

FRIENDSHIP CIRCLE OF MIAMI, INC.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

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FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

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**LANTER, LEONARDO
& DICRESCENZO, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

1900 NW Corporate Blvd, Suite 110W Boca Raton, FL 33431 Phone (561) 998-7770 Fax (561) 998-7771

To the Board of Directors
Friendship Circle of Miami, Inc.
Miami, Florida

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Friendship Circle of Miami, Inc. (the "Organization") (a non-profit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Lanter, Leonardo & DiCrescenzo, LLC

Lanter, Leonardo & DiCrescenzo, LLC
Certified Public Accountants
Boca Raton, Florida
November 19, 2020

FRIENDSHIP CIRCLE OF MIAMI, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 298,281
Pledges Receivable	552,612
Prepaid Expenses	<u>4,468</u>
Total Current Assets	855,361

Other Assets:

Pledges Receivable, Net	1,697,089
Campus in Progress	571,820

Property and Equipment, Less Accumulated Depreciation	<u>119,376</u>
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Total Assets	<u><u>\$ 3,243,646</u></u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 11,729
Payroll Liabilities	11
Loan from Chabad	23,734
PPP Loan	<u>57,200</u>

Total Current Liabilities	<u>92,674</u>
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Long-term Liabilities:

SBA Loan	<u>149,900</u>
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Total Long-term Liabilities	<u>149,900</u>
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NET ASSETS

Without Donor Restrictions

Available for Operations	446,185
Board Designated	90,000
Designated for Property and Equipment	<u>119,376</u>

Total Unrestricted Net Assets	655,561
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With Donor Restrictions

	<u>2,345,511</u>
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Total Net Assets	<u>3,001,072</u>
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Total Liabilities and Net Assets	<u><u>\$ 3,243,646</u></u>
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The accompanying notes are an integral part of the financial statements.

FRIENDSHIP CIRCLE OF MIAMI, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORTS AND REVENUES			
Grant Income	\$ 145,065	\$ 27,800	\$ 172,865
Contribution Income	368,202	-	368,202
Building Fund Pledges	-	615,378	615,378
Program Fees	37,161	-	37,161
Fundraising	239,988	-	239,988
Interest Income	98	-	98
Other Income	<u>120</u>	<u>-</u>	<u>120</u>
Total Revenues	<u>790,634</u>	<u>643,178</u>	<u>1,433,812</u>
EXPENSES			
Program Services:			
Community Services	564,729	-	564,729
Supporting Services:			
Management	84,514	-	84,514
Fundraising	<u>204,459</u>	<u>-</u>	<u>204,459</u>
Total Expenses	<u>853,702</u>	<u>-</u>	<u>853,702</u>
Change in Net Assets	<u>(63,068)</u>	<u>643,178</u>	<u>580,110</u>
Net Assets - July 1, 2019, restated	<u>718,629</u>	<u>1,702,333</u>	<u>2,420,962</u>
Net Assets - June 30, 2020	<u>\$ 655,561</u>	<u>\$ 2,345,511</u>	<u>\$ 3,001,072</u>

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

FRIENDSHIP CIRCLE OF MIAMI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services	Supporting Services		Total Expenses
	Community Services	Management and General	Fundraising	
Advertising and Marketing	\$ 56,224	\$ -	\$ 14,710	\$ 70,934
Assistance - Non Payroll	1,604	-	-	1,604
Charity	830	-	-	830
Entertainment and Workshops	7,108	-	-	7,108
Equipment Rental and Maintenance	2,960	-	-	2,960
Program Fundraising	-	-	768	768
Miscellaneous and Other	1,189	-	1,253	2,442
Therapists and Providers	26,113	-	-	26,113
Food and Supplies	4,730	-	38,717	43,447
Supplies: General	11,361	-	4,277	15,638
Supplies: Gifts	3,471	-	-	3,471
Books, Subscriptions and Reference	135	-	-	135
Transportation	11,086	-	-	11,086
Venues	-	-	6,168	6,168
Payroll	262,783	28,281	54,978	346,042
Project Development	15,790	-	63,160	78,950
Independent Contractors	1,109	1,081	-	2,190
Auto	-	3,418	-	3,418
Banking and Other Fees	-	5,109	5,939	11,048
Insurance	-	1,862	-	1,862
Office Supplies	-	5,767	-	5,767
Postage, Shipping and Telecommunications	-	1,598	-	1,598
Professional Fees	31,731	32,700	14,489	78,920
Travel and Meetings	-	2,451	-	2,451
Occupancy	107,356	2,247	-	109,603
Depreciation	19,149	-	-	19,149
Total Expenses	\$ 564,729	\$ 84,514	\$ 204,459	\$ 853,702

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

FRIENDSHIP CIRCLE OF MIAMI, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 580,110
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	19,149
Unamortized Discount	(5,878)
Prior Period Adjustment	18,633
(Increase) Decrease in Operating Assets:	
Pledges Receivable	(451,205)
Loan Receivable - Chabad Center of Kendall	710
Prepaid Expenses	(4,468)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable and Accrued Expenses	(18,721)
Loan from Chabad	23,734
Payroll Liabilities	<u>(56)</u>
Net Cash Provided by Operating Activities	<u>162,008</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

(Increase) in Investing Activities:	
Campus in Progress	<u>(86,925)</u>
Net Cash Used in Investing Activities	<u>(86,925)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Increase in Financing Activities:	
Proceeds from PPP Loan	57,200
Proceeds from SBA Loan	<u>149,900</u>
Net Cash Provided by Financing Activities	<u>207,100</u>
Net Increase in Cash and Cash Equivalents	282,183
Cash - Beginning of the Year	<u>16,098</u>
Cash - End of the Year	<u><u>\$ 298,281</u></u>

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

FRIENDSHIP CIRCLE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization – Friendship Circle of Miami, Inc. (“Organization”) is a non-profit organization established in July 2006 in the State of Florida. The Friendship Circle of Miami is a non-profit community based volunteer organization dedicated to offering friendship and acceptance to children, teens, and young adults with special needs regardless of their disability while empowering teenage and young adult volunteers by building their leadership skills as they foster the values of altruism and volunteerism. Through the mission of the Friendship Circle of Miami, they are committed to providing respite and imparting renewed strength, comfort and peace of mind to the parents of these special children while simultaneously heightening the community’s awareness, sensitivity and sense of responsibility to individuals with special needs, ultimately embracing them.

2. Basis of Presentation – The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Organization receives grants from various local corporations and individuals and other organizations for services provided to individuals and recognizes the income when earned. The Organization has a major fundraising event called Walking 4 Friendship that generates a significant amount of support every year.

3. Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

4. Revenue Recognition – Contributions received 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.

5. Property and Equipment – Property and equipment are recorded at cost or, if donated, at approximate fair value at date of donation. Depreciation is computed using primarily the straight-line method over the useful lives of the assets.

6. Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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.

FRIENDSHIP CIRCLE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Income Taxes – The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending 2016-2019 are still open to audit for federal purposes. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation.

8. Cash and Cash Equivalents – For purposes of the June 30, 2020 statement of financial position and the related cash flows for the year ended June 30, 2020, the Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Organization's deposits did not exceed the federal depository insurance limits as of June 30, 2020. The Organization has not experienced any losses in these accounts.

9. Contributed Services – The Organization receives a substantial amount of services donated by volunteers and its members. No amount has been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-25-16, *Accounting for Contributions Received and Contributions Made*.

10. Fair Value of Financial Instruments – The fair value of the Organization's short-term financial instruments, including cash and cash equivalents, receivables, accounts payable and accrued expenses approximate their carrying amounts due to the short maturity of these instruments.

11. Concentrations of Credit Risk – Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and pledges receivable. The Organization, maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. Pledges receivable consist primarily of amounts due from members and sponsors. The Organization believes that the credit risk related to these pledges receivable is minimal.

12. Contributions Receivable – Unconditional promises to give, or pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give, or pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate of 3.50% applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

FRIENDSHIP CIRCLE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions 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 contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

14. Accounting Pronouncement - In May 2014, the Financial Accounting Standards Boards (FASB) issued Accounting Standards Codification (ASC) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which requires entities to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

15. Contract Liabilities - The Organization recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Organization has the right to receive payment in advance of the satisfaction of performance obligations related to members' dues and program fees. There were no balances of contract liabilities as of the beginning and end of the year.

NOTE B - CONTRIBUTIONS RECEIVABLE

As of June 30, 2020, The Friendship Circle of Miami, Inc.'s pledges receivable consisted of unconditional promises to give which are expected to be realized as follows:

Due in less than one year	\$ 552,612
Due in one to five years	996,078
Due over five years	<u>985,800</u>
Gross Contributions Receivable	2,534,490
Less Discount for Present Value	<u>(284,789)</u>
Net Contributions Receivable	<u>\$ 2,249,701</u>

FRIENDSHIP CIRCLE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE C - 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 program and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program. The expenses that are allocated include payroll which is allocated on the basis of estimates of time and effort, as well as occupancy based on square footage and professional fees which are allocated based on direct expenses.

NOTE D - AVAILABILITY AND LIQUIDITY

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

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 298,281
Pledges Receivable	2,534,490
Prepaid Expenses	<u>4,468</u>
Total Financial Assets	2,837,239
Less Amounts Not Available To Be Used Within One Year:	
Donor Restricted for Period Beyond One Year	(1,697,089)
Board Designated for Future Use	<u>(90,000)</u>
	<u>(1,787,089)</u>
Total Financial Assets Available Within One Year	<u>\$ 1,050,150</u>

The Organization has \$1,050,150 of financial assets available within one year of the statement of financial position date to meet cash needs for general and capital expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general or capital expenditure within one year of the statement of financial position date. The Organization sets a goal of having financial assets on hand to meet 90 days of normal operating expenses, which are, on average, around \$213,425. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general and capital expenditures, liabilities and other obligations become due.

NOTE E - CONTINGENCY

The Organization receives financial assistance from the Chabad Center of Kendall and other organizations in the form of grants and contributions. The disbursement of funds received under those programs generally require compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Organization. However, in the opinion of management, such disallowance of claims, if any, would not have a material effect on the overall financial position of Organization at June 30, 2020.

FRIENDSHIP CIRCLE OF MIAMI, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020:

Vehicle 1	\$	89,660
Vehicle 2		71,280
Total		160,940
Less: Accumulated Depreciation		(41,564)
		\$ 119,376

The vehicles are being depreciated over the useful life of 7-10 years. Depreciation expense was \$19,149 for the year ended June 30, 2020.

NOTE G - CAMPUS IN PROGRESS

In 2016, the Organization began planning and fundraising for an estimated \$9 million campus re-development campaign to expand facilities with an Activity Center and Educational Center. This campus will offer 20,000 square-feet of space, which will serve as an activity center, social meeting place, and hub for the network of families, individuals with special needs, volunteers, professional staff, and supporters. As of June 30, 2020, the costs for initial program planning, architectural and campus design and start-up of identified growth objectives are as follows:

Architect	\$	367,361
Interior Designer		8,120
Legal		134,913
Permit Fees		13,378
Marketing and Outreach		29,298
Owners Representation		18,750
Total		\$ 571,820

NOTE H - FEDERAL GRANT AWARDS

In fiscal year 2015-2016, under the Federal Transit Administration’s Section 5310 Program, the Organization was awarded a federal assistance grant of \$161,500 from the Florida Department of Transportation Freight Passengers and Logistics Unit (the “Department”) to obtain two vehicles and vehicle wraps. The Department was responsible for purchasing all vehicles awarded and the Organization was responsible for 10% local match towards the total project costs. The Department maintains a lien on the vehicles for 10 years or 100,000 miles used on the vehicles, whichever occurs first. As of June 30, 2018, the Organization had received the first awarded vehicle and vehicle wrap. At the request of the Organization, the first notice of grant award (NOGA) issued on May 10, 2016 for the second vehicle was amended and the new amount awarded was \$73,995 per the NOGA dated March 1, 2018. As of fiscal year ending June 30, 2019, the Organization received a total of \$64,152 for the second vehicle which was purchased at a total cost of \$71,280.

On March 6, 2020, the State of Florida Department of Transportation and the Organization entered into an agreement for the Organization to provide transportation services for the elderly and disadvantaged. The terms of the agreement will commence upon full execution by both parties and continue through June 30, 2020. Estimated cost of the project is \$18,200 and the Department agrees to participate up to the maximum of \$9,100.

FRIENDSHIP CIRCLE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE I - NET ASSETS

Net assets with donor restrictions are as follows for the year ended June 30, 2020:

Passage of Time	
Building Fund Pledges	\$ 2,317,711
2020-2021 Children's Programs	<u>27,800</u>
 Total	 <u>\$ 2,345,511</u>

Net assets without donor restrictions for the year ended June 30, 2020 are as follows:

Available for Operations	\$ 446,185
Board Designated	90,000
Designated for Property and Equipment	<u>119,376</u>
 Total	 <u>\$ 655,561</u>

The Board has designated funds to be set aside for future capital purchases or other designated purposes.

NOTE J - RELATED PARTY

The Organization reimburses the Chabad Center of Kendall (“Chabad”) \$8,666 monthly for facilities usage, which includes rent, cleaning, phones, internet, utilities and office supplies. In addition, certain directors and officers of the Organization are also affiliated with the Chabad Center of Kendall. The Organization’s Executive Director and Co-Director receive compensation for their services.

The campus re-development campaign (see Note G) is a shared endeavor between the Organization and the Chabad of Kendall. The allocation of building costs and fundraising efforts will be shared based on usage by each entity. The project contributions and expenditures will be classified on each entity’s respective accounting records. The Chabad owns the land on which the new facilities will be constructed and upon completion of the project overall expenses will be allocated based upon percentage of usage by each. At June 30, 2020, the Organization owes the Chabad \$23,734 for expenses related to the campus in progress costs.

On October 8, 2019, Chabad entered into a Contract with the Florida Agency for Persons with Disabilities (“Agency”) for the Agency to pay for contracted services according to the terms and conditions of the Contract in an amount not to exceed \$284,000 or the rate scheduled, subject to the availability of funds and satisfactory performance of all terms and conditions of the Provider. Funds received will be used to complete Phase 1 of construction of the Organization’s new Campus by completing Soft Costs which are the costs not directly related to the construction, but not limited to pre and post construction activities. The Contract shall end at midnight, local time at Dade County, Florida on June 30, 2021 and may be renewed for a term not to exceed three (3) years or the term of the original contract, whichever is longer. The Contract may be terminated by either party without cause upon no less than thirty (30) calendar days written notice to the other party unless an earlier time is mutually agreed upon in writing. The Organization will be paying the expenses related to the campus in progress. The Chabad will reimburse the Organization for these expenses.

FRIENDSHIP CIRCLE OF MIAMI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE K - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions after the balance sheet date of June 30, 2020 through November 19, 2020, which was the date the financial statements were available to be issued and determined that except as disclosed in Note J there were no other matters that are required to be disclosed.

NOTE L - PRIOR PERIOD ADJUSTMENT

Prior period adjustments are transactions and corrections relating to prior accounting periods and are made in order to reflect the current year without distortion. There was an \$18,633 adjustment to increase the net assets balance to record previous years' contributions and pledges received by the Organization. There is no effect on current year income.

NOTE M - PAYCHECK PROTECTION PROGRAM (PPP LOAN)

On May 10, 2020, the Organization received a loan in the amount of \$57,200 subject to the provisions of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan matures May 10, 2022. The Organization can apply for loan forgiveness no earlier than eight (8) weeks after the date of the promissory note. To obtain forgiveness, the loan must be used for payroll, mortgage interest, rent expenses and utilities during the eight (8) week period following the date of the note. If forgiveness is not obtained, the payment provisions will remain in force.

NOTE N - ECONOMIC INJURY DISASTER LOAN (SBA LOAN)

On June 26, 2020, the Organization obtained an Economic Injury Disaster Loan (EIDL) from the Small Business Administration (SBA) in the amount of \$150,000 to be used as working capital to alleviate economic injury caused by the Covid-19 pandemic occurring in the month of January 31, 2020 and continuing thereafter and pay the Uniform Commercial Code (UCC) lien filing fees and third-party UCC handling charge of \$100 which was deducted from the loan amount. The loan is due in monthly installment payments including principal and interest of \$641 beginning twelve (12) months from the date of the promissory note. The balance of principal and interest will be payable thirty (30) years from the date of the promissory note. Interest will accrue at the rate of 2.75% per annum and will accrue only on funds actually advanced from the date of each advance. The loan is collateralized by property that the Organization now owns or shall acquire or create immediately upon the acquisition or creation thereof all tangible and intangible personal property. As of June 30, 2020, the balance payable on the loan was \$149,900.

NOTE O - COVID-19 PANDEMIC

The spread of a novel strain of Coronavirus (COVID-19) in the first months of 2020 has caused a substantial impact on the U.S. economy. There is significant uncertainty around the effects and duration of business interruption related to COVID-19. The extent of the impact on the Organization's operations, management, employees, vendors and donors, will depend on certain developments, which cannot be determined at this time.