



ANDEAN HEALTH & DEVELOPMENT, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020



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ANDEAN HEALTH & DEVELOPMENT, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Andean Health & Development, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Andean Health & Development, Inc. (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 Andean Health & Development, Inc. (Organization) 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.

Other Matter – 2020 Financial Statements

The financial statements of Andean Health & Development, Inc. as of and for the year ended December 31, 2020 were audited by other auditors whose report dated August 20, 2021 expressed an unmodified opinion on those statements.

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 the Organization 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 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.

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 the Organization'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 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 the Organization'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 the Organization'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.

Sikich LLP

Brookfield, Wisconsin
August 10, 2022

FINANCIAL STATEMENTS

ANDEAN HEALTH & DEVELOPMENT, INC.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 926,626	\$1,432,111
Promises to give	100,000	142,500
Investments	-	56,598
Total current assets	<u>1,026,626</u>	<u>1,631,209</u>
PROPERTY AND EQUIPMENT		
Office equipment	4,139	4,139
Software	5,014	5,014
Less accumulated depreciation	<u>(9,153)</u>	<u>(9,153)</u>
Net property and equipment	<u>-</u>	<u>-</u>
OTHER ASSETS		
Cash - board designated endowment	<u>224,255</u>	-
TOTAL ASSETS	<u><u>\$1,250,881</u></u>	<u><u>\$1,631,209</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	<u>\$ 1,625</u>	<u>\$ 275</u>
Total liabilities	<u>1,625</u>	<u>275</u>
NET ASSETS		
Without donor restrictions		
Undesignated	925,001	1,470,434
Board designated endowment	<u>224,255</u>	<u>-</u>
Total without donor restrictions	<u>1,149,256</u>	<u>1,470,434</u>
With donor restrictions	<u>100,000</u>	<u>160,500</u>
Total net assets	<u>1,249,256</u>	<u>1,630,934</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,250,881</u></u>	<u><u>\$1,631,209</u></u>

See accompanying notes to financial statements.

ANDEAN HEALTH & DEVELOPMENT, INC.**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Donations	\$ 2,156,903	\$ -	\$ 2,156,903
Loan forgiveness -			
Paycheck Protection Program	24,750	-	24,750
Interest income	9,500	-	9,500
Net assets released from restrictions	60,500	(60,500)	-
	<hr/>	<hr/>	<hr/>
Total revenue	2,251,653	(60,500)	2,191,153
EXPENSES			
Program expenses	2,222,355	-	2,222,355
Management and general	170,477	-	170,477
Fundraising expenses	179,999	-	179,999
	<hr/>	<hr/>	<hr/>
Total expenses	2,572,831	-	2,572,831
Change in net assets	(321,178)	(60,500)	(381,678)
NET ASSETS - BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	1,470,434	160,500	1,630,934
NET ASSETS - END OF YEAR	<hr/>	<hr/>	<hr/>
	\$ 1,149,256	\$ 100,000	\$ 1,249,256

See accompanying notes to financial statements.

ANDEAN HEALTH & DEVELOPMENT, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Donations	\$ 1,339,030	\$ 160,500	\$ 1,499,530
Loan forgiveness -			
Paycheck Protection Program	23,220	-	23,220
Interest income	4,400	-	4,400
Net assets released from restrictions	1,242,057	(1,242,057)	-
	<hr/>	<hr/>	<hr/>
Total revenue	2,608,707	(1,081,557)	1,527,150
EXPENSES			
Program expenses	1,579,034	-	1,579,034
Management and general	38,931	-	38,931
Fundraising expenses	36,543	-	36,543
	<hr/>	<hr/>	<hr/>
Total expenses	1,654,508	-	1,654,508
	<hr/>	<hr/>	<hr/>
Change in net assets	954,199	(1,081,557)	(127,358)
NET ASSETS - BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	516,235	1,242,057	1,758,292
NET ASSETS - END OF YEAR	<hr/>	<hr/>	<hr/>
	\$ 1,470,434	\$ 160,500	\$ 1,630,934

See accompanying notes to financial statements.

ANDEAN HEALTH & DEVELOPMENT, INC.**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2021

	Program Expenses	Management and general	Fundraising	Total
Donations to Ecuador hospital operations	\$ 1,804,957	\$ -	\$ -	\$ 1,804,957
Donations to Ecuador hospital equipment & supplies	258,669	-	-	258,669
Payroll expenses	108,687	108,687	108,687	326,061
Professional fees	-	14,984	3,429	18,413
Benefits	11,915	11,915	11,915	35,745
Insurance	8,799	13,776	1,734	24,309
Meeting expenses	1,290	-	-	1,290
Meals	-	-	4,381	4,381
Office expenses	855	5,194	18,699	24,748
Bank charges	-	1,302	-	1,302
Travel	3,882	-	3,201	7,083
Retirement contributions	14,619	14,619	14,619	43,857
Provision for uncertainty as to collectability of loan	8,682	-	-	8,682
Miscellaneous	-	-	13,334	13,334
TOTAL FUNCTIONAL EXPENSES	\$ 2,222,355	\$ 170,477	\$ 179,999	\$ 2,572,831

See accompanying notes to financial statements.

ANDEAN HEALTH & DEVELOPMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Expenses	Management and general	Fundraising	Total
Donations to Ecuador hospital operations	\$ 1,171,247	\$ -	\$ -	\$ 1,171,247
Payroll expenses	270,563	10,969	10,969	292,501
Professional fees	3,320	-	-	3,320
Benefits	16,623	674	674	17,971
Insurance	44,203	5,663	-	49,866
Meeting expenses	3,973	-	-	3,973
Office expenses	-	12,854	-	12,854
Bank charges	1,161	-	-	1,161
Book expenses	321	-	-	321
Travel	12,508	-	-	12,508
Outside services	7,288	8,771	24,900	40,959
Retirement contributions	43,875	-	-	43,875
Provision for uncertainty as to collectability of loan	3,952	-	-	3,952
TOTAL FUNCTIONAL EXPENSES	\$ 1,579,034	\$ 38,931	\$ 36,543	\$ 1,654,508

See accompanying notes to financial statements.

ANDEAN HEALTH & DEVELOPMENT, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (381,678)	\$ (127,358)
Noncash contribution of investments	-	(56,598)
Provision related to uncertainty as to collectability	8,682	3,952
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Decrease (increase) in:		
Promises to give	42,500	596,114
Increase (decrease) in:		
Accounts payable	1,350	(5)
Notes receivable accrued interest	(8,682)	(3,952)
Net cash from operating activities	<u>(337,828)</u>	<u>412,153</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of investments	<u>56,598</u>	<u>-</u>
Net cash from investing activities	<u>56,598</u>	<u>-</u>
NET CHANGE IN CASH	(281,230)	412,153
CASH, BEGINNING OF YEAR	<u>1,432,111</u>	<u>1,019,958</u>
CASH, END OF YEAR	<u>\$ 1,150,881</u>	<u>\$ 1,432,111</u>
Cash	\$ 926,626	\$ 1,432,111
Cash - board designated endowment	<u>224,255</u>	<u>-</u>
	<u>\$ 1,150,881</u>	<u>\$ 1,432,111</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES		
Non-cash forgiveness of Paycheck Protection Program	<u>\$ 24,750</u>	<u>\$ 23,220</u>

See accompanying notes to financial statements.

ANDEAN HEALTH & DEVELOPMENT, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Andean & Health Development, Inc. is a not-for-profit Organization formed under the laws of the State of Wisconsin. The Organization's primary operation is to provide funding for the operation of a health care organization located in Pedro Vicente Maldonado and Santo Domingo, Ecuador.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting according to accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables and other liabilities.

Use of Estimates

The preparation of the financial statements in conformity with 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 these estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with an original maturity of three months or less on the date of purchase to be cash equivalents. There were no cash equivalents as of December 31, 2021 and 2020.

The Organization maintains its cash at one financial institution which at times may exceed federal deposit insurance corporation (FDIC) limits. As of December 31, 2021 and 2020, the bank balance did not exceed FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Pledges Receivable

Pledges receivable are unconditional promises to give and are carried at the net present value of original pledged amounts less an estimate made for uncollectible pledges based on a review of all outstanding amounts on a periodic basis. The present value discounts on those amounts are computed using risk adjusted rates applicable to the years in which the promises were received.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable (Continued)

Management determines the allowance for uncollectible pledges by regularly evaluating individual receivables and considering a donor's financial condition and current economic conditions. Pledges receivable are charged to bad debt expense when deemed uncollectible. Recoveries of pledges previously written off are recorded as revenue when received. No allowance for uncollectible pledges was deemed necessary for the years ended December 31, 2021 and 2020.

Investments and Investment Income

Investments are measured at fair value in the statements of financial position. Investment income (including realized, unrealized gains and losses, interest, and dividends) is reported as revenue without donor restrictions unless the income is restricted by the donor. Realized gains or losses are determined by specific identification. Direct internal and external investment fees are netted against investment return on the statements of activities. Donor restricted investment income whose restrictions are met within the same year as received are reported as without donor restricted investment income in the accompanying financial statements.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. The Organization capitalizes additions of property and equipment in excess of \$2,500 cost or fair value, if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of 3-5 years.

Net Assets

Respective net assets are classified into one of two classes based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Net Assets Without Donor Restrictions:

Undesignated: net assets that are not subject to donor-imposed restrictions or Board imposed stipulations.

Board designated: net assets designated by the Board of Directors to the endowment.

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net Assets With Donor Restrictions:

Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those restrictions or are required to be maintained in perpetuity by the Organization. The Organization did not have any net assets required to be held in perpetuity at December 31, 2021 and 2020.

Revenue Recognition

Donations

The Organization recognizes donations when cash, securities, or other assets; an unconditional promise to give; is received or pledged. Conditional promises to give and grants – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Funds received but not yet earned are shown as refundable grant advances on the statements of financial position. There were no conditional promises to give as of December 31, 2021 and 2020.

Donations and grants received are recorded as with or without donor restrictions depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as released from restriction. The Organization has adopted the policy of recording donor restricted contributions whose restrictions are met in the same reporting period as support without donor restrictions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Costs are charged on a direct functional basis whenever practical. When direct charges cannot be determined, the costs are allocated on the basis of the estimated proportional use of the service provided or resource consumed. Costs allocated include certain salaries and benefits, insurance and office expenses. Salaries and benefits are allocated based on time and effort. Insurance and office expenses are allocated based on the percentage of total expenses.

ANDEAN HEALTH & DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the code as other than a private foundation.

Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, “Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets”, to increase the transparency of contributed nonfinancial assets for non-for-profit entities through enhancements to presentation and disclosure. The new guidance requires contributed nonfinancial assets be presented as a separate line item in the statements of activities, a disclosure with the disaggregation of the amount of contributed nonfinancial assets by category as well as certain qualitative information. ASU No. 2020-07 is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently assessing the impact of this new standard.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 926,626	\$ 1,432,111
Promises to give	100,000	142,500
Investments	-	56,598
Cash - board designated endowment	224,255	-
	<hr/>	<hr/>
Total financial assets and liquid resources	1,250,881	1,631,209
Less:		
Board designated	(224,255)	-
Donor restrictions	(100,000)	(160,500)
	<hr/>	<hr/>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 926,626</u>	<u>\$ 1,470,709</u>

Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. Should additional liquidity be required, the board has the ability to re-designate the board designated endowment fund for current operating needs.

ANDEAN HEALTH & DEVELOPMENT, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)

3. PROMISES TO GIVE

Promises to give at December 31, 2021 and 2020 are summarized as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Current promises to give:		
Due in less than one year	\$ 100,000	\$ 101,300
Noncurrent promises to give:		
Due in one to five years	-	41,200
	<u>\$ 100,000</u>	<u>\$ 142,500</u>

4. FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using Net Asset Value (NAV) has a readily determinable fair value (that is, can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3 but are separately reported.

4. FAIR VALUE MEASUREMENTS (Continued)

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended December 31, 2021 and 2020.

Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.

Recurring Measurements

Assets measured at fair value on a recurring basis as of December 31, 2020 are as follows. There were no investments held at December 31, 2021.

	2020			
	Level 1	Level 2	Level 3	Total
ASSETS				
MUTUAL FUNDS	\$ 56,598	\$ -	\$ -	\$ 56,598

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes their 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.

5. NOTE RECEIVABLE

Between 2013 and 2015, the Organization loaned \$2,634,946 to its sister healthcare organization located in Pedro Vicente Maldonado and Santo Domingo, Ecuador, for the construction of a hospital and equipment. The loan accrues interest at the Applicable Federal rate. The accrued interest as of December 31, 2021 and 2020 totaled \$265,085 and \$256,402, respectively.

The Organization's credit quality indicators are performing and nonperforming. Performing loans are those with one or more payments made during the fiscal year. Nonperforming loans are those with no payments made during the fiscal year. The Organization's notes receivable are all considered nonperforming. Because of the degree of uncertainty that the hospital would also be able to generate enough resources in excess of their operating costs to repay the note receivable, an allowance for uncertainty as to collectability has been recorded equal to the amount of the loan plus accrued interest.

6. RETIREMENT PLAN

The Organization maintains a Simplified Employee Pension - Individual Retirement Account (SEP-IRA) plan. Under a SEP-IRA, an employer is permitted to contribute, for any one employee, 25% of the employee's total compensation not to exceed \$55,000. During the year ended December 31, 2021 and 2020, retirement plan contributions were \$43,857 and \$43,875, respectively.

7. LOAN GUARANTEES

The Organization is guaranteeing a loan for a healthcare organization located in Pedro Vicente Maldonado and Santo Domingo, Ecuador in the amount of \$240,000 plus interest at 6%. The Organization believes that the healthcare organization will be able to meet their debt payment obligations and therefore accruing a liability is not necessary.

Subsequent to year end, the healthcare organization in Ecuador paid off the remaining balance of the loan, relieving the Organization from being a guarantor.

In relation to this guarantee, the following is summarized unaudited financial data for the healthcare organization as of December 31, 2021:

Total assets	\$6,375,822
Total liabilities	3,570,501
Net assets	2,805,320
Total revenue	3,157,158
Total expenses	3,389,786

8. NET ASSETS

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Purpose restriction	\$ -	\$ 18,000
Restricted for time	100,000	142,500
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 100,000</u>	<u>\$ 160,500</u>

9. ENDOWMENT

The Organization's endowment consists of board designated funds functioning as an endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

9. ENDOWMENT (Continued)

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The endowment assets are invested in accordance with predetermined asset allocation and performance benchmarks.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization's Board of Directors has discretion for appropriating distributions each year based on the Organization's needs.

Endowment net asset composition by type of fund as of December 31, 2021:

	2021	
	Without Donor	Total
Board designated	\$ 224,255	\$ 224,255
TOTAL	\$ 224,255	\$ 224,255

During the year ended December 31, 2021, the Organization had the following endowment-related activities:

	2021	
	Without Donor	Total
Balance, beginning of year	\$ -	\$ -
Contributions designated by the Board	224,255	224,255
BALANCE, END OF YEAR	\$ 224,255	\$ 224,255

10. PAYCHECK PROTECTION PROGRAM

The Paycheck Protection Program (PPP) is a low-interest Small Business Administration (SBA) loan and generally covers two and a half months of payroll cost and may be forgiven entirely if the borrower limits salary reductions to no more than 25% and maintain staffing levels for 24 weeks after getting the loan. The Organization was approved for a loan on April 14, 2020 under this program in the amount of \$23,200, with interest at 1% and a maturity date of April 14, 2022.

10. PAYCHECK PROTECTION PROGRAM (Continued)

The Organization has elected to account for the PPP loan as a government grant. The Organization has recognized the income within loan forgiveness in the 2020 statement of activities as the funds were used for qualifying expenses under the terms of the SBA loan and formal forgiveness was received on November 17, 2020.

The Organization was approved for a second PPP loan on February 25, 2021 in the amount of 24,750, with interest at 1% and a maturity date of February 25, 2023. The Organization has recognized the income within loan forgiveness in the 2021 statement of activities as the funds were used for qualifying expenses under the terms of the SBA loan and formal forgiveness was received on June 15, 2021.

11. RELATED PARTY TRANSACTIONS

The Organization received approximately \$141,500 and \$171,000, respectively, from members of the board of directors. There were no outstanding pledges receivable at December 31, 2021 and 2020 from members of the board of directors.

12. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after year end but before financial statements are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

The Organization has evaluated subsequent events through August 10, 2022, the date on which the financial statements were available to be issued, and determined that, with the exception of the items in Note 7, there were no significant nonrecognized subsequent events through that date.