

Financial Statements

2020

Team Red, White & Blue, Inc.

December 31, 2020 and 2019



Financial Statements

Team Red, White & Blue, Inc.

December 31, 2020 and 2019

Independent Auditors' Report 1

Financial Statements

 Statements of Financial Position 3

 Statements of Activities 4

 Statements of Functional Expenses 5

 Statements of Cash Flows 6

 Notes to the Financial Statements 7



Independent Auditors' Report

Members of the Board of Directors
Team Red, White & Blue, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of Team Red, White & Blue, Inc. (the "Organization"), which are comprised of the statement of financial position as of December 31, 2020 and 2019, 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 Team Red, White & Blue, Inc. as of December 31, 2020 and 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.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Organization'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 the Organization'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 audits.

Strothman and Company

Louisville, Kentucky
March 1, 2021

Statements of Financial Position

Team Red, White & Blue, Inc.

	December 31	
	2020	2019
Assets		
Cash and cash equivalents	\$ 1,842,103	\$ 387,719
Investments	970,742	795,450
Accounts receivable	8,924	15,034
New member inventory	321,228	237,817
Property and equipment, net of accumulated depreciation and amortization	1,206,724	876,801
Deposits		7,047
Total Assets	\$ 4,349,721	\$ 2,319,868
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 209,666	\$ 6,341
Accrued expenses	26,559	31,789
Total Liabilities	236,225	38,130
Net Assets		
Without donor restrictions	3,813,752	2,229,562
With donor restrictions	299,744	52,176
Total Net Assets	4,113,496	2,281,738
Total Liabilities and Net Assets	\$ 4,349,721	\$ 2,319,868

See Accompanying Notes to Financial Statements

Statements of Activities

Team Red, White & Blue, Inc.

	Year Ended December 31, 2020		Year Ended December 31, 2019			
	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Revenues and Support						
Revenues						
Merchandise sales	\$ 28,517	\$ 1,441	\$ 28,517	\$ 69,731	\$ 8,006	\$ 69,731
Support						
Contributions	1,354,047	1,441	1,355,488	777,917	8,006	785,923
Grants	3,360,945	250,000	3,610,945	2,583,770		2,583,770
Races and events	393,719		393,719	707,138		707,138
In-kind contributions	462,198		462,198	2,147,563		2,147,563
Investment income	75,292		75,292	261,589		261,589
Other income	11,001		11,001	3,674		3,674
Total Support	5,657,202	251,441	5,908,643	6,481,651	8,006	6,489,657
Net Assets Released From Restrictions	3,873	(3,873)		326,309	(326,309)	
Total Revenues and Support	5,689,592	247,568	5,937,160	6,877,691	(318,303)	6,559,388
Operating Expenses						
Program services	3,237,288		3,237,288	6,829,814		6,829,814
Management and general	599,627		599,627	1,212,645		1,212,645
Fundraising	268,487		268,487	455,284		455,284
Total Operating Expenses	4,105,402		4,105,402	8,497,743		8,497,743
Increase (Decrease) in Net Assets	1,584,190	247,568	1,831,758	(1,620,052)	(318,303)	(1,938,355)
Net Assets at Beginning of Year	2,229,562	52,176	2,281,738	3,849,614	370,479	4,220,093
Net Assets at End of Year	\$ 3,813,752	\$ 299,744	\$ 4,113,496	\$ 2,229,562	\$ 52,176	\$ 2,281,738

See Accompanying Notes to Financial Statements

Statements of Functional Expenses

Team Red, White & Blue, Inc.

	Year Ended December 31, 2020			Year Ended December 31, 2019				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Payroll and related expenses	\$ 1,766,491	\$ 268,212	\$ 192,177	\$ 2,226,880	\$ 2,611,721	\$ 451,968	\$ 332,717	\$ 3,396,406
Miscellaneous expenses for:								
National events	94,491		5,572	100,063	1,877,515		26,386	1,903,901
Races and special events	96,745		24,339	121,084	180,317		20,835	201,152
Eagle Leadership Development Program	19,747			19,747	259,842			259,842
Outreach	138,853			138,853	420,560			420,560
Chapter support	114,739			114,739	168,604			168,604
Travel and meetings	6,602	5,472	1,550	13,624	86,156	29,122	25,062	140,340
Firebase expenses	8,364			8,364	20,370			20,370
Merchandise shipping and warehousing	114,638			114,638	137,492			137,492
Advertising	34,881			34,881	287,495			322,376
Professional fees		65,888		65,888		376,679		442,567
Occupancy expense	103,709	182,060		285,769		215,742		501,511
Office expenses		8,838		8,838	158,857			167,695
Contract services		4,392		4,392		10,595		15,000
Software and subscriptions	199,399			199,399	150,495			349,894
Tech support and maintenance	55,272			55,272				55,272
In-kind goods and services	233,285			233,285	380,414			613,700
Depreciation and amortization	190,618	56,284	26,759	273,661	89,976	52,185	22,267	338,030
Loss on disposal of property and equipment	57,486	3,359		60,845				60,845
Miscellaneous expenses	1,968	5,122	18,090	25,180		(372)	28,017	27,645
	<u>\$ 3,237,288</u>	<u>\$ 599,627</u>	<u>\$ 268,487</u>	<u>\$ 4,105,402</u>	<u>\$ 6,829,814</u>	<u>\$ 1,212,645</u>	<u>\$ 455,284</u>	<u>\$ 8,497,743</u>

See Accompanying Notes to Financial Statements

Statements of Cash Flows

Team Red, White & Blue, Inc.

	Year Ended December 31	
	2020	2019
Operating Activities		
Increase (decrease) in net assets	\$ 1,831,758	\$ (1,938,355)
Adjustments		
Depreciation and amortization expense	273,661	164,428
Loss on disposal of property and equipment	60,845	1,326
Unrealized net gain on investments	(53,731)	(221,835)
Realized net loss on investments	1,751	4,480
Changes in operating assets and liabilities		
Accounts receivable	6,110	450,479
Grants receivable		110,000
New member inventory	(83,411)	197,058
Deposits	7,047	750
Accounts payable	203,325	(43,163)
Accrued expenses	(5,230)	(20,394)
	<u>2,242,125</u>	<u>(1,295,226)</u>
Net Cash Provided By (Used In) Operating Activities	2,242,125	(1,295,226)
Investing Activities		
Purchases of property and equipment	(665,407)	(481,926)
Proceeds from sale of property and equipment	978	
Purchase of investments	(423,312)	(442,774)
Proceeds from sale of investments	300,000	1,450,000
Payments on note receivable		18,773
	<u>(787,741)</u>	<u>544,073</u>
Net Cash Provided By (Used In) Investing Activities	(787,741)	544,073
Net Increase (Decrease) in Cash and Cash Equivalents	1,454,384	(751,153)
Cash and Cash Equivalents Beginning of Year	387,719	1,138,872
Cash and Cash Equivalents End of Year	\$ 1,842,103	\$ 387,719

See Accompanying Notes to Financial Statements

Notes to the Financial Statements

Team Red, White & Blue, Inc.

December 31, 2020 and 2019

Note A--Nature of Activities

Team Red, White & Blue, Inc. (the "Organization") is a non-profit organization that enriches the lives of America's veterans by connecting them to their community through physical and social activities throughout the United States. The Organization has approximately 200 local chapters operating in the United States, whose operations are included in the accompanying financial statements. The Organization's primary sources of revenue are derived from races and events, in-kind contributions of good and services, contributions, grants and merchandise sales.

Note B--Summary of Significant Accounting Policies

The Organization follows generally accepted accounting principles as outlined in the Financial Accounting Standard Board's ("FASB") Accounting Standards Codification ("ASC"). Significant accounting policies are as follows:

Financial Statement Presentation--The Organization is required to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based upon the existence or absence of donor-imposed restrictions.

Cash and Cash Equivalents--The Organization considers all highly liquid investments with maturities when purchased of three months or less, that are not designated for a specific purpose, to be cash equivalents.

Valuation of Investments--Investments in marketable securities with readily determinable fair values are reported at their fair values. Purchases and sales are recorded on a trade-date basis. Realized and unrealized gains and losses are included in the statements of activities as support without donor restrictions. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

New Member Inventory--Inventory is mainly made up of shirts and other items that are donated to the Organization by a third party. The Organization records the value of the inventory based on comparable prices found in the market. The inventory is managed by a third-party.

Property and Equipment--Property and equipment is stated at cost if purchased, or at fair value as of the date contributed. The Organization capitalizes purchases of equipment and furniture if greater than \$2,000. Depreciation and amortization is computed using the straight-line method over the estimated useful life of the related assets. Depreciation and amortization expense includes \$270,400 and \$158,999 of amortization expense associated with the Organization's website and software and \$3,261 and \$5,429 of depreciation expense on leasehold improvements and equipment during the years ended December 31, 2020 and 2019, respectively.

Continued

Team Red, White & Blue, Inc.

December 31, 2020 and 2019

Note B--Summary of Significant Accounting Policies--Continued

Revenue Recognition--The Organization generates revenues and support from various activities associated with its mission, such as races and events, merchandise sales, donations from various sources (including in-kind goods and services), and grants. Following is information about each key source of revenues.

- The Organization charges a fee for individuals to participate in Organization sponsored races and events or from events or races sponsored by others for which the Organization is the beneficiary. The Organization recognizes support in the statement of activities upon the completion of the event or race.
- Sales of merchandise consist of apparel and other items depicting the Organization's logo sold through an online retailer. The Organization recognizes revenue related to merchandise sales at the time of shipment when persuasive evidence of a contract exists, delivery has occurred, the sales price is fixed or determinable, and collection is probable.
- Contributions and grants are earned from individual, corporate and foundation donations. Unless otherwise specified in an agreement, the Organization recognizes support when an agreement is signed and/or when a check is received. They are recorded as with or without donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, such contributions and grants are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. For multi-year grants, revenue is recognized in installments over the period specified or based on a payment schedule determined by the grantor.
- In-kind contributions consist of merchandise and athletic gear or services. They are recorded at fair value and recognized as support and program service expenses in the accounting period when they are received. Contributions of legal and advertising services and rent are likewise recorded at fair value and recognized as management and general expenses. Contributions of property and equipment are recorded at fair value and capitalized on the statements of financial position. Administrative operations are conducted in the residences of the Organization's directors and officers without cost. The Organization also receives free services from a variety of unpaid volunteers.

Allocation of Functional Expenses--Most expenses are charged directly to program services, management and general, or fundraising based on specific identification. The salaries are allocated based on the percentage of hours worked toward a specific program by each employee. Rent and other occupancy costs are allocated based on space usage.

Advertising Costs--Advertising costs are expensed as incurred. Total advertising expense was \$100,769 and \$664,174 during the years ended December 31, 2020 and 2019, respectively.

Continued

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2020 and 2019

Note B--Summary of Significant Accounting Policies—Continued

Fair Value of Financial Instruments--The carrying amounts for assets, other than property and equipment, and liabilities approximate their fair values due to their short maturity.

Use of Estimates--The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes--The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is reflected in the accompanying financial statements. The Organization had no unrelated business income during the years ended December 31, 2020 and 2019.

Generally accepted accounting principles prescribe a comprehensive model for how an entity should measure, recognize, present and disclose in its financial statements uncertain tax positions that an entity has taken or expects to take on a tax return. The Organization determined that it had no uncertain tax positions as of December 31, 2020 or 2019.

Reclassifications--Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation.

Note C--Investments and Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a framework to measure fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based on significant unobservable inputs. The Organization does not have any Level 2 or Level 3 financial assets as of December 31, 2020 or 2019.

Continued

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2020 and 2019

Note C--Investments and Fair Value Measurements—Continued

Level 1 Fair Value Measurements--The fair value of mutual funds is based on quoted net asset values of the shares held at year-end. The fair values of common stock and options, exchanged traded and closed end funds, hedge funds, and partnership interest in stock and bonds are based on quoted market prices.

Fair values of investments are as follows:

	Value Using Level 1 Inputs	
	December 31	
	2020	2019
Cash equivalents	\$ 6,332	\$ 8,779
Exchange traded funds	964,410	786,671
	<u>\$ 970,742</u>	<u>\$ 795,450</u>

Investment income (loss), net of expenses was as follows:

	Yeas Ended December 31	
	2020	2019
Interest and dividends	\$ 23,312	\$ 44,234
Realized loss, net of investment fees	(1,751)	(4,480)
Unrealized gain	53,731	221,835
	<u>\$ 75,292</u>	<u>\$ 261,589</u>

Note D--Conditional Grant

In January 2020, the Organization received a grant to be used in support of general programs of the Organization over a three-year period from January 2020 through December 2022. This grant contained certain annual milestones and commitments that the Organization was required to meet to obtain each annual installment payment. The grant is in the amount of \$4,750,000, receivable in three annual installments based on the Organization's ability to meet the requirements of this grant. The first installment was earned and received in February 2020 in the amount of \$1,750,000 and was recorded on that date as unrestricted grant support. The second installment was received in January 2021, and the third installment is scheduled to be received in January 2022, each in the amount of \$1,500,000, subject to the Organization meeting the grant requirements for each year. Management considers receipt of the remaining amount to be conditional based on the Organization's ability to satisfy the grant requirements, and thus these installments are not recorded in the Organization's 2020 financial statements.

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2020 and 2019

Note E--Property and Equipment

Property and equipment consists of the following:

	December 31	
	2020	2019
Office equipment and furniture	\$ 15,470	\$ 25,482
Leasehold improvements	110,494	174,403
Software and website	<u>1,652,934</u>	<u>987,526</u>
	1,778,898	1,187,411
Less accumulated depreciation and amortization	<u>572,174</u>	<u>310,610</u>
Net Property and Equipment	<u><u>\$ 1,206,724</u></u>	<u><u>\$ 876,801</u></u>

Note F--Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	January 1, 2020	Contributions and Grants	Released from Restrictions	December 31, 2020
Restricted for specific purposes:				
Regional Chapter operations	<u>\$ 52,176</u>	<u>\$ 251,441</u>	<u>\$ 3,873</u>	<u>\$ 299,744</u>
	January 1, 2019	Contributions and Grants	Released from Restrictions	December 31, 2019
Restricted for specific purposes:				
Regional Chapter operations	\$ 70,479	\$ 8,006	\$ 26,309	\$ 52,176
Other operational expenses	<u>300,000</u>		<u>300,000</u>	
	<u><u>\$ 370,479</u></u>	<u><u>\$ 8,006</u></u>	<u><u>\$ 326,309</u></u>	<u><u>\$ 52,176</u></u>

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2020 and 2019

Note G--Paycheck Protection Program

In May 2020, the Organization obtained a U.S. Small Business Administration ("SBA") Paycheck Protection Program loan ("PPP") of \$656,695, which has an interest rate of 1% and is due in May 2022. Monthly payments are not due at this time. The PPP loan, when used for certain expenses (payroll, retirement contributions, health insurance costs, rent and utilities), can be forgiven.

In June 2020, the FASB provided technical guidance which stated that the proceeds from SBA PPP loans could be accounted for as either debt or a government grant. Management elected to account for this unique lending vehicle as a government grant having substantially met all of the conditions of the PPP loan. Subsequent to the end of the year, the Organization applied for full forgiveness of the PPP loan and accrued interest; a resolution from the SBA is still pending.

Note H--Liquidity and Availability of Financial Assets

The Organization's major sources of support are corporate grants and contributions, and even though this support can fluctuate significantly from year to year, the Organization has a strong cash position to cover its monthly financial obligations.

The following table reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

	December 31	
	2020	2019
Cash and cash equivalents	\$ 1,842,103	\$ 387,719
Accounts receivable, to be collected in less than one year	8,924	15,034
Investments	<u>970,742</u>	<u>795,450</u>
Total financial assets, excluding noncurrent receivables	2,821,769	1,198,203
Less contractual or donor-imposed restrictions:		
Cash restricted by donors for specific uses	<u>299,744</u>	<u>52,176</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 2,522,025</u>	<u>\$ 1,146,027</u>

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2020 and 2019

Note I--In-Kind Contributions

The Organization received contributed goods and services for the following:

	Year Ended December 31	
	2020	2019
Merchandise and athletic gear	\$ 214,026	\$ 190,730
Chapter expenses	7,627	47,037
Advertising and marketing services	120,545	1,749,796
Legal services	120,000	160,000
Total In-Kind Contributions	\$ 462,198	\$ 2,147,563

Note J--Operating Lease Commitments

The Organization leases office space under non-cancellable operating lease agreements. Occupancy expense was \$112,547 and \$185,448 for the years ended December 31, 2020 and 2019, respectively.

Future minimum annual payments under operating leases with initial or remaining non-cancelable terms of one year or more are as follows:

<u>Year Ending December 31</u>	
2021	\$ 81,091
2022	82,246
2023	89,400
2024 and beyond	53,347
	<u>\$ 306,084</u>

Note K--Concentrations

The Organization maintains its cash and cash equivalents at two financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures these balances up to \$250,000 at each institution. At December 31, 2020 and 2019, the Organization's cash account at one bank exceeded the FDIC insured amount by approximately \$1,592,000 and \$196,000, respectively.

Team Red, White & Blue, Inc.

December 31, 2020 and 2019

Note L--Retirement Plan

The Organization has a defined contribution 401(k) plan covering all employees after attaining the age of eighteen. The plan is subject to the provisions of the Employment Income Security Act of 1974 ("ERISA"). The Organization made discretionary or matching contributions of \$32,281 and \$43,094 to the plan for the years ended December 31, 2020 and 2019, respectively.

Note M--Contingencies

In March 2020, the World Health Organization declared the spread of Coronavirus Disease ("COVID-19") a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact of the pandemic. However, the full impact of COVID-19 is unknown, cannot be reasonably estimated, and are still developing.

Note N--Future Accounting Standards

On February 25, 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02 *Leases* (Topic 842). This new standard, which the Organization is not required to adopt until its year ending December 31, 2022, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

On September 17, 2020, the FASB issued ASU No. 2020-07 *Not-for-Profit Entities* (Topic 958). This new standard, which the Organization is not required to adopt until its year ending December 31, 2021, is intended to increase transparency for contributed nonfinancial assets through enhancements to presentation and disclosure. Nonfinancial assets include property and equipment, use of property and equipment or utilities, materials and supplies, services and unconditional promises of those assets.

The Organization is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

Notes to the Financial Statements--Continued

Team Red, White & Blue, Inc.

December 31, 2020 and 2019

Note O--Subsequent Events

Events that occur after the statement of financial position date, but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Organization through March 1, 2021, the date the financial statements were available to be issued, and concluded that the following subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

The PPP allows certain eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP loan with the same general loan terms as their First Draw PPP loan. On February 3, 2021, the Organization received the Second Draw PPP loan in the amount of \$655,695. Similar to the First Draw PPP loan received, the Second Draw PPP loan has an interest rate of 1% and is due in February 2023. The Second Draw PPP loan, when used for certain expenses, can be forgiven. The Organization intends to treat the Second Draw PPP loan similarly to the First Draw PPP loan discussed in Note G, recording it as a government grant when the appropriate expenses have been incurred and all other requirements have been met.