

**JESSIE REES FOUNDATION**

**FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2021 and 2020**

*with*

**INDEPENDENT AUDITOR'S REPORT THEREON**

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# Wertz & Company<sup>LLP</sup>

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Jessie Rees Foundation  
Irvine, California

### **Opinion**

We have audited the accompanying financial statements of Jessie Rees Foundation (a nonprofit organization), which comprise the statements 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jessie Rees Foundation as of December 31, 2021 and 2020, and the changes in 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**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jessie Rees Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Jessie Rees Foundation'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**

Our objectives are 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 our 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 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, we:

- 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 Jessie Rees Foundation'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jessie Rees Foundation's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

*Wertz & Company, LLP*

Wertz & Company, LLP

Irvine, California  
May 23, 2022

JESSIE REES FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash	\$ 1,545,750	\$ 1,075,781
Contributions receivable	500	6,227
Other current assets	<u>9,421</u>	<u>9,421</u>
Total current assets	1,555,671	1,091,429
Investments	676,192	485,977
Property and equipment, net	<u>86,806</u>	<u>100,905</u>
Total assets	<u>\$ 2,318,669</u>	<u>\$ 1,678,311</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 9,467	\$ 20,182
Accrued expenses	<u>56,619</u>	<u>62,516</u>
Total current liabilities	66,086	82,698
Net assets:		
Without donor restrictions	2,210,583	1,589,386
With donor restrictions	<u>42,000</u>	<u>6,227</u>
Total net assets	<u>2,252,583</u>	<u>1,595,613</u>
Total liabilities and net assets	<u>\$ 2,318,669</u>	<u>\$ 1,678,311</u>

See accompanying notes to financial statements

JESSIE REES FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support:</b>			
Contributions	\$ 3,993,699	\$ 79,500	\$ 4,073,199
Special events revenue	197,128	-	197,128
Less: costs of direct benefits to donors	(155,305)	-	(155,305)
Investment income	904	-	904
Interest income	2,161	-	2,161
PPP loan forgiveness	179,372	-	179,372
Net assets released from restrictions	<u>43,727</u>	<u>(43,727)</u>	<u>-</u>
 Total revenues and other support	 4,261,686	 35,773	 4,297,459
<b>Expenses:</b>			
Program services	3,065,658	-	3,065,658
Management and general	160,367	-	160,367
Fundraising	<u>414,464</u>	<u>-</u>	<u>414,464</u>
 Total expenses	 <u>3,640,489</u>	 <u>-</u>	 <u>3,640,489</u>
 Increase in net assets	 621,197	 35,773	 656,970
 Net assets at beginning of year	 <u>1,589,386</u>	 <u>6,227</u>	 <u>1,595,613</u>
 Net assets at end of year	 <u>\$ 2,210,583</u>	 <u>\$ 42,000</u>	 <u>\$ 2,252,583</u>

See accompanying notes to financial statements

JESSIE REES FOUNDATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support:</b>			
Contributions	\$ 3,082,795	\$ 210,000	\$ 3,292,795
Special events revenue	130,675	-	130,675
Less: costs of direct benefits to donors	(186,798)	-	(186,798)
Investment income	9,286	-	9,286
Interest income	12,744	-	12,744
PPP loan forgiveness	172,100	-	172,100
Net assets released from restrictions	<u>439,340</u>	<u>(439,340)</u>	<u>-</u>
 Total revenues and other support	 3,660,142	 (229,340)	 3,430,802
<b>Expenses:</b>			
Program services	2,665,542	-	2,665,542
Management and general	215,157	-	215,157
Fundraising	<u>350,586</u>	<u>-</u>	<u>350,586</u>
 Total expenses	 <u>3,231,285</u>	 <u>-</u>	 <u>3,231,285</u>
 Increase (decrease) in net assets	 428,857	 (229,340)	 199,517
 Net assets at beginning of year	 <u>1,160,529</u>	 <u>235,567</u>	 <u>1,396,096</u>
 Net assets at end of year	 <u>\$ 1,589,386</u>	 <u>\$ 6,227</u>	 <u>\$ 1,595,613</u>

See accompanying notes to financial statements

JESSIE REES FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

	Program Services		Supporting Services			Total Program and Supporting Services
	Encourage Kids/Families	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Advertising and promotion	\$ 643,624	\$ 643,624	\$ -	\$ -	\$ -	\$ 643,624
Bank and merchant charges	20,714	20,714	85	28,186	28,271	48,985
Conferences, conventions, and meetings	4,708	4,708	39	-	39	4,747
Depreciation	16,889	16,889	8,430	-	8,430	25,319
Donor relations	-	-	-	26,764	26,764	26,764
Dues and subscriptions	1,789	1,789	360	-	360	2,149
Equipment rental	8,495	8,495	-	-	-	8,495
Gifts	-	-	-	1,332	1,332	1,332
Information technology	113,682	113,682	-	62	62	113,744
Insurance	74,307	74,307	18,225	13,379	31,604	105,911
Legal fees	3,000	3,000	-	-	-	3,000
Licenses and fees	4,189	4,189	3,743	75	3,818	8,007
Miscellaneous	6,139	6,139	178	10,763	10,941	17,080
Office	9,487	9,487	1,381	-	1,381	10,868
Postage and shipping	272,399	272,399	-	-	-	272,399
Printing and copying	8,004	8,004	-	8,788	8,788	16,792
Professional fees	68,110	68,110	21,300	25,550	46,850	114,960
Program supplies and expenses	1,084,784	1,084,784	-	2,130	2,130	1,086,914
Rent	139,932	139,932	22,610	-	22,610	162,542
Repairs and maintenance	-	-	360	-	360	360
Salaries and payroll taxes	513,372	513,372	78,052	192,086	270,138	783,510
Special events	8,344	8,344	-	105,349	105,349	113,693
Telephone and internet	13,770	13,770	4,154	-	4,154	17,924
Travel	36,069	36,069	-	-	-	36,069
Utilities	13,851	13,851	1,450	-	1,450	15,301
	<u>\$ 3,065,658</u>	<u>\$ 3,065,658</u>	<u>\$ 160,367</u>	<u>\$ 414,464</u>	<u>\$ 574,831</u>	<u>\$ 3,640,489</u>

See accompanying notes to financial statements



JESSIE REES FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services		Supporting Services			Total Program and Supporting Services
	Encourage Kids/Families	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Advertising and promotion	\$ 170,750	\$ 170,750	\$ -	\$ -	\$ -	\$ 170,750
Bank and merchant charges	-	-	-	12,367	12,367	12,367
Conferences, conventions, and meetings	4,690	4,690	-	1,416	1,416	6,106
Depreciation	62,231	62,231	8,229	-	8,229	70,460
Donor relations	-	-	-	29,649	29,649	29,649
Dues and subscriptions	1,360	1,360	720	21,567	22,287	23,647
Equipment rental	11,416	11,416	-	-	-	11,416
Gifts	2,655	2,655	-	3,566	3,566	6,221
Information technology	109,539	109,539	-	1,227	1,227	110,766
Insurance	72,746	72,746	15,697	16,520	32,217	104,963
Legal fees	37,478	37,478	56,216	-	56,216	93,694
Licenses and fees	1,444	1,444	3,675	-	3,675	5,119
Miscellaneous	13,967	13,967	-	150	150	14,117
Office	11,147	11,147	411	-	411	11,558
Postage and shipping	294,979	294,979	-	-	-	294,979
Printing and copying	10,692	10,692	-	18,543	18,543	29,235
Professional fees	66,500	66,500	23,042	21,474	44,516	111,016
Program supplies and expenses	993,240	993,240	-	1,060	1,060	994,300
Rent	126,181	126,181	31,545	-	31,545	157,726
Repairs and maintenance	-	-	360	-	360	360
Salaries and payroll taxes	610,106	610,106	70,281	223,047	293,328	903,434
Special events	7,121	7,121	-	-	-	7,121
Telephone and internet	13,544	13,544	1,823	-	1,823	15,367
Travel	31,122	31,122	-	-	-	31,122
Utilities	12,634	12,634	3,158	-	3,158	15,792
	<u>\$ 2,665,542</u>	<u>\$ 2,665,542</u>	<u>\$ 215,157</u>	<u>\$ 350,586</u>	<u>\$ 565,743</u>	<u>\$ 3,231,285</u>

See accompanying notes to financial statements

JESSIE REES FOUNDATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 656,970	\$ 199,517
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	25,319	70,460
Realized and unrealized gains from investments	(904)	(9,286)
Changes in operating assets and liabilities:		
Contributions receivable	5,727	21,643
Accounts payable	(10,715)	(107,513)
Accrued expenses	<u>(5,897)</u>	<u>23,549</u>
Net cash provided by operating activities	670,500	198,370
Cash flows from investing activities:		
Purchase of marketable securities	(459,760)	(451,811)
Proceeds from sale of marketable securities	270,449	375,947
Purchases of property and equipment	<u>(11,220)</u>	<u>(3,420)</u>
Net cash used in investing activities	<u>(200,531)</u>	<u>(79,284)</u>
Net increase in cash	469,969	119,086
Cash and restricted cash at beginning of year	<u>1,075,781</u>	<u>956,695</u>
Cash and restricted cash at end of year	<u>\$ 1,545,750</u>	<u>\$ 1,075,781</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the year for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

**NOTE 1 – GENERAL****Organization and Nature of Operations**

Jessie Rees Foundation (“Organization”) was incorporated in Colorado on April 20, 2011 for the purpose of ensuring every child and family impacted by childhood cancer has the support and encouragement to never ever give up. The Organization fulfills their mission by connecting with courageous families, bringing awareness to their stories, providing them helpful resources and sending them continuous doses of encouragement throughout their journey. The Organization is supported primarily through donor contributions. The Organization supports families in the United States and worldwide from their office in Irvine, California.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of Presentation**

The financial statements have been prepared using the accrual basis of accounting whereby revenues are recognized when they are earned, not when cash is received, and expenses are recognized when incurred, not when cash is disbursed.

The Organization classifies its net assets, revenues, gains, expenses, and losses as without donor restrictions or with donor restrictions based on the following criteria:

- Net assets without donor restrictions represent funds available for operations that are not otherwise limited by donor-imposed restrictions.
- Net assets with donor restrictions represent funds subject to specific donor-imposed restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the donor restrictions are satisfied.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include, but are not limited to, fair market value of in-kind donations and the realization of property and equipment through future operations. Actual results could differ from those estimates.

**Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all investments with a maturity of three months or less to be cash equivalents.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**Fair Value Measurements

The Organization categorizes the fair value of its financial assets and liabilities according to the framework established by the Financial Accounting Standards Board. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Observable, quoted market prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data. This input level includes those financial instruments that are valued using models or other valuation methodologies where substantially all of the assumptions are observable in the marketplace, can be derived from observable market data or are supported by observable levels at which transactions are executed in the marketplace.
- Level 3 – Unobservable inputs that are not corroborated by market data. This level of input includes financial instruments whose fair value is estimated based on internally developed models or methodologies utilizing significant inputs that are generally less readily observable from observable sources.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Cash in Excess of Insured Limits

At December 31, 2021 and 2020, the Organization had approximately \$1,213,000 and \$465,000 respectively, held banks in excess of the Federal Deposit Insurance Corporation's (FDIC) insurance limit.

Contributions Receivable

Contributions receivable consist of unconditional promises to give and are stated at their estimated realizable value. Management monitors outstanding balances and writes off account balances that it considers uncollectible to an allowance account. The allowance for doubtful accounts was \$0 at both December 31, 2021 and 2020.

Investment Valuation and Income Recognition

The Organization's investments are stated at fair value. 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.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED****Investment Valuation and Income Recognition, continued**

The Organization adjusts its investments to fair value at the end of each accounting period, with gains and losses included in the statement of activities. Unrealized gains and losses are charged to earnings. The Organization uses the specific identification method to compute gains and losses. Purchases and sales of securities are recorded on a trade date basis. Interest and dividend income is recorded when earned. Realized and unrealized gains and losses are included in the determination of the change in net assets.

**Property and Equipment**

The Organization capitalizes acquisitions of property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of 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. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 15 years.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals of a major nature are capitalized. Gains or losses are recognized upon sale or disposal of assets.

**Contributions**

Contributions are recognized when received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions are reported as increases in net asset with donor restrictions, depending on the nature of the restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**In-Kind Contributions**

The Organization records the value of donated goods when there is an objective basis available to measure their value. Donated goods are reflected as contributions revenues in the accompanying statements at their estimated values at the date of receipt.

**Contributed Services**

The organization recognizes the contribution of services when the services received either create or enhance a nonfinancial asset, or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such contributed services are recorded at fair value at the date of donation.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**Contributed Services, continued

In addition, the Organization utilizes the services of many volunteers throughout the year, but these services do not meet the criteria for recognition of contributed services. The organization received approximately 3,800 and 3,000 volunteer hours, respectively, during the years ended December 31, 2021 and 2020.

Allocation of Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are allocated include rent, which is allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2021 and 2020 totaled \$643,624 and \$170,750, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income taxes under Section 23701(d) of the California Bank and Corporation Tax Law. The Organization is not a private foundation. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

Date of Management's Review

Management has evaluated subsequent events through May 23, 2022, which is the date the financial statements were available to be issued.

**NOTE 3 – LIQUIDITY CONSIDERATIONS**

The Organization has \$2,221,942 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure, consisting of cash of \$1,545,750. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available to meet its general expenditures, liabilities, and other obligations as they become due.

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**NOTE 4 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 500	\$ 6,227
Receivable in one to five years	-	-
Receivable in more than five years	<u>-</u>	<u>-</u>
Total contributions receivable	<u>\$ 500</u>	<u>\$ 6,227</u>

**NOTE 5 – INVESTMENTS**

Investments are carried at fair value and are intended to provide income for the Organization's programs. The Organization has a policy to invest in assets that are considered to be both liquid in nature and of high quality.

Investments consist of the following at December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Bonds	\$ 202,243	\$ -	\$ -	\$ 202,243
Mutual Funds	40,969	-	-	40,969
U.S. Treasury Obligations	390,760	-	-	390,760
Money Market Fund	<u>42,220</u>	<u>-</u>	<u>-</u>	<u>42,220</u>
	<u>\$ 676,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 676,192</u>

Investments consist of the following at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Bonds	\$ 147,065	\$ -	\$ -	\$ 147,065
Exchange-Traded Funds	40,958	-	-	40,958
Mutual Funds	82,070	-	-	82,070
U.S. Treasury Obligations	127,665	-	-	127,665
Money Market Fund	<u>88,219</u>	<u>-</u>	<u>-</u>	<u>88,219</u>
	<u>\$ 485,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 485,977</u>

**NOTE 5 – INVESTMENTS, CONTINUED**

Investment income from these investments consists of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Realized gain (loss)	\$ (3,387)	\$ (395)
Unrealized gain (loss)	(5,214)	2,010
Interest and dividends	<u>9,505</u>	<u>7,671</u>
	<u>\$ 904</u>	<u>\$ 9,286</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Furniture	\$ 5,483	\$ 5,483
Equipment	47,774	36,554
Vehicles	106,001	106,001
Leasehold improvements	70,006	70,006
Software	<u>207,780</u>	<u>207,780</u>
	437,044	425,824
Less accumulated depreciation	<u>(350,238)</u>	<u>(324,919)</u>
Property and equipment, net	<u>\$ 86,806</u>	<u>\$ 100,905</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$25,319 and \$70,460, respectively.



**NOTE 7 – CONTRIBUTED SERVICES**

The organization recognizes contribution revenue for certain services at the fair value of those services. Those services include the following at December 31:

	<u>2021</u>	<u>2020</u>
Program services:		
Legal services	\$ -	\$ 35,478
Advertising	620,040	127,000
Management and general:		
Legal services	<u>-</u>	<u>53,216</u>
Total contributed services	<u>\$ 620,040</u>	<u>\$ 215,694</u>

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

The Organization leases a facility under a non-cancelable operating lease agreement, expiring in January 2023. Monthly rent as of December 31, 2021 was \$12,908. The lease contains provisions for annual rent increases. Rent expense under this lease for the years ended December 31, 2021 and 2020 was \$137,042 and \$138,409, respectively.

Estimated future minimum lease payments over the terms of the aforementioned lease is as follows for the years ending December 31:

2022	\$ 178,000
2023	<u>15,000</u>
	<u>\$ 193,000</u>

**NOTE 9 – EMPLOYEE BENEFIT PLAN**

The Organization offers a defined contribution 403(b) benefit plan (the "Plan") for all eligible employees. The Plan permits participants to make contributions up to amounts allowed under federal law. The Plan provides a matching provision at the employer's discretion. Employer contributions vest at the rate of 25% per year after the completion of one year of service and 25% annually thereafter. The Organization made \$9,670 and \$11,682, respectively, in elective matching contributions to the Plan during the years ended December 31, 2021 and 2020.

**NOTE 10 – PAYROLL PROTECTION PROGRAM**

On April 21, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of \$172,100 (the “PPP Loan”). The loan bears interest at a fixed rate of 1.0% per annum, with principal and interest deferred for ten months following the end of the covered period, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program.

On January 25, 2021, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of \$169,288 (the “PPP Loan”). The loan bears interest at a fixed rate of 1.0% per annum, with principal and interest deferred for ten months following the end of the covered period, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program. During the year ended December 31, 2021, the Organization received \$10,000 of Economic Impact Disaster Loan (the “EIDL Loan”).

The Organization has elected to account for the PPP Loan under the government grant model, whereby the forgiveness of the PPP Loan is recognized as income at the time the Organization substantially meets the conditions required for forgiveness of the loan. On August 2, 2021 and November 6, 2020, the Organization received notification from the SBA that the PPP Loans and EIDL Loan were formally forgiven and has recognized the \$179,288 and \$172,100, respectively, as income for the years ended December 31, 2021 and 2020.

**NOTE 11 – RISK AND UNCERTAINTIES**

On March 11, 2020, the World Health Organization characterized a novel strain of coronavirus (COVID-19) as a global pandemic. The ongoing COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization’s operations will depend on future developments, including the duration and spread of the outbreak within markets in which the Organization operates. Therefore, significant uncertainty remains regarding the ongoing impact of the COVID-19 outbreak upon the Organization’s financial condition and future results of operations.