ON MY OWN OF MICHIGAN

AUDITED FINANCIAL STATEMENTS

Years ended June 30, 2021 and 2020

ON MY OWN OF MICHIGAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
On My Own of Michigan
Troy, Michigan

We have audited the accompanying financial statements of On My Own of Michigan (a Michigan nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

To the Board of Directors
of On My Own of Michigan
Troy, Michigan
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of On My Own of Michigan as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Farmington Hills, Michigan
October 22, 2021

ON MY OWN OF MICHIGAN
STATEMENTS OF FINANCIAL POSITION

	June 30, 2021	June 30, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 338,978**	$ 275,112
Investments, at fair value	**58,357**	47,093
Accounts receivable, net	**7,252**	11,275
Conditional grant receivable	**27,694**	-
Prepaid expenses	**9,273**	7,738
Total current assets	**441,554**	341,218
PROPERTY AND EQUIPMENT, net	**15,188**	20,617
OTHER ASSET- Security deposits	**4,193**	4,193
TOTAL ASSETS	**$ 460,935**	$ 366,028
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	**$ 2,314**	$ 1,119
Accrued payroll	**8,081**	7,418
Unearned revenue	**10,619**	15,041
Paycheck Protection Program Loan	**61,057**	61,000
Total current liabilities	**82,071**	84,578
DEFERRED RENT	**3,500**	3,600
TOTAL LIABILITIES	**85,571**	88,178
NET ASSETS		
Without donor restrictions	**339,792**	242,278
With donor restrictions	**35,572**	35,572
Total net assets	**375,364**	277,850
TOTAL LIABILITIES AND NET ASSETS	**$ 460,935**	$ 366,028

See notes to financial statements.

ON MY OWN OF MICHIGAN
STATEMENTS OF ACTIVITIES

	Year ended June 30, 2021			Year ended June 30, 2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
REVENUES AND OTHER SUPPORT						
Contributions	**280,580**	**$ -**	**$ 280,580**	$ 197,086	$ -	$ 197,086
Service fees	**233,239**	**-**	**233,239**	289,761	-	289,761
Forgiveness of PPP loan (See Note 8)	**61,000**	**-**	**61,000**	-	-	-
Investment income	**1,712**	**-**	**1,712**	2,467	-	2,467
Special events	**-**	**-**	**-**	43,310	-	43,310
Other Income	**500**	**-**	**500**	500	-	500
Total revenues and other support	**577,031**	**-**	**577,031**	533,124	-	533,124
EXPENSES						
Program	**386,811**	**-**	**386,811**	316,799	-	316,799
Management and general	**41,657**	**-**	**41,657**	37,072	-	37,072
Fundraising	**62,736**	**-**	**62,736**	108,708	-	108,708
Total expenses	**491,204**	**-**	**491,204**	462,579	-	462,579
Change in net assets from operations	**85,827**	**-**	**85,827**	70,545	-	70,545
NON-OPERATING ACTIVITY -						
Realized/unrealized gain on investments	**11,687**	**-**	**11,687**	1,319	-	1,319
CHANGE IN NET ASSETS	**97,514**	**-**	**97,514**	71,864	-	71,864
NET ASSETS - beginning of year	**242,278**	**35,572**	**277,850**	170,414	35,572	205,986
NET ASSETS - end of year	**$ 339,792**	**$ 35,572**	**$ 375,364**	$ 242,278	$ 35,572	$ 277,850

See notes to financial statements.

ON MY OWN OF MICHIGAN
STATEMENTS OF FUNCTIONAL EXPENSES

	Year ended June 30, 2021				Year ended June 30, 2020			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries and wages	**$ 194,796**	**$ 18,979**	**$ 28,468**	**$ 242,243**	$ 173,855	$ 18,769	$ 57,992	$ 250,616
Payroll taxes	**17,060**	**1,664**	**2,489**	**21,213**	14,186	1,569	5,259	21,014
Employee benefits	**13,952**	**1,363**	**2,013**	**17,328**	12,369	1,342	4,621	18,332
Occupancy	**49,092**	**6,136**	**6,136**	**61,364**	42,656	9,140	9,140	60,936
Strategic planning	**43,830**	**6,072**	**10,822**	**60,724**	9,517	943	6,319	16,779
Telephone and technology	**16,332**	**1,974**	**4,737**	**23,043**	6,269	1,002	5,590	12,861
Professional fees	**18,109**	**2,242**	**2,280**	**22,631**	11,416	469	9,017	20,902
Insurance	**9,836**	**1,229**	**1,229**	**12,294**	10,130	1,681	1,109	12,920
Direct program expense	**11,559**	**-**	**-**	**11,559**	21,961	-	-	21,961
Other expenses	**4,941**	**617**	**3,702**	**9,260**	3,455	-	5,238	8,693
Depreciation and amortization	**3,892**	**1,039**	**498**	**5,429**	5,329	1,226	636	7,191
Office and supplies	**3,412**	**342**	**362**	**4,116**	5,656	931	3,787	10,374
	$ 386,811	**$ 41,657**	**$ 62,736**	**$ 491,204**	$ 316,799	$ 37,072	$ 108,708	$ 462,579

ON MY OWN OF MICHIGAN
STATEMENTS OF CASH FLOWS

	Year ended June 30, 2021	2020
OPERATING ACTIVITIES		
Change in net assets	**$ 97,514**	$ 71,864
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**5,429**	7,191
Realized /unrealized gain on investments	**(11,687)**	(1,319)
Donated property and equipment	**-**	(24,629)
Forgiveness of Paycheck Protection Program Loan	**(61,000)**	-
Changes in assets and liabilities:		
Accounts receivable	**4,023**	15,469
Conditional grant receivable	**(27,694)**	-
Prepaid expenses	**(1,535)**	(2,734)
Accounts payable	**1,195**	(4,743)
Accrued payroll	**663**	(1,683)
Unearned revenue	**(4,422)**	4,014
Deferred rent	**(100)**	1,100
Net cash provided by operating activities	**2,386**	64,530
INVESTING ACTIVITY		
Purchase of investments	**(1,231)**	(46,198)
Proceeds from sale of investments	**1,654**	50,084
Net cash provided by investing activity	**423**	3,886
FINANCING ACTIVITY		
Proceeds from Paycheck Protection Program Loan	**61,057**	61,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	**63,866**	129,416
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	**275,112**	145,696
CASH AND CASH EQUIVALENTS, END OF THE YEAR	**$ 338,978**	$ 275,112
Supplemental Disclosure of Non-cash Investing Activity		
Donated property and equipment	**$ -**	$ (24,629)

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

On My Own of Michigan (the "Organization") is a non-profit organization supporting adults with developmental disabilities as they build and maintain lives of independence.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountant (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

> 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 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.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. The Organization includes in its definition of operating activities all revenues and expenses that are an integral part of its programs and supporting activities. Net realized and unrealized gains and losses are recognized as nonoperating activities.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represents certificate of deposit with original maturities of three months or less from the date of purchase.

Concentration of Credit Risk

The Organization may occasionally maintain deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. Management has deemed this as a normal business risk.

Use of 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 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. In particular, the COVID-19 pandemic and the resulting adverse impact to global economic conditions, as well as the Organization's operations, may affect future estimate including, but not limited to, the allowance for doubtful accounts.

Accounts Receivable

Accounts receivable includes amounts due from members of the Organization as of June 30, 2021 and 2020, net of an allowance for uncollectible accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected. Management has determined that no allowance was necessary as of June 30, 2021 and 2020.

Conditional Grant Receivable

The conditional grant receivable consists of an amount due from a federal agency resulting from allowable expenditures incurred under the Employee Retention Credit Program established as part of the CARES Act. Management considers the grant receivable to be fully collectible, therefore, no allowance for doubtful accounts has been established.

Property and Equipment, net

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets or the lease term. The useful lives range from 5 to 7 years. The Organization's policy is to capitalize asset additions greater than $5,000 and expense normal repairs and maintenance as incurred.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Investment Securities

The Organization records its investments in marketable equity securities in accordance with ASC-topic Not-for-Profit Entities Investments. Accordingly, investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Realized/unrealized gains and losses are included in the statements of activities. Investment income is reported in the statements of activities and consists of interest and dividend income.

Revenue Recognition

Revenue Recognition for Contracts with Customers

The Organization's revenue streams under contracts with customers is comprised of membership dues, fees, and ticket sales revenue received in conjunction with annual events and fundraising from individuals, corporations, and foundations. The Organization performs an analysis to determine if membership dues, fees, and special event tickets constitute separate performance obligations. The Organization's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. The Organization recognizes the revenue over a period of time if the customer receives the benefits that the Organization provided. The revenue is recognized at a point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods. The transaction price is calculated as the amount of consideration to which the Organization expects to be entitled (such as price of membership, fees, and price of ticket for events). In some situations, the Organization bills the customers and collects cash prior to the satisfaction of the performance of the performance obligation, which results in the Organization recognizing contract liabilities upon receipt of payment. The contract liability is reported as unearned revenue in the statements of financial position. The following explains the performance obligations related to each revenue stream and how they are recognized.

> *Membership Dues* – The Organization recognized the membership dues over the membership period, representing the period which the Organization satisfies the performance obligation. For the years ended June 30, 2021 and 2020, membership dues were $178,704 and $224,800, respectively.
>
> *Fees* – The Organization recognized various fees such as application fees, direct care fees, support coordination fees received from Medicaid and others when all goods and services are transferred at a point in time. For the years ended June 30, 2021 and 2020, fees were $54,535 and $64,961, respectively.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

> *Special events* – The Organization recognized the exchange portion of the special event ticket sales at the time the event occurs. The exchange portion is recognized equal to the fair value of direct benefits to the donors. The contribution portion of the special event is reported as part of the special event revenues in the statements of activities. Special event revenues are reported net of direct expenses. For the years ended June 30, 2021 and 2020, direct expense were $-0- and $9,770, respectively.

Membership dues and fees are reported as service fees in the statements of activities.

Payments are required at the time of events or membership period, amounts received in advance are deferred to the applicable period and reported as unearned revenue.

Contributions

Unconditional contributions are recognized when pledged and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Functional 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 personnel, occupancy and general operating expenses on the basis of estimates of time and effort. All other expenses are allocated based on direct identification and utilization.

Donated Services

A number of volunteers have donated amounts of their time in the Organization's program services and its fundraising campaigns. Donated services were not recognized in the financial statements since they did not meet the criteria for recognition under ASC topic *Contributions.*

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization operates as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes. ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At June 30, 2021 and 2020, there were no uncertain tax positions that required accrual.

Reclassifications

Certain items reported in the 2020 financial statements have been reclassified in order to conform to the current year presentation.

Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Organization adopted the ASU effective July 1, 2019. The adoption of the ASU had no impact on the revenue recognition for the years ended June 30, 2021 and 2020.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The ASU provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchanges (reciprocal transactions) and (2) determining whether a contribution is conditional. Management performed an assessment of the Organization's contributions and determined the adoption of the standard has no impact on the recognition of contributions for the years ended June 30, 2021 and 2020.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

COVID-19

The pandemic outbreak of the novel coronavirus disease (COVID-19), a respiratory disease that can result in serious illness or death, resulted in a Michigan statewide shut down as declared by Governor Whitmer on March 23, 2020. The Organization was not required to shut down as their employees were allowed to work remotely in order to keep the public safe and to follow the Governor's stay at home order.

On March 27, 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which allowed small businesses to apply for loan assistance programs administered through the U.S. Small Business Administration (SBA) in order to sustain employees and operations during the COVID-19 pandemic.

The Organization applied for and received a Paycheck Protection Program (PPP) loan, pursuant to the CARES Act, to fund payroll and other allowable costs while the Organization responded to government restrictions on business operations and anticipated reduced revenues from the economic downturn associated with the pandemic.

A PPP loan in the amount of $61,000 was received and deposited in May 2020. In January 2021, the Organization received a second PPP loan in the amount of $61,057 (see Note 8 for further details on both loans) which helped fund financial obligations during the pandemic despite a 25% membership decline.

The Organization returned to in-person programming in Spring 2021 by which time the staff and the majority of its members were vaccinated.

NOTE 3 – INVESTMENTS

Fair values and unrealized gains are summarized as follows:

	June 30, 2021		
	Cost	Fair Value	Unrealized Gain
Money market fund	$ 796	$ 796	$ -
Mutual funds	44,965	57,561	12,596
Total	$ 45,761	$ 58,357	$ 12,596

NOTE 3 – INVESTMENTS (Continued)

	June 30, 2020		
	Cost	Fair Value	Unrealized Gain
Money market fund	$ 965	$ 965	$ -
Mutual funds	45,066	46,128	1,062
Total	$ 46,031	$ 47,093	$ 1,062

Investment income consists of the following:

	2021	2020
Interest	$ 480	$ 1,335
Dividends	1,232	1,132
	$ 1,712	$ 2,467

NOTE 4 – FAIR VALUE MEASUREMENTS

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

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

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- if the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Fixed income, money market fund and mutual funds: Valued at the closing price reported in the active market on which the individual securities are traded.

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

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money market fund	$ 796	$ -	$ -	$ 796
Mutual funds	57,561	-	-	57,561
	$ 58,357	$ -	$ -	$ 58,357

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market fund	$ 965	$ -	$ -	$ 965
Mutual funds	46,128	-	-	46,128
	$ 47,093	$ -	$ -	$ 47,093

NOTE 5 – ENDOWMENT

The Organization has an endowment to support general program activities. The endowment includes donor-restricted funds with no stipulated reinvestment policy for earnings, as such, all returns are classified as without donor restrictions and are available for use during the year.

Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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. In accordance with generally accepted accounting principles and this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment. Investment earnings are classified as without donor restrictions unless otherwise specified by the donor.

NOTE 5 – ENDOWMENT (Continued)

Investment Return Objectives and Strategies. The Organization's investment objective is to achieve a consistent rate of return (income, appreciation and reinvested funds) that will provide for supplemental revenues to support general programs. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risks. As of June 30, 2021 and 2020 the fair value of the endowment gifts totaled $35,572.

Net assets with donor restrictions are comprised of the following:

	2021	2020
Donor-restricted endowment funds	$ 35,572	$ 35,572

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Vehicles	$ 39,816	$ 39,816
Leasehold improvements	8,646	8,646
Computer equipment	24,629	24,629
Total cost	73,091	73,091
Less: Accumulated depreciation and amortization	(57,903)	(52,474)
	$ 15,188	$ 20,617

Depreciation and amortization expense amounted to $5,429 and $7,191 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 – LINE OF CREDIT

The Organization has an unused line of credit with a bank whereby a maximum of $20,000 may be borrowed for operations. The line is unsecured and bears interest payable at the prime rate plus 2.36% in 2021 and 3.86% in 2020 per annum.

NOTE 8 – PAYROLL PROTECTION PROGRAM (PPP)

The Small Business Administration ("SBA") Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid Relief and Economic Security Act ("CARES Act") provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (8 to 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years, dependent on when the loan was received, at an interest rate of 1% with a deferral of payments for 10 months after the end of the covered period.

The Organization used the PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 10 months of the end of the covered period. The Organization has recorded a note payable and will record forgiveness income upon being legally released from the loan obligation.

In May 2020, the Organization received the first PPP loan in the amount of $61,000 with interest of 1% payable for two years. On February 24, 2021 the Organization received full forgiveness of the first PPP loan's principal and interest. Forgiveness income has been recorded for the first PPP loan for the fiscal year ended June 30, 2021.

On January 25, 2021, a second PPP loan was received by the Organization in the amount of $61,057 with interest at 1% payable for five years and was presented as a note payable in the statements of financial position as of June 30, 2021. No forgiveness income has been recorded for the second PPP loan for the year ended June 30, 2021. On July 26, 2021, the Organization received full forgiveness of the second PPP loan's principal and interest.

According to the rules of the SBA, the Organization is required to retain documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representative of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Organization's judgements pertaining to satisfying conditions of the loan, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 9 – EMPLOYEE RETENTION CREDIT (ERC)

The Employee Retention Credit Program (ERC) established as part of the CARES Act encourages employers to keep employees on their payroll. The updated ERC provides refundable credit to eligible employers, including tax-exempt organizations, that pay qualified wages, including certain health plan expenses, to some or all employees. For the first and second calendar quarters of 2021, section 2301(a) of the CARES Act, as amended by section 207(b) of the Relief Act, provides that the employee retention credit equals 70 percent of qualified wages (including allocable qualified health plan expenses) that an eligible employer pays in a calendar quarter. The amount of qualified wages (including allocable qualified health plan expenses) with respect to any employee that may be taken into account under section 2301(a) of the CARES Act is limited to $10,000 for any calendar quarter, thus the maximum credit for qualified wages (including allocable qualified health plan expenses) paid to an employee is $7,000 for each of the first and second calendar quarters in 2021. In addition, the eligible employer qualifies if ordered to fully or partially shut down or if the employer's gross receipts fell below 80% for the same calendar quarters in 2019.

The Organization expects to meet the ERC eligibility criteria for the second quarter of 2021 and therefore, has recorded a conditional grant receivable and recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier no longer existed. The Organization has recognized $27,694 as grant revenue for the year ended June 30, 2021. The amount is included in contributions on the statements of activities.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions or internal designations.

	2021	2020
Financial assets		
Cash and cash equivalents	$ 338,978	$ 275,112
Investments	58,357	47,093
Accounts receivable	7,252	11,275
Conditional grant receivable	27,694	-
Total financial assets	432,281	333,480
Amounts not available for general use		
Donor restricted funds	(35,572)	(35,572)
Financial assets available to meet general expenditures within one year	$ 396,709	$ 297,908

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 11 – DEFERRED RENT AND OPERATING LEASE COMMITMENTS

The Organization entered into an operating lease agreement in June 2018 for their office and program space. The lease agreement runs through May 2023 and includes escalating rent payments. Payments under this lease are expensed on a straight-line basis, which results in a deferred rent liability. As of June 30, 2021 and 2020 the total amount deferred was $3,500 and $3,600, respectively. Deferred rent is recognized over the term of the lease.

Total rent expense for the years ended June 30, 2021 and 2020 was $61,365 and $60,936, respectively.

The Organization also leases office equipment for total monthly payments of $188 expiring January 2022.

Schedule of future minimum lease payments required under the leases for the years succeeding June 30, 2021, are summarized as follows:

Years ending June 30,	Amount
2022	$ 63,551
2023	58,058
Total mininum payments	$ 121,609

NOTE 12 – PROGRAM EXPENSES

Expenses for the Organization's major program activities for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Independent living	$ 242,430	$ 186,805
Skill building	144,381	129,994
	$ 386,811	$ 316,799

NOTE 13 – SUBSEQUENT EVENTS

The Organization has performed a review of events subsequent to the Statement of Financial Position through October 22, 2021, the date the financials were available to be issued.

In July 2021, the Organization received notification that the second PPP loan was forgiven for the full amount of the original loan of $61,057 plus all accrued interest.