

CREATING AN ENVIRONMENT OF SUCCESS, INC.

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)**

CREATING AN ENVIRONMENT OF SUCCESS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Creating an Environment of Success, Inc.
Nashville, Tennessee 37218

We have audited the accompanying financial statements of Creating an Environment of Success, Inc. (a not-for-profit organization), which comprise the statements of financial position as of October 31, 2020 and October 31, 2019, and the related statements of activities, cash flows, and functional expenses 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.

Auditors' Responsibility

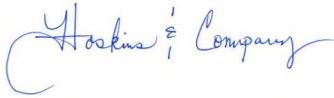
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Creating an Environment of Success, Inc. as of October 31, 2020 and October 31, 2019, 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 "Hoskins & Company". The signature is written in a cursive style with a large initial "H" and a stylized "C" at the end.

Hoskins & Company
Nashville, TN
May 21, 2021

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 23,390	\$ 196,380
Investments (Note 3)	36,258	25,841
Notes and accounts receivable, net (Note 4)	421,349	29,695
Inventory (Note 8)	33,145	33,145
Total current assets	<u>514,142</u>	<u>285,061</u>
Noncurrent assets		
Property and equipment, net (Note 5)	811,621	695,364
Security deposit	17,643	17,643
Other non-current assets (Note 6)	13,411	12,175
Total noncurrent assets	<u>842,675</u>	<u>725,182</u>
Total assets	<u><u>\$ 1,356,817</u></u>	<u><u>\$ 1,010,243</u></u>
Liabilities and net assets		
Current liabilities		
Accounts and other payables	\$ 170,525	\$ 79,152
Deferred revenue - rent deposit	5,944	6,194
Lines of credit	156,515	70,000
Paycheck protection program loan (Note 12)	87,248	-
Accrued payables	111,076	42,363
Current portion of notes payable (Note 9)	24,842	23,294
Total current liabilities	<u>556,150</u>	<u>221,003</u>
Noncurrent liabilities		
Promissory notes (Note 7)	59,099	59,099
Long term notes payable less current installments (Note 9)	1,258,458	1,276,766
Less unamortized debt issuance costs (Note 9)	<u>(6,225)</u>	<u>(8,300)</u>
Long term note less unamortized debt issuance costs	<u>1,252,233</u>	<u>1,268,466</u>
Total noncurrent liabilities	<u>1,311,332</u>	<u>1,327,565</u>
Total liabilities	<u>1,867,482</u>	<u>1,548,568</u>
Net assets		
Net assets without donor restrictions	<u>(510,665)</u>	<u>(538,325)</u>
Total net assets	<u>(510,665)</u>	<u>(538,325)</u>
Total liabilities and net assets	<u><u>\$ 1,356,817</u></u>	<u><u>\$ 1,010,243</u></u>
	\$ -	

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Support and revenues			
Revenues:			
Public support	\$ 455,270	\$ -	\$ 455,270
Special events	37,102	-	37,102
Program Income	747,207	-	747,207
Other income	57,886	-	57,886
Total support and revenues	<u>1,297,465</u>	<u>-</u>	<u>1,297,465</u>
Expenses			
Corporate development/Fund raising	117,173	-	117,173
General and Administrative	135,496	-	135,496
Summer Business Camp	560,019	-	560,019
Training Center	457,117	-	457,117
Total expenses	<u>1,269,805</u>	<u>-</u>	<u>1,269,805</u>
Increase in net assets	<u>27,660</u>	<u>-</u>	<u>27,660</u>
Net assets at beginning of year	(538,325)	-	(538,325)
Prior period adjustment	-		-
Net assets at end of year	<u>\$ (510,665)</u>	<u>\$ -</u>	<u>\$ (510,665)</u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2019 (RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Revenues:			
Public support	\$ 564,107	\$ -	\$ 564,107
Special events	27,472	-	27,472
Program Income	731,569	-	731,569
Other income	5,435	-	5,435
Total support and revenues	<u>1,328,583</u>	<u>-</u>	<u>1,328,583</u>
Expenses			
General and Administrative	147,827		147,827
Summer Business Camp	411,477	-	411,477
Training Center	718,672	-	718,672
Total expenses	<u>1,277,976</u>	<u>-</u>	<u>1,277,976</u>
Increase in net assets	<u>50,607</u>	<u>-</u>	<u>50,607</u>
Net assets at beginning of year	<u>(633,123)</u>	<u>-</u>	<u>(633,123)</u>
Prior period adjustment (Note 13)			44,191
Net assets at end of year	<u><u>\$ (582,516)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (538,325)</u></u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2020

	CORPORATE DEVELOPMENT/FUN DRAISING	GENERAL AND ADMIN	TRAINING CENTERS	SUMMER BUSINESS CAMP/YOUTH ABOUT BUSINESS	TOTAL
Accounting fees	\$ -	\$ 1,500	\$ 1,560	\$ 26,452	\$ 29,512
Advertising	-	-	45	2,924	2,969
Conferences, conventions, and meetings	-	-	2,342	38,537	40,879
Contract labor	-	4,373	12,343	40,841	57,557
Depreciation	-	-	54,352	5,125.00	59,477
Dues and subscriptions	-	820.00	60	749	1,629
Facilities and equipment other	-	350	21,976	23,044	45,370
Insurance	-	-	750	11,464	12,214
Interest and amortization of debt issuance costs	-	-	71,631	3,643	75,274
Occupancy	-	-	90,918	51,124	142,042
Office expenses	-	91	13,258	69,511	82,860
Other employee benefits	-	-	-	5,711.00	5,711
Other expenses	-	8,523	8,854	19,501	36,878
Other salaries and wages	30,230	110,843	161,226	201,533	503,832
Payroll taxes	2,347	8,996.00	12,126.00	15,646.00	39,115
Special events	84,596	-	1,132	-	85,728
Travel	-	-	4,544	44,214	48,758
Total expenses	<u>\$ 117,173</u>	<u>\$ 135,496</u>	<u>\$ 457,117</u>	<u>\$ 560,019</u>	<u>\$ 1,269,805</u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2019

	GENERAL AND ADMIN	SUMMER BUSINESS CAMP	TRAINING CENTERS	TOTAL
Accounting fees	\$ 900	\$ 18,487	\$ 4,388	\$ 23,775
Advertising	-	2,084	89	2,173
Conferences, conventions, and meetings	3,716	170,931	11,148	185,795
Change in inventory value	11,812	-	-	11,812
Contract labor	9,783	6,380	26,371	42,534
Depreciation	-	-	55,511	55,511
Dues and subscriptions	-	236	401	637
Facilities and equipment other	336	1,681	31,596	33,613
Insurance	1,501	840	3,132	5,473
Interest and amortization of debt issuance costs	-	-	79,867	79,867
Occupancy	9,437	4,719	103,812	117,968
Office expenses	2,596	10,386	51,928	64,910
Other employee benefits	-	-	1,000	1,000
Other expenses	1,027	22,601	10,616	34,244
Other salaries and wages	99,658	1,000	300,714	401,372
Payroll taxes	6,961	-	22,489	29,450
Special events	-	30,785	1,000	31,785
Travel	100	141,347	14,610	156,057
Total expenses	<u>\$ 147,827</u>	<u>\$ 411,477</u>	<u>\$ 718,672</u>	<u>\$ 1,277,976</u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)

	2020	2019
Cash flows from operating activities		
Increase in net assets	\$ 27,660	\$ 50,607
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	59,477	55,511
Bad debts allowance	23,155	-
Amortization expense	2,075	(7,892)
Decrease in inventory	-	11,812
Increase in other assets	(1,236)	(1,275)
Increase in notes and accounts receivable	(391,654)	(10,575)
Increase in accounts payables	91,373	10,833
Increase in accrued payables	45,558	20,479
Decrease in deferred revenue	(250)	-
Net cash (used in) provided by operating activities	<u>(143,842)</u>	<u>129,500</u>
Cash flows from investing activities		
(Purchase) Sale of investments	(10,417)	257
Purchase of property and equipment	(175,734)	(800)
Net cash used in investing activities	<u>(186,151)</u>	<u>(543)</u>
Cash flows from financing activities		
Proceeds from line of credit	86,515	25,347
Net proceeds from long-term debt	87,248	33,968
Repayment of long-term debt	(16,760)	(53,198)
Net cash provided by financing activities	<u>157,003</u>	<u>6,117</u>
(Decrease) Increase in cash and cash equivalents	(172,990)	135,074
Cash and cash equivalents at beginning of year	196,380	61,306
Cash and cash equivalents at end of year	<u><u>\$ 23,390</u></u>	<u><u>\$ 196,380</u></u>
Interest paid	<u><u>\$ 75,274</u></u>	<u><u>\$ 79,867</u></u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)

NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Creating an Environment of Success, Inc. (the “Organization”) was established as a not-for-profit corporation for the purpose of promoting the values of entrepreneurship and self-empowerment in underserved communities. The Organization operates a summer business camp, a youth business program and a retail training center. The Organization opened the retail training center in fiscal year 2004. All items sold in the store are donated by individuals.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities. The financial statement presentation follows the recommendations of the Financial Accounting Standard Board’s Accounting Standard Codification (FASB ASC 958), financial statements of not-for-profit Organizations. Under FASB ASC 958, the Organization is reporting 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. Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets without donor restrictions — Net assets that are not restricted by explicit donor stipulations or by law.

Net Assets with donor restrictions — Net assets, accepted by board actions, subject to donor stipulations that require the asset be invested in perpetuity.

At October 31, 2020 and 2019, the Organization had no net assets with donor restrictions.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in 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, or if they are designated as support for future periods. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without restrictions support.

The Organization reports gifts of goods and equipment as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used.

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)

NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles. Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Receivables

Contributions and pledges are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recorded when the promises are made. Unconditional promises to give due in the next year are reflected as current pledges/contributions receivable and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term pledges receivable and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are received to discount the amounts. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Receivables also include unpaid rents by tenants owed from leasing office space.

Debt-issuance costs

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. ASC 835-30-45 Interest-Imputation of interest simplifies the Presentation of Debt Issuance Costs. This standard requires that debt issuance costs related to debt, be presented in the Statement of Financial Position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Amortization of the debt issuance costs is included with the interest expense as imputed interest.

Advertising Costs

The Organization incurred and recorded advertising expense during the fiscal year 2020 to announce program activities available and to make the public aware of its programs. None of the expense is considered direct-response advertising costs. Advertising expense was \$2,969.

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)

NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Fixed assets are recorded at cost at the date of purchase or fair value at the date of donation. Capital purchases and donations over \$1,000 with an extended useful life are included as fixed assets. Depreciation is taken on a straight-line basis over the estimated useful life of the assets. The estimated useful lives are as follows:

Building	30
Leasehold improvements	15
Furniture and fixtures	5
Equipment	5
Vehicles	5
Office Machines	3

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments. The fair values of the notes payable and the capitalized lease obligation approximate the carrying amounts and are estimated based on current rates offered to the Organization.

Income Taxes

The Organization is operated as a tax-exempt entity as described under Section 501(c) (3) of the Internal Revenue Code and is therefore exempt from Federal and State income taxes. Accordingly, no provisions for income taxes have been recorded.

Functional Expenses

Management allocates expenses among its various functional areas according to the purpose or function for which they are incurred. Expenses that identifiable with a specific program are assigned directly to the specific program by natural expenditure classification. Other expenses that are common to several programs and supporting activities are allocated based on objective, reasonable, rational and systematic established methodology.

Concentration of Revenues

The Organization receives a considerable portion of its revenues and support from contributions and donations from individuals and corporations. A significant decrease in this support could have an adverse impact on the Organization's operations.

Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. No accrual was made as employees use up all their accrued hours by the end of the year.

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)

NOTE 2—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	<u>October 31, 2020</u>	<u>October 31, 2019</u>
Cash and cash equivalents	\$ 23,390	\$ 137,526
Accounts receivable	421,349	29,695
Investments	<u>36,258</u>	<u>25,841</u>
Total financial assets	\$ 480,997	\$ 193,062
Less assets unavailable for general expenditures within one year:		
Investments (non -marketable)	<u>26,670</u>	<u>20,545</u>
Total assets unavailable for general expenditures within one year	<u>26,670</u>	<u>20,545</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 454,327</u>	<u>\$ 172,517</u>

NOTE 3---INVESTMENTS

Investments at October 31, 2020 and October 31, 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Money Market	\$ 9,588	\$ 5,296
BCIG (see Note 11)	26,130	20,545
Bordeaux Business Coalition	<u>540</u>	<u>-</u>
Total	<u>\$36,258</u>	<u>\$ 25,841</u>

Investments are stated at cost.

NOTE 4---NOTES AND ACCOUNTS RECEIVABLE

Notes and accounts receivable at October 31, 2020 and October 31, 2019, consist of the following:

	<u>2020</u>	<u>2019</u>
Notes and accounts receivable	\$ 502,021	\$ 87,212
Less: Allowance for doubtful accounts	<u>(80,672)</u>	<u>(57,517)</u>
Net receivable	<u>\$ 421,349</u>	<u>\$ 29,695</u>

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)

NOTE 5---PROPERTY AND EQUIPMENT

Depreciation expense as of October 31, 2020 and October 31, 2019, was \$59,477 and \$55,511 respectively. A summary of Property and Equipment as of October 31, 2020 and October 31, 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Land - Business Training Center	\$ 80,113	\$ 80,113
Business Training Center	1,119,466	1,119,466
Furniture and fixtures	9,106	9,106
Computer	15,349	15,349
Vehicle	84,881	84,881
Building improvements	303,641	195,991
Leaseholds improvements	83,677	83,677
Construction In Progress	68,083	0
Total	<u>1,764,316</u>	<u>1,588,583</u>
Less: Accumulated depreciation	<u>(952,695)</u>	<u>(893,219)</u>
Property and equipment, net	<u><u>\$ 811,621</u></u>	<u><u>\$ 695,364</u></u>

NOTE 6---OTHER NON-CURRENT ASSETS

Other Non-Current Assets at October 31, 2020 and October 31, 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Investment in timeshare	\$ 10,900	\$ 10,900
Due from employee	711	675
Due from Elpizo fund	1,800	600
Total	<u><u>\$ 13,411</u></u>	<u><u>\$ 12,175</u></u>

In 2002, the Organization purchased a timeshare in Orlando, Florida at Westgate Resorts for \$10,900. The outstanding mortgage payable including interest was paid off in total in 2010. There is annual maintenance fee of \$199. The Organization uses this property for senior staff meeting held at the end of summer programming to review outcomes and plan for upcoming year. This is normally held between August and September of every year.

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)

NOTE 7---LINES OF CREDIT AND PROMISSORY NOTES

Lines of credit and Promissory notes as of October 31, 2020 and October 31, 2019 include the following:

	<u>2020</u>	<u>2019</u>
On October 13, 2020, the organization entered into an unsecured loan agreement with Dwayne Raynor (R & C Capital), due payable on December 13, 2020 after which interest will be 10%.	15,000	-
The Organization entered into an unsecured non-interest bearing loan agreement with Lord's House Ministries. (Note 11)	9,099	9,099
The Organization entered into multiple promissory note agreements with The Elpizo Fund, with a 7% annual interest rate. All notes were due on March 23, 2020 (Note 11)	-	50,000
During the fiscal year, the Organization entered into multiple unsecured non-interest bearing loan agreement with Sam Kirk on February 1, 2021 and March 1, 2021. No payments are due until balloon payment due on Dec 1, 2021 (Note 11)	35,000	-
On July 9, 2014, the organization established a \$50,000 line of credit with Franklin Synergy Bank with an interest rate of 5.25%, secured by all business assets. This was increased to \$150,000 on March 6, 2020 a rate of 7.75% secured by all business assets. This agreement matures on March 10, 2024.	136,515	50,000
The Organization established a line of credit with Regions Bank in the amount of \$20,000 on October 31, 2014, with an interest rate of 6.5%, secured by all business assets.	20,000	20,000
Total promissory notes	<u>\$ 195,614</u>	<u>\$ 109,099</u>

Summaries of the estimated amortization as of October 31, 2020 are as follows:

2021	43,302
2022	70,913
2023	35,913
2024	34,771
There after	24,200
Total	<u>\$ 195,614</u>

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)

NOTE 8---INVENTORY

CES operates Youth Business Training Centers which equip trainees with retail operations expertise. Inventories consist of donated items used for resale purposes in the retail training stores. Due to the nature of items, inventory is valued at two months' worth of current year's retail training center store sales. Inventory as of October 31, 2020 and October 31, 2019, was stated at \$33,145 and \$33,145 respectively.

NOTE 9--- NOTE PAYABLE

Note payable to Franklin Synergy Bank, with monthly installments of \$9,193 began on November 9, 2014, and an annual interest rate of 5.4% through initial maturity on October 9, 2018. The loan was refinanced on November 27, 2018 at a fixed rate of 6.45%. Monthly installments of \$8,942 began on December 23, 2018. The new maturity date is November 23, 2028. Interest paid on this loan began in December, and a final balloon payment for the remaining balance of loan will be due at maturity date. The note is secured by commercial property.

Summaries of the estimated maturities over the next year are as follows:

2021	\$ 24,842
2022	26,492
2023	28,252
2024	30,130
2025	32,131
Thereafter	1,141,453
Total	<u>\$ 1,283,300</u>

The Organization had a total non-current debt of \$1,258,458 as of October 31st, 2020. Of the total interest expense of \$75,274, \$2,075 is imputed interest as a result as result of amortizing debt issuance cost which totaled \$10,375. The unamortized debt issuance cost is \$6,225 as of October 31st, 2020.

NOTE 10---CAPITAL AND OPERATING LEASES

In fiscal year 2019, the Organization entered into a lease agreement with Swanson Developments, LP., to lease property located at 1647 & 1647 Middle Tennessee Boulevard for an initial term of five (5) years, for monthly payments of \$5,000 at commencement date of March 1, 2019, which ends on June 30, 2019, and monthly payments of \$7,200 after base rate expires through October 31, 2021. Payments from November 1, 2021 through October 31, 2023 will be \$8,000. The Organization also leases office space under lease arrangements classified as operating leases. The lease matures in October of 2023. Total rent expense under the lease was \$82,000 and \$49,000 for the years ended October 31, 2020 and October 31, 2019 respectively.

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2020 AND OCTOBER 31, 2019 (RESTATED)

NOTE 11--- RELATED PARTY TRANSACTIONS

As of October 31, 2020, and October 31, 2019, the organization had investment of \$26,130 and \$20,545 in related party with Bordeaux Community Investment Group (BCIG) (See Note 2). The executive director of the Organization held an ownership position in the entities the Organization invested in. The Organization also owed \$44,099 and \$59,099 to related parties in promissory notes as of October 31, 2020 and October 31, 2019 respectively. (See Note 7)

NOTE 12 --- PAYCHECK PROTECTION PROGRAM LOAN

The Organization applied and received \$87,248 in loan proceeds pursuant to the Paycheck Protection Program (“PPP”), under the Coronavirus Aid Relief and Economic Security (CARES) Act. The PPP Loan is evidenced by a loan application and payment agreement by and between the Organization and Lender. Funding was received in April 2020. The term of the loan is for 60 months and matures on the fifth year anniversary from the date of funding. It bears interest at an annual rate of 1%. Upon meeting certain criteria as specified in the PPP program, the loan and accrued interest are eligible for partial or total forgiveness. The Organization is accounting for the loan as debt and if forgiveness is granted the Organization will recognize the forgiven amount as income.

NOTE 13--- RESTATEMENT

There was a restatement of \$44,141 to the Organization’s net assets. This comprised of adjustments to accrued expenses of 16,513 and increase to cash due to voiding old duplicate checks of \$60,654.

NOTE 14--- SUBSEQUENT EVENTS

As of May 21, 2021, the date management evaluated such events, there were no subsequent events requiring disclosures. May 21, 2021 is the date the financial statements were available to be issued.