

KRISTI YAMAGUCHI'S ALWAYS DREAM
(a Nonprofit Organization)
Financial Statements
June 30, 2021
With Independent Accountant's Review Report

Kristi Yamaguchi's Always Dream
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June 30, 2021

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INDEPENDENT ACCOUNTANT REVIEW REPORT

To the Board of Directors,
Kristi Yamaguchi's Always Dream:

We have reviewed the accompanying financial statements of Kristi Yamaguchi's Always Dream (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

WithumSmith+Brown, PC

March 23, 2022

**Kristi Yamaguchi's Always Dream
Statement of Financial Position
June 30, 2021**

Assets

Cash and cash equivalents	\$ 317,755
Investments	2,172,451
Beneficial interest	952,365
Promises to give	10,000
Cash and cash equivalents - restricted	1,753
Donated and purchased school supplies	37,226
Prepays and deposits	<u>26,391</u>
 Total assets	 <u>\$ 3,517,941</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 34,790
Deferred event revenue	72,135
PPP loan	<u>27,965</u>
Total liabilities	<u>134,890</u>

Net assets

Without donor restrictions	
Board designated reserve and growth fund	1,382,952
Available for operations	<u>950,374</u>
Total net assets without donor restrictions	2,333,326
With donor restrictions	<u>1,049,725</u>
Total net assets	<u>3,383,051</u>
 Total liabilities and net assets	 <u>\$ 3,517,941</u>

See Independent Accountant's Review Report.
The Notes to Financial Statements are an integral part of this statement.

**Kristi Yamaguchi's Always Dream
Statement of Activities
Year Ended June 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, support, and gains			
Grants and contributions	\$ 427,027	\$ 258,559	\$ 685,586
School district services	21,988	-	21,988
Interest and dividends, net	20,756	-	20,756
Realized gain on investment, net	82,915	-	82,915
Unrealized gain on investment, net	307,861	-	307,861
Other income, net	44,582	-	44,582
Fundraising events net of expenses of \$24,220	272,889	-	272,889
Contributed services in-kind	31,100	28,940	60,040
Net assets (released) from restrictions	440,527	(440,527)	-
	<u>1,649,645</u>	<u>(153,028)</u>	<u>1,496,617</u>
Expenses			
Program services expense			
Program services - in-kind	31,100	28,940	60,040
Program services - general	580,486	-	580,486
Total program expenses	<u>611,586</u>	<u>28,940</u>	<u>640,526</u>
Supporting services expense			
Management	75,316	-	75,316
Fundraising	231,864	-	231,864
Total supporting services expenses	<u>307,180</u>	<u>-</u>	<u>307,180</u>
Total expenses	<u>918,766</u>	<u>28,940</u>	<u>947,706</u>
Change in net assets	730,879	(181,968)	548,911
Net assets			
Beginning of year	<u>1,602,447</u>	<u>1,231,693</u>	<u>2,834,140</u>
End of year	<u>\$ 2,333,326</u>	<u>\$ 1,049,725</u>	<u>\$ 3,383,051</u>

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**Kristi Yamaguchi's Always Dream
Statement of Functional Expenses
Year Ended June 30, 2021**

	Program			
	<u>Services</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
General expenses				
Program expenses	\$ 107,378	\$ 1,351	\$ 3,539	\$ 112,268
Skating scholarship	10,000	-	-	10,000
Grants	<u>8,890</u>	<u>-</u>	<u>-</u>	<u>8,890</u>
	126,268	1,351	3,539	131,158
Contributed services in-kind	60,040	-	-	60,040
Wages	185,733	28,632	74,275	288,640
Payroll taxes	13,695	2,111	5,477	21,283
Payroll expenses	2,148	331	859	3,338
Workers' compensation	822	114	355	1,291
Insurance	25,768	3,941	10,371	40,080
Outside services	129,256	16,598	67,131	212,985
Legal and professional	47,437	9,310	27,645	84,392
Graphic design	5,466	923	4,845	11,234
Donor and volunteer appreciation	1,578	-	9,083	10,661
Printing	1,312	182	567	2,061
Bank and credit card charges	-	1,103	-	1,103
Computer expense	4,666	648	2,017	7,331
Public relations and marketing	1,181	8,066	2,612	11,859
Fundraising and consulting	-	-	23,923	23,923
Rent	19,407	989	1,061	21,457
Mailings	4,024	113	459	4,596
Conference	16	3	95	114
Board meetings	15	3	10	28
Miscellaneous	2,830	(617)	4,819	7,032
Office supplies	719	100	311	1,130
Telephone	4,288	596	1,854	6,738
Travel	228	-	802	1,030
Meals	206	351	923	1,480
Entertainment	-	-	10,359	10,359
Filing fees	423	468	229	1,120
Video production	<u>3,000</u>	<u>-</u>	<u>2,463</u>	<u>5,463</u>
	<u>514,258</u>	<u>73,965</u>	<u>252,545</u>	<u>840,768</u>
Total functional expenses	640,526	75,316	256,084	971,926
Less: Expenses included with revenues on the statement of activities				
Fundraising expenses	<u>-</u>	<u>-</u>	<u>(24,220)</u>	<u>(24,220)</u>
Total expenses included in expense section on the statement of activities	<u>\$ 640,526</u>	<u>\$ 75,316</u>	<u>\$ 231,864</u>	<u>\$ 947,706</u>

See Independent Accountant's Review Report.
The Notes to Financial Statements are an integral part of this statement.

Kristi Yamaguchi's Always Dream
Notes to Financial Statements
June 30, 2021

Operating activities

Increase in net assets	\$ 548,911
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Unrealized gain on investments, net	(307,861)
Unrealized gain on beneficial interest, net	(211,199)
Realized gain on investments, net	<u>(82,915)</u>
	(53,064)
Changes in operating assets and liabilities	
Beneficial interest	100,000
Promises to give	(5,000)
Donated and purchased school supplies	(26,837)
Prepays and deposits	(14,985)
Accounts payable and accrued expenses	9,886
Deferred event revenue	<u>72,135</u>
Net cash provided by operating activities	<u>82,135</u>

Investing activities

Proceeds from sales of investments	1,458,346
Purchases of investments	<u>(1,850,817)</u>
Net cash used in investing activities	<u>(392,471)</u>

Financing activity

Proceeds from notes payable, net of payments	<u>4,265</u>
Net cash provided by financing activity	<u>4,265</u>

Net change in cash, cash equivalents, and restricted cash (306,071)

Cash, cash equivalents, and restricted cash

Beginning of year	<u>625,579</u>
End of year	<u>\$ 319,508</u>

See Independent Accountant's Review Report.
The Notes to Financial Statements are an integral part of this statement.

Kristi Yamaguchi's Always Dream
Notes to Financial Statements
June 30, 2021

1. ORGANIZATION

Kristi Yamaguchi's Always Dream (the "Organization"), formerly known as Always Dream Foundation, is a Nevada not-for-profit organization formed in 1996 to reach underserved children through innovative reading programs and advancing the cause of early childhood literacy through events and programs. The Organization's literacy program called "Always Reading" focuses on the development of early childhood literacy skills for grades Kindergarten through 1st grade. The program provides 21st century technology by integrating e-reader tablets and digital books in the classroom. Parents are oriented on the importance of their role in their children's learning.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The Organization prepares its financial statements on the accrual basis, which recognizes income in the period earned and expenses when incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to classes of net assets as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be used broadly for any purpose related to the Organization. The Organization has grouped its net assets without donor restrictions into the following categories:

Board designated reserve and growth fund: represents a reserve established by the Board of Directors to create long-term stability for the furtherance of the Organization's program and growth objectives.

Available for operations: represents unrestricted funds available for operating activities, including at least 6 months of operating expenses.

Net assets with donor restrictions: Net assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by the actions of the Organization. When a donor restriction is satisfied or a time restriction fulfilled, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Also includes the portion of net assets with donor-imposed restrictions that do not expire.

Cash, Cash Equivalents, and Restricted Cash

Cash equivalents include all highly liquid investments with original maturities at date of purchase of 90 days or less. Cash equivalents total \$30,130 at June 30.

	June 30, 2021
	<u>(Reviewed)</u>
Cash, cash equivalents, and restricted cash	
Checking accounts	\$ 289,378
Money market accounts	<u>28,377</u>
Cash and cash equivalents	317,755
Money market accounts - restricted	<u>1,753</u>
	<u>\$ 319,508</u>

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Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. These are recorded at fair value and revalued annually.

Beneficial Interest in Trust

The Organization is the beneficiary of an irrevocable trust. Upon establishment of the trust and ownership assigned to the Organization during the year ended December 31, 2017, the Organization's interest was recorded as a contribution at its net present value based on the fair value of the trust. Subsequent to the receipt of such trusts, the Organization's interest in the trust is adjusted to the market value with a corresponding offset to unrealized gain or loss. The fair value of the trust assets at June 30, 2021 was \$952,365.

Investments

Investments in marketable securities are at fair value. Unrealized gains and losses are measured based on the closing trading price of securities as of June 30, 2021. Realized gains and losses on partial sales of securities with more than one purchase lot are calculated on the first-in, first-out method.

Donated and Purchased School Supplies

Donated and purchased school supplies are primarily comprised of books to be donated to or used in literacy programs. Donated and purchased school supplies total \$37,226 as of June 30, 2021.

Property and Equipment

Property and equipment are reported at cost or, in the case of donated items, at fair market value at the date of donation. Routine maintenance and repairs are charged to expenses as incurred; renewals and betterments which extend the useful lives of assets are capitalized.

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to five years.

Impairment of Long-Lived Assets

The Organization periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life of the property, leasehold improvements, and other long-lived assets or render them not recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. For the period ended June 30, 2021, there have been no such losses.

Deferred Event Revenue

Deferred event revenue is comprised mainly of unearned revenue related to events not yet held for which the Organization has received sponsorship payments in advance and earns revenue when the Organization holds the event. Deferred event revenue is included in liabilities on the statement of financial position.

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Revenue Recognition

Contributions and grants are recognized when cash, securities or other assets, an unconditional promise to give, grants, or notification of a beneficial interest, are received and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions and grants are reported as an increase in net assets with donor restrictions and when the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributed Services and In-Kind Contributions

Contributions of services are recognized if the services received create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

A number of volunteers have donated their time to advance the program objectives. No amounts have been recognized in the accompanying financial statements for donated services from the Board of Directors and its legal counsel since no objective basis is available to measure the value of such services.

Program expenses in-kind are as follows:

Events	
Food	\$ 3,000
Auction	<u>28,100</u>
	<u>31,100</u>
Literacy program	
School supplies	<u>28,940</u>
	<u>\$ 60,040</u>

Income Tax Status

The Organization is exempt from Federal and California state income taxes under Section 501(c)(3) of the Internal Revenue Code and related California code section. An organization exempt from taxes pursuant to these code sections is taxed only on unrelated business income. The Organization does not have unrelated business income for the fiscal year ended June 30, 2021 and, accordingly, no provision for income taxes has been reflected in the financial statements.

The Organization follows the accounting standard that establishes for all entities, including not-for-profit entities, a threshold for financial statement recognition of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction) and requires certain expanded tax disclosures. Management has evaluated the tax positions of the Organization and concluded that the Organization has taken no uncertain tax positions that require adjustments to and/or disclosures in the financial statements.

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Use of Estimates

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

Functional Allocation of Expenses

The costs of sponsoring the various programs and other activities are summarized on a functional basis in the schedules of functional expenses. Accordingly, costs have been allocated among the programs and supporting services benefited. Functional expenses are allocated between program services, management and fundraising based on time of activities contributing to revenue generation and fundraising. The remaining administrative functional expenses are allocated to management expenses.

3. FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist of cash and cash equivalents, unconditional promises to give and investments in marketable securities.

The Organization maintains its cash accounts with one commercial bank. It also has money market accounts with an investment company. The cash and money market accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. The Organization maintains two brokerage accounts with an investment company. Total marketable securities balances at the brokerage are insured by the Securities Investor Protection Corporation up to \$250,000; cash and money market accounts at the brokerage are insured by FDIC up to \$250,000 per institution.

The Organization's beneficial interest of \$952,365 as of June 30, 2021, is from a single donor (see Note 4). There is a risk that the donor may not fulfill its promise to give and that the majority of the receivable would be uncollectible.

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under *Financial Accounting Standards Board ("FASB") Accounting Standards Codification 820* are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The carrying amounts for financial instruments consisting of cash and cash equivalents, accounts payable and accrued liabilities, approximate fair value due to their short maturities. Marketable securities and investments are stated at their fair values.

The following is a description of the valuation methodology used for fair value measurement of investments:

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. The mutual funds held by the Organization are deemed to be actively traded.

Beneficial Interest: Valued at market value of the trust assets held pursuant to the ownership assigned to the Organization.

The method described above may generate a fair value calculation that may not be indicative of net realizable value or future fair values. While the Organization believes the valuation methodologies used are appropriate, the use of different methodologies or assumptions in calculating fair value could result in different amounts.

The following table presents the Organization's financial assets measured at fair value on a recurring basis at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Without donor restrictions				
Mutual funds				
Large Cap U.S. Blend Equity	\$ 390,821	\$ -	\$ -	\$ 390,821
Mid Cap U.S. Blend Equity	188,219	-	-	188,219
Small Cap U.S. Blend Equity	128,184	-	-	128,184
Sector	207,462	-	-	207,462
Large Cap Foreign Equity	359,926	-	-	359,926
Intermediate/Long-Term High-Quality U.S. Bond	281,238	-	-	281,238
Short/Intermediate-Term High-Quality U.S. Bond	403,694	-	-	403,694
Short-Term Bond	<u>122,220</u>	<u>-</u>	<u>-</u>	<u>122,220</u>
Total - unrestricted	<u>2,081,764</u>	<u>-</u>	<u>-</u>	<u>2,081,764</u>

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With donor restrictions				
Mutual funds				
Large Cap U.S. Blend Equity	25,247	-	-	25,247
Mid Cap U.S. Blend Equity	15,665	-	-	15,665
Small Cap U.S. Blend Equity	12,841	-	-	12,841
Sector	7,383	-	-	7,383
Large Cap Foreign Equity	14,318	-	-	14,318
Intermediate/Long-Term High-Quality U.S. Bond	6,761	-	-	6,761
Short/Intermediate-Term High-Quality U.S. Bond	7,686	-	-	7,686
Short-Term Bond	<u>786</u>	<u>-</u>	<u>-</u>	<u>786</u>
Total - restricted	<u>90,687</u>	<u>-</u>	<u>-</u>	<u>90,687</u>
Total - all investments	2,172,451	-	-	2,172,451
Beneficial interest	<u>-</u>	<u>-</u>	<u>952,365</u>	<u>952,365</u>
Total	<u>\$ 2,172,451</u>	<u>\$ -</u>	<u>\$ 952,365</u>	<u>\$ 3,124,816</u>

The Organization does not have any liabilities that are required to be measured at fair value as of June 30, 2021. In addition there were no transfers between any levels during the year.

The following table presents additional information about Level 3 assets measured at fair value.

	<u>Beneficial Interest</u>
Cash proceeds from beneficial interest	\$ (100,000)
Unrealized gain on beneficial interest, net	\$ 211,199

5. COMMITMENTS AND CONTINGENCIES

Operating Leases

In 2018, the Organization extended its office lease to begin on August 1, 2018 for an additional term of three years, through July 31, 2021. Annual rent is subject to CPI increases, with a minimum rent increase of 3% and a maximum increase of 8%. On April 27, 2021, the lease was further extended for an additional term of three years, through July 31, 2024. Rent expense was \$21,458 for the year ended June 30, 2021 in the statement of functional expenses. Future minimum base lease payments under the new extension agreement ending July 31, 2024 are as follows:

2022	\$ 20,510
2023	21,173
2024	21,808
2025	<u>1,822</u>
	<u>\$ 65,313</u>

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COVID-19 Implications

The global impact of the COVID-19 pandemic continues to evolve as state and local governments adopt a number of emergency measures and recommendations in response to the outbreak, including imposing travel bans, "shelter in place" restrictions, curfews, canceling events, banning large gatherings, closing non-essential businesses and generally promoting social distancing. Although certain states and localities have begun easing some of these new measures and providing recommendations regarding recommencing economic activity, renewed outbreaks of COVID-19 may continue to occur and result in additional or different policy action at the federal, state and local level in the near future. The COVID-19 pandemic and resulting emergency measures have led (and may continue to lead) to significant disruptions in the global supply chain, global capital markets, the economy of the U.S., and the economies of other countries impacted by COVID-19. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19 on economic and market conditions. The Organization believes the estimates and assumptions underlying its financial statements are reasonable and supportable based on the information available as of June 30, 2021; however, uncertainty over the ultimate impact COVID-19 will have on the global economy generally, and the Organization's business in particular, makes any estimates and assumptions as of June 30, 2021 inherently less certain than they would be absent the current and potential impacts of COVID-19. Accordingly, it is reasonably possible that actual conditions could be different than anticipated in those estimates, which could materially impact the results of operations and the Organization's financial condition.

6. NET ASSETS WITH DONOR RESTRICTIONS

<u>Purpose Restrictions</u>	<u>Available at June 30, 2021</u>
Literacy program expenses	\$ 1,049,725
	<u>\$ 1,049,725</u>

7. LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are:

	<u>June 30, 2021 (Reviewed)</u>
Total assets at year end	\$ 3,517,941
Less: Nonfinancial assets	
Donated and purchased school supplies	37,226
Prepaid expenses and deposits	<u>26,391</u>
Financial assets	3,454,324
Less: Those unavailable for general expenditure within one year due to	
Time restrictions	872,365
Donor restrictions	<u>177,360</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,404,599</u>

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8. RELATED PARTY TRANSACTIONS

The Organization received donations from its Board Members totaling \$185,889 during the fiscal year ended June 30, 2021.

9. PAYCHECK PROTECTION PROGRAM

On April 30, 2020, the Organization issued an unsecured promissory note (the "PPP Loan") for \$23,700 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 8 or 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through Fremont Bank (the "Lender"), had a two-year term, bore interest at 1.00% per annum, and had a maturity date of April 30, 2022. If the PPP Loan was not forgiven, monthly principal and interest would have been deferred until ten months after the end of the Covered Period. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties.

On December 20, 2020, the Organization was informed that its application for forgiveness of \$23,700 of the PPP Loan was approved. Accordingly, the Organization recorded it as other income in the accompanying statement of activities.

On January 26, 2021, the Organization received a second round of loan proceeds in the amount of \$27,965 under the Paycheck Protection Program ("PPP2"). The PPP2, established as part of the Consolidated Appropriations Act, 2021, provides for loans to targeted small businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business with similar loan forgiveness provisions of PPP under the CARES Act. The PPP2 loan has a term of five years, is unsecured, and is guaranteed by the U.S. Small Business Administration. The PPP loan bears a fixed interest rate of 1% per annum. The principal amount of the PPP2 loan is subject to forgiveness under the PPP2 upon the Organization's request to the extent that PPP2 loan proceeds are used to pay expenses permitted by the PPP2, including payroll, rent, and utilities (collectively, "Qualifying Expenses.") The Organization intends to use the PPP loan amount for Qualifying Expenses. However, there can be no assurance that any part of the PPP2 loan will be forgiven.

10. NEW ACCOUNTING PRONOUNCEMENTS

New Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), which requires recognition of rights and obligations from lease contracts longer than one year as assets and liabilities on the statement of financial position. The new standard is effective for the Organization effective July 1, 2022. The Organization is evaluating the effect that ASU No. 2016-02 will have on its financial statements and related disclosures.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 23, 2022, the date on which the financial statements were available to be issued and determined no other items were required to be disclosed.

See Independent Accountant's Review Report.