

Mercy for Animals

Financial Statements

December 31, 2021 and 2020

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Mercy for Animals

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Independent Auditors' Report

**To the Board of Directors
Mercy for Animals**

Opinion

We have audited the accompanying financial statements of Mercy for Animals (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, 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 Mercy for Animals 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 Mercy for Animals and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mercy for Animals 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 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 Mercy for Animals 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 Mercy for Animals 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

Report on Summarized Comparative Information

The financial statements of Mercy for Animals as of December 31, 2020 were audited by other auditors whose report dated September 21, 2021 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mazars USA LLP

August 22, 2022

Mercy for Animals

Statements of Financial Position

December 31, 2021

(With Summarized Comparative Information for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 12,901,054	\$ 10,708,418
Restricted cash	964,518	-
Contributions and grants receivable	1,625,445	525,000
Investments, at fair value	11,903,839	11,408,643
Inventory	6,368	29,886
Prepaid expenses and other assets	209,708	196,605
Property and equipment, net	27,200	32,412
Intangible assets	122,145	133,557
Total assets	<u>\$ 27,760,277</u>	<u>\$ 23,034,521</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 660,279	\$ 483,906
Paycheck protection program loan	-	875,239
Total liabilities	<u>660,279</u>	<u>1,359,145</u>
Net assets		
Without donor restrictions		
Undesignated	15,139,995	12,280,484
Board designated for long term investment	7,544,714	5,961,109
With donor restrictions	4,415,289	3,433,783
Total net assets	<u>27,099,998</u>	<u>21,675,376</u>
Total liabilities and net assets	<u>\$ 27,760,277</u>	<u>\$ 23,034,521</u>

The accompanying notes are an integral part of these financial statements.

Mercy for Animals

Statements of Activities

Year Ended December 31, 2021

(With Summarized Comparative Information for 2020)

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenue and other support				
Contributions and grants	\$ 10,212,114	\$ 5,778,750	\$ 15,990,864	\$ 12,060,771
Forgiveness of PPP loan	875,239	-	875,239	-
In-kind contributions	137,670	-	137,670	636,632
Fundraising events, net of direct benefit	667,533	-	667,533	116,483
Sale of merchandise, net of cost of goods sold of \$79,371 and \$47,375	22,424	-	22,424	67,391
Investment income, net	888,272	-	888,272	818,310
Net assets released from restrictions	4,797,244	(4,797,244)	-	-
Total public support and revenue	17,600,496	981,506	18,582,002	13,699,587
Functional expenses				
Program services	9,451,916	-	9,451,916	8,953,915
Management and general	1,492,604	-	1,492,604	1,484,461
Fundraising	2,212,860	-	2,212,860	1,464,037
Total expenses	13,157,380	-	13,157,380	11,902,413
Change in net assets	4,443,116	981,506	5,424,622	1,797,174
Net asset, beginning of year	18,241,593	3,433,783	21,675,376	19,878,202
Net asset, end of year	<u>\$ 22,684,709</u>	<u>\$ 4,415,289</u>	<u>\$ 27,099,998</u>	<u>\$ 21,675,376</u>

The accompanying notes are an integral part of these financial statements.

Mercy for Animals

Statement of Functional Expenses

Year Ended December 31, 2021

(With Summarized Comparative Information for 2020)

	2021			2020	
	Program Services	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries, benefits and payroll taxes	\$ 5,340,789	\$ 598,395	\$ 1,389,981	\$ 7,329,165	\$ 6,086,828
Contributions and grants	2,724,554	-	-	2,724,554	2,406,989
Contract labor	483,161	164,303	125,735	773,199	672,323
Information technology expenses	17,763	459,612	222,208	699,583	454,935
Professional fees and dues	269,385	99,713	65,250	434,348	1,176,448
Staff development	34,204	47,489	90,962	172,655	207,335
Travel	145,747	11,488	16,185	173,420	122,574
Advertising	156,162	-	71,007	227,169	50,388
Insurance	68,764	33,292	13,753	115,809	190,163
Postage & shipping	16,977	8,717	164,255	189,949	114,636
Office expenses	111,743	7,754	8,179	127,676	131,290
Event expenses	-	-	153,192	153,192	679
Supplies	56,941	19,210	12,874	89,025	140,182
Bank fees	111	12,755	6	12,872	40,464
Inventory	79,371	-	-	79,371	47,375
Printing and copying	19,466	1,156	6,106	26,728	56,956
Telecommunications	6,149	9,373	2,068	17,590	34,797
Depreciation and amortization	-	19,347	-	19,347	13,134
Sales taxes	-	-	-	-	2,971
	<u>9,531,287</u>	<u>1,492,604</u>	<u>2,341,761</u>	<u>13,365,652</u>	<u>11,950,467</u>
Less direct costs of special events	-	-	(128,901)	(128,901)	(679)
Less costs of goods sold	<u>(79,371)</u>	<u>-</u>	<u>-</u>	<u>(79,371)</u>	<u>(47,375)</u>
Total expenses	<u>\$ 9,451,916</u>	<u>\$ 1,492,604</u>	<u>\$ 2,212,860</u>	<u>\$ 13,157,380</u>	<u>\$ 11,902,413</u>

The accompanying notes are an integral part of these financial statements.

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Statements of Cash Flows

Year Ended December 31, 2021

(With Summarized Comparative Information for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 5,424,622	\$ 1,797,174
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	19,347	13,134
Forgiveness of PPP loan	(875,239)	-
Stock donations	(207,497)	(177,859)
Net realized and unrealized gains on investment	(652,410)	(638,564)
Increase (decrease) in cash resulting from changes in operating assets and liabilities		
Contributions and grants receivable	(1,100,445)	1,829,000
Inventory	23,518	5,083
Prepaid expenses and other assets	(1,691)	39,903
Accounts payable and accrued expenses	176,373	168,146
	<u>2,806,578</u>	<u>3,036,017</u>
Net cash provided by operating activities	2,806,578	3,036,017
Cash flows from investing activities		
Purchases of property and equipment	(14,135)	(11,800)
Proceeds from sale of investments	10,894,677	11,772,175
Purchase of investments	(10,529,966)	(12,185,552)
	<u>350,576</u>	<u>(425,177)</u>
Net cash provided by (used in) investing activities	350,576	(425,177)
Cash flows from financing activities		
Proceeds from PPP loan	-	875,239
	<u>-</u>	<u>875,239</u>
Net cash provided by financing activities	-	875,239
Net increase in cash and cash equivalents and restricted cash	3,157,154	3,486,079
Cash and cash equivalents and restricted cash		
Beginning of year	<u>10,708,418</u>	<u>7,222,339</u>
End of year	<u>\$ 13,865,572</u>	<u>\$ 10,708,418</u>
Reconciliation of cash and cash equivalents and restricted cash		
Cash and cash equivalents	\$ 12,901,054	\$ 10,708,418
Restricted cash	964,518	-
Cash and cash equivalents and restricted cash, end of year	<u>\$ 13,865,572</u>	<u>\$ 10,708,418</u>

The accompanying notes are an integral part of these financial statements.

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Notes to Financial Statements Years Ended December 31, 2021 and 2020

1. Organization and Nature of Activities

Mercy for Animals, Inc. (the "Organization") is a 501(c)(3) nonprofit animal protection organization that works to construct a compassionate food system by reducing suffering and ending the exploitation of animals for food through investigations, legal advocacy, corporate engagement, and education. The Organization focuses on farmed animal advocacy and promoting cruel-free food choices.

In order to spread the Organization's mission domestically and globally, the Organization assisted in the establishment of the affiliated nonprofit organizations in Canada, Brazil, Asia, Latin America and India. All affiliated organizations maintain separate Boards of Directors; however some Board membership and senior management are common to some of the affiliates. All affiliates operate as separate and independent entities to undertake activities that may or may not be consistent with all requirements of the Section 501(c)(3) of the Internal Revenue Code governing certain tax-exempt entities. While the Organization made grants to the affiliates totaling \$2,336,424 in 2021, the Organization does not enjoy the rights of ownership of the assets and revenues of the affiliates, nor is it subject to their liabilities. The Organization does not hold a majority interest ownership interest in its affiliates nor does the Organization have control of a majority of the Board appointments of the affiliated group. Accordingly, the financial statements of the affiliates have not been consolidated with those of the Organization.

2. Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists of funds maintained in bank accounts. Cash equivalents consist of highly liquid investments with original maturities of three months or less.

The Organization maintains its cash balances with one major financial institution. Amounts at the financial institution are insured by the Federal Deposit Insurance Corporation. Balances may exceed insured limits from time to time. As of December 31, 2021, the uninsured balance totaled approximately \$11,646,000.

Contributions and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows discounted to fair value using an appropriate interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

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Conditional promises to give are not included as support until the conditions are substantially met and are reflected as deferred revenue in the accompanying statement of financial position. Contributions receivable are expected to be collected within the next fiscal year unless classified as non-current assets.

Restricted Cash

Restricted cash includes funds required to be held within segregated bank accounts pursuant to donor-imposed stipulations.

Inventory

Inventory is valued at the lower of cost, computed on the average cost basis, or net realizable value.

Property and equipment

Property and equipment are stated at historical cost or fair value at the date of donation. Expenditures for fixed assets in excess of \$1,000 are capitalized. Depreciation is calculated on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repair expenditures are charged to operations, as incurred.

Support and Revenues

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until all the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Grants represent contributions if resource providers do not receive direct commensurate value in exchange for the assets transferred. Contributions are recorded at their fair value as support with or without donor restrictions, depending on the existence or absence of donor-imposed stipulations on the use of funds as applicable. When a restriction expires (that is, when a stipulated time restriction lapses or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue from sales of merchandise are recognized at the point in time when the sale occurs.

Functional Allocation of Expenses

The costs of providing the various programs and 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. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

Intangible Assets

Intangible assets represent assets which are not physical in nature and include digital assets held by the Organization. Digital assets are recorded at their fair value at the time of donation and are tested for impairment at least annually, or more often if there is an indication of impairment. Impairment losses on intangible assets are reported in the statement of activities.

Investments

Investments are valued at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains and losses are included in the statement of activities. The Organization follows the standards for fair value measurement and disclosure for financial assets and liabilities which clarify the definition of fair value, prescribe methods for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and expand disclosure about the use of fair value measurements. The following table presents financial assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

Level 1 – Includes investments for which unadjusted quoted prices are available in active markets for identical investments as of the reporting date.

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Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and inputs that are observable for the assets and liabilities, either directly or indirectly, for substantially the full-term of the financial instrument.

Level 3 – Includes investments that are valued using unobservable inputs to the extent that relevant observable inputs are not available, representing the Organization’s own assumptions about the assumptions that a market participant would use in valuing the investment, and that would be based on the best information available.

Equities consist of debt and equity securities and are recorded at fair value. The fair value of equity securities is based on quoted market prices. The fair value of marketable debt securities is estimated by the custodian of these securities based on industry-standard models or other valuation methodologies.

The following is a description of the valuation methodologies used for assets measured at fair value:

Equities and exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income securities: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements.

Summarized Prior Year Financial Information

The financial statements include certain prior year summarized comparative information in total, which does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2020, from which the summarized information was derived.

In-Kind Contributions

The Organization records donated services at fair value at the date of donation if the services enhance nonfinancial assets or require specialized skills which the Organization would typically need to purchase if not provided by donation. Donated equipment and other goods are recorded at their estimated fair value when received.

The amount applicable to in-kind contributions is reflected in the financial statements as both support and expenses as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Legal services	\$ 113,379	\$ 154,292
Strategy consulting and public relations	-	480,000
Donated auction gifts	24,291	2,340
Total in-kind contributions	<u>\$ 137,670</u>	<u>\$ 636,632</u>

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Advertising

Advertising costs are expensed as incurred.

Income Tax Status

The Internal Revenue Service and California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701d.

3. Investments

Investments were comprised of the following at December 31, 2021 and 2020:

	Fair Value Measurements at December 31, 2021			2021 Total
	Unadjusted Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed income securities	\$ -	\$ 4,750,444	\$ -	\$ 4,750,444
Equities	5,341,095	-	-	5,341,095
Exchange traded funds	1,812,300	-	-	1,812,300
	<u>\$ 7,153,395</u>	<u>\$ 4,750,444</u>	<u>\$ -</u>	<u>\$ 11,903,839</u>

	Fair Value Measurements at December 31, 2020			2020 Total
	Unadjusted Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Fixed income securities	\$ -	\$ 6,567,449	\$ -	\$ 6,567,449
Equities	4,268,494	-	-	4,268,494
Exchange traded funds	572,700	-	-	572,700
	<u>\$ 4,841,194</u>	<u>\$ 6,567,449</u>	<u>\$ -</u>	<u>\$ 11,408,643</u>

Investment income for the years ended December 31, 2021 and 2020 was comprised of the following:

	2021	2020
Interest and dividend income	\$ 276,351	\$ 213,723
Net realized gains	365,496	82,256
Net unrealized gains	286,914	556,308
Investment fees	(40,489)	(33,977)
Total investment income	<u>\$ 888,272</u>	<u>\$ 818,310</u>

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4. Contributions and Grants Receivable

Contributions and grants receivable at December 31, 2021 and 2020 include unconditional promises to give as follows:

	2021	2020
Receivable in less than one year	\$ 1,565,445	\$ 350,000
Receivable in one to five years	60,000	175,000
	<u>\$ 1,625,445</u>	<u>\$ 525,000</u>

5. Property and Equipment, net

Property and equipment, net consisted of the following:

	2021	2020	Depreciation / Amortization Period
Leasehold improvements	\$ 134,284	\$ 134,284	Term of lease
Furniture and equipment	62,271	60,712	5 years
Computer equipment	25,993	13,417	5 years
Software	6,524	6,524	5 years
Automobiles	2,494	2,494	3 years
	<u>231,566</u>	<u>217,431</u>	
Accumulated depreciation and amortization	<u>(204,366)</u>	<u>(185,019)</u>	
	<u>\$ 27,200</u>	<u>\$ 32,412</u>	

Depreciation expense amounted to \$19,347 and \$13,134 for the years ended December 31, 2021 and 2020, respectively.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, are available for the following purposes or periods:

	2021	2020
Public engagement	\$ 1,825,449	\$ 1,261,819
Global public policy	988,529	-
Transformation	500,000	-
Corporate engagement	-	1,301,873
Organizing	381,712	700,000
Investigations	250,000	21,536
Other	219,599	148,555
Time restrictions - year ended December 31, 2022	250,000	-
	<u>\$ 4,415,289</u>	<u>\$ 3,433,783</u>

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Net assets released from restriction for the years ended December 31, were as follows:

	2021	2020
Corporate engagement	\$ 1,306,873	\$ 1,390,018
Public engagement	1,649,620	1,133,477
Capacity building	-	1,050,028
Organizing	318,288	-
Transformation	215,000	-
Investigations	41,536	259,564
Global public policy	11,471	-
Other	1,004,456	53,970
Time restrictions	250,000	-
	<u>\$ 4,797,244</u>	<u>\$ 3,887,057</u>

7. Lease Commitments

The Organization leases office space in West Hollywood, California. The lease expired in March 2022 and required monthly lease payments of approximately \$4,500. Subsequent to March 2022, the Organization has been working in a remote environment and does not currently occupy office space. The future minimum annual rental payments for 2022 amount to \$13,517. Rent expense for the years ended December 31, 2021 and 2020 amounted to \$65,919 and \$78,062, respectively.

8. Concentrations

During the year ended December 31, 2021, 1 donor accounted for approximately 18% of contributions and grant revenues. As of December 31, 2021, 3 donors accounted for approximately 60% of contributions and grants receivable. During the year ended December 31, 2020, 4 donors accounted for approximately 34% of contributions and grant revenues. As of December 31, 2020, 1 donor accounted for 100% of contributions and grants receivable.

9. Related Party

The Organization received approximately \$35,000 and \$31,000, respectively in grants and contributions from members of Board of Directors during the years ended December 31, 2021 and 2020.

10. Retirement Plan

The Organization offers voluntary pre-tax retirement benefit plan to all employees immediately upon hire. Employees that elect to contribute to the benefit plan may self-direct the investment of their deferred compensation among specific investment options via automatic payroll deduction.

11. Liquidity and Availability

The Organization has a Finance and Investment Committee that oversees the financial and liquidity position of the Organization. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a goal to maintain financial assets, which primarily consists of cash and short-term investments, on hand to meet 9 months of normal operating expenses, which based on 2021 operating expenses is approximately \$9.5 million. During the year ended December 31, 2021, the level of liquidity and reserves was managed within the policy requirements.

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

	2021	2020
Cash and cash equivalents	\$ 12,901,054	\$ 10,708,418
Contributions and grants receivables	1,565,445	350,000
Investments, at fair value	11,903,839	11,408,643
Financial assets available within one year	<u>26,370,338</u>	<u>22,467,061</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>4,165,289</u>	<u>3,433,783</u>
Amounts unavailable to management without Board's approval:		
Board designated for long term investment	<u>7,544,714</u>	<u>5,961,109</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 14,660,335</u>	<u>\$ 13,072,169</u>

12. Paycheck Protection Program

On April 6, 2020, the Organization secured a loan from a bank of approximately \$875,000 through the U.S. Small Business Administration's paycheck protection program. The loan had an interest rate of 1% and was originally scheduled to mature on April 6, 2022. A portion or all the loan may be forgiven in accordance with the provisions of the paycheck protection program.

The Organization is following the provisions of ASC 405-20-1 which states a debtor shall derecognize a liability if and only if it has been extinguished. A liability has been extinguished if either of the following conditions is met:

- The debtor is legally released from being the primary obligor under the liability, either judicially or by the creditor
- The debtor pays the creditor and is relieved of its obligation for the liability.

On July 12, 2021, the Organization was notified that the U.S. Small Business Administration had approved their forgiveness application. The loan forgiveness is recognized under forgiveness of PPP loan in the accompanying statement of activities.

13. COVID-19

The COVID-19 pandemic developed rapidly in 2020 and its effects were far reaching. Measures taken by the United States government to contain the virus and assist impacted businesses have affected economic activity and the Organization's operations. Equity markets have experienced significant volatility and while markets typically recover, there is significant uncertainty regarding the duration and breadth of business disruptions related to COVID-19, as well as its impact on the US and international economies. While it is reasonably possible that this matter will negatively impact the Organization, the financial impact cannot be reasonably determined at this time.

14. Subsequent Events

The Organization has evaluated subsequent events through August 22, 2022, the date the financial statements were available to be issued.

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