

**MOBILE BAYKEEPER, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2021**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Mobile Baykeeper, Inc.  
Mobile, Alabama

**Opinion**

I have audited the accompanying financial statements of Mobile Baykeeper, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mobile Baykeeper, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Mobile Baykeeper, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mobile Baykeeper, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mobile Baykeeper Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mobile Baykeeper Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

*Kim K. Enikeieff*

March 1, 2022

**MOBILE BAYKEEPER, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2021 and 2020**

ASSETS	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 325,724	\$ 266,817
Investments	469,525	310,341
Unconditional promises to give, without donor restrictions	8,050	5,990
Grants receivable	63,288	50,097
Prepaid expenses	<u>6,629</u>	<u>4,215</u>
Total current assets	<u>873,216</u>	<u>637,460</u>
Unconditional promises to give, without donor restrictions	12,900	16,500
Property, plant and equipment, net	<u>28,422</u>	<u>35,936</u>
Total assets	<u><u>\$ 914,538</u></u>	<u><u>\$ 689,896</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 14,802</u>	<u>\$ 13,970</u>
Total current liabilities	<u>14,802</u>	<u>13,970</u>
Net assets		
Undesignated	772,858	498,758
Board designated endowment	<u>39,928</u>	<u>35,318</u>
Total without donor restrictions	812,786	534,076
With donor restrictions	<u>86,950</u>	<u>141,850</u>
Total net assets	<u>899,736</u>	<u>675,926</u>
Total liabilities and net assets	<u><u>\$ 914,538</u></u>	<u><u>\$ 689,896</u></u>

See notes to financial statements.

**MOBILE BAYKEEPER, INC.**

**STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	Support and revenue					
Special events	\$ 190,445	\$ -	\$ 190,445	\$ 131,347	\$ -	\$ 131,347
Less cost of special events	40,965	-	40,965	21,906	-	21,906
Net special events	149,480	-	149,480	109,441	-	109,441
Membership and other contributions	124,157	15,700	139,857	152,362	5,000	157,362
Grants	480,881	66,000	546,881	434,208	30,000	464,208
Payroll Protection Program	106,542	-	106,542	98,542	-	98,542
Investment income	7,048	-	7,048	10,168	-	10,168
Merchandise sales	6,170	-	6,170	2,813	-	2,813
Penalty per consent decree	70,150	-	70,150	12,275	-	12,275
Donations in-kind	-	-	-	21,400	-	21,400
Other income	1,083	-	1,083	-	-	-
Net assets released from restrictions	136,600	(136,600)	-	56,167	(56,167)	-
<b>Total support and revenue</b>	<b>1,082,111</b>	<b>(54,900)</b>	<b>1,027,211</b>	<b>897,376</b>	<b>(21,167)</b>	<b>876,209</b>
Expenses						
Program Services						
Membership	99,948	-	99,948	113,498	-	113,498
Educate and engage	330,224	-	330,224	256,845	-	256,845
Infrastructure	92,889	-	92,889	104,427	-	104,427
Responsible growth	136,439	-	136,439	137,863	-	137,863
<b>Total program services</b>	<b>659,500</b>	<b>-</b>	<b>659,500</b>	<b>612,633</b>	<b>-</b>	<b>612,633</b>
Supporting Services:						
Management and general	82,764	-	82,764	72,468	-	72,468
Fundraising	61,137	-	61,137	69,086	-	69,086
<b>Total supporting services</b>	<b>143,901</b>	<b>-</b>	<b>143,901</b>	<b>141,554</b>	<b>-</b>	<b>141,554</b>
<b>Total expenses</b>	<b>803,401</b>	<b>-</b>	<b>803,401</b>	<b>754,187</b>	<b>-</b>	<b>754,187</b>
Change in net assets	278,710	(54,900)	223,810	143,189	(21,167)	122,022
Net assets, beginning of year	534,076	141,850	675,926	390,887	163,017	553,904
<b>Net assets, end of year</b>	<b>\$ 812,786</b>	<b>\$ 86,950</b>	<b>\$ 899,736</b>	<b>\$ 534,076</b>	<b>\$ 141,850</b>	<b>\$ 675,926</b>

See notes to financial statements.

MOBILE BAYKEEPER, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2021

	Program Services							
	Membership	Educate and Engage	Infrastructure	Responsible Growth	Total	General and Administrative	Fundraising	Total Expenses
Accounting	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 6,400	\$ 800	\$ 800	\$ 8,000
Advertising	3,554	37,072	-	25,714	66,340	272	-	66,612
Bank charges	429	-	-	-	429	189	-	618
Baykeeper boat	-	76	-	1,331	1,407	-	-	1,407
Computer expenses	2,145	2,101	240	1,671	6,157	2,448	-	8,605
Conference, meetings, and travel	2,113	8,667	768	1,382	12,930	2,486	-	15,416
Consulting and legal fees	750	5,637	-	10,811	17,198	1,040	-	18,238
Donations and grants to other organizations	-	211	-	-	211	-	-	211
Dues and memberships	250	1,375	-	150	1,775	-	-	1,775
Education	-	72	-	-	72	4	-	76
Insurance	2,095	2,095	2,095	2,095	8,380	1,049	1,048	10,477
Member mailing	2,845	-	-	-	2,845	-	-	2,845
Merchandise	6,496	342	-	-	6,838	-	-	6,838
Office furniture and equipment	-	295	-	-	295	5,348	-	5,643
Office supplies	71	1,265	-	56	1,392	1,739	-	3,131
Personnel costs	55,616	236,040	71,893	71,186	434,735	57,097	51,117	542,949
Postage	2,493	112	-	1,095	3,700	7	-	3,707
Printing	2,769	127	-	3,055	5,951	759	-	6,710
Program supplies	429	16,816	-	-	17,245	-	25	17,270
Rent	8,830	8,830	8,830	8,830	35,320	4,415	4,415	44,150
Repairs	-	28	-	-	28	1,380	-	1,408
Uncollectible pledge expense	-	-	-	-	-	-	-	-
Utilities	4,149	4,149	4,149	4,149	16,596	2,075	2,075	20,746
Total expenses before depreciation	96,634	326,910	89,575	133,125	646,244	81,108	59,480	786,832
Depreciation	3,314	3,314	3,314	3,314	13,256	1,656	1,657	16,569
Total expenses	<u>\$ 99,948</u>	<u>\$ 330,224</u>	<u>\$ 92,889</u>	<u>\$ 136,439</u>	<u>\$ 659,500</u>	<u>\$ 82,764</u>	<u>\$ 61,137</u>	<u>\$ 803,401</u>

See notes to financial statements.

**MOBILE BAYKEEPER, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2020**

	Program Services							
	Membership	Educate and Engage	Infrastructure	Responsible Growth	Total	General and Administrative	Fundraising	Total Expenses
Accounting	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 6,400	\$ 800	\$ 800	\$ 8,000
Advertising	2,570	436	-	6,097	9,103	-	-	9,103
Bank charges	677	-	-	-	677	62	-	739
Baykeeper boat	-	-	-	71	71	55	-	126
Computer expenses	2,475	937	708	1,326	5,446	1,006	-	6,452
Conference, meetings, and travel	2,246	6,808	351	2,262	11,667	590	-	12,257
Consulting and legal fees	67	5,172	-	-	5,239	457	-	5,696
Donations and grants to other organizations	-	1,772	-	-	1,772	-	-	1,772
Dues and memberships	1,005	600	-	1,325	2,930	-	-	2,930
Education	14	4,343	800	375	5,532	-	-	5,532
Insurance	1,853	1,854	1,854	1,854	7,415	1,236	1,236	9,887
Member mailing	3,162	-	-	-	3,162	252	-	3,414
Merchandise	3,396	-	-	-	3,396	-	-	3,396
Office furniture and equipment	-	-	16	-	16	3,769	-	3,785
Office supplies	128	2,638	-	405	3,171	512	-	3,683
Personnel costs	71,337	196,603	77,886	101,337	447,163	52,671	57,046	556,880
Postage	1,757	233	-	-	1,990	3	-	1,993
Printing	1,372	1,373	1,373	1,373	5,491	915	915	7,321
Program supplies	-	12,637	-	-	12,637	-	-	12,637
Rent	7,163	7,163	7,162	7,162	28,650	4,775	4,775	38,200
Repairs	-	-	-	-	-	1,051	-	1,051
Uncollectible pledge expense	6,204	6,204	6,205	6,204	24,817	-	-	24,817
Utilities	3,448	3,448	3,448	3,448	13,792	2,299	2,299	18,390
<b>Total expenses before depreciation</b>	<b>110,474</b>	<b>253,821</b>	<b>101,403</b>	<b>134,839</b>	<b>600,537</b>	<b>70,453</b>	<b>67,071</b>	<b>738,061</b>
Depreciation	3,024	3,024	3,024	3,024	12,096	2,015	2,015	16,126
<b>Total expenses</b>	<b>\$ 113,498</b>	<b>\$ 256,845</b>	<b>\$ 104,427</b>	<b>\$ 137,863</b>	<b>\$ 612,633</b>	<b>\$ 72,468</b>	<b>\$ 69,086</b>	<b>\$ 754,187</b>

See notes to financial statements.

**MOBILE BAYKEEPER, INC.**

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ 223,810	\$ 122,022
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	16,569	16,126
Uncollectible pledge expense	-	24,817
Donated vehicle	-	(15,000)
Donated stocks and bonds	(2,289)	(1,201)
Net realized and unrealized (gain) loss on investments	(6,895)	(10,117)
(Increase) decrease in:		
Promises to give	1,540	8,310
Grants receivable	(13,191)	(12,459)
Prepaid expenses	(2,414)	(1,224)
Increase (decrease) in:		
Accounts payable and accrued expenses	832	8,617
Net cash provided by operating activities	217,962	139,891
Cash flows from investing activities:		
Purchase of fixed assets	(9,055)	(17,512)
Purchase of investments	(150,000)	-
Net cash used by investing activities	(159,055)	(17,512)
Net increase in cash	58,907	122,379
Cash, beginning of year	266,817	144,438
Cash, end of year	\$ 325,724	\$ 266,817

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### Nature of Business

Mobile Baykeeper, Inc. (the "Organization") is a nonprofit organization located in Mobile, Alabama. The Organization provides citizens a means to protect the beauty, health, and heritage of the Mobile Bay Watershed. Revenues are derived mainly from memberships, contributions, fundraising and grant proceeds.

The Organization is directed by an active Board of Directors whose members serve without compensation.

### Summary of Significant Accounting Policies

#### Basis of presentation

The accompanying financial statements have been prepared utilizing the accrual basis of accounting.

#### Cash and cash equivalents

Cash and cash equivalents include all demand deposit accounts, money market accounts and certificates of deposit.

#### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization values its financial assets and liabilities based on 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. A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure the fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into the following three levels, based on the reliability of the inputs:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date;

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and

Level 3: Significant unobservable inputs for the asset or liability that reflect the reporting organization's own estimates about the assumptions that market participants would use in pricing the asset or liability.

## **Summary of Significant Accounting Policies (continued)**

### **Promises to give**

Pledges receivable are stated net of an allowance for uncollectible pledges. The estimated losses are based on management's evaluation of outstanding pledges receivable at the end of the year. The allowance for uncollectible pledges for pledges receivable was \$30,000 and \$30,000 at December 31, 2021 and 2020, respectively.

### **Property and equipment**

Property and equipment is stated at cost, or in the case of gifts, fair value at the date of donation. The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Depreciation is provided principally on the straight-line method over the estimated useful lives of the depreciable assets.

### **Net assets**

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

The Organization classifies donor-restricted contributions as net assets without donor restrictions if those restrictions are satisfied in the same reporting period.

Net assets with donor restrictions represent contributions which are restricted by donor stipulation.

### **Income taxes**

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

A policy for accounting for uncertainty in income taxes was adopted in prior years that require the Organization to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The Organization has no uncertain tax positions that qualified for either recognition or disclosure in the financial statements at December 31, 2021 or December 31, 2020.

### **Cost Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses have been allocated between Program Services, General and Administrative, and Fundraising based on an analysis of personnel time and space utilized for the related activities.

## Summary of Significant Accounting Policies (continued)

### Grant and cooperative agreements

The Organization receives grants and contracts from Federal and State agencies, as well as from private organizations, to be used for specific programs. The Organization's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Organization.

### 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.

### Donated materials and services

Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Organization's program services.

### Evaluation of subsequent events

The Organization has evaluated subsequent events through March 1, 2022, the date which the financial statements were available to be issued.

### Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes or periods at December 31:

	2021	2020
Pledges receivable	\$ 20,950	\$ 22,490
Educate and engage	42,000	64,000
Infrastructure	-	30,680
Responsible growth	24,000	24,680
Total	<u>\$ 86,950</u>	<u>\$ 141,850</u>

## Promises to Give

Unconditional promises to give at December 31 are as follows:

	2021	2020
Promises without donor restrictions	\$ 50,950	\$ 52,490
Gross unconditional promises to give	50,950	52,490
Less allowance for uncollectible promises	30,000	30,000
Net unconditional promises to give	<u>\$ 20,950</u>	<u>\$ 22,490</u>
Amounts due in:		
Less than one year	\$ 19,450	\$ 13,490
One to five years	31,500	39,000
Gross unconditional promises to give	<u>\$ 50,950</u>	<u>\$ 52,490</u>

The discount on the long-term promises to give to determine the net present value was not significant.

## Investments

The Community Foundation of South Alabama holds and invests a portion of the Organization's investment portfolio. The funds are under the control of the Community Foundation of South Alabama and at the request of the Organization, the Foundation disburses funds as needed.

Investments are stated at fair value and are summarized as follows as of December 31:

	2021			
	Fair value measurements using			
	Measured at Fair Value	Level 1	Level 2	Level 3
Community Foundation of South Alabama	\$ 39,928	\$ 39,928	\$ -	\$ -
Bank Sweep	154,394	154,394	-	-
Money Market Funds	151,221	151,221	-	-
Bond Funds	123,982	123,982	-	-
Total	<u>\$ 469,525</u>	<u>\$ 469,525</u>	<u>\$ -</u>	<u>\$ -</u>

**Investments (continued)**

2020				
Fair value measurements using				
	Measured at Fair Value	Level 1	Level 2	Level 3
Community Foundation of South Alabama	\$ 35,318	\$ 35,318	\$ -	\$ -
Money Market Funds	2,232	2,232	-	-
U.S. Treasuries	151,200	151,200	-	-
Bond Fund	121,591	121,591	-	-
<b>Total</b>	<b>\$ 310,341</b>	<b>\$ 310,341</b>	<b>\$ -</b>	<b>\$ -</b>

Investment return for the years ended December 31 is summarized as follows:

	2021 Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 5,158	\$ -	\$ 5,158
Realized gains (losses)	(3,141)	-	(3,141)
Unrealized gains (losses)	5,564	-	5,564
Administrative fees	(533)	-	(533)
<b>Total</b>	<b>\$ 7,048</b>	<b>\$ -</b>	<b>\$ 7,048</b>

	2020 Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 6,024	\$ -	\$ 6,024
Realized gains (losses)	(2,427)	-	(2,427)
Unrealized gains (losses)	7,027	-	7,027
Administrative fees	(456)	-	(456)
<b>Total</b>	<b>\$ 10,168</b>	<b>\$ -</b>	<b>\$ 10,168</b>

### Governing Board Designations

Mobile Baykeeper, Inc.'s governing board has designated, from net assets without donor restrictions of \$812,786 and \$534,076 as of December 31, 2021 and 2020, respectively, net assets for the following purposes as of December 31:

	<u>2021</u>	<u>2020</u>
Quasi-endowment	\$ 39,928	\$ 35,318
Total	<u>\$ 39,928</u>	<u>\$ 35,318</u>

### Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ 879,487	\$ 649,745
Less those unavailable for general expenditures within one year, due to:		
Board designations: Quasi endowment fund	39,928	35,318
Donor restricted	<u>86,950</u>	<u>141,850</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 752,609</u>	<u>\$ 472,577</u>

### Property and Equipment

Property and equipment consist of the following amounts at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Boat	\$ 24,500	\$ 24,500
Furniture, fixtures and equipment	103,845	130,590
Vehicle	15,000	15,000
Leasehold improvements	<u>5,794</u>	<u>5,794</u>
	149,139	175,884
Less accumulated depreciation	<u>120,717</u>	<u>139,948</u>
Total	<u>\$ 28,422</u>	<u>\$ 35,936</u>

## Federal Financial Assistance

The Organization received a Paycheck Protection Program Promissory Note through a bank which was issued by the Small Business Administration on April 28, 2020 in the amount of \$98,542. Under the Cares Act, the Organization had the opportunity to have the loan forgiven if certain compliance requirements are met for a period greater than eight-weeks but less than 24 weeks following the date of the loan. The loan requires no collateral, can be deferred for six months, has an interest rate of 1% and will mature in two years. The Organization applied for and received forgiveness on November 24, 2020.

The Organization received a second draw of funding under the Paycheck Protection Program as a promissory note through a bank which was issued by the Small Business Administration on January 29, 2021 in the amount of \$106,542. Under the Cares Act, the Organization has the opportunity to have the loan forgiven if certain compliance requirements are met for a period greater than eight-weeks but less than 24 weeks following the date of the loan. The Organization applied for and received forgiveness on October 18, 2021.

	<u>2021</u>	<u>2020</u>
Refundable advance, beginning of year	\$ -	\$ -
Grant receipts	106,542	98,542
Grant expenditures	<u>(106,542)</u>	<u>(98,542)</u>
Refundable advance, end of year	<u>\$ -</u>	<u>\$ -</u>

## Operating Leases

As of February 1, 2020, the Organization entered into a four-year non-cancelable operating lease for its office facility with an unrelated party. The Organization entered into a one-year lease for additional space on September 1, 2021. The amount reported in rent expense was \$44,150 and \$38,200 for the years ended December 31, 2021 and 2020, respectively.

The future minimum lease payments under these leases are as follows:

2022	\$ 49,900
2023	38,400
2024	<u>9,600</u>
Total	<u>\$ 97,900</u>

Due to the pandemic, the lessor forgave rent expense for months of May and June for the year ended December 31, 2020. In exchange for the forgiveness, the lease has been extended for an additional two months. The rent expense for the months of May and June for the year ended December 31, 2020, have been recorded as an in-kind donation.

### Operating Leases (continued)

The Organization has entered into a lease of certain office equipment for a period of five years. This is an operating lease with the lease payments being charged to expense. Future minimum rental payments required under this lease as of December 31, 2021, are as follows:

2022	\$	1,920
2023		<u>1,600</u>
Total	\$	<u>3,520</u>

The amount reported in office equipment rental expense was \$1,920 and \$1,920 for the years ended December 31, 2021 and 2020, respectively

### Administrative Overhead

The following is a calculation of the supporting services expenses to support and revenue for the years ended December 31, 2021 and 2020, respectively:

	<u>2021</u>	<u>2020</u>
Management and general	\$ 82,764	\$ 72,468
Fundraising	<u>61,137</u>	<u>69,086</u>
Total supporting services	<u>\$ 143,901</u>	<u>\$ 141,554</u>
Total support and revenue	<u>\$ 1,027,211</u>	<u>\$ 876,209</u>
Percentage	<u>14%</u>	<u>16%</u>

### Risks and Uncertainties

In March 2020, the World Health Organization (“WHO”) declared the coronavirus (COVID 19), a global pandemic and public health emergency. The WHO has recommended containment and mitigation measures worldwide and domestically, self-isolation and shelter-in-place requirements have been or are being put in place.

At this point, the Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which this disruption may impact the Organization’s financial statements and future results of operations. The Organization will continue to monitor and evaluate the nature and extent of the impact on our ongoing activities and the potential effect on future contributions or funding and expenses, financial condition and liquidity.