and custodial fees paid to ACF	(3,368)	(1,621)
Amount distributed to SAIL	-	-
<b>Board-designated endowment, end of year</b>	<b>\$ 237,852</b>	<b>\$ 231,391</b>

# SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9 – OPERATING LEASES

SAIL leases office space in four Southeast Alaska communities in order to provide consumer services. Leases are either month to month or non-cancellable operating leases. Rent expense on office operating leases for the years ended June 30, 2020 and 2019 was \$ 141,242 and \$136,218, respectively.

The following are the minimum lease payments under noncancelable leases for each of the fiscal years ended June 30:

<u>Fiscal Year</u>	<u>Minimum Lease Payments</u>
2021	\$ 87,279
2022	14,222

### NOTE 10 – PAYCHECK PROTECTION PROGRAM ADVANCE

The Paycheck Protection Program was established under the CARES Act on March 27, 2020 and was designed to provide cash-flow assistance to small businesses including certain not-for-profit organizations. This program provides relief as a result of the Coronavirus pandemic with loan funds to pay up to 24 weeks of payroll costs including fringe benefits, rent and utilities commencing on the date of loan origination. The Paycheck Protection Program is a loan program that is guaranteed in its entirety through the Small Business Administration and offers a maturity of two years and an interest rate of one percent (1%). The principal amount of the loan may be partially or fully forgiven if the loan funds are utilized in manner consistent with the allowable use of loan proceeds.

SAIL management anticipates total forgiveness and the funds are being reported in accordance with FASB ASC 958-605. Due to the forgiveness being conditional on incurring the qualified expenses, the funds were accounted for as a refundable advance and were recognized as contribution revenue as the qualified expenses were incurred. SAIL applied for and received loan proceeds in the amount of \$250,271 on April 24, 2020. As of June 30, 2020, \$163,938 has been recognized as contribution income since the conditions upon which the loan proceeds were provided has been substantially met. The remaining \$86,334 has been recognized as a refundable advance and will be expended subsequent to year end.

### NOTE 11 – REFUNDABLE ADVANCES

SAIL receives restricted grants that contained certain conditions. Funds received in advance of the conditions being met are recorded as refundable advances and will subsequently be recognized as contribution revenue when donor conditions are met. Balances at June 30, 2020 and 2019 principally consisted of advances from State of Alaska entities as follows:

	2020	2019
State of Alaska Department of Health and Social Services – ADRC and STARR Medicaid Claiming advance	\$ 17,961	\$ 34,540
State of Alaska Division of Vocational Rehabilitation - PETS	7,144	-
Alaska Mental Health Trust Authority Mini-grant and other advances	56,163	338
<b>Total refundable advances</b>	<b>\$ 81,268</b>	<b>\$ 34,878</b>



# SOUTHEAST ALASKA INDEPENDENT LIVING, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	2020	2019
Purpose and Time Restrictions:		
SAIL's Outdoor Recreation and Community Access		
(ORCA) funds to be spent in subsequent fiscal year	\$ -	\$ 10,000
Disability Pride funds to be spent in subsequent fiscal year	3,484	3,320
Sealaska IL Stand	6,177	-
HomeMap funds to be spent in subsequent fiscal year	17,864	8,906
Rasmusson Foundation vehicle acquisition funds to be used to acquire a vehicle in the subsequent fiscal year	-	17,791
Juneau Community Foundation - Hope Endowment and Adult Empowerment for the subsequent fiscal year	125,076	35,000
Other miscellaneous amounts to be used in the subsequent fiscal year	9,654	-
<b>Total net assets with donor restrictions</b>	<b>\$ 162,255</b>	<b>\$ 75,017</b>

### NOTE 13 – CONCENTRATIONS AND CONTINGENCIES

#### Grant Revenue and Receivables

SAIL receives a substantial amount of support from federal and State of Alaska grants. If a significant reduction in the level of this support were to occur, it would have a significant adverse effect on SAIL's programs and activities.

#### Taxi Lease Contingencies

SAIL leases ramp-equipped vehicles to taxi companies in Juneau and Ketchikan at no charge. While the taxi companies are required to provide maintenance and insurance on the vehicles, if one or more of the vehicles were in an accident, it could result in a loss of SAIL's equipment.

#### Funding Concentration

A significant proportion, approximately 38 percent, of SAIL's annual funding comes from the State of Alaska. The majority of SAIL's contributions are from individuals and businesses located in Southeast Alaska. As such, SAIL's ability to generate resources via contributions and grants is dependent upon the economic health of Alaska and Southeast Alaska.

### NOTE 14 – RETIREMENT PLAN

SAIL has established a 403(b) Thrift Plan to provide retirement benefits to employees. SAIL's retirement plan covers employees who received at least \$5,000 in compensation during the preceding calendar year. The retirement plan allows for employee contributions up to the maximum amount allowed by the Internal Revenue Code. SAIL annually makes a matching contribution to each eligible employee's account, equal to the employee's contributions, up to a limit of 3% of the employee's compensation for the calendar year. Employer contributions for the years ended June 30, 2020 and 2019 are \$15,149 and \$13,968, respectively.