

FINANCIAL STATEMENTS

**BIG DOG RANCH RESCUE, INC.**

December 31, 2020

## CONTENTS

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INDEPENDENT AUDITORS' REPORT .....	1
STATEMENT OF FINANCIAL POSITION .....	2
STATEMENT OF ACTIVITIES.....	3
STATEMENT OF FUNCTIONAL EXPENSES .....	4
STATEMENT OF CASH FLOWS .....	5
NOTES TO FINANCIAL STATEMENTS .....	6 - 12

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Big Dog Ranch Rescue, Inc.  
Loxahatchee, Florida

We have audited the accompanying financial statements of Big Dog Ranch Rescue, Inc. (a Florida nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 Big Dog Ranch Rescue, Inc. as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Parks & Company, LLC***

Coconut Creek, Florida  
January 4, 2022

**BIG DOG RANCH RESCUE, INC.**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2020**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 2,217,793
Cash and cash equivalents restricted	486,489
Investments	1,278
Inventory	6,012
Prepaid insurance	<u>120,584</u>
Total current assets	2,832,156
Property and equipment (less \$531,921 accumulated depreciation)	9,506,543
Security deposits and other assets	<u>9,811</u>
Total assets	<u><u>\$ 12,348,510</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accounts payable and accrued expenses	\$ 277,876
Current portion of long-term debt	<u>76,321</u>
Total current liabilities	354,197
Long-term liabilities:	
Long term debt (net of current portion above)	<u>1,586,705</u>
Total liabilities	1,940,902
Net assets:	
With donor restrictions	486,489
Without donor restrictions	<u>9,921,119</u>
Total net assets	<u>10,407,608</u>
Total liabilities and net assets	<u><u>\$ 12,348,510</u></u>

See auditors' report and accompanying notes to financial statements.

**BIG DOG RANCE RESCUE, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Adoption fees	\$ 757,654	\$ -	\$ 757,654
Contributions	4,263,254	725,331	4,988,585
Fundraising events	1,228,469	-	1,228,469
Grants	627,451	-	627,451
In-kind contributions - Note A	355,242	-	355,242
Merchandise sales	77,640	-	77,640
Interest and other revenue	35,652	-	35,652
Reclassification and release from net asset restrictions	714,518	(714,518)	-
Total support and revenue	<u>8,059,880</u>	<u>10,813</u>	<u>8,070,693</u>
Expenses:			
Program services	5,646,079	-	5,646,079
Supporting services:			
Mangement and general	382,291	-	382,291
Fundraising	431,680	-	431,680
Total expenses	<u>6,460,050</u>	<u>-</u>	<u>6,460,050</u>
Change in net assets	1,599,830	10,813	1,610,643
Net assets, beginning of year - as originally stated	7,770,706	475,676	8,246,382
Prior period adjustment - See note P	550,583	-	550,583
Balance at January 1, 2020, as restated	<u>8,321,289</u>	<u>475,676</u>	<u>8,796,965</u>
Net assets, end of year	<u>\$ 9,921,119</u>	<u>\$ 486,489</u>	<u>\$10,407,608</u>

See auditors' report and accompanying notes to financial statements.

**BIG DOG RANCH RESCUE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For The Year Ended December 31, 2020**

	Program Services	Supporting Services		Total
	Dog Rescue	General and Administrative	Fund Raising	
Salaries and wages	\$ 2,393,197	\$ 247,572	\$ 110,032	\$ 2,750,801
Employee benefits	58,521	6,054	2,691	67,266
Total salaries and employee benefits	2,451,718	253,626	112,723	2,818,067
Advertising and promotion	47,038	-	7,029	54,067
Apparel	36,472	3,773	1,677	41,922
Automotive and travel	71,974	7,446	3,309	82,729
Bank charges and merchant account fees	75,257	-	11,245	86,502
Boarding fees	35,980	-	-	35,980
Copying and printing	14,032	1,452	645	16,129
Dog food and supplies	83,941	-	-	83,941
Dog relocation and rescue	165,589	-	-	165,589
Dog training	11,537	-	-	11,537
Dues and memberships	5,675	587	261	6,523
Equipment rental	28,087	2,906	1,291	32,284
Grounds maintenance and repairs	57,200	5,917	2,630	65,747
In kind:				
Dog food	211,796	-	-	211,796
Fuel	12,839	1,328	590	14,757
Supplies	167,212	-	-	167,212
Insurance	122,462	12,668	5,630	140,760
Interest	71,993	10,758	-	82,751
Medical and veterinarian fees	935,974	-	-	935,974
Office supplies	68,234	7,059	3,137	78,430
Outside services	121,749	12,595	5,598	139,942
Postage and shipping	4,829	500	222	5,551
Professional fees	4,785	495	220	5,500
Property taxes and licenses	39,868	4,124	1,833	45,825
Rent	32,956	3,409	1,515	37,880
Repairs and maintenance	137,300	14,203	6,313	157,816
Security expenses	4,515	467	208	5,190
Special events	248,281	-	248,281	496,562
Utilities	131,155	13,568	6,030	150,753
Total program and support services expenses before depreciation	5,400,448	356,881	420,387	6,177,716
Depreciation	245,631	25,410	11,293	282,334
Total expenses	\$ 5,646,079	\$ 382,291	\$ 431,680	\$ 6,460,050

See auditors' report and accompanying notes to financial statements.

**BIG DOG RANCH RESCUE, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2020**

Cash flows from operating activities:	
Increase in net assets	\$ 1,610,643
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Depreciation	282,334
Forgiveness of paycheck protection loan	(506,951)
(Increase) decrease in operating assets	
Inventory	(6,012)
Prepaid insurance	(120,584)
Security deposits and other assets	(1,211)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	<u>(38,728)</u>
Net cash provided by operating activities	1,219,491
Cash flows from investing activities	
Purchase of property and equipment	<u>(585,342)</u>
Net cash used in investing activities	(585,342)
Cash flows from financing activities:	
Proceeds from note payable	689,312
Repayments of notes payable	<u>(12,203)</u>
Net cash provided by financing activities	<u>677,109</u>
Net increase in cash and cash equivalents	1,311,258
Cash and cash equivalents, beginning of year	<u>1,393,024</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,704,282</u></u>
 <u>RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH WITHIN THE FINANCIAL STATEMENTS</u>	
Cash and cash equivalents	\$ 2,217,793
Restricted cash	<u>486,489</u>
Total cash, cash equivalents and restricted cash	<u><u>\$ 2,704,282</u></u>
 <u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>	
Interest paid	<u><u>\$ 74,706</u></u>

See auditors' report and accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

### BIG DOG RANCH RESCUE, INC.

December 31, 2020

#### NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Big Dog Ranch Rescue, Inc. (the “Organization”) was incorporated in 2008 as a 501(c)(3) not-for-profit corporation to provide foster care for mixed breeds and pure-bred dogs for as long as necessary until permanent homes can be found. The dogs are fed, housed and receive medical attention which includes spay and neuter procedures prior to placement. The Organization operates independently and may solicit funds, contributions and gifts of any kind, and accept any gift, device, bequest and property of any kind.

The Organization’s mission refers to:

- providing shelter, care and affection to homeless dogs of all breeds and adopt them into loving homes;
- promoting animal welfare and celebrate the special bond between dogs and families through education, awareness and community outreach.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with *United States Generally Accepted Accounting Principles* (“GAAP”).

Basis of Presentation - Big Dog Ranch Rescue, Inc. has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations pursuant to FASB ASC 958-205-05 *Not-for-Profit-Entities: Presentation of Financial Statements*. Under this guidance, the Organization is required to report information regarding its financial position and activities according to the two classes of net assets as follows:

**Net assets without donor restrictions** - These are assets that are not subject to donor imposed or grantor-imposed restrictions.

**Net assets with donor restrictions** - These are assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition and Promises to Give – In August 2015 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 (Topic 606) pertaining to revenue from contracts with customers. This pronouncement was amended by ASU 2020-05 to extend the effective date of this pronouncement for non-public companies to become effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization’s financial statements were not impacted by the adoption of Topic 606 as the majority of revenue is treated as a single performance obligation that is satisfied upon receipt of the non-reciprocal transfer in the form of contributions.

Contributions of cash, other assets and unconditional promises to give are recognized as revenue when received from the donor. Contributions are classified as with or without donor restrictions. When a donor restriction expires (when a stipulated time-restriction ends or when a purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without restrictions. All receivables are deemed by management to be fully collectible. Accordingly, no allowance for doubtful accounts has been established at December 31, 2020.



## NOTES TO FINANCIAL STATEMENTS

### BIG DOG RANCH RESCUE, INC.

December 31, 2020

#### NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional promises to give are recognized when the pledge is made, at their fair value based on the present value of estimated future cash flows using a discount rate commensurate with the risks involved. Conditional promises to give are not recognized until the donor-imposed conditions have been substantially met. Unconditional promises to give are reported as grants and contributions receivable on the accompanying statement of financial position, if applicable.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of reporting cash flows, Big Dog Ranch Rescue, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents received with donor-imposed restrictions limiting its use to long-term purposes is not considered cash.

Inventory - Inventory consists of veterinarian pharmaceuticals and related products and is stated at the lower of cost (first-in, first-out method) or market. A valuation allowance is provided for obsolete and slow-moving inventory to write cost down to net realizable value (market), if applicable.

Property and Equipment - Property and equipment are stated at cost if purchased, or, if donated, at fair market value on the date of donation. Property and equipment donations are reported as without donor restrictions unless the donor has restricted the use of the asset for a specific purpose. Contributions of cash, other assets and unconditional promises to give which are restricted for the purpose of acquiring property and equipment are reported as donor restricted support. Absent donor stipulations regarding how long donated assets must be maintained, Big Dog Ranch Rescue, Inc. reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. These expirations of donor restrictions are reported as reclassifications to net assets without donor restrictions. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets of seven to thirty-nine years.

Only assets costing \$500 or more are capitalized and depreciated.

Advertising - Big Dog Ranch Rescue, Inc. expenses advertising costs as incurred. Advertising expense totaled \$54,067 for the year ended December 31, 2020.

Contributed Goods and Services - Contributions of donated noncash assets are recorded at fair value in the period received. The estimated fair value of contributed services over which the Organization exercises control, which constitute a part of the normal programs or services that would otherwise be performed by paid personnel or contractors and the amount of which is clearly measurable, is recorded and reflected in the accompanying financial statements. However, the Organization also receives a substantial amount of services donated by various volunteers in carrying out the program and fund-raising activities that are not reflected in the accompanying financial statements because the services do not meet the criteria for recognition under FASB ASC 958-605-05 *Not-for-Profit-Entities: Revenue Recognition*.

Income Taxes - No provision for federal and state income taxes is required since Big Dog Ranch Rescue, Inc. is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (3). However, Big Dog Ranch Rescue, Inc. could be subject to income taxes on unrelated business income. For the year ended December 31, 2020, the Organization had no obligation for unrelated business income tax.

## NOTES TO FINANCIAL STATEMENTS

### BIG DOG RANCH RESCUE, INC.

December 31, 2020

#### NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses - The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of estimates of time and effort.

Investments - Investments are all Level 1 equities which are recorded at fair value based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange. Securities valued using Level 1 inputs include equities, equity mutual funds, and exchange traded funds based on the closing price of identical assets. Accordingly, unrealized gains and losses due to market fluctuations during the year are reflected in the statements of activities. Realized gains or losses are recognized upon sale or disposal. Donated securities are recorded at their fair values, as determined by the proceeds received on the date of sale. The Organization may either hold donated securities for investment or sell them immediately upon receipt. For purposes of the accompanying statements of cash flows, donated securities received and sold within the same period are reported in the change in net assets shown in operating activities.

#### NOTE B - GRANTS

Fleming Family Foundation - Grant in the amount of \$300,000 received during the year ended December 31, 2020 to support construction of the physical therapy building and operations. Big Dog Ranch Rescue, Inc. expended the funds during the year ended December 31, 2020.

#### NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following purposes:

Capital funds campaign	\$ 486,489
	<u>\$ 486,489</u>

Net assets were released from donor restrictions by satisfying the purpose or time restrictions of the restricted grants and contributions as follows:

Capital campaign buildings/improvements	\$ 585,342
Programming	<u>129,176</u>
	<u>\$ 714,518</u>

#### NOTE D - UNINSURED CASH

At times during the year, Big Dog Ranch Rescue, Inc.'s cash in bank accounts is in excess of the FDIC insurance limits. The Company limits uninsured balances to only large, well-known financial institutions and believes that it is not exposed to significant credit risk on cash and cash equivalents.

## NOTES TO FINANCIAL STATEMENTS

### BIG DOG RANCH RESCUE, INC.

December 31, 2020

#### NOTE E - PROPERTY AND EQUIPMENT

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

	<u>Estimated Life in Years</u>	
Land	N/A	\$ 1,285,500
Buildings and improvements	15 - 39	8,368,867
Office equipment and furniture	7	267,919
Vehicles	7	116,178
		<u>10,038,464</u>
Less accumulated depreciation		<u>(531,921)</u>
		<u>\$ 9,506,543</u>

Depreciation expense totaled \$282,334 for the year ended December 31, 2020 and is included in the statement of functional expenses and activities.

#### NOTE F - RELATED PARTY TRANSACTIONS

Big Dog Ranch Rescue, Inc. occasionally purchases certain products from its board members or related companies at costs comparable to or substantially less than what would be paid to unrelated parties. During the year, Big Dog Ranch Rescue, Inc. paid a company controlled by a board member \$22,398 for supplies.

#### NOTE G - INCOME TAXES

Big Dog Ranch Rescue, Inc. adopted FASB Accounting Standards Codification ("ASC") 740-10 during 2009 which clarifies the accounting and recognition for income tax positions taken or expected to be taken in their income tax returns. The Organization's income tax filings subject to audit by various taxing authorities are the 2018 – 2020 tax years.

#### NOTE H - CONSTRUCTION LOAN

Construction loan, \$2,000,000 secured by property and accounts with the lender and the personal guaranty of the President and founder; due in monthly installments of interest and principal of \$17,241 at 5.0% interest. The loan was paid in full September 2020.

\$ -

NOTES TO FINANCIAL STATEMENTS

BIG DOG RANCH RESCUE, INC.

December 31, 2020

NOTE I - NOTES PAYABLE

Note payable, \$1,550,000 secured by real estate and accounts with lender. The loan calls for, among other terms, monthly principal and interest payments of \$11,630 at an interest rate of 4.15%. The note matures October 2030. The balance is net of unamortized closing costs of \$16,532 at December 31, 2020.

\$ 1,513,026

On June 15, 2020, The Organization executed the standard loan documents required for securing a loan (the "EIDL Loan") from the SBA under its Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic.

Pursuant to that certain Loan Authorization and Agreement (the "SBA Loan Agreement"), the principal amount of the EIDL Loan is up to \$150,000, with proceeds to be used for working capital purposes. Interest accrues at the rate of 2.75% per annum and will accrue only on funds actually advanced from the date of each advance. Installment payments, including principal and interest, are due monthly beginning June 15, 2022. The balance of principal and interest is payable thirty years from the date of the SBA Note.

	150,000
	<u>1,663,026</u>
	<u>(76,321)</u>
	<u>\$ 1,586,705</u>

Less current maturities

Principal payments due on the notes payable for each of the next five years and thereafter are as follows:

<u>Year ending</u> <u>December 31,</u>	
2021	\$ 76,321
2022	81,488
2023	86,327
2024	89,827
2025	93,782
Thereafter	<u>1,235,281</u>
	<u>\$ 1,663,026</u>

## NOTES TO FINANCIAL STATEMENTS

### BIG DOG RANCH RESCUE, INC.

December 31, 2020

#### NOTE J - RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("Topic 606"), with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, Accounting Standards Codification ("ASC") 340-40, *Other Assets and Deferred Costs- Contracts with Customers*, was also issued. The updated standards replace most existing revenue recognition and certain cost guidance under U.S. GAAP. Collectively, we refer to Topic 606 and Subtopic 340-40 as "ASC 606." ASC 606 amends existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods and services. The amendments in the ASU are effective for annual reporting periods beginning after Dec. 15, 2019, and interim reporting periods within annual reporting periods beginning after Dec. 15, 2020. The Organization early adopted ASC 606 effective January 1, 2019, using the modified retrospective method which means the Organization's comparative periods prior to initial application are not restated. The Organization has determined that the standard did not have a material impact on the results of operations or change in net assets

#### NOTE K - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other financial commitments. The Organization maintains a financial resources policy that outlines acceptable investment vehicles for working capital. According to that policy, the Organization invests available cash needed for its general expenditures, liabilities, and other obligations in short-term investments, specifically interest-bearing checking and savings accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient funds to cover general expenditures. Financial assets for general expenditures available within one year from December 31, 2020 are as follows:

Cash and cash equivalents	\$2,704,282
Investments at fair value	<u>1,278</u>
Total financial assets at year-end	2,705,560
Less amounts unavailable for general expenditure within one year:	
Donor restricted cash	<u>(486,489)</u>
Total financial assets available for general expenditure within one year	<u>\$2,219,071</u>

#### NOTE L - UPCOMING ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*. The standard will affect all entities that lease assets and will require lessees to recognize a lease liability and a right-of-use asset for all leases (except short-term leases that have a duration of less than one year) as of the date on which the lessor makes the underlying asset available to the lessee. The requirements of ASU 2016-02 are effective for Big Dog Ranch Rescue, Inc.'s year ending December 31, 2022. Big Dog Ranch Rescue, Inc. is currently evaluating the impact of this pronouncement.

## NOTES TO FINANCIAL STATEMENTS

### BIG DOG RANCH RESCUE, INC.

December 31, 2020

#### NOTE M - RISKS & UNCERTAINTY

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent to which COVID-19 will effect 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. As the pandemic continues to evolve, the disease could have a material adverse effect on the Organization's activities, results of operations, financial condition, and cash flow.

#### NOTE N - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by Big Dog Ranch Rescue, Inc. in estimating its fair value disclosures for financial instruments:

- Cash and cash equivalents, investments, accounts payable and accrued expenses: The carrying amounts reported in the statement of financial position approximate fair value because of the short-term maturities of those instruments.

#### NOTE O - SUBSEQUENT EVENTS

Big Dog Ranch Rescue, Inc. evaluated subsequent events through January 4, 2022 the date the financial statements were available to be issued.

#### NOTE P - PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2020, the Organization discovered an error made in the prior period regarding the recording of an adjustment for a duplicate 2020 transaction. The adjustment for a duplicate 2020 individual contribution in the amount of \$148,583 was recorded in 2019 which resulted in the 2019 contributions and prior year ending net assets without restrictions being understated by \$148,582. In addition, the Organization discovered an error in the beginning accumulated depreciation for the year ended December 31, 2020 which resulted in a decrease in accumulated depreciation and increase in net assets without restrictions in the amount of \$402,000. Correction of the two errors resulted in an increase in the beginning of year net assets without restrictions in the amount of \$550,583.

#### NOTE Q - LOAN FORGIVENESS

The Organization was granted a loan from Valley National Bank in the aggregate amount of \$506,951 pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act, which was enacted March 27, 2020.

The Loan, in the form of a Note dated April 8, 2020 was to mature on April 8, 2022 with interest payable at a rate of 1.00% per annum. Funds from the Loan were to be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company used the entire Loan amount for qualifying expenses. As a result, the Organization was notified on December 30, 2020 that the SBA Paycheck Protection loan was fully forgiven and has been recorded as grant revenue for the year ended December 31, 2020.