

**PALAU RED CROSS SOCIETY  
(A NONPROFIT ORGANIZATION)**

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**INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

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**September 30, 2019 and 2018**

**PALAU RED CROSS SOCIETY**  
**(A Nonprofit Organization)**

September 30, 2019 and 2018

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**BURGER · COMER · MAGLIARI**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To the National Governing Board  
Palau Red Cross Society

**Report on the Financial Statements**

We have audited the accompanying financial statements of Palau Red Cross Society (a nonprofit organization), which comprise the statements of financial position as of September 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palau Red Cross Society as of September 30, 2019, and the 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.

## **Report on Summarized Comparative Information**

We have previously audited Palau Red Cross Society's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Tamuning, Guam  
September 20, 2021

**PALAU RED CROSS SOCIETY**  
**(A NONPROFIT ORGANIZATION)**

Statements of Financial Position  
Years Ended September 30, 2019 and 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 72,312	\$ 102,222
Restricted cash	6,904	3,093
Inventory	57,571	-
Prepaid expenses	135	-
Other current assets	-	2,279
Total current assets	136,922	107,594
Property and equipment, net	61,302	16,296
Total assets	\$ 198,224	\$ 123,890
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued taxes	\$ 32,971	\$ 27,611
Deferred revenue	70,389	63,000
Total current liabilities	103,360	90,611
Net assets:		
Net assets without donor restriction	(473,441)	(45,963)
Net assets with donor restriction	568,305	79,242
Total net assets	94,864	33,279
Total liabilities and net assets	\$ 198,224	\$ 123,890

See accompanying notes to financial statements.

**PALAU RED CROSS SOCIETY**  
**(A NONPROFIT ORGANIZATION)**

Statements of Activities  
For the Year Ended September 30, 2019  
(With Comparative Totals For The Year Ended September 30, 2018)

	2019			2018
	Without Donor Restriction	With Donor Restriction	Total	Total
Revenues and other supports:				
Grants	\$ 5,000	\$ 424,988	\$ 429,988	\$ 39,930
Disaster relief	-	64,075	64,075	64,428
In-kind contribution	93,571	-	93,571	36,000
Contributions	24,307	-	24,307	61,709
ROP appropriations	10,000	-	10,000	10,000
Interest and other income	17,172	-	17,172	37,168
Total revenues and other support	150,050	489,063	639,113	249,235
Expenses:				
Program services:				
Community services	223,161	-	223,161	13,741
Disaster services	114,906	-	114,906	66,201
Supporting services:				
Management and general	237,811	-	237,811	215,689
Membership and fundraising	1,650	-	1,650	264
Total expenses	577,528	-	577,528	295,895
Change in net assets	(427,478)	489,063	61,585	(46,660)
Net assets at beginning of year	(45,963)	79,242	33,279	79,939
Net assets at end of year	\$ (473,441)	\$ 568,305	\$ 94,864	\$ 33,279

See accompanying notes to financial statements.

**PALAU RED CROSS SOCIETY  
(A NONPROFIT ORGANIZATION)**

Statement of Functional Expenses  
For the Year Ended September 30, 2019  
(with comparative totals for the year ended September 30, 2018)

	Program Services			Supporting Services			TOTAL	
	Community Services	Disaster Services	Total Program Services	Management and General	Membership and Fundraising	Total Supporting Services	2019	2018
Supplies and materials	\$ 105,419	\$ 6,140	\$ 111,559	\$ 15,676	\$ -	\$ 15,676	\$ 127,235	\$ 15,323
Salaries and wages	56,749	14,932	71,681	56,443	-	56,443	128,124	111,029
Donations	-	-	-	50,182	-	50,182	50,182	51,595
Advertising	17,444	808	18,252	4,906	-	4,906	23,158	6,460
Travel services	11,499	-	11,499	5,150	-	5,150	16,649	9,235
Professional services	1,465	-	1,465	13,234	1,650	14,884	16,349	7,581
Employee benefits	5,391	1,418	6,809	5,362	-	5,362	12,171	10,928
Repairs and maintenance	60	1,393	1,453	6,931	-	6,931	8,384	5,907
Rent	-	2,315	2,315	36,585	-	36,585	38,900	42,863
Utilities	-	-	-	-	-	-	-	3,535
Communication, training, other operating expenses and services	25,134	87,900	113,034	29,690	-	29,690	142,724	30,615
Depreciation	-	-	-	13,652	-	13,652	13,652	824
	<u>\$ 223,161</u>	<u>\$ 114,906</u>	<u>\$ 338,067</u>	<u>\$ 237,811</u>	<u>\$ 1,650</u>	<u>\$ 239,461</u>	<u>\$ 577,528</u>	<u>\$ 295,895</u>

See accompanying notes to financial statements.

**PALAU RED CROSS SOCIETY**  
**(A NONPROFIT ORGANIZATION)**

Statements of Cash Flows  
For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Changes in net assets	\$ 61,585	\$ (46,660)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	13,652	824
(Increase) decrease in assets		
Accounts receivable	-	50
Inventory	(57,571)	-
Prepaid expenses	(135)	-
Other assets	2,279	(1,953)
Increase (decrease) in liabilities:		
Accounts payable and accrued taxes	5,360	4,772
Deferred revenue	<u>7,389</u>	<u>63,000</u>
Net cash provided by (used in) operating activities	<u>32,559</u>	<u>20,033</u>
Cash flows from investing activities:		
Acquisition of fixed assets	<u>(58,658)</u>	<u>(15,104)</u>
Net cash used in investing activities	<u>(58,658)</u>	<u>(15,104)</u>
Net change cash, cash equivalents and restricted cash	(26,099)	4,929
Cash, cash equivalents and restricted cash, beginning of year	<u>105,315</u>	<u>100,386</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 79,216</u>	<u>\$ 105,315</u>
Cash and cash equivalents	\$ 73,212	\$ 102,222
Restricted cash	<u>6,004</u>	<u>3,093</u>
	<u>\$ 79,216</u>	<u>\$ 105,315</u>

See accompanying notes to financial statements.



**PALAU RED CROSS SOCIETY**  
**(A Nonprofit Organization)**

Notes to Financial Statements  
September 30, 2019 and 2018

(1) Organization

Palau Red Cross Society (PRCS) is a not-for-profit humanitarian organization incorporated in the Republic of Palau (ROP) in 1995 and established by the Palau National Congress through House Joint Resolution 5-24-3 on July 31, 1997. PRCS became a recognized member of the International Committee of the Red Cross (ICRC) on September 30, 1997. It was admitted as a member to the International Federation of the Red Cross and Red Crescent Societies (IFRC) on November 20, 1997, joining a membership of 191 National Red Cross and Red Crescent Societies around the world.

The vision of PRCS is to be the leading humanitarian organization in Palau that is inclusive, sustainable, effective, and meets the needs of the community. Its mission is to promote a safe, healthy, and resilient Palauan community. This is accomplished through services and programs that are based on the seven Fundamental Principles of the Red Cross Movement: Humanity, Impartiality, Neutrality, Independence, Voluntary service, Unity, and Universality. The services include: First-Aid and Basic Life Support Training; Disaster Management (Disaster Preparedness and Response, Single-Incident Emergencies); Health (Voluntary Non-Remunerated Blood Donation); and Social Care (Services to Armed Forces, Elderlies, Home-bound patients, People with Disabilities and other vulnerable populations).

PRCS is a chartered and registered non-profit organization in the ROP and is granted qualification for specific tax exemptions by the Bureau of Revenue and Taxation pursuant to Title 40 of the Palau National Code Chapters 10 & 18.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of PRCS are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205, *Presentation of Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, PRCS is required to report information regarding its financial position and activities according to two classes of net assets: restricted and unrestricted.

- Net Assets without Donor Restriction are those assets presently available for use by the Organization over which the Board of Directors has discretionary control in carrying out the operations of the Organization.
- Net Assets with Donor Restriction are those assets which are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a donor restriction expires or is satisfied, restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**PALAU RED CROSS SOCIETY**  
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Notes to Financial Statements  
September 30, 2019 and 2018

(2) Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

In addition, PRCS is required to present a statement of cash flows.

Net Assets

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

Liquidity and Availability of Assets

Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* was implemented during the year ended March 31, 2020 and was applied to the financial statements in accordance with the transition guidance prescribed in the ASU, with enhanced disclosures about:

- The amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
- The composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
- The qualitative information that communicates how the Organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statements of financial position date.
- The quantitative information, either on the face of the statement of financial position or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability of the Organization's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the statement of financial position date. Availability of a financial asset may be affected by (1) its nature, (2) external limits imposed by donors, grantors, laws, and contracts with others, and (3) internal limits imposed by governing board decisions.
- The amounts of expenses by both their natural classification and their functional classification. The analysis of expenses is provided in one location as a separate statement.

**PALAU RED CROSS SOCIETY**  
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Notes to Financial Statements  
September 30, 2019 and 2018

(2) Summary of Significant Accounting Policies, continued

Liquidity and Availability of Assets, continued

- The method(s) used to allocate costs among program and support functions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, PRCS considers cash on hand, cash in bank and highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

PRCS maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in 2019 and 2018, respectively. There were no uninsured bank balances as of September 30, 2019 and 2018. PRCS does not require collateralization of bank accounts, and therefore, amounts in excess of insurable limits are uncollateralized and are subject to custodial credit risk. PRCS has not experienced any losses in its cash in bank accounts.

Inventory

Inventory consists of supplies purchased for use in program and supporting services and goods for resale are valued at the lower of cost or market. Cost is determined using the first-in, first-out method.

Property and Equipment

It is PRCS's policy to capitalize fixed assets with a cost or basis of \$1,000 or more. Lesser amounts are expensed as incurred. Purchased property and equipment is capitalized at cost. Donated property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. In the absence of donor stipulations regarding how long those donated assets must be maintained, PRCS reports expirations of restrictions when the assets are placed in service; at that time PRCS reclassifies restricted net assets to unrestricted net assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to 10 years.

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Notes to Financial Statements  
September 30, 2019 and 2018

(2) Summary of Significant Accounting Policies, continued

Impairment of Long-Lived Assets

PRCS reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced - by a charge reflected in the statements of activities - to its estimated fair value. Management has determined that no long-lived assets were impaired during the year ended September 30, 2019; as such, no impairment losses were recorded during the year.

Donated Services and Materials

Amounts have been reported in the financial statements for voluntary donation of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. Donated services and materials are recorded at the fair value of the gift.

Contributions

PRCS adopted FASB ASC Section 958-605-25, *Not-for-Profit Entities – Revenue Recognition*. Contributions received are recorded as net assets without restriction and net assets with restriction depending on the existence and/or nature of any donor restrictions in the period received. Conditional contributions are recorded as support in the period the condition is met. Restricted contributions are reported as net assets with donor restriction and are then reclassified to net assets without donor restriction upon satisfaction of the time or purpose restrictions.

All contributions are considered to be available for the general programs of PRCS unless specifically restricted by the donor. PRCS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in statement of activities as net assets released from restrictions. Donor-restricted contributions are booked in the net assets with donor restriction for restrictions expiring during the current fiscal year, and then reclassified to the net assets without donor restriction.

Deferred Revenues

PRCS reports deferred revenues on its statement of financial position. Deferred revenues arise when resources arrive before PRCS has legal claim for them, such as when grant funds are received before the qualifying expenditure is made. In the subsequent period, when PRCS has legal claim to the resources, the liability for deferred revenue is removed from the statement of financial position, and the revenue is recognized.

**PALAU RED CROSS SOCIETY**  
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Notes to Financial Statements  
September 30, 2019 and 2018

(2) Summary of Significant Accounting Policies, continued

In-kind Contributions

In-kind contributions, which are donations of services, clothing, food supplies, materials for PRCS programs, office rent are recognized as support and expenses in the accompanying statement of activities. Such services would be recognized as revenues and expenses for the function to which they relate, which would either be program (program services) or management and general (supporting services). In-kind contributions are recorded at their fair market value at the date of the donation. PRCS received in-kind contribution in the amount of \$36,000 representing the fair market value of rent. PRCS is a tenant of a certain segment of the former Olbiil Era Kelulau (OEK) building located on the 1<sup>st</sup> floor. PRCS was granted by the Koror State Public Lands Authority (KDPLA) the right to use and occupy a portion of the former OEK building free of charge, to include utility services.

Income Taxes

PRCS is a nonprofit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from Republic of Palau Gross Revenue Tax. The ROP does not impose corporate income tax. Therefore, no income tax expense, income tax assets, or income tax liabilities have been included in the accompanying financial statements.

Program Activities

PRCS' activities include service to Chapters, armed forces emergency services, disaster services, health and safety services, community services, international services, membership/fundraising, and management and general.

Functional Expenses

The costs of providing various programs and other activities have been summarized in the accompanying statement of functional expenses. Some categories of expense are attributable to more than one activity and require allocation primarily based on time and effort and applied on a consistent basis. Depreciation is allocated based on the use of the facility. Payroll expenses are allocated based on the nature of the position and program activity. Other expenses are assigned directly to specific activities as expenditures are made.

Compensated Absences

Employees of PRCS are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. PRCS's policy is to recognize the costs of compensated absences when actually paid to employees. The balance of the unused compensated absences was \$17,246 at September 30, 2019.

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Notes to Financial Statements  
September 30, 2019 and 2018

(2) Summary of Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principle requires management to make estimates and assumptions that affect the reported amounts of 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.

Revenues

Revenues are derived from monetary contributions, donations, in-kind contributions, grants and any income from special or fundraising events.

Fair Value of Financial Instruments

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value and expands financial statement disclosure about fair value measurements. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy, which prioritizes the inputs to valuation technique used to measure fair value into three broad levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs for the asset or liability

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

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Notes to Financial Statements  
September 30, 2019 and 2018

(2) Summary of Significant Accounting Policies, continued

Fair Value Option for Financial Assets and Financial Liabilities

ASC 825 permits all entities to choose, at specified election dates, to measure eligible items, as defined under the standard, at fair value (the fair value option). A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred.

Fair Value of Financial Instruments

The carrying amounts reflected in the statement of financial position for cash and cash equivalents, other assets, inventory, prepaid expenses, accounts payable and accrued expenses and deferred revenues approximate their respective fair values due to the short-term maturities of those instruments.

Accounting Standards Adopted in 2019

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to replace a wide range of industry-specific rules with a broad, principles-based framework for recognizing and measuring revenue from contracts with customers. The guidance is codified at FASB ASC 606. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Palau Red Cross Society's revenue is composed primarily of donations from grantors, individuals and businesses.

The scope of the guidance explicitly excludes net interest income as well as many other revenues for financial assets and liabilities including loans, leases, securities, and derivatives. The majority of the PRCS's revenues were not affected. Adoption of ASU 2014-09, which was effective for PRCS during the year ended September 30, 2019, did not have a material impact on Palau Red Cross Society's financial statements during the year ended September 30, 2019.

**PALAU RED CROSS SOCIETY**  
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Notes to Financial Statements  
September 30, 2019 and 2018

(2) Summary of Significant Accounting Policies, continued

Accounting Standards Adopted in 2019, continued

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* to provide guidance about accounting for non-profit grants and contracts with the stated purpose of providing guidance in evaluating when the transactions should be accounted for as contributions or exchanges and determining whether a contribution is conditional or unconditional. The ASU was implemented during the year ended September 30, 2019 and was applied to the September 30, 2019 financial statements in accordance with the transition guidance prescribed in the ASU. The adoption of ASU 2018-08 did not constitute a change in accounting principles or a correction of an error for PRCS.

Supplemental Cash Flow Information

PRCS has adopted FASB ASU 2016-18, *Restricted Cash*, which requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash or restricted cash equivalents. All cash and cash equivalents at September 30, 2019 and 2018 were reported in two-line items in the accompanying statement of financial position.

(3) Cash and Cash Equivalents

At September 30, 2019 and 2018, cash and cash equivalents consist of the follows:

	<u>2019</u>	<u>2018</u>
Cash in bank	\$ 78,915	\$ 104,990
Petty cash	<u>301</u>	<u>325</u>
Total	79,216	105,315
Restricted cash	<u>(6,904)</u>	<u>(3,093)</u>
Cash and cash equivalents	<u>\$ 72,312</u>	<u>\$ 102,222</u>

The restricted cash of \$6,904 and \$3,093 as of September 30, 2019 and 2018 pertains to deposits in interest bearing cash accounts maintained primarily for ICRC and foreign cash advances.



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Notes to Financial Statements  
September 30, 2019 and 2018

(4) Property and Equipment

A summary of property and equipment at September 30, 2019 and 2018 is as follows:

	<u>Estimated Useful Lives</u>	<u>2019</u>	<u>2018</u>
Vehicles	3-10 years	\$ 55,256	\$ 8,155
Office equipment	5 years	<u>20,416</u>	<u>9,042</u>
Total		75,672	17,197
Accumulated depreciation		<u>(14,370)</u>	<u>(901)</u>
		<u>\$ 61,302</u>	<u>\$ 16,296</u>

Depreciation expense for the year ended September 30, 2019 and 2018 is \$13,652 and \$824 respectively.

(5) Grant Revenue

The following information summarizes PRCS's grant and contract activities during the years ended September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
UN Women	\$ 182,279	\$ -
International Federation of Red Cross and Red Crescent Societies	149,046	-
Embassy of Japan	60,618	-
International Committee of the Red Cross	23,292	-
GEF-SGP	9,336	-
Matson Grant	5,000	-
Australian Red Cross	4,000	-
The Empress Shoken Fund	(398)	29,970
India-Palau Small Grants Program	<u>(3,185)</u>	<u>9,960</u>
Total	<u>\$ 429,988</u>	<u>\$ 39,930</u>

PRCS was allotted to \$10,917 and \$4,500 of indirect costs for the years ended September 30, 2019 and 2018, respectively.

**PALAU RED CROSS SOCIETY**  
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Notes to Financial Statements  
September 30, 2019 and 2018

(6) Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at September 30, 2019 and 2018:

<u>Subject to expenditure for specified purpose:</u>	<u>2019</u>	<u>2018</u>
UN Women:		
Women's Empowerment through Emergency Preparedness, Crisis Response and Recovery	\$ 182,279	\$ -
International Federation of Red Cross and Red Crescent Societies:		
Capacity Building Support: Early Warning System	56,181	-
Strengthening PRCS	92,865	-
Japan relief donation	58,401	50,753
Disaster relief	64,075	3,019
Embassy of Japan:		
Project for Enhancing Community Resilience in Palau	60,618	-
International Committee of the Red Cross:		
Communication & Dissemination Program	36,967	-
GEF-SGP:		
Early Warning System	9,336	-
Australian Red Cross:		
2019 Financial Audit	4,000	-
India-Palau Small Grants Program	3,185	-
Empress Shoken Fund:		
Palau caregiver certificate program: General	<u>398</u>	<u>25,470</u>
Total	<u>\$ 568,305</u>	<u>\$ 79,242</u>

**PALAU RED CROSS SOCIETY**  
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Notes to Financial Statements  
September 30, 2019 and 2018

(7) Liquidity and Availability of Assets

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

Financial assets at year end:

Cash	\$ 79,216
Inventory	57,571
Prepaid expenses	<u>135</u>
Total financial assets	136,922

Less amounts not available to be used with financial assets at year end:

Accounts payable	32,971
Deferred revenue	<u>70,389</u>

Financial assets available to meet general expenditures over the next 12 months

\$ 33,562

As part of PRCS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

(8) Concentration of Credit Risk

Financial instruments that potentially subject PRCS to concentrations of credit risk consist primarily of cash. The Company's cash is placed with financial institutions that, at times, may exceed federally insured limits of \$100,000. At September 30, 2019 and 2018, cash amounts are within the insured limits.

(9) Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

**PALAU RED CROSS SOCIETY**  
**(A Nonprofit Organization)**

Notes to Financial Statements  
September 30, 2019 and 2018

(10) Subsequent Events

In preparing the accompanying financial statements and footnotes, management has evaluated subsequent events through September 20, 2021, the date the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S and throughout Micronesia. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. As a result of the spread of the coronavirus pandemic, economic uncertainties have arisen which are likely to impact the day-to-day administration of the Organization. While this matter is expected to negatively impact the Organization's results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.