

**HARVEST HANDS COMMUNITY
DEVELOPMENT CORPORATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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DEVELOPMENT CORPORATION, INC.
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DECEMBER 31, 2019 AND 2018**

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 13



Independent Auditor's Report

Board of Directors
Harvest Hands Community Development Corporation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Harvest Hands Community Development Corporation, Inc. (a Tennessee not-for-profit organization, the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years 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 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 the Organization as of December 31, 2019 and 2018, 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.

A handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC".

Blankenship CPA Group, PLLC
Brentwood, Tennessee
October 27, 2020

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
Assets		
Cash	\$ 591,367	\$ 414,336
Restricted cash	222,481	-
Pledges receivable	12,039	5,490
Interest receivable	2,797	2,797
Property and equipment, net	3,011,056	3,051,802
Notes receivable	<u>2,417,884</u>	<u>2,438,485</u>
Total assets	<u><u>\$ 6,257,624</u></u>	<u><u>\$ 5,912,910</u></u>
Liabilities		
Accounts payable	\$ 7,433	\$ 12,208
Accrued expenses	26,266	34,177
Notes payable	<u>3,058,982</u>	<u>3,022,100</u>
Total liabilities	<u><u>3,092,681</u></u>	<u><u>3,068,485</u></u>
Net assets		
Without donor restrictions	2,930,423	2,828,635
With donor restrictions	<u>234,520</u>	<u>15,790</u>
Total net assets	<u><u>3,164,943</u></u>	<u><u>2,844,425</u></u>
Total liabilities and net assets	<u><u>\$ 6,257,624</u></u>	<u><u>\$ 5,912,910</u></u>

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

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

Changes in net assets without donor restrictions	2019	2018
Revenues, gains, and other support		
Contributions	\$ 425,511	\$ 529,796
In-kind revenue	43,925	39,490
Special events	192,099	152,445
Merchant sales	606,915	338,468
Program fees	44,579	40,445
Interest income	140,600	140,729
Investment income	119	29
Gain on sale of property	285,887	-
Net realized gain on marketable securities	-	135,652
Net assets released from restrictions	15,790	14,277
Total revenues, gains, and other support	<u>1,755,425</u>	<u>1,391,331</u>
Expenses		
Program services	1,358,659	1,146,191
Management and general	172,600	174,381
Fundraising	122,378	102,147
Total expenses	<u>1,653,637</u>	<u>1,422,719</u>
Change in net assets without donor restrictions	<u>101,788</u>	<u>(31,388)</u>
Changes in net assets with donor restrictions		
Contributions	234,520	15,790
Net assets released from restrictions	<u>(15,790)</u>	<u>(14,277)</u>
Change in net assets with donor restrictions	<u>218,730</u>	<u>1,513</u>
Total change	320,518	(29,875)
Net assets, beginning of year	<u>2,844,425</u>	<u>2,874,300</u>
Net assets, end of year	<u><u>\$ 3,164,943</u></u>	<u><u>\$ 2,844,425</u></u>

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

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 544,242	\$ 92,527	\$ 72,413	\$ 709,182
Interest	159,602	-	-	159,602
Contract services	114,670	8,923	-	123,593
Supplies and materials	208,751	-	-	208,751
Depreciation	90,039	-	-	90,039
Community engagement	70,075	-	-	70,075
Payroll taxes	26,250	10,233	8,009	44,492
Utilities	30,392	3,801	3,801	37,994
Start-Up Costs	-	131	-	131
Insurance	24,305	4,291	-	28,596
Office expense	-	29,060	-	29,060
Rent	15,300	1,440	1,260	18,000
Advertising	15,015	-	-	15,015
Event expense	-	-	18,053	18,053
Professional services	2,675	9,325	-	12,000
Taxes, licenses, and fees	43,701	-	14,883	58,584
Staff development	4,552	1,774	1,388	7,714
Benefits	8,431	3,286	2,571	14,288
Repairs and maintenance	-	7,809	-	7,809
Volunteer expense	659	-	-	659
	<u>\$ 1,358,659</u>	<u>\$ 172,600</u>	<u>\$ 122,378</u>	<u>\$ 1,653,637</u>

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

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 520,457	\$ 88,483	\$ 69,248	\$ 678,188
Interest	146,292	-	-	146,292
Contract services	133,950	10,423	-	144,373
Supplies and materials	91,635	-	-	91,635
Depreciation	77,036	-	-	77,036
Community engagement	48,108	-	-	48,108
Payroll taxes	24,037	9,370	7,334	40,741
Utilities	29,252	3,658	3,658	36,568
Start-Up Costs	-	25,033	-	25,033
Insurance	19,413	3,427	-	22,840
Office expense	-	18,041	-	18,041
Rent	15,227	1,433	1,254	17,914
Advertising	15,611	-	-	15,611
Event expense	-	-	14,948	14,948
Professional services	3,146	10,969	-	14,115
Taxes, licenses, and fees	8,609	-	2,932	11,541
Staff development	4,823	1,880	1,471	8,174
Benefits	4,269	1,664	1,302	7,235
Repairs and maintenance	3,699	-	-	3,699
Volunteer expense	627	-	-	627
	<u>\$ 1,146,191</u>	<u>\$ 174,381</u>	<u>\$ 102,147</u>	<u>\$ 1,422,719</u>

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

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 320,518	\$ (29,875)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	90,039	77,036
Gain on sale of property	(285,887)	-
Realized gain on marketable securities	-	(135,652)
Contributions restricted for long term asset	(250,000)	-
Change in operating assets and liabilities:		
Pledges receivable	(6,549)	8,787
Accounts payable	(4,775)	3,037
Accrued expenses	(7,911)	(18,314)
Net cash provided (used) by operating activities	<u>(144,565)</u>	<u>(94,981)</u>
Cash flows from investing activities:		
Proceeds from sale of property	320,000	-
Purchase of property and equipment	(83,406)	(71,033)
Proceeds from sale of securities	-	225,766
Principal payments received on notes receivable	20,601	19,515
Net cash provided (used) by investing activities	<u>257,195</u>	<u>174,248</u>
Cash flows from financing activities:		
Borrowings on notes payable	45,261	77,303
Principal payments on note payable	(8,379)	-
Contributions restricted for long term asset	250,000	-
Net cash provided (used) by financing activities	<u>286,882</u>	<u>77,303</u>
Net change in cash	399,512	156,570
Cash, beginning of year	<u>414,336</u>	<u>257,766</u>
Cash, end of year	<u><u>\$ 813,848</u></u>	<u><u>\$ 414,336</u></u>
Cash consists of the following amounts at December 31:		
Cash	\$ 591,367	\$ 414,336
Restricted cash	222,481	-
	<u><u>\$ 813,848</u></u>	<u><u>\$ 414,336</u></u>

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

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

Harvest Hands Community Development Corporation, Inc. (the Organization) was incorporated in 2007 under the laws of the State of Tennessee. The Organization is a catalyst for Christ-centered, holistic community development working alongside their neighbors to further education, healthy living, spiritual formation, and economic development in South Nashville.

In 2008, the Organization began its social enterprise Humphreys Street Coffee & Soap to give students access to local jobs, mentoring, and empowerment all at once. In 2018, Humphreys Street opened its first brick and mortar coffee shop, which is expected to double the number of students Humphreys Street can employ by 2021.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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 reported period. Actual results could differ from those estimates.

Cash

Cash consists principally of checking and savings account balances with financial institutions. The Organization maintains cash accounts which occasionally may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000. As of December 31, 2019 and 2018, cash balances in excess of the FDIC limit were \$280,000 and \$16,000, respectively.

Restricted cash is intended for the build out of the Humphrey's Street Coffee & Soap Broadway location.

Pledges Receivable

Pledges receivable are stated at unpaid balances. The Organization expects to fully collect these items within less than one year; therefore, no allowance for uncollectible accounts has been recorded in the financial statements in relation to pledges receivable.

Property, Equipment and Depreciation

Land, building, equipment, and furniture purchases in excess of \$1,000 are capitalized and stated at acquisition cost or at estimated fair value at the time of the gift, if donated. Depreciation of property and equipment, other than land, is calculated by the straight-line method over estimated useful lives ranging from three to ten years for equipment and furniture and five to forty years for building and improvements.

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 1 - Summary of Significant Accounting Policies

Notes Receivable

The Organization has granted notes receivable to borrowers in relation to property sold by the Organization to the borrowers. The ability of the Organization's debtors to honor their contracts is dependent on the real estate and general economic conditions both nationally and within the Organization's primary market.

Notes receivable that the Organization has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balance adjusted for any unearned income and the allowance for uncollectible accounts. The Organization has evaluated the notes receivable and determined that no allowance for uncollectible accounts is necessary at December 31, 2019.

Interest on notes receivable is computed on the outstanding loan principal balance.

Revenue Recognition

On January 1, 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, ASC 606), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled in an exchange of goods or services. The Organization performed an analysis of revenue streams and transitions to determine in-scope applicability. The adoption of ASC 606 did not materially impact the financial statements and related disclosures.

On January 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The adoption of this ASU resulted in the treatment of most governmental grants as donor-restricted conditional contributions rather than exchange transactions. The new standard also clarified the criteria for evaluating whether contributions are unconditional or conditional. The adoption of this ASU did not materially impact the financial statements and related disclosures.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 on the statements of activities as net assets released from restrictions.

The Organization receives various types of in-kind contributions in the course of daily operations, including professional services, supplies, and materials. Contributed professional services are recognized as in-kind contributions if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions. Contributions of tangible assets are capitalized at estimated fair value when received.

During the years ended December 31, 2019 and 2018, a number of volunteers have contributed significant voluntary services to the Organization which do not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the financial statements.

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 1 - Summary of Significant Accounting Policies

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private Organization.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2018 no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization is no longer subject to routine audits by taxing jurisdictions for any tax periods beginning before December 31, 2015.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services

Includes the direct cost of operating the Organization and all of the related programs.

Management and General

Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Applicable costs include those associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting, and related purposes.

Fundraising

Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Note 2 - Availability and Liquidity

The following represents the Organization's financial assets at December 31:

	2019	2018
Financial assets at year end:		
Cash	\$ 591,367	\$ 414,336
Pledges receivable	12,039	5,490
Total financial assets at year end	<u>603,406</u>	<u>419,826</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	234,520	15,790
Amounts restricted for operational use in next year	(12,039)	(15,790)
	<u>222,481</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 380,925</u>	<u>\$ 419,826</u>

As part of its liquidity plan, the Organization has a policy to structure its financial assets in order to have the funds available to meet its general expenditures, liabilities, and other obligations as they come due.

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 3 - Property and Equipment

Property and equipment consist of the following at December 31:

	2019	2018
Land and land improvements	\$ 267,373	\$ 301,487
Building and improvements	2,902,159	2,853,990
Furniture and equipment	139,166	111,647
Vehicles	23,219	15,500
	<u>3,331,917</u>	<u>3,282,624</u>
Accumulated depreciation	(320,861)	(230,822)
	<u><u>\$ 3,011,056</u></u>	<u><u>\$ 3,051,802</u></u>

Note 4 - Notes Receivable

Notes receivable consists of the following at December 31:

	2019	2018
In August 2017 the Organization sold property and issued a note receivable to a borrower in the amount of \$2,300,000. The note calls for monthly interest only payments in the amount of \$11,500 with all remaining principal and interest being due August 2027. The note has an interest rate of 6.00%, and is secured by the property that was sold.	\$ 2,300,000	\$ 2,300,000
In December 2017 the Organization sold property and issued a note receivable to a borrower in the amount of \$158,000. The note calls for monthly principal and interest payments in the amount of \$1,017 and matures in December 2032. The note has an interest rate of 2.00%, and is secured by the property that was sold.	117,884	138,485
	<u><u>\$ 2,417,884</u></u>	<u><u>\$ 2,438,485</u></u>

The following table represents future maturities of notes receivable:

Year Ending December 31,	
2020	\$ 9,934
2021	10,134
2022	10,339
2023	10,548
2024	10,761
Thereafter	2,366,168
	<u><u>\$ 2,417,884</u></u>

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 5 - Notes Payable

Notes payable consists of the following at December 31:

	2019	2018
The Organization has a note payable with a financial institution that was originated in April 2016 and matures in April 2021. The note is payable in monthly interest only payments with the outstanding principal balance being due at maturity. The purpose of the note was for the development of a new community center and offices. Borrowings under the note bear interest at institution's prime rate (4.75% at December 31, 2019). Borrowings are collateralized by a Deed of Trust on the associated building and land and are fully guaranteed by Brentwood United Methodist Church, a related party.	\$ 2,643,786	\$ 2,643,786
The Organization has a note payable with a financial institution that was originated in February 2018 and matures in August 2023. The note is payable in monthly principal payments of \$2,083 plus all accrued interest with the outstanding principal balance being due at maturity. The purpose of the note was for the development of a coffee shop. Borrowings under the note bear interest at The Wall Street Journal prime rate (4.75% at December 31, 2019). Borrowings are collateralized by a Deed of Trust on the associated building and land.	415,196	378,314
	<u>\$ 3,058,982</u>	<u>\$ 3,022,100</u>

The following table represents future maturities of notes payable:

Year Ending December 31,	
2020	\$ 25,000
2021	2,668,786
2022	25,000
2023	340,196
	<u>\$ 3,058,982</u>

Note 6 - Net Assets

Net assets with donor restrictions were as follows at December 31:

	2019	2018
Future periods	\$ 12,039	\$ 15,790
Humphreys Street Coffee & Soap Broadway location	222,481	-
	<u>\$ 234,520</u>	<u>\$ 15,790</u>

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 7 - Lease Commitments

The Organization leases property which it uses for various program and administrative activities. The rental agreement had an original term of 1 year expiring on June 1, 2011. However, the agreement included an annual automatic renewal clause that the Organization is utilizing. The lease is cancelable on a month-to-month basis. Lease expense under this lease amounted to \$18,000 for each of the years ended December 31, 2019 and 2018.

The Organization leases a portion of its facility to an individual to operate a small market. The lease expires on April 1, 2021. Rental income under this lease was approximately \$16,500 for the years ending December 31, 2019 and 2018.

The Organization also leases a sign located on its property to a company. The lease expires March 31, 2025. Rental income under this lease was approximately \$3,960 for the years ending December 31, 2019 and 2018.

Future estimated minimum rental income required under the leases is as follows:

<u>Year Ending</u> <u>December 31,</u>	
2020	\$ 23,610
2021	9,300
2022	4,350
2023	4,350
2024	4,350
	<u>\$ 45,960</u>

Note 8 - Supplemental Cash Flow Disclosures

During the years ended December 31, 2019 and 2018, cash paid for interest totaled \$160,549 and \$143,846, respectively.

During the year ended December 31, 2018, the Organization purchased property and equipment with debt in the amount of \$301,011.

Note 9 - Related Party Transactions

The Organization's Executive Director is an employee of Brentwood United Methodist Church (BUMC). BUMC paid the salary of the Organization's Executive Director for the years ended December 31, 2018 and 2017. These amounts have been recognized as in-kind contributions of \$43,925 and \$39,490 for the years ended December 31, 2019 and 2018, respectively.

Approximately 15% and 22% of the Organization's total contributions were received from BUMC during the years ended December 31, 2019 and 2018, respectively. The current level of the Organization's operations and program services may be impacted or segments discontinued if the funding does not continue.

As mentioned in Note 5 BUMC fully guarantees the construction note payable held by the Organization.

HARVEST HANDS COMMUNITY DEVELOPMENT CORPORATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

Note 10 - Subsequent Events

Management has evaluated subsequent events through October 27, 2020, the date which the financial statements were available to be issued.

On March 11, 2020, the World Health Institute recognized the novel strain of coronavirus, COVID-19, as a pandemic. The extent of COVID-19's effect on the Organization's operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. If the pandemic continues to evolve into a long-term worldwide health crisis, the disease could have an adverse effect on the Organization's, results of operations, financial condition and cash flows.

On April 22, 2020, the Organization received a loan in the amount of \$122,160 in accordance with the PPP section of the CARES Act. Under this loan program, the Organization may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. As of the report date, management is actively monitoring qualifying conditions to maximize future loan forgiveness and has expended 100% on potential qualifying costs as defined by the legislation. The unsecured note bears interest at the rate of 1.00% and matures on April 22, 2022. As long as the Organization submits its loan forgiveness application within 10 months of December 31, 2020, the Organization will not be required to make any payments on the loan until the forgiveness amount is remitted to the lender by the U.S. Small Business Administration (SBA). If the loan is fully forgiven, the Organization will not be responsible for any payments.