

Diabetes Foundation, Inc.

Financial Statements

Years Ended June 30, 2021 and 2020

Diabetes Foundation, Inc.

Financial Statements

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Independent Auditor's Report

Board of Directors
Diabetes Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Diabetes Foundation, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Diabetes Foundation, Inc. as of June 30, 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.

Parsippany, New Jersey
October 13, 2021

Diabetes Foundation, Inc.

Statements of Financial Position

	June 30,	
	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 737,202	\$ 408,973
Grants receivable	45,496	-
Investments, at fair value	1,614,029	655,766
Prepaid expenses	13,442	5,945
Total current assets	<u>2,410,169</u>	<u>1,070,684</u>
PROPERTY AND EQUIPMENT		
Office furniture	39,819	39,819
Office equipment	6,051	6,051
Software	17,239	17,239
Less accumulated depreciation	<u>51,802</u>	<u>44,039</u>
Net property and equipment	<u>11,307</u>	<u>19,070</u>
OTHER ASSETS		
Security deposits	<u>5,952</u>	<u>5,952</u>
TOTAL ASSETS	<u>\$ 2,427,428</u>	<u>\$ 1,095,706</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 15,962	\$ 120,206
Accrued expenses	49,510	28,554
Deferred revenue	40,600	-
Total current liabilities	<u>106,072</u>	<u>148,760</u>
NONCURRENT LIABILITIES		
Paycheck Protection Program ("PPP") loan	<u>-</u>	<u>56,138</u>
NET ASSETS		
Without donor restrictions	<u>2,321,356</u>	<u>890,808</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,427,428</u>	<u>\$ 1,095,706</u>

See accompanying Notes to Financial Statements.

Diabetes Foundation, Inc.

Statements of Activities

	Years Ended June 30,	
	2021	2020
	Without Donor Restrictions	
SUPPORT AND REVENUE		
Contributions, including in-kind donations of \$72,347 and \$93,993 respectively	\$ 103,379	\$ 136,712
Special event - Porsche car raffle, net of cost of car of \$185,591 and \$183,553	535,013	465,647
Other special event, net of direct benefit to donors of \$17,650 and \$57,554 respectively	88,243	169,456
Grants	325,500	198,030
In-kind discounts on medication	72,442	94,415
Estate bequest	1,243,148	573,799
Investment income, net of fees	183,437	71,007
Gain on debt forgiveness	56,138	-
Memorial	25,968	16,617
Total support and revenue	2,633,268	1,725,683
EXPENSES		
Programs	832,194	815,492
Support: fundraising	229,723	296,412
Support: general and administrative	140,803	140,727
Total expenses	1,202,720	1,252,631
Change in net assets	1,430,548	473,052
NET ASSETS, <i>beginning of year</i>	890,808	417,756
NET ASSETS, <i>end of year</i>	\$ 2,321,356	\$ 890,808

See accompanying Notes to Financial Statements.

Diabetes Foundation, Inc.

Statement of Functional Expenses

Year Ended June 30, 2021

	<u>Medication Assistance</u>	<u>Children's Camperships</u>	<u>Education/ Diabetes Resource Solutions</u>	<u>Supply Assistance</u>	<u>Programs Total</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Salaries and non-employee compensation	\$ 54,820	\$ 4,729	\$ 162,481	\$ 48,758	\$ 270,788	\$ 54,042	\$ 32,441	\$ 357,271
Payroll tax expense and benefits	6,963	629	25,212	6,069	38,873	9,940	6,841	55,654
Special event - car raffle	-	-	-	-	-	206,787	-	206,787
Special events - other allocated expenses	-	-	-	-	-	65,439	-	65,439
Medical assistance, including in-kind donations of \$72,442	212,631	-	-	-	212,631	-	-	212,631
Program administration	12,913	1,114	40,692	11,485	66,204	-	-	66,204
Camp Neveda	-	20,000	-	-	20,000	-	-	20,000
Miscellaneous program activities	2,289	197	6,785	2,036	11,307	4,062	13,942	29,311
Computer expenses, including in-kind donations of \$42,689	9,131	788	27,063	8,121	45,103	9,002	5,403	59,508
Office expenses	-	-	-	-	-	-	3,188	3,188
Rent and utilities, including in-kind donations of \$29,657	11,319	977	33,549	10,067	55,912	11,158	6,698	73,768
Grant expense	5,781	5,781	5,781	5,781	23,124	-	-	23,124
Accounting and consulting	-	-	-	-	-	-	61,538	61,538
Miscellaneous administrative expenses	190	16	564	169	939	30,148	7,725	38,812
Stationary and printing	1,004	87	2,975	893	4,959	13,305	631	18,895
Travel and entertainment	-	-	-	-	-	-	318	318
Marketing	-	-	-	-	-	29,081	525	29,606
Outreach	15,414	1,330	45,686	13,710	76,140	-	-	76,140
Total expenses before depreciation	<u>332,455</u>	<u>35,648</u>	<u>350,788</u>	<u>107,089</u>	<u>825,980</u>	<u>432,964</u>	<u>139,250</u>	<u>1,398,194</u>
Depreciation	1,258	109	3,728	1,119	6,214	-	1,553	7,767
	333,713	35,757	354,516	108,208	832,194	432,964	140,803	1,405,961
Less expenses included with revenues on the statement of activities								
Direct benefit to donors	-	-	-	-	-	(17,650)	-	(17,650)
Cost of Porsche cars for raffle	-	-	-	-	-	(185,591)	-	(185,591)
	<u>\$ 333,713</u>	<u>\$ 35,757</u>	<u>\$ 354,516</u>	<u>\$ 108,208</u>	<u>\$ 832,194</u>	<u>\$ 229,723</u>	<u>\$ 140,803</u>	<u>\$ 1,202,720</u>

See accompanying Notes to Financial Statements.

Diabetes Foundation, Inc.

Statement of Functional Expenses

Year Ended June 30, 2020

	<u>Medication Assistance</u>	<u>Children's Camperships</u>	<u>Education/ Diabetes Resource Solutions</u>	<u>Supply Assistance</u>	<u>Programs Total</u>	<u>Fundraising</u>	<u>Administration</u>	<u>Total</u>
Salaries and non-employee compensation	\$ 44,919	\$ 5,134	\$ 148,875	\$ 57,753	\$ 256,681	\$ 60,605	\$ 39,216	\$ 356,502
Payroll tax expense and benefits	6,190	707	20,521	7,960	35,378	8,352	7,938	51,668
Fundraising - car raffle	-	-	-	-	-	303,080	-	303,080
Fundraising - other allocated expenses less direct benefit to donors of \$57,554	-	-	-	-	-	139,724	-	139,724
Medical assistance, including in-kind donations of \$108,751	225,027	-	-	-	225,027	-	-	225,027
Program administration	-	-	81,521	44,245	125,766	-	-	125,766
Camp Nejeda	-	20,050	-	-	20,050	-	-	20,050
Miscellaneous program activities	2,218	83	2,408	934	5,643	297	10,859	16,799
Computer expenses, including in-kind donations of \$50,000	7,158	818	23,724	9,203	40,903	9,658	6,249	56,810
Office expenses	89	10	296	115	510	-	14,043	14,553
Rent and utilities, including in-kind donations of \$29,657	9,495	1,085	31,468	12,207	54,255	12,810	8,289	75,354
Grant expense	-	-	-	-	-	176	-	176
Accounting and consulting	-	-	-	-	-	-	33,346	33,346
Miscellaneous administrative expenses	188	22	624	242	1,076	109	6,693	7,878
Stationary and printing	839	-	-	-	839	58	5,851	6,748
Travel and entertainment	279	32	927	359	1,597	-	1,528	3,125
Marketing	26	3	87	34	150	2,650	5,660	8,460
Outreach	7,594	868	25,169	9,764	43,395	-	-	43,395
Total expenses before depreciation	<u>304,022</u>	<u>28,812</u>	<u>335,620</u>	<u>142,816</u>	<u>811,270</u>	<u>537,519</u>	<u>139,672</u>	<u>1,488,461</u>
Depreciation	739	84	2,449	950	4,222	-	1,055	5,277
	304,761	28,896	338,069	143,766	815,492	537,519	140,727	1,493,738
Less expenses included with revenues on the statement of activities								
Direct benefit to donors	-	-	-	-	-	(57,554)	-	(57,554)
Cost of Porsche cars for raffle	-	-	-	-	-	(183,553)	-	(183,553)
	<u><u>\$ 304,761</u></u>	<u><u>\$ 28,896</u></u>	<u><u>\$ 338,069</u></u>	<u><u>\$ 143,766</u></u>	<u><u>\$ 815,492</u></u>	<u><u>\$ 296,412</u></u>	<u><u>\$ 140,727</u></u>	<u><u>\$ 1,252,631</u></u>

See accompanying Notes to Financial Statements.

Diabetes Foundation, Inc.

Statements of Cash Flows

	Years Ended June 30,	
	2021	2020
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Change in net assets	\$ 1,430,548	\$ 473,052
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	7,767	5,277
Net realized (gain) loss on investments	(137,012)	-
Net unrealized (gain) loss on investments	(47,657)	(74,028)
Gain on debt forgiveness	(56,138)	-
(Increase) decrease in assets		
Accounts receivable	(45,496)	-
Prepaid expenses	(7,497)	(445)
Increase (decrease) in liabilities		
Accounts payable	(104,244)	86,417
Accrued expenses	20,956	19,550
Deferred revenue	40,600	(13,825)
	1,101,827	495,998
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES		
Purchases of investments	(979,100)	(474,945)
Sales of investments	205,502	219,044
Purchase of fixed assets	-	(10,235)
	(773,598)	(266,136)
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	56,138
	-	56,138
Net increase in cash and cash equivalents	328,229	286,000
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	408,973	122,973
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 737,202	\$ 408,973

See accompanying Notes to Financial Statements.

Diabetes Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 1 - Nature of the Organization

Diabetes Foundation, Inc., (the "Organization" or "Foundation") was established on August 17, 1990 as a nonprofit 501(c)(3) corporation. The Foundation's primary functions are (1) to assist indigent diabetics; (2) to provide education concerning diabetes to the general public, diabetics, and professionals working with diabetics, (3) to provide insulin, oral medication, and diabetes testing supplies to uninsured and underinsured children and adults, and (4) to provide targeted services to children including "camperships" to diabetes camp and other networking opportunities.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") as detailed in the Financial Accounting Standards Codification.

b. Financial Statement Presentation

The financial statements are presented in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-profit Entities*, and the provisions of Accounting Standards Update 2016-14 *Not-For-Profit Entities* (Topic 958): *Presentation of Financial Statement of Not-For-Profit Entities*. ASU 2016-14 requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Assets accumulated and resources received and expended by the Organization are either without donor restrictions or restricted by the donor for a particular purpose. Net assets with donor restrictions represent contributions to the Organization whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. The designation of net assets for specific purposes by the Organization itself does not constitute a basis for reclassifying them as net assets with donor restrictions.

c. Tax Status

The Diabetes Foundation, Inc. is a non-profit corporation, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements.

d. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization includes amounts due from credit card companies (net of commissions) as cash when the money is deposited into the account.

Diabetes Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies - Continued

e. Support and Revenue Recognition

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 restrictions.

The Organization records contributions as revenue in the period received, at their net realizable value. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions, in the reporting period in which the revenue is recognized. 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 statements of activities, as net assets released from restrictions. However, restricted contributions whose restriction expires or are otherwise satisfied within the period in which they are received are reported as revenue without donor restriction in the statements of activities.

f. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses, if applicable, are included in investment income (loss) in the statements of activities.

g. Property and Equipment

The Organization capitalizes property and equipment over \$500. Fixed assets consist of leasehold improvements, computer equipment, office equipment, and software that were purchased by the Organization for use in its daily operations. These assets are stated at cost and depreciated on the straight-line basis over the assets estimated useful lives of 3 to 5 years.

h. Functional Expenses

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statements of activities, and the statements 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 benefitted based on time records and estimates made by the Organization's management and square footage.

i. Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Diabetes Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies - Continued

j. Pending Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), requiring an entity to recognize operating lease agreements on the statement of financial position by recording a liability and a corresponding right-of-use asset. This standard will replace current lease guidance under GAAP. In June 2020, the FASB issued 2020-05 which defers the effective date of ASU 2016-02 one year, making it effective for all fiscal years beginning after December 15, 2021, therefore effective with fiscal year ending June 30, 2023, with early adoption permitted. It requires adopters to use a modified retrospective approach in applying the new standard to previous and current financial statement preparation. The Organization has not yet selected a transition method and is currently evaluating the effect the updated standard will have on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit organization to provide additional disclosures on the contributed nonfinancial assets with the intent to improve transparency in the reporting of contributed nonfinancial assets. The ASU is effective for fiscal years beginning after June 15, 2021, therefore effective for fiscal year ending June 30, 2022.

k. Donated Services

Material donations-in-kind items are recorded at their estimated fair value as income and expense at the time the items are placed into service or distributed.

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by contribution, or require specialized skills and are provided by individuals possessing such specialized skills. In addition, the appropriate value of donated services of individuals is recorded as an expense when such services qualify for cost reimbursement from third-party providers.

l. Fundraising Events

The Organization holds special events, such as a car raffle and a golf outing, which are its primary sources of funds. The Organization does not use professional fundraisers in its activities.

m. Reclassification

Prior year amounts have been reclassified in order to agree with current year allocation of expenses and presentation.

n. Subsequent Events

The Organization has evaluated subsequent events for potential recognition or disclosure through October 13, 2021, the date the financial statements were available to be issued.

Diabetes Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 3 - Liquidity and Availability

The following reflects Diabetes Foundation Inc.'s financial assets as of June 30, 2021 and 2020 which are not restricted for use within one year:

	June 30,	
	2021	2020
Cash and cash equivalents	\$ 737,202	\$ 408,973
Investments	1,614,029	655,766
	<u>\$ 2,351,231</u>	<u>\$ 1,064,739</u>

Management and the Board of Directors have a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

Note 4 - Investments

The Organization invests in a professionally managed portfolio that primarily contains mutual funds, stocks, and ETFs. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the financial statements.

Cost and fair values of investments at June 30, 2021 and 2020 are as follows:

	June 30, 2021	
	Cost	Fair Value
Money market funds	\$ 99,224	\$ 99,224
Mutual funds	819,955	875,899
Stocks and ETFs	479,499	615,583
Real estate investment trust	25,000	23,323
Total investments	<u>\$ 1,423,678</u>	<u>\$ 1,614,029</u>

	June 30, 2020	
	Cost	Fair Value
Money market funds	\$ 94,381	\$ 94,381
Mutual funds	256,816	257,979
Stocks and ETFs	253,447	279,466
Real estate investment trust	25,000	23,940
Total investments	<u>\$ 629,644</u>	<u>\$ 655,766</u>

Diabetes Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 4 - Investments - Continued

The components of investment income at June 30, 2021 and 2020 are as follows:

	Years Ended June 30,	
	2021	2020
Unrealized gains	\$ 47,657	\$ 74,028
Realized gains	137,012	-
Interest and dividend income	9,313	1,435
Investment fees	(10,545)	(4,456)
Total investment income	<u>\$ 183,437</u>	<u>\$ 71,007</u>

Note 5 - Fair Value Measurements

Fair value is 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. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine the fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

For the years ended June 30, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Diabetes Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 5 - Fair Value Measurements - Continued

The following is a description of the valuation methodologies used for assets measured at fair value for the Level 2 investments included below.

Real estate investment trust ("REIT"): Is an SEC registered non-traded fund, which is valued based on the net asset value per share. Net asset value per share is determined based on a valuation of the portfolio of properties held by the REIT. Valuations and appraisals of the properties are estimates of fair value and may not necessarily correspond to realizable value upon the sale of such properties, therefore the net asset value per share may not reflect the amount that would be realized upon a sale of each of the properties.

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

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 99,224	\$ -	\$ -	\$ 99,224
Mutual funds	875,899	-	-	875,899
Stocks and ETFs	615,583	-	-	615,583
Real estate investment trust	-	23,323	-	23,323
Total investments	<u>\$ 1,590,706</u>	<u>\$ 23,323</u>	<u>\$ -</u>	<u>\$ 1,614,029</u>

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 94,381	\$ -	\$ -	\$ 94,381
Mutual funds	257,979	-	-	257,979
Stocks and ETFs	279,466	-	-	279,466
Real estate investment trust	-	23,940	-	23,940
Total investments	<u>\$ 631,826</u>	<u>\$ 23,940</u>	<u>\$ -</u>	<u>\$ 655,766</u>

Diabetes Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2021 and 2020

Note 6 - Property and Equipment

The following is a summary of property and equipment at June 30, 2021 and 2020:

	June 30,	
	2021	2020
Software	\$ 17,239	\$ 17,239
Furniture	6,051	6,051
Equipment	39,819	39,819
Total property and equipment	63,109	63,109
Less accumulated depreciation	51,802	44,039
Net property and equipment	\$ 11,307	\$ 19,070

Depreciation expense for the years ended June 30, 2021 and 2020 was \$7,767 and \$5,277, respectively.

Note 7 - Paycheck Protection Program ("PPP") Loan

On May 6, 2020 the Organization (the "Borrower") was granted a loan (the "Loan") from the First Bank of the Lake in, the aggregate amount of \$56,138, pursuant to The Coronavirus Aid, Relief, and Economic Security ("CARES") Act under the Paycheck Protection Program ("PPP").

The Loan is in the form of a note dated May 6, 2020 issued by the Borrower and matures on May 6, 2022 and bears interest at a rate of 1% per annum. Pursuant to the CARES Act and the subsequent update under the Paycheck Protection Program Flexibility Act of 2020 ("Flexibility Act"), the Organization has a period of ten months after the end of the loan forgiveness covered period to apply for forgiveness. In accordance with the Flexibility Act, the Organization elected the 24-week loan forgiveness covered period which begins on the date the lender disbursed the PPP funds.

The Organization has incurred qualifying expenses through the loan period and has received correspondence from the lender of the Loan that the Organization's Loan amount has been fully forgiven. The Organization has elected to record the entire amount as a gain on debt forgiveness as of June 30, 2021.

Note 8 - Future Minimum Lease Payments

The Organization leases office space under an operating agreement. The lease provides for office space for monthly rental payments of approximately \$3,100. Fifty percent of rent expense is discounted as an in-kind donation by the landlord. This is included as in-kind of the statements of activities. The lease is set to expire in December 2022. As of June 30, 2021, the future minimum payments due under operating leases are as follows:

For the years ending June 30,	
2022	\$ 40,249
2023	20,276
	<u>\$ 60,525</u>