RUSHMORE CONSUMER CREDIT RESOURCE CENTER

(A NON-PROFIT ORGANIZATION)

Financial Statements

December 31, 2021 and 2020

CASEY • PETERSON

RAPID CITY • GILLETTE

Rushmore Consumer Credit Resource Center
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December 31, 2021 and 2020

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CASEY • PETERSON
CPAs & FINANCIAL ADVISORS

Independent Auditor's Report

Board of Directors
Rushmore Consumer Credit Resource Center
Rapid City, South Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rushmore Consumer Credit Resource Center (a non-profit 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 accompanying financial statements present fairly, in all material respects, the financial position of Rushmore Consumer Credit Resource Center as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Rushmore Consumer Credit Resource Center and to meet our 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 these 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 Rushmore Consumer Credit Resource Center's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 Rushmore Consumer Credit Resource Center'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 Rushmore Consumer Credit Resource Center'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.

Casey Peterson, LTD.

Casey Peterson, LTD

Rapid City, South Dakota
July 13, 2022

FINANCIAL STATEMENTS

Rushmore Consumer Credit Resource Center
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 198,428	$ 255,836
Certificates of Deposit	113,266	112,873
Accounts Receivable	1,334	1,906
Grants Receivable	45,360	56,475
Interest Receivable	29	58
Prepaid Expenses	594	2,618
Inventory	19,993	23,140
Total Current Assets	379,004	452,906
Restricted Cash	3,333	-
Property and Equipment, Net	794,601	820,225
TOTAL ASSETS	$ 1,176,938	$ 1,273,131
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 4,806	$ 2,822
Accrued Payroll Liabilities	22,851	36,327
Accrued Interest and Taxes Payable	928	918
Current Portion of Long-term Debt and Capital Lease	14,452	13,680
Total Current Liabilities	43,037	53,747
Tenant Security Deposit	3,200	3,200
Capital Lease, Less Current Portion	6,295	10,740
Long-term Debt, Less Current Portion	193,386	204,160
Total Liabilities	245,918	271,847
NET ASSETS		
Without Donor Restrictions:		
Board-designated	85,716	163,095
Undesignated	224,276	174,184
Invested in Property and Equipment, Net of Debt	580,468	591,645
Total Without Donor Restrictions	890,460	928,924
With Donor Restrictions:		
Restricted for Purpose	40,560	72,360
Total Net Assets	931,020	1,001,284
TOTAL LIABILITIES AND NET ASSETS	$ 1,176,938	$ 1,273,131

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statement of Activities
For the Year Ended December 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Education Programs and Projects	$ 97,191	$ -	$ 97,191
Business Fair Share Contributions	5,154	-	5,154
Grants	101,877	3,333	105,210
Client Fees	69,086	-	69,086
United Way Support	17,197	-	17,197
Lease Income	19,865	-	19,865
Interest	592	-	592
Other Support	27,382	-	27,382
Loan Forgiveness Income	6,000	76,055	82,055
Total Revenues	344,344	79,388	423,732
Net Assets Released from Restrictions	111,188	(111,188)	-
Total Revenue, Gains, and Support	455,532	(31,800)	423,732
EXPENSES			
Program Services:			
Counseling and Debt Management Programs	272,612	-	272,612
Education Programs	115,860	-	115,860
Supporting Services:			
Administration	105,524	-	105,524
Total Expenses	493,996	-	493,996
CHANGE IN NET ASSETS	(38,464)	(31,800)	(70,264)
NET ASSETS BEGINNING	928,924	72,360	1,001,284
NET ASSETS ENDING	$ 890,460	$ 40,560	$ 931,020

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statement of Activities
For the Year Ended December 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Education Programs and Projects	$ 103,987	$ -	$ 103,987
Business Fair Share Contributions	9,883	-	9,883
Grants	89,605	49,726	139,331
Client Fees	94,128	-	94,128
United Way Support	25,777	-	25,777
Lease Income	19,200	-	19,200
Interest	1,696	-	1,696
Other Support	51,161	-	51,161
Loan Forgiveness Income	-	70,000	70,000
Total Revenues	395,437	119,726	515,163
Net Assets Released from Restrictions	97,709	(97,709)	-
Total Revenue, Gains, and Support	493,146	22,017	515,163
EXPENSES			
Program Services:			
Counseling and Debt Management Programs	264,652	-	264,652
Education Programs	134,588	-	134,588
Supporting Services:			
Administration	131,133	-	131,133
Fundraising	5,808	-	5,808
Total Expenses	536,181	-	536,181
CHANGE IN NET ASSETS	(43,035)	22,017	(21,018)
NET ASSETS BEGINNING	971,959	50,343	1,022,302
NET ASSETS ENDING	$ 928,924	$ 72,360	$ 1,001,284

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets:	$ (70,264)	$ (21,018)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:		
Depreciation	27,007	24,947
Loan Forgiveness	(82,055)	(70,000)
(Increase) Decrease In:		
Accounts Receivable	572	(146)
Grants Receivable	11,115	48,902
Interest Receivable	29	160
Prepaid Expenses	2,024	3,698
Inventory	3,147	(2,140)
Increase (Decrease) In:		
Accounts Payable	1,983	(8,628)
Accrued Payroll Liabilities	(13,476)	(4,460)
Accrued Interest and Taxes Payable	10	(1)
Net Cash Used by Operating Activities	(119,908)	(28,686)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificates of Deposit	(393)	(1,416)
Purchase of Property and Equipment	(1,383)	(4,098)
Net Cash Used by Investing Activities	(1,776)	(5,514)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on EIDL Loan	-	(6,000)
Payments on Capital Lease	(4,445)	(4,444)
Payments on Long-term Debt	(10,001)	(9,487)
Receipt of Paycheck Protection Program and EIDL Funds	82,055	76,000
Net Cash Provided by Financing Activities	67,609	56,069
INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	(54,075)	21,869
CASH AND RESTRICTED CASH - BEGINNING OF YEAR	255,836	233,967
CASH AND RESTRICTED CASH - END OF YEAR	$ 201,761	$ 255,836
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash	$ 198,428	$ 255,836
Restricted Cash	3,333	-
TOTAL CASH AND RESTRICTED CASH	$ 201,761	$ 255,836
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest Paid	$ 9,373	$ 9,888

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services		Supporting Services		
	Consumer Credit Counseling Services (CCCS)	American Center for Credit Education (ACCE)	Administration	Fundraising	Total
Payroll	$ 158,352	$ 70,665	$ 63,691	$ -	$ 292,708
Payroll Benefits	14,240	4,510	4,984	-	23,734
Payroll Taxes	12,938	5,785	4,660	-	23,383
Total Payroll Expenses	185,530	80,960	73,335	-	339,825
Depreciation	14,044	7,292	5,671	-	27,007
Outside Services	12,200	488	11,866	-	24,554
Maintenance	11,509	6,052	4,572	-	22,133
Occupancy	11,374	5,906	4,593	-	21,873
Insurance	10,122	5,256	4,087	-	19,465
Dues	14,163	-	-	-	14,163
Office	8,005	4,539	1,073	-	13,617
Production Costs and Fees	1,541	5,314	-	-	6,855
Conventions	1,859	-	327	-	2,186
Travel	2,103	53	-	-	2,156
Taxes	162	-	-	-	162
	$ 272,612	$ 115,860	$ 105,524	$ -	$ 493,996

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services		Supporting Services		
	Consumer Credit Counseling Services (CCCS)	American Center for Credit Education (ACCE)	Administration	Fundraising	Total
Payroll	$ 143,779	$ 84,989	$ 79,111	$ 3,824	$ 311,703
Payroll Benefits	9,729	5,922	5,288	212	21,151
Payroll Taxes	11,320	6,891	6,153	247	24,611
Total Payroll Expenses	164,828	97,802	90,552	4,283	357,465
Depreciation	11,975	6,486	6,237	249	24,947
Outside Services	10,773	-	13,150	-	23,923
Maintenance	10,598	6,451	10,325	230	27,604
Occupancy	10,323	5,764	5,535	517	22,139
Insurance	10,653	5,770	984	222	17,629
Dues	19,995	-	-	-	19,995
Office	8,630	4,335	810	307	14,082
Advertising and Promotion	10,771	-	-	-	10,771
Production Costs and Fees	1,513	7,980	-	-	9,493
Conventions	2,340	-	3,540	-	5,880
Travel	1,816	-	-	-	1,816
Taxes	437	-	-	-	437
	$ 264,652	$ 134,588	$ 131,133	$ 5,808	$ 536,181

The accompanying notes are an integral part of these statements.

Rushmore Consumer Credit Resource Center
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 1 - NATURE OF OPERATIONS

Rushmore Consumer Credit Resource Center (the Organization) is located in Rapid City, South Dakota and provides services to the public in three major areas: Budget and Housing Counseling, Debt Management Programs, and Educational Programs.

Operations are conducted under two divisions: Consumer Credit Counseling Service (CCCS) and the American Center for Credit Education (ACCE). CCCS was established to help the community and surrounding areas overcome financial obstacles and achieve financial goals by offering a variety of financial counseling classes in South Dakota, Nebraska, North Dakota, and Wyoming. ACCE was established to develop and publish financial education and counseling programs used by organizations across the country. Printed, online, and mobile resources are available for use nationwide.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Organization records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition

The Organization has multiple revenue streams that are accounted for as reciprocal exchange transactions including program fees, book sales, grants, and related services. These contracts with customers are performance obligations that are satisfied upon completion of the class or book sale. Prices are specific to a distinct performance obligation and do not consist of multiple transactions.

The Organization has contracts with various agencies to provide program services to the public based on contract requirements. Such contracts from agencies are recorded as revenue as performance obligations are satisfied, when applicable, or when funds are received.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give (that is, those with a measurable performance or other barrier and right of return) such as donor-restricted grants and contributions are not recognized until the condition on which they depend have been met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. At times throughout the year, the Organization may maintain bank accounts in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses related to this risk and does not expect any losses in the future.

Restricted Cash

Restricted cash represents amounts received from United Way for the Organization's Match Savings program. Restricted cash totaled $3,333 at December 31, 2021. Restricted cash and cash equivalents are included in the Statement of Cash Flows.

Grants Receivable and Accounts Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Past due accounts are determined based on invoice date and specific customer repayment terms. The Organization has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. However, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. The Organization recognized bad debt of $0 for the years ended December 31, 2021 and 2020. Customer payments received in advance for online programs are recognized as deferred revenue until the customer has completed the program or until the program fees are no longer refundable to the customer.

Inventory

Inventory, consisting of books and other educational materials for sale, is valued at average cost.

Certificates of Deposit

Certificates of deposit are considered held-to-maturity investments by the Organization and accordingly are recorded at amortized cost, which approximates fair value.

Property and Equipment

All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost, if purchased, or fair value at the date received, if contributed. Land is not a depreciable asset. Depreciation of equipment is calculated using the straight-line method based on cost and estimated useful lives of the assets. Estimated useful lives for each class of property and equipment are as follows:

	Years
Buildings	40
Building Improvements	15
Equipment	3 - 7

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on management's estimate of the program or supporting services benefiting from the expense. Management and general expenses include those expenses that are not directly identifiable to any specific function but provide for the overall support and direction of the Organization.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs

The Organization uses advertising to promote its programs. The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended December 31, 2021 and 2020 was $0 and $10,771, respectively.

Income Taxes

The Organization is a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from income tax. The Organization is not liable for income taxes if it operates within the confines of its exempt status. However, the Organization may be responsible for taxes on unrelated business activities. In the event of an examination of the income tax returns by taxing authorities, the tax liability of the Organization could be changed if an adjustment in the tax-exempt purpose is determined or if the taxing authorities determine the Organization has engaged in unrelated business activities.

As of December 31, 2021, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization is no longer subject to federal income tax examinations by taxing authorities for years before 2018. Management continually evaluates expiring statutes of limitation, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes its estimates are appropriate based on current facts and circumstances. Interest and penalties assessed by income taxing authorities, if any, are included in interest expense.

Shipping Costs

The Organization classifies costs to ship inventory to customers as cost of sales (cost of sales is reported as production costs and fees in the statement of functional expenses). Shipping expense for the years ended December 31, 2021 and 2020 was $897 and $1,351, respectively.

Use Tax

The State of South Dakota and its respective counties impose a use tax on the Organization's inventory that is used internally. The Organization records use tax on inventory used for internal purposes as an expense in the statements of functional expenses.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure (that is, without restrictions limiting their use) within one year of the Statement of Financial Position date, are comprised of the following:

	2021	2020
Financial Assets Available for Use:		
Cash and Cash Equivalents	$ 198,428	$ 255,836
Certificates of Deposit	113,266	112,873
Accounts Receivable	1,334	1,906
Grants Receivable	45,360	56,475
Interest Receivable	29	58
	$ 358,417	$ 427,148

The Organization’s assets available for use consist of cash in bank, short-term investments held in the form of certificates of deposit, and receivables expected to be collected.

Operating expenses are generally funded annually by grants, donations, and fees for education programs. Management closely monitors revenues and makes adjustments to expenses as needed.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021:

	Cost	Accumulated Depreciation	Net Cost
Land	$ 279,900	$ -	$ 279,900
Buildings	720,100	220,500	499,600
Building Improvements	20,587	17,264	3,323
Equipment	51,945	40,167	11,778
	$ 1,072,532	$ 277,931	$ 794,601

Property and equipment consisted of the following at December 31, 2020:

	Cost	Accumulated Depreciation	Net Cost
Land	$ 279,900	$ -	$ 279,900
Buildings	720,100	202,500	517,600
Building Improvements	20,587	16,096	4,491
Equipment	63,930	45,696	18,234
	$ 1,084,517	$ 264,292	$ 820,225

Depreciation expense was $27,007 and $24,947 for December 31, 2021 and 2020, respectively.

NOTE 5 - LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	2021	2020
Note payable to a financial institution, with monthly payments of $1,615, including 4.50% interest, due March 2036, secured by a building.	$ 203,394	$ 213,396
Less: Current Portion	(10,008)	(9,236)
Long-term Debt	$ 193,386	$ 204,160

The note payable is due on demand, but it is not expected that demand will be made. In the absence of demand for payment, long-term debt maturities are as follows as of December 31, 2021:

Year Ending December 31,	
2022	$ 10,008
2023	10,940
2024	11,420
2025	11,967
2026	12,517
Thereafter	146,542
	$ 203,394

NOTE 6 - CAPITAL LEASE

The Organization entered into a capital lease during the year ended December 31, 2019 for the purchase of a copier. The copier is recorded as an asset at the cost of $22,221 and had $11,108 and $6,664 of accumulated depreciation as of December 31, 2021 and 2020, respectively. Capital lease payable consisted of the following at December 31:

	2021	2020
Capital lease to a financial institution used to finance equipment. Monthly payments of $370, 0% interest, due in 2024.	$ 10,739	$ 15,184
Less: Current Portion	(4,444)	(4,444)
Long-term Capital Lease	$ 6,295	$ 10,740

Minimum future lease payments under the capital lease are:

Year Ending December 31,	
2022	$ 4,444
2023	4,444
2024	1,851
	$ 10,739

NOTE 7 - BOARD-DESIGNATED NET ASSETS

Board-designated net assets as of December 31, 2021 and 2020 consisted of funds to be used for general operating reserves. The Board policy is to have three months of budgeted expenses in reserves.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 and 2020 consisted of funds donated to be used for housing, financial counseling, and educational programs. Amounts released from restrictions include amounts spent on restricted purposes based on incurring eligible expenditures under the terms of the related agreements with granting agencies and donors.

NOTE 9 - RETIREMENT PLAN

On March 1, 2001, the Organization adopted the Rushmore Consumer Credit Resource Center 401(k) Retirement Plan, an Internal Revenue Code Section 401(k) defined contribution plan. Employees may contribute through an elective salary reduction. As of the effective date of the plan restatement on January 1, 2020, employees must complete 250 hours of service in a three-month period or after one year of service if that service requirement is not met and must be 21 years of age before they are eligible to participate.

The Organization can make discretionary matching contributions of employee contributions of up to 4% of annual wages. Matching contributions to the 401(k) plan were $0 for each of the years ended December 31, 2021 and 2020.

NOTE 10 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization is the beneficiary of assets held by the Black Hills Area Community Foundation (BHACF). Due to variance power exercised by BHACF, the Organization does not have rights to amounts held by the BHACF. BHACF makes annual distributions based on the earnings of investments held on behalf of the Organization at a percentage determined by BHACF's Board of Directors. Amounts distributed are reported as revenue when received by the Organization.

NOTE 11 - EMERGING ACCOUNTING STANDARDS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* which supersedes FASB ASC Topic 840, *Leases (Topic 840)* and provides principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of classification. If the available accounting election is made, leases with a term of twelve months or less can be accounted for similar to existing guidance for operating leases. The standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization has not yet evaluated the impact this standard will have on the financial statements.

NOTE 12 - PAYCHECK PROTECTION PROGRAM LOAN

In February 2021, the Organization received loan proceeds in the amount of $76,055 under the Paycheck Protection Program ("PPP") administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the federal government. Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight of 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

The Organization initially recorded the PPP loan as a refundable advance and subsequently recorded forgiveness for the full amount of $76,055 when the loan obligation was legally released in accordance with guidance for conditional contributions, that is, once the measure performance or other barrier and right of return of the PPP loan no longer existed. In addition, the Organization was granted full forgiveness of an Economic Injury Disaster Loan (EIDL) in 2021, which was received and repaid in full in the amount of $6,000 during 2020. The Organization recognized $76,055 of loan forgiveness income for the forgiveness of the PPP loan and $6,000 for the forgiveness of the EIDL loan, resulting in a total of $82,055 of loan forgiveness income recognized during the year ended December 31, 2021.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.