

**Prader-Willi Syndrome
Association (USA)**

Financial Statements

December 31, 2021

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CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Prader-Willi Syndrome Association (USA)

Opinion

We have audited the accompanying financial statements of Prader-Willi Syndrome Association (USA) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets and cash flows for the year 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 Prader-Willi Syndrome Association (USA) as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Prader-Willi Syndrome Association (USA) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Prader-Willi Syndrome Association (USA)'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

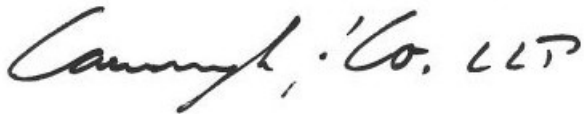
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 an audit in accordance with generally accepted auditing standards, 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 Prader-Willi Syndrome Association (USA)'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 Prader-Willi Syndrome Association (USA)'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.

A handwritten signature in black ink that reads "Cammy, Co. LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
June 14, 2022

Prader-Willi Syndrome Association (USA)

Statement of Financial Position

December 31, 2021

(with comparative totals for 2020)

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 464,239	434,601
Investments	1,852,116	1,416,128
Receivables	65,593	2,605
Inventory	5,000	5,000
Prepaid expenses	<u>15,322</u>	<u>19,014</u>
Total current assets	2,402,270	1,877,348
Property and equipment, net	28,117	32,988
Security deposits	<u>9,750</u>	<u>9,750</u>
Total assets	<u>\$ 2,440,137</u>	<u>1,920,086</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 3,323	2,587
Accrued liabilities	48,258	46,959
Deferred income	2,000	10,000
Due to related parties	<u>-</u>	<u>48,135</u>
Total liabilities	<u>53,581</u>	<u>107,681</u>
Net assets:		
Net assets without donor restrictions	1,515,879	1,004,320
Net assets with donor restrictions	<u>870,677</u>	<u>808,085</u>
Total net assets	<u>2,386,556</u>	<u>1,812,405</u>
Total liabilities and net assets	<u>\$ 2,440,137</u>	<u>1,920,086</u>

See accompanying notes to financial statements.

Prader-Willi Syndrome Association (USA)

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2021
(with comparative totals for 2020)

	2021			2020
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	
Revenues, gains and support:				
Support:				
Contributions	\$ 852,586	143,599	996,185	722,903
Fundraising contributions	377,245	-	377,245	364,306
Conference income	-	264,588	264,588	-
PPP loan forgiveness	151,100	-	151,100	126,000
Donated services	89,710	-	89,710	264,061
Revenues:				
Educational material sales	4,745	-	4,745	7,908
Membership dues	3,935	-	3,935	11,840
Investment income (loss), net	102,699	14,647	117,346	213,054
Gain on sale of assets	1,055	-	1,055	-
Net assets released from restrictions	<u>360,242</u>	<u>(360,242)</u>	<u>-</u>	<u>-</u>
 Total revenues, gains and support	 <u>1,943,317</u>	 <u>62,592</u>	 <u>2,005,909</u>	 <u>1,710,072</u>
Expenses:				
Program services:				
Family support	712,407	-	712,407	933,458
National conference	309,547	-	309,547	239,609
Advocacy and awareness	67,452	-	67,452	31,989
Research	<u>63,277</u>	<u>-</u>	<u>63,277</u>	<u>27,228</u>
Total program services	1,152,683	-	1,152,683	1,232,284
Supporting services:				
Administration	93,483	-	93,483	88,107
Fund development	<u>185,592</u>	<u>-</u>	<u>185,592</u>	<u>198,117</u>
Total supporting services	<u>279,075</u>	<u>-</u>	<u>279,075</u>	<u>286,224</u>
 Total expenses	 <u>1,431,758</u>	 <u>-</u>	 <u>1,431,758</u>	 <u>1,518,508</u>
 Change in net assets	 511,559	 62,592	 574,151	 191,564
Net assets - beginning of year	<u>1,004,320</u>	<u>808,085</u>	<u>1,812,405</u>	<u>1,620,841</u>
Net assets - end of year	<u>\$ 1,515,879</u>	<u>870,677</u>	<u>2,386,556</u>	<u>1,812,405</u>

See accompanying notes to financial statements.

Prader-Willi Syndrome Association (USA)

Statement of Functional Expenses

Year Ended December 31, 2021

(with comparative totals for 2020)

	2021 Program Services				Total Program Services	2021 Supporting Services			Total Expenses	2020
	Family Support	National Conference	Advocacy and Awareness	Research		Administration	Fund Development	Total Supporting Services		
Salaries	\$ 295,821	128,535	28,009	26,274	478,639	38,818	77,065	115,883	594,522	586,537
Payroll taxes	27,614	11,999	2,615	2,453	44,681	3,624	7,194	10,818	55,499	50,511
Employee benefits	28,639	12,444	2,712	2,544	46,339	3,758	7,461	11,219	57,558	66,850
Chapter activities	-	-	-	-	-	-	-	-	-	1,124
Conference costs	52,229	22,694	4,945	4,639	84,507	6,854	13,606	20,460	104,967	-
Research grants	34,562	15,017	3,272	3,070	55,921	4,535	9,004	13,539	69,460	149,447
Awareness and advocacy	3,000	1,304	284	266	4,854	394	782	1,176	6,030	8,457
Family support	7,728	3,358	732	686	12,504	1,014	2,013	3,027	15,531	105,788
Crisis assistance	1,282	557	121	114	2,074	168	334	502	2,576	8,374
Newsletter	1,279	556	121	114	2,070	168	333	501	2,571	9,768
Fundraising costs	56,292	24,459	5,330	5,000	91,081	7,387	14,665	22,052	113,133	49,461
International activities	3,090	1,343	293	275	5,001	406	805	1,211	6,212	6,207
Grants expense	18,509	8,042	1,753	1,644	29,948	2,429	4,822	7,251	37,199	-
Office operating expenses	4,421	1,921	419	393	7,154	580	1,152	1,732	8,886	31,695
Office supplies	1,558	676	147	138	2,519	204	405	609	3,128	4,962
Equipment rental	2,945	1,280	279	262	4,766	386	767	1,153	5,919	5,490
Postage and shipping	2,740	1,190	259	243	4,432	359	713	1,072	5,504	4,326
Software	754	328	71	67	1,220	99	197	296	1,516	28,098
Technology	34,296	14,901	3,247	3,046	55,490	4,500	8,934	13,434	68,924	7,694
Insurance	3,485	1,514	330	310	5,639	457	908	1,365	7,004	10,655
Rent	31,444	13,663	2,977	2,793	50,877	4,126	8,192	12,318	63,195	63,195
Utilities	8,785	3,817	832	780	14,214	1,153	2,289	3,442	17,656	11,320
Professional fees	7,514	3,265	711	667	12,157	986	1,957	2,943	15,100	8,500
State registration and taxes	11,552	5,019	1,094	1,026	18,691	1,516	3,009	4,525	23,216	7,437
Travel and board expenses	11,971	5,202	1,133	1,063	19,369	1,571	3,119	4,690	24,059	3,552
Bank charges	4,537	1,972	430	403	7,342	595	1,182	1,777	9,119	4,846
Dues and subscriptions	1,821	792	173	162	2,948	239	475	714	3,662	3,563
Marketing	1,429	621	135	127	2,312	188	372	560	2,872	3,604
Employee relations and training	3,721	1,617	352	331	6,021	488	970	1,458	7,479	-
Logo items	-	-	-	-	-	-	-	-	-	5,000
Depreciation	4,752	2,065	450	422	7,689	624	1,238	1,862	9,551	7,986
Donated services	44,637	19,396	4,226	3,965	72,224	5,857	11,629	17,486	89,710	264,061
Total	\$ 712,407	309,547	67,452	63,277	1,152,683	93,483	185,592	279,075	1,431,758	1,518,508

See accompanying notes to financial statements.

Prader-Willi Syndrome Association (USA)

Statement of Cash Flows
Year Ended December 31, 2021
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 574,151	191,564
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	9,551	7,986
Realized and unrealized losses (gains) on investments	(100,083)	(213,054)
Decrease (increase) in:		
Receivables	(62,988)	11,030
Inventory	-	5,000
Prepaid expenses	3,692	(16,658)
Increase (decrease) in:		
Accounts payable	736	(465,943)
Accrued liabilities	1,299	(18,228)
Deferred income	(8,000)	10,000
Due to related parties	<u>(48,135)</u>	<u>2,310</u>
Net cash flows from operating activities	<u>370,223</u>	<u>(485,993)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(4,680)	(6,338)
Proceeds from sale of investments	-	114,638
Purchases of investments	(335,905)	(28,139)
Investment in community foundation	-	174,499
	<u>(340,585)</u>	<u>254,660</u>
Net increase (decrease) in cash and cash equivalents	29,638	(231,333)
Beginning cash and cash equivalents	<u>434,601</u>	<u>665,934</u>
Ending cash and cash equivalents	<u>\$ 464,239</u>	<u>434,601</u>

See accompanying notes to financial statements.

Prader-Willi Syndrome Association (USA)

Notes to Financial Statements

December 31, 2021

Note 1 – Organization and Summary of Significant Accounting Policies:

Nature of Organization

Prader-Willi Syndrome Association (USA) (the “Organization”) is a not-for-profit organization which has as its mission statement: To enhance the quality of life and empower those affected by Prader-Willi Syndrome (“PWS”).

The Organization has further defined its business activities into the focus areas outlined below:

Family Support

Crisis Intervention and Support - The Organization maintains a crisis counseling system that provides support and assistance for families experiencing urgent problems, preventive needs and difficulties obtaining services.

Education - Strive to be a world leader in the development of materials and instruction in the knowledge of PWS and make such information accessible to families, educators, medical and law enforcement personnel, residential providers, and the community at large, on a timely basis.

Medical Intervention and Support - Provide a response system to provide families and the medical community with accurate and timely assistance in dealing with the various medical issues confronting people with PWS. Such system will be the leading international source for PWS materials and assistance on PWS medical issues.

New Diagnoses Support - Provide mentoring to parents of newly diagnosed persons with PWS.

Chapter and Volunteer Support - Develop, strengthen and nurture state chapters and affiliates to (i) ensure that families have personal support from their local community, (ii) increase the diagnosis rates and (iii) increase the funding for the Organization.

National Conference

Provide forums on a biennial basis for PWS families and/or professionals to collaborate through the exchange of information and education and provide support to families.

Advocacy and Awareness

Advocacy - Provide support for ideas and causes relevant to PWS.

Awareness - Increase the general knowledge of PWS and the Organization.

External Collaborative Relationships - Work to expand the relationships between PWSA (USA) and organizations throughout the world.

Research

Increase research into the various aspects of PWS, throughout the world, particularly those areas identified by the Organization as priorities. Actively solicit funding for such projects and collaboration. Maintain an active scientific advisory board with world leaders from the various medical disciplines that impact PWS.

Prader-Willi Syndrome Association (USA)

Notes to Financial Statements

December 31, 2021

Note 1 – Organization and Summary of Significant Accounting Policies - continued:

Administration

Provide effective management of the Organization by developing a well-balanced, team oriented, well-trained workforce that is diverse, agile, committed to the Organization's mission, and continuously expanding their capabilities to shape the Organization's future and build effective, efficient, strategically aligned business processes that integrate and capitalize on the organization's human capital and technology resources to provide accurate and timely information for the optimum management of the Organization.

Fund Development

Develop and maintain programs to ensure long-term sustainable financial support for the Organization and its activities and short-term funding for specific projects. Such support will be developed through various programs of charitable giving and community programs.

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions – Net assets subject to donor- (or certain grantor-) 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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Prader-Willi Syndrome Association (USA)

Notes to Financial Statements

December 31, 2021

Note 1 – Organization and Summary of Significant Accounting Policies – continued:

Promises to Give

Unconditional promises to give are recognized in the period received and as assets, decreases of liabilities, or expense depending on the form of benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

It is the Organization's policy to capitalize property and equipment with a cost over \$500. Property and equipment are capitalized at cost, except for donated assets, which are recorded at their fair market value at the time of the gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated on the straight-line method over their estimated useful lives of three to five years.

Inventory

Inventories are stated at the lower of cost or net realizable value by the first-in, first-out method. Inventory consists of educational materials and promotional items.

Deferred Revenue

Revenues received in advance of providing required services or conferences are deferred until the service or conference has been provided.

Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The Organization has accrued \$10,748 for time off earned, but not taken, by its employees as of December 31, 2021.

Contributed Services

Contributions of donated professional and volunteer services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received. Donated materials, when received, are reflected in the accompanying statements at their estimated fair market value at date of receipt.

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2021

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Investments

Investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Estimates

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

Income Taxes

The Organization is generally exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. There was no income tax liability for the year ended December 31, 2021.

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended December 31, 2021. The Organization's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Financial Information

The financial information shown for 2020 in the accompanying financial statements is included to provide a basis for comparison with 2021 and presents summarized totals only.

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2021

Note 2 – Investments:

Investments at fair value as of December 31, 2021, consists of the following:

Cash and money market funds	\$ 15,091
Fixed income	288,814
<u>Mutual funds</u>	
Bond funds	820,149
Equity funds	728,062
Total investments	<u>\$ 1,852,116</u>

Investment income for the year ended December 31, 2021 is comprised of the following:

Interest and dividends	\$ 26,755
Realized and unrealized gains	100,083
Fees	<u>(9,492)</u>
Net return	<u>\$ 117,346</u>

Note 3 – Property and Equipment:

Property and equipment as of December 31, 2021 consists of the following:

Office furniture	\$ 18,179
Computer equipment	27,799
Leasehold improvements	11,706
Website design	<u>18,469</u>
Total property and equipment	76,153
Less: accumulated depreciation	<u>48,036</u>
Total	<u>\$ 28,117</u>

Note 4 – Net Assets with Donor Restrictions:

At December 31, 2021, the Organization's net assets with donor restrictions are available for the following purposes:

Subject to expenditure for specified purpose:

Research	\$ 440,626
Crisis and family support	128,659
Legal counsel and education	83,898
Conference	<u>13,315</u>
Total	<u>666,498</u>

Subject to spending policy or appropriation:

Endowment	<u>204,179</u>
Total	<u>\$ 870,677</u>

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2021

Note 4 – Net Assets with Donor Restrictions - continued:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors during 2021 as follows:

Satisfaction of purpose restrictions:

Research	\$	69,460
Crisis and family support		16,209
Legal counsel and education		12,220
Convention		262,353
Total	\$	<u>360,242</u>

Note 5 – Net Assets Without Donor Restrictions:

The Board of Directors has designated \$10,000 of unrestricted net assets for the purpose of additional funding of the endowment.

Note 6 – Concentrations:

Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and cash equivalents and contributions receivable. The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The Organization places its cash and cash equivalents with local financial institutions. Although the Organization manages its credit risk through diversification, at times, cash balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to significant credit risk on cash and cash equivalents.

Note 7 – Lease Commitments:

PWSA (USA) entered into various non-cancellable operating lease agreements for the rental of office facilities and office equipment that expire at various dates through November 2022. Rental expenses for those leases amounted to \$63,195 for the year ended December 31, 2021.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2021 were:

Year ending December 31,

2022	\$ 38,319
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Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2021

Note 8 – Donated Services:

The value of donated services included as contributions in the financial statement and the corresponding donated services expense for the year ended December 31, 2021, are as follows:

Finance	\$	87,310
Other		<u>2,400</u>
	\$	<u><u>89,710</u></u>

These donated services are recognized since they require specialized skills that would otherwise be purchased by the Organization. There are a significant number of donated services that were not recognized in these financial statements because they could not be estimated. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as donated services.

Note 9 – Fair Value of Financial Assets and Liabilities:

The Organization adopted the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Organization's assets that are measured at fair value on a recurring basis as of December 31, 2021, and indicate that fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the Association's assumptions based on the best information available in the circumstance.

Prader-Willi Syndrome Association (USA)
Notes to Financial Statements
December 31, 2021

Note 9 – Fair Value of Financial Assets and Liabilities - continued:

Assets at fair value on a recurring basis at December 31, 2021:

Description	December 31, 2021	Assets and Liabilities at Fair Value on a Recurring Basis at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,548,211	1,548,211	-	-
Fixed income	288,814	288,814	-	-
Total assets at fair value	<u>\$ 1,837,025</u>	<u>1,837,025</u>	<u>-</u>	<u>-</u>

Note 10 – Functionalized Expenses:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated based on estimates of time and effort.

Note 11 – Liquidity:

Financial assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions, as of December 31, 2021 consist of the following:

Cash and cash equivalents	\$ 464,239
Operating investments	1,852,116
Receivables	<u>65,593</u>
Total assets available	2,381,948
Less: Donor-imposed restrictions	<u>(870,677)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,511,271</u>

The Organization is typically able to manage liquidity through donations. The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments.

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Note 12 – PPP Loan:

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act was signed into law. One component of the CARES Act was the paycheck protection program (PPP) which provides small business with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (“SBA”) with support from the Department of the Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. The funds are provided in the form of a loan subject to forgiveness if certain conditions are met. In January 2021 a second draw of PPP funds (“PPP2”) was allowed to qualified organizations. The Organization applied for and received funds under the first allowable draw (“PPP1”) of \$126,000 in April 2020. The Organization received additional funds under PPP2 of \$151,000 in January 2021.

The Organization expected to meet the PPP’s eligibility criteria and, therefore, concluded that the PPP loans represented, in substance, grants expected to be forgiven. As a result, the Organization accounted for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution, with the most significant condition being the forgiveness of the debt. In November 2020, the Organization was notified that the PPP1 loan was forgiven and in August 2021 PPP2 loan was forgiven. Accordingly, the PPP loan forgiveness was recognized as revenue in the year in which forgiveness was granted.

Note 13 – Endowment:

The Organization’s endowment currently consists of two separate funds established to supplement its operating income over a long period of time. The endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of The Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, The Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by FUPMIFA.

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Note 13 – Endowment - continued

In accordance with FUPMIFA, The Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of The Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of The Organization
7. The investment policies of The Organization.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. There were no deficiencies as of December 31, 2021.

The Organization's Board of Directors has adopted investment and spending policies for the endowment assets which are reviewed annually and updated periodically.

As of December 31, 2021, endowment funds had original gifts values of \$204,179, fair values of \$204,179 and no funds with deficiencies.

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2020	\$ 340,996	201,053	542,049
Investment income	70,432	-	70,432
Contributions	-	3,126	3,126
Endowment net assets, December 31, 2021	<u>\$ 411,428</u>	<u>204,179</u>	<u>615,607</u>

Note 14 – Subsequent Events:

Subsequent events have been evaluated through June 14, 2022, which is the date the financial statements were available to be issued.