# Open Door Legal
# Consolidated Financial Statements
# December 31, 2019 and 2018

Frank, Rimerman + Co. LLP

Frank, Rimerman + Co. LLP

Certified
Public
Accountants

Palo Alto
San Francisco
San Jose
St. Helena

Board of Directors
Open Door Legal
San Francisco, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of Open Door Legal, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Open Door Legal as of December 31, 2019 and 2018 and the change 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.

Frank, Rimerman & Co. LLP

San Francisco, California
April 30, 2020

**Open Door Legal**
**Consolidated Statements of Financial Position**

| | | December 31, | | |
|---|---|---|---|---|
| | | 2019 | | 2018 |
| **ASSETS** | | | | |
| Current Assets | | | | |
| Cash | $ | 508,242 | $ | 475,968 |
| Restricted cash | | 94,547 | | 6,079 |
| Accounts receivable | | 301,726 | | 142,636 |
| Contributions receivable | | - | | 235,000 |
| Prepaid expenses and other current assets | | 37,341 | | 15,865 |
| Total current assets | | 941,856 | | 875,548 |
| Property and Equipment, net | | 169,130 | | 76,695 |
| Security Deposits | | 7,214 | | 2,100 |
| Total assets | $ | 1,118,200 | $ | 954,343 |
| **LIABILITIES AND NET ASSETS** | | | | |
| Current Liabilities | | | | |
| Accounts payable | $ | 8,332 | $ | 8,331 |
| Accrued expenses | | 81,237 | | 46,977 |
| Client escrow | | 94,547 | | 6,079 |
| Note payable | | - | | 100,825 |
| Total current liabilities | | 184,116 | | 162,212 |
| Commitments and Contingencies (Notes 8 and 9) | | | | |
| Net Assets | | | | |
| Without Donor Restrictions | | 775,751 | | 543,131 |
| With Donor Restrictions | | 158,333 | | 249,000 |
| Total net assets | | 934,084 | | 792,131 |
| Total liabilities and net assets | $ | 1,118,200 | $ | 954,343 |

See Notes to Consolidated Financial Statements

**Open Door Legal**
**Consolidated Statements of Activities and Change in Net Assets**
**Years Ended December 31, 2019 and 2018**

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Public Support and Revenue | | | | | | |
| Grants and contributions, net | $ 1,459,747 | $ 180,000 | $ 1,639,747 | $ 1,284,463 | $ 249,000 | $ 1,533,463 |
| Program income | 16,926 | - | 16,926 | 84,249 | - | 84,249 |
| In-kind contributions | 335,440 | - | 335,440 | 728,880 | - | 728,880 |
| Event tickets and auction sales | 227,965 | - | 227,965 | 144,830 | - | 144,830 |
| Net assets released from restrictions | 270,667 | (270,667) | - | 84,517 | (84,517) | - |
| Total public support and revenue | 2,310,745 | (90,667) | 2,220,078 | 2,326,939 | 164,483 | 2,491,422 |
| Expenses | | | | | | |
| Program services | 1,590,097 | - | 1,590,097 | 1,377,201 | - | 1,377,201 |
| General and administrative | 206,738 | - | 206,738 | 125,120 | - | 125,120 |
| Fundraising | 281,290 | - | 281,290 | 301,750 | - | 301,750 |
| Total expenses | 2,078,125 | - | 2,078,125 | 1,804,071 | - | 1,804,071 |
| Change in Net Assets | 232,620 | (90,667) | 141,953 | 522,868 | 164,483 | 687,351 |
| Net Assets, beginning of year | 543,131 | 249,000 | 792,131 | 20,263 | 84,517 | 104,780 |
| Net Assets, end of year | $ 775,751 | $ 158,333 | $ 934,084 | $ 543,131 | $ 249,000 | $ 792,131 |

**Open Door Legal**
**Consolidated Statement of Functional Expenses**
**Year Ended December 31, 2019**

| | Program Services | General and Administrative | Fundraising | Total Support Services | Total |
|---|---|---|---|---|---|
| Personnel Expenses | $ 1,055,185 | $ 88,102 | $ 167,482 | $ 255,584 | $ 1,310,769 |
| Consultants and Professionals | 293,608 | 88,631 | 534 | 89,165 | 382,773 |
| Occupancy | 115,850 | 9,500 | 7,305 | 16,805 | 132,655 |
| Event Related Costs | - | - | 85,623 | 85,623 | 85,623 |
| Other Expenses | 40,924 | 14,996 | 9,341 | 24,337 | 65,261 |
| Information Technology | 31,821 | 3,169 | 3,503 | 6,672 | 38,493 |
| Court & Litigation fees | 32,822 | - | - | - | 32,822 |
| Depreciation and Amortization | 19,887 | 2,340 | 1,170 | 3,510 | 23,397 |
| Advertising | - | - | 6,332 | 6,332 | 6,332 |
| Total expenses | $ 1,590,097 | $ 206,738 | $ 281,290 | $ 488,028 | $ 2,078,125 |
| Percent of Total Expenses | 77% | 10% | 13% | 23% | 100% |

**Open Door Legal**
**Consolidated Statement of Functional Expenses**
**Year Ended December 31, 2018**

| | Program Services | General and Administrative | Fundraising | Total Support Services | Total |
|---|---|---|---|---|---|
| Personnel Expenses | $ 686,062 | $ 45,746 | $ 104,443 | $ 150,189 | $ 836,251 |
| Consultants and Professionals | 585,793 | 45,045 | - | 45,045 | 630,838 |
| Advertising | - | - | 119,752 | 119,752 | 119,752 |
| Other Expenses | 53,574 | 34,084 | 3,596 | 37,680 | 91,254 |
| Event Related Costs | - | - | 73,836 | 73,836 | 73,836 |
| Occupancy | 38,672 | - | - | - | 38,672 |
| Court & Litigation fees | 11,014 | - | - | - | 11,014 |
| Depreciation and Amortization | 2,086 | 245 | 123 | 368 | 2,454 |
| Total expenses | $ 1,377,201 | $ 125,120 | $ 301,750 | $ 426,870 | $ 1,804,071 |
| Percent of Total Expenses | 76% | 7% | 17% | 24% | 100% |

**Open Door Legal**
**Consolidated Statements of Cash Flows**
**Years Ended December 31, 2019 and 2018**

| | Years Ended December 31, 2019 | 2018 |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Change in net assets | $ 141,953 | $ 687,351 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Realized gain on sale of contributed securities | (2,061) | - |
| Contributed property and equipment | (18,400) | (18,140) |
| Depreciation and amortization | 23,397 | 2,454 |
| Noncash interest expense | 503 | 825 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (159,090) | (110,033) |
| Contributions receivable | 235,000 | (178,000) |
| Prepaid expenses and current assets | (24,529) | (14,002) |
| Investments | - | 13,567 |
| Accounts payable | 1 | (14,292) |
| Accrued expenses | 34,260 | 9,934 |
| Client escrow | 88,468 | (22,105) |
| Net cash provided by operating activities | 319,502 | 357,559 |
| Cash Flows from Investing Activities | | |
| Purchase of property and equipment | (97,432) | (61,009) |
| Net cash used in investing activities | (97,432) | (61,009) |
| Cash Flows from Financing Activities | | |
| Repayment of note payable | (101,328) | (50,000) |
| Proceeds from issuance of note payable | - | 100,000 |
| Net cash provided by (used in) financing activities | (101,328) | 50,000 |
| Net Increase in Cash and Restricted Cash | 120,742 | 346,550 |
| Cash and Restricted Cash, beginning of year | 482,047 | 135,497 |
| Cash and Restricted Cash, end of year | $ 602,789 | $ 482,047 |
| Cash | $ 508,242 | $ 475,968 |
| Restricted Cash | 94,547 | 6,079 |
| Total Cash and Restricted Cash | $ 602,789 | $ 482,047 |

See Notes to Consolidated Financial Statements

1. Organization and Nature of Business

Open Door Legal (the Organization) is a not-for-profit organization working to pioneer universal access to civil legal representation and prove that, when everyone has access to the law, poverty can be dramatically reduced. The Organization is headquartered in San Francisco, California.

The Organization was founded in 2013 in the Bayview/Hunters Point neighborhood of San Francisco, and exclusively served the residents there until 2019, when the Organization expanded its service area to serve the residents the Excelsior and Western Addition neighborhoods of San Francisco.

The Organization ensures that everyone in their current service areas who cannot afford an attorney, can access one in any area of civil law. The Organization has a custom-built case management system to manage the logistical complexities involved in delivering universal legal access and ensure people who need representation can get timely services in over 35 areas of law.

In 2015, the Organization established a wholly owned private foundation, Neighbor Capital. Neighbor Capital has a platform to assist businesses in making security offerings. The activity of the foundation has been included in the consolidated financial statements.

2. Significant Accounting Policies

*Basis of Presentation:*

The Organization presents its consolidated financial statements on the accrual basis of accounting.

The Organization segregates its assets, liabilities and operations into two categories: with donor restrictions and without donor restrictions. The Organization's net assets and changes therein are classified and reported as follows:

> Net assets without donor restrictions consist of net assets for which there are no donor-imposed restrictions or such donor-imposed restrictions were temporary and expired during the current or previous periods.
>
> Net assets with donor restrictions consist of amounts receivable or received that are restricted for specific purposes or for subsequent periods. Some contributions received from donors are required to be maintained in perpetuity, while others expire over time or when the donor imposed restriction is satisfied. When donor restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

2. Significant Accounting Policies (continued)

*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, disclosure of contingent assets and liabilities and the reported amounts of support, revenue and expenses in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

*Revenue Recognition:*

In May 2014, the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606). This accounting standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers to reflect the consideration to which the entity expects to be entitled to in exchange for goods and services.

The standard replaces most existing revenue recognition accounting principles generally accepted in the United States of America. Topic 606 became effective for the Organization as of January 1, 2019, at which time the Organization adopted the standard using a retrospective transition approach. The adoption of Topic 606 did not have a material impact on the Organization's consolidated financial statements. However, Topic 606 did result in changes to the Organization's accounting policies for revenue recognition.

The Organization determines revenue recognition through the following steps:

- Identification of the contract or agreement with a grantor or customer
- Identification of the performance obligations in the contract or agreement
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract or agreement
- Recognition of revenue when, or as, the Organization satisfies a performance obligation

2. Significant Accounting Policies (continued)

*Revenue Recognition:* (continued)

The Organization recognizes support and revenue from the following sources:

*Contributions:*
The Organization receives contributions from foundations, businesses and individuals. The Organization recognizes contributions and unconditional promises to give (pledges) as revenue at their fair value in the period the donor makes the contribution or pledge that is, in substance, unconditional. Conditional promises to give and support are not recognized until the conditions are met. The Organization distinguishes between contributions that increase any of the two categories of net assets, with recognition being made upon the expiration of donor-imposed restrictions in the period in which the restrictions expire. Contributions restricted by the donor that expire in the current year are reported as increases in net assets without donor restrictions.

*Event Tickets and Auction Sales:*
Event tickets and auction sales are generated at the Organization's annual Gala. Ticket revenue and auction sales are recognized as received in the year in which the event occurs.

*Program Income:*
The Organization's program income consists of fees from clients for legal services performed or from attorney's fees mandated by the court or other law for performance of legal services. Revenue from these sources are recognized in the year in which the service is performed.

*Reimbursement Grants:*
The Organization recognizes financial support through multiple grant agreements whereby funding is based on the expenses incurred. Invoices are submitted to the grantors monthly for reimbursement and revenue is recognized as the costs are incurred. The Organization recognized $740,413 related to reimbursement grants in 2019 ($252,482 in 2018) as grant revenue.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarifies the definition of an exchange transaction and provides guidance for evaluating whether contributions are unconditional or conditional. The Organization adopted ASU 2018-08, effective January 1, 2019, using the modified prospective transition method with no impact on its consolidated financial statements or related disclosures.

2. Significant Accounting Policies (continued)

*In-Kind Contributions:*

The Organization records various types of in-kind donations including professional services and tangible assets. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized when promised or received, whichever is earlier. In-kind contribution revenue is recorded at the fair value of the services or tangible assets received and are offset by like amounts of expenses or, in the case of tangible assets, over the period benefited.

The Organization occupies a building for which it is charged below-market-rent. The Organization records the fair value of donated rent, which is the difference between the fair value of the lease and the amount of rent paid, it receives annually (Note 5).

The Organization also receives a significant amount of donated time from volunteers and interns that assist in the legal aid process; however, their time does not meet the criteria for recognition as donated services. Accordingly, the value of this contributed time is not reflected in the accompanying consolidated financial statements.

*Cash and Cash Equivalents:*

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

*Restricted Cash:*

The Organization's restricted cash represents funds that are held on behalf of clients while their legal matters are pending. The Organization's policy is to recognize an offsetting liability in the client escrow account, concurrent with its recognition of cash or other financial assets received from the client. Once the funds are distributed to the ultimate beneficiary, the asset and liability are removed from the Organization's records.

2. Significant Accounting Policies (continued)

*Property and Equipment:*

The Organization capitalizes property and equipment acquisitions over $5,000. Property and equipment is recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful life of the assets, generally five years. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the related improvements.

*Accounting for Impairment of Long-Lived Assets:*

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets less costs to sell. The Company did not record any expense related to asset impairment in 2019 or 2018.

*Functional Expenses:*

The costs of providing the various program and support services have been summarized on a functional basis in the consolidated statements of functional expenses. Directly identifiable expenses, which include, but are not limited to: salaries, benefits, taxes and legal fees, are charged to the related program or service benefited. Consultants and professional expenses are directly allocated based on the program or service benefited, or by management’s estimate of usage. Advertising and event related costs are directly allocated to fundraising as those are the services benefited from the expenses. Information technology and indirect expenses are allocated to programs or support functions based principally on the percentage of personnel time spent in each area or management’s estimate of usage. Occupancy expenses, including rent, utilities, depreciation and amortization are allocated on an estimate of square footage usage.

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2. Significant Accounting Policies (continued)

*Concentration of Credit Risk:*

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist primarily of cash and accounts and contributions receivable. The Organization maintains its cash deposits with two financial institutions. FroFm time to time, cash deposits held with the financial institution exceed the amount insured by the Federal Deposit Insurance Corporation. At December 31, 2019, cash deposits in excess of the federally insured limit totaled $169,570 ($220,610 at December 31, 2018). To date, the Organization has not experienced any losses on its cash deposits.

The Organization provides an allowance for losses arising from uncollectible accounts and contributions receivable based upon the historical collection experience and management's evaluation of collectability of outstanding balances. There was no allowance for doubtful accounts deemed necessary at December 31, 2019 and 2018.

*Income Taxes:*

The Organization is exempt from federal and state income taxes under the Internal Revenue Code Section 501(c)(3) and State of California Section 23701(d), except on any net income derived from unrelated business activities. The Organization does not believe it has unrelated business income to be reported for tax purposes.

The Organization believes that it has appropriate support for any income tax positions taken to date and, therefore, has no related income tax due for all years where the statute of limitations remains open, which is generally three years for Federal filings and four years for California filings.

*Reclassifications:*

Certain prior year balances have been reclassified to conform to current year presentation.

2. Significant Accounting Policies (continued)

*Recent Accounting Pronouncement Not Yet Effective:*

Leases:

In February 2016, the FASB issued ASC Topic 842, *Leases*. This standard requires all entities that lease assets under leases with terms of more than 12 months to capitalize the assets and related lease liabilities on the statement of financial position. The standard is effective for the Organization as of January 1, 2021 and requires the use of a modified retrospective transition approach for its adoption. The Organization is currently evaluating the effect Topic 842 will have on its financial statements and related disclosures. Management expects the assets leased under operating leases, similar to the leases discussed in Note 8 to the consolidated financial statements, will be capitalized together with the related lease obligations on the consolidated statement of financial position upon the adoption of Topic 842.

3. Liquidity and Availability of Resources

The following table reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statements of financial position:

| | 2019 | 2018 |
|---|---|---|
| Cash and restricted cash | $ 602,789 | $ 482,047 |
| Accounts receivable | 301,726 | 142,636 |
| Contributions receivable | - | 235,000 |
| | 904,515 | 859,683 |
| Less: | | |
| Restricted cash | (94,547) | (6,079) |
| Restricted for time or purpose | (158,333) | (249,000) |
| Financial assets available for general expenditure needs within one year | $ 651,635 | $ 604,604 |

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

4. Property and Equipment

Property and equipment consists of the following at December 31, 2019:

| | 2019 | 2018 |
|---|---|---|
| Leasehold improvements | $ 159,975 | $ 66,009 |
| Furniture and fixtures | 28,912 | 13,140 |
| | 188,887 | 79,149 |
| Less accumulated depreciation and amortization | (19,757) | (2,454) |
| | $ 169,130 | $ 76,695 |

5. In-Kind Contributions

The value of donated goods and services recorded as in-kind contribution revenue in the consolidated financial statements consist of the following during the year ended December 31:

| | 2019 | 2018 |
|---|---|---|
| Attorneys | $ 266,845 | $ 536,660 |
| Fundraising and events | 28,320 | 140,529 |
| Donated equipment | 21,505 | 4,620 |
| Donated rent | 18,770 | 13,931 |
| Information technology | - | 15,000 |
| Donated leasehold improvements | - | 18,140 |
| Total | $ 335,440 | $ 728,880 |

6. Borrowings

At December 31, 2017, the Organization had a note payable outstanding to an individual in the amount of $50,000. The note was unsecured, did not bear interest and was repaid in full in April 2018.

In March 2018, the Organization entered into a promissory note with a private company for $100,000. The note was unsecured, bore interest at 1% and was repaid in full in June 2019.

In May 2019, the Organization entered into a line of credit agreement for $250,000 that matures in May 2020. Borrowings under the agreement bear interest at the greater of the bank's prime rate plus 2.0% or 7.5% (7.5% at December 31, 2019). The Organization did not borrow any amounts against the line in 2019.

7. Net Assets with Donor Restrictions

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

| | 2019 | 2018 |
|---|---|---|
| General programs | $ 66,667 | $ 14,000 |
| Strategic planning | 91,667 | - |
| Restricted to future periods | - | 235,000 |
| Total net assets with donor restrictions | $ 158,333 | $ 249,000 |

Net assets were released from donor restrictions by the passage of time or incurring expenses satisfying the restricted purposes. In 2019, the Organization released $270,667 of funds relating to program restrictions and the passage of time ($84,517 relating to program restrictions and the passage of time in 2018).

8. Lease Commitments

The Organization leases its primary office facility in San Francisco, California, under a non-cancelable operating lease agreement. The lease expires in July 2024 and requires monthly payments, which will increase by 3% every year.

The Organization leases another office facility in San Francisco, California, under a non-cancelable operating lease agreement that expires in August 2023. The lease requires monthly payments, which will increase by 3% every year.

In January 2020, the Organization entered into a third lease agreement for another office facility in San Francisco, California, under a non-cancelable operating lease agreement that expires in January 2025. The lease requires monthly payments, which will increase by 3% every year.

The Organization recognizes rent expense on a straight-line basis over the term of the operating leases. Any difference between cash payments required and rent expense is recorded as deferred rent. Rent expense was $66,500, which includes $18,800 in donated rent in 2019 ($30,300, which includes $14,000 in donated rent in 2018).

Future minimum lease payments under the non-cancelable operating leases are as follows:

| | |
|---|---|
| 2020 | $ 107,000 |
| 2021 | 123,000 |
| 2022 | 126,000 |
| 2023 | 121,000 |
| 2024 | 78,000 |
| Thereafter | 3,000 |
| Total | $ 558,000 |

9. Subsequent Events

The recent global outbreak of the novel coronavirus in 2020 is a rapidly evolving situation. The global pandemic has disrupted much of society, impacting travel and supply chains, adversely impacting commercial activity in most industries, and negatively impacting financial markets. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse effect on economic and market conditions and trigger an extended period of global economic slowdown. Such conditions, which may be experienced across industries, sectors or geographies, may impact the Organization's ability to raise support and revenue and its operating performance in the near term.

In April 2020, the Organization entered into a line of credit agreement for $300,000 that matures in April 2021. Borrowings under the agreement bear interest at 3.25%. The Organization did not borrow any amounts against the line as of the date of issuance.

Under the Paycheck Protection Program provided by the U.S. Small Business Administration (SBA), the Organization entered into a debt agreement for $302,700 in April 2020. Under the terms, payment is deferred for the first six months and borrowings bear interest at 1.0%. The SBA allows forgiveness of the principal and accrued interest if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities, of which non-payroll costs can be 25% of the expenditures. The Organization anticipates meeting the debt forgiveness requirements.

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the consolidated financial statements were approved by management and available for issuance. No items requiring disclosure in the consolidated financial statements have been identified other than those presented.