



BIG LIFE FOUNDATION USA
Financial Statements
For the Years Ended December 31, 2019 and 2018

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Independent Auditor's Report

**To the Board of Directors
Big Life Foundation USA
Ridgefield, Washington**

We have audited the accompanying financial statements of Big Life Foundation USA (the Foundation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, 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 audits 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2019 and 2018, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 5 to the financial statements, the 2018 financial statements have been restated to reclassify net assets with donor restrictions to net assets without donor restrictions. Our opinion is not modified with respect to this matter.

Clark Nuber P.S.

Certified Public Accountants
May 8, 2020

BIG LIFE FOUNDATION USA

**Statements of Financial Position
December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 1,525,652	\$ 1,686,130
Accounts receivable and other assets	41,586	108,631
Pledges receivable	7,294	10,000
Property and equipment, net	<u>381</u>	<u>1,294</u>
Total Assets	<u>\$ 1,574,913</u>	<u>\$ 1,806,055</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 7,352</u>	<u>\$ 7,425</u>
Total Liabilities	7,352	7,425
Net Assets:		
Without donor restrictions-		
Undesignated	680,523	1,012,119
Board designated	<u>756,071</u>	<u>515,295</u>
	1,436,594	1,527,414
With donor restrictions	<u>130,967</u>	<u>271,216</u>
Total Net Assets	<u>1,567,561</u>	<u>1,798,630</u>
Total Liabilities and Net Assets	<u>\$ 1,574,913</u>	<u>\$ 1,806,055</u>

See accompanying notes.

BIG LIFE FOUNDATION USA

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Contributions	\$ 2,004,927	\$ 1,212,795	\$ 3,217,722
Donated art and other in-kind (Note 2)	149,925		149,925
Release of restricted contributions	1,353,044	(1,353,044)	
	3,507,896	(140,249)	3,367,647
Sales revenue	137,805		137,805
Less cost of goods sold	(136,799)		(136,799)
Sales revenue, net of cost of goods sold	1,006		1,006
Other revenue	22,596		22,596
Total Revenues and Support	3,531,498	(140,249)	3,391,249
Expenses:			
Program	3,145,404		3,145,404
Management and general	214,940		214,940
Fundraising (Note 2)	261,974		261,974
Total Expenses	3,622,318		3,622,318
Change in Net Assets	(90,820)	(140,249)	(231,069)
Net assets, beginning of year (restated)	1,527,414	271,216	1,798,630
Net Assets, End of Year	\$ 1,436,594	\$ 130,967	\$ 1,567,561

See accompanying notes.

BIG LIFE FOUNDATION USA

**Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Contributions	\$ 2,206,751	\$ 1,083,066	\$ 3,289,817
Donated art and other in-kind (Note 2)	152,450		152,450
Release of restricted contributions (restated)	1,458,483	(1,458,483)	
	3,817,684	(375,417)	3,442,267
Sales revenue	89,557		89,557
Less cost of goods sold	(79,693)		(79,693)
Sales revenue, net of cost of goods sold	9,864		9,864
Other revenue	15,596		15,596
Total Revenues and Support	3,843,144	(375,417)	3,467,727
Expenses:			
Program	3,431,490		3,431,490
Management and general	193,869		193,869
Fundraising (Note 2)	263,004		263,004
Total Expenses	3,888,363		3,888,363
Change in Net Assets	(45,219)	(375,417)	(420,636)
Net assets, beginning of year	1,572,633	646,633	2,219,266
Net Assets, End of Year (Restated)	\$ 1,527,414	\$ 271,216	\$ 1,798,630

See accompanying notes.

BIG LIFE FOUNDATION USA

**Statement of Functional Expenses
For the Year Ended December 31, 2019**

	Program	Management and General	Fundraising	Total
Other salaries and wages	\$ 56,369	\$ 36,207	\$ 98,827	\$ 191,403
Salaries	31,900	67,100	33,000	132,000
Payroll taxes	8,989	9,134	8,989	27,112
Pension plan contributions		5,095		5,095
Pension benefits paid		3,960		3,960
Total Salaries, Taxes and Benefits	97,258	121,496	140,816	359,570
Grants	3,025,968			3,025,968
Advertising and promotion	2,692		55,584	58,276
Office expenses	6,116	22,355	16,290	44,761
Accounting		38,556		38,556
Gift processing			19,310	19,310
Travel	9,286	1,432	6,996	17,714
Information technology	617	8,101	4,551	13,269
Legal		13,007		13,007
Video/photo services	3,207		3,207	6,414
Webmaster		5,075		5,075
Graphic			4,820	4,820
Insurance		3,035		3,035
Management	260	970		1,230
Depreciation		913		913
Total Expenses Before Donated Web-Based Advertising	3,145,404	214,940	251,574	3,611,918
Donated web-based advertising			10,400	10,400
Total Expenses	\$ 3,145,404	\$ 214,940	\$ 261,974	\$ 3,622,318

See accompanying notes.

BIG LIFE FOUNDATION USA

**Statement of Functional Expenses
For the Year Ended December 31, 2018**

	Program	Management and General	Fundraising	Total
Other salaries and wages	\$ 42,042	\$ 33,988	\$ 76,569	\$ 152,599
Salaries	36,633	58,867	36,500	132,000
Payroll taxes	7,689	7,765	7,689	23,143
Pension plan contributions		4,373		4,373
Pension benefits paid		3,920		3,920
Total Salaries, Taxes and Benefits	86,364	108,913	120,758	316,035
Grants	3,336,117			3,336,117
Advertising and promotion	2,011	324	32,760	35,095
Accounting		34,324		34,324
Other	501	7,100	25,876	33,477
Office expenses	3,522	12,037	16,549	32,108
Travel	2,048	11,427	1,172	14,647
Legal		13,343		13,343
Information technology	927	2,161	3,953	7,041
Insurance		3,005		3,005
Conferences, conventions and meetings		321	28	349
Depreciation		914		914
Total Expenses Before Donated Web-Based Advertising	3,431,490	193,869	201,096	3,826,455
Donated web-based advertising			61,908	61,908
Total Expenses	\$ 3,431,490	\$ 193,869	\$ 263,004	\$ 3,888,363

See accompanying notes.

BIG LIFE FOUNDATION USA

**Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (231,069)	\$ (420,636)
Adjustments to reconcile change in net assets to net cash used in operating activities-		
Depreciation	913	914
Change in operating assets and liabilities:		
Accounts receivable and other assets	67,045	(49,651)
Pledges receivable	2,706	10,000
Accounts payable and accrued expenses	(73)	2,211
	<u>(160,478)</u>	<u>(457,162)</u>
Net Cash Used in Operating Activities	(160,478)	(457,162)
Net Change in Cash and Cash Equivalents	(160,478)	(457,162)
Cash and cash equivalents, beginning of year	<u>1,686,130</u>	<u>2,143,292</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,525,652</u>	<u>\$ 1,686,130</u>
Supplementary Cash Flow Information:		
Noncash donations of art and other in-kind contributions	\$ 149,925	\$ 152,450

See accompanying notes.

BIG LIFE FOUNDATION USA

Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 1 - Organization

Organization - Using innovative conservation strategies and collaborating closely with local communities, partner NGOs, national parks and government agencies, Big Life Foundation USA (the Foundation) seeks to protect and sustain East Africa's wild lands and wildlife, including one of the greatest populations of elephants left in East Africa. The first organization in East Africa that has coordinated anti-poaching teams operating on both sides of the Kenya-Tanzania border, the Foundation recognizes that sustainable conservation can only be achieved through a community-based collaborative approach, which is at the heart of the Foundation's philosophy: conservation supports the people and people support conservation. The Foundation's vision is to establish a successful holistic conservation model in the Amboseli-Tsavu-Kilimanjaro ecosystem that can be replicated across the African continent.

The Foundation collaborates with partners operating in Africa, North America, and Europe. Big Life Kenya is a separate legal entity registered in Kenya. Big Life Canada is a separate nonprofit organization registered in Canada. Big Life United Kingdom is a separate nonprofit organization registered in the United Kingdom. Although certain of the Foundation's directors are members of the boards of Big Life Kenya, Big Life Canada and Big Life United Kingdom, the Foundation does not control these entities through this board participation. Therefore, these entities are not consolidated with the operations of the Foundation for financial reporting purposes.

Note 2 - Significant Accounting Policies

Basis of Presentation - The Foundation's financial statements have been prepared on the accrual basis of accounting. The Foundation has presented an unclassified statement of financial position which sequences assets according to their nearness of conversion to cash and sequences liabilities according to the nearness of their maturity and resulting use of cash.

Net assets, revenues, gains, and losses of the Foundation are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed restrictions that will be met either by actions of the Foundation or passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Contributions - Contributions are recognized in the period received, including unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met. There were no conditional contributions at December 31, 2019 or 2018.

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Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 2 - Continued

Sales Revenue - Donated art and sales revenue consist of open and limited-edition artist prints that are contributed to the Foundation for sale to the public. The prints are donated by the artist at the time purchases are made and are reflected as in-kind contribution revenue. Sales revenue and cost of goods sold expense are recognized on the statements of activities and changes in net assets at the time the purchases are made. During the years ended December 31, 2019 and 2018, 100% of the sales proceeds related to open edition prints and 80% of sales proceeds related to limited edition were retained by the Foundation. The Foundation also sells books published by the same artist with approximately 75% - 80% of the proceeds retained by the Foundation. Book sales were immaterial during the years ended December 31, 2019 and 2018. In November 2018, the Foundation launched a new e-store that sells merchandise such as apparel, mugs and stickers. Revenue is recognized when a sale is made. E-store sales were immaterial during the year ended December 31, 2019 and 2018.

Cash and Cash Equivalents - For the purposes of reporting cash flows, cash and cash equivalents consist of funds held with financial institutions. The Foundation had cash in institutions in excess of the Federal Deposit Insurance Corporation limits during the years ended December 31, 2019 and 2018. The Foundation has not experienced any losses in these accounts.

Accounts Receivable and Other Assets - Accounts receivable consist primarily of funds held with third party payment processors for contributions received through the Foundation's website prior to year end but not yet deposited to the Foundation's bank accounts. An allowance for doubtful accounts is not deemed necessary by management at December 31, 2019 and 2018. Other assets consisted primarily of prepaid expenses.

Pledges Receivable - Pledges receivable, also known as unconditional promises to give, that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Property and Equipment - Property and equipment are recorded at cost or, if donated, at fair value as of the date of the gift. The Foundation capitalizes property and equipment with costs greater than \$2,500. Property and equipment consisted of laptop computers with historical costs totaling \$2,741 at December 31, 2019 and 2018, respectively. Depreciation is recognized using the straight-line method based on estimated useful lives of three years for computers to five years for office equipment. Depreciation expense totaled \$913 and \$914 for the years ended December 31, 2019 and 2018, respectively. Accumulated depreciation totaled \$2,360 and \$1,447 at December 31, 2019 and 2018, respectively.

Grants Payable - Grants payable consist of grants that have been approved by the Foundation prior to year end but have not yet been paid. Grant expense is recognized at the time the grant is approved by the Foundation. Grants payable totaled \$10,000 at December 31, 2019 and are expected to be paid within one year. There were no grants payable at December 31, 2018.

Donated Art and Other In-Kind - Donated art and other in-kind consist primarily of open and limited-edition artwork donated to the Foundation. The Foundation also received donated web-based advertising.

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Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 2 - Continued

Donated art and other in-kind consisted of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Open and limited edition artwork	\$ 120,599	\$ 71,124
Web-based advertising	17,891	58,122
Other	<u>11,435</u>	<u>23,204</u>
Total Donated Art and Other In-Kind	<u>\$ 149,925</u>	<u>\$ 152,450</u>

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the donated web-based advertising is recognized as in-kind revenue and is considered fundraising expense in the statements of functional expenses for the years ended December 31, 2019 and 2018.

Concentrations, Gifts From Board Members and Related Party Transactions - For the years ended December 31, 2019 and 2018, 26% and 14%, respectively, of the Foundation's total revenue was received from donors through two charitable funds and one charitable fund, respectively.

Gifts received from board members, including the fair value of donated art, totaled approximately \$268,000 and \$286,000, respectively, the years ended December 31, 2019 and 2018.

Pledges receivable from two individuals accounted for 100% of total pledges receivable at December 31, 2019, and 100% of pledges receivable was from one individual at December 31, 2018.

For each of the years ended December 31, 2019 and 2018, approximately 100% of the Foundation's total grant-making expenses consisted of grants awarded to two organizations, respectively. Grants awarded to Big Life Kenya, a related party, (Note 1), totaled \$2,962,101 and \$3,265,157, for the years ended December 31, 2019 and 2018, respectively. Grants awarded to Big Life UK, a related party (Note 1) totaled \$70,000 for each of the years ended December 31, 2019 and 2018, respectively.

Federal Income Tax - The Internal Revenue Service has determined the Foundation to be a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been made in these financial statements.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and the statements of functional expenses based on the benefits derived by program, management and general, and fundraising activities.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Foundation. Those expenses include employee salaries, the allocations for which are provided monthly based on estimates of how each employee's time was spent that month. All other expenses are directly allocated.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 2 - Continued

Recent Accounting Pronouncements - During the year ended December 31, 2019, the Foundation adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The Foundation has elected to adopt the changes from this ASU for contributions received prospectively starting in 2019, and accordingly, no changes have been made to balances reported in the 2018 financial statements. The Foundation will adopt the changes from this ASU for grants awarded to other organizations prospectively in 2020.

During the year ended December 31, 2019, the Foundation adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)* and other related ASUs. These ASUs replaced the existing revenue recognition guidance in U.S. GAAP and require entities to recognize revenues when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASUs apply to the Foundation's sales revenue; however, application of the new ASUs did not result in changes to the revenue recognition methods used by the Foundation.

Financial Statement Reclassifications - Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications have no effect on the change in net assets or net asset balances as previously reported.

Note 3 - Pledges Receivable

Pledges receivable consisted of three pledges and one pledge at December 31, 2019 and 2018, respectively and totaled \$7,268 and \$10,000, respectively. Pledges are expected to be paid within one year. A present value discount was deemed immaterial at December 31, 2019 and 2018. Management considers the pledges fully collectible; therefore, an allowance for doubtful accounts was not deemed necessary at December 31, 2019 and 2018, respectively.

Note 4 - Board Designated Net Assets Without Donor Restrictions

At December 31, 2019 and 2018, the board had designated net assets without donor restrictions totaling \$756,071 and \$515,295, respectively, as a reserve for future U.S. operating expenses.

Note 5 - Net Assets With Donor Restrictions

Restatement of 2018 Balances - During the year ended December 31, 2019, it was determined that releases from net assets with donor restrictions resulting from purpose fulfillment were not fully captured at December 31, 2018. As a result, net assets with donor restrictions were overstated and net assets without donor restrictions were understated, respectively, by \$352,946 at December 31, 2018.

BIG LIFE FOUNDATION USA

**Notes to Financial Statements
For the Years Ended December 31, 2019 and 2018**

Note 5 - Continued

Net assets as originally presented and as restated at December 31, 2018 are as follows:

	Originally Presented	Restated	Change
Net assets without donor restrictions-			
Undesignated	\$ 659,173	\$ 1,012,119	\$ 352,946
Board designated	515,295	515,295	
	<u>1,174,468</u>	<u>1,527,414</u>	<u>352,946</u>
Net assets with donor restrictions-			
Purpose	614,162	261,216	(352,946)
Time	10,000	10,000	
	<u>624,162</u>	<u>271,216</u>	<u>(352,946)</u>
Total Net Assets, December 31, 2018	<u>\$ 1,798,630</u>	<u>\$ 1,798,630</u>	<u>\$ -</u>

Net assets with donor restrictions were available for the following purposes at December 31:

	2019	2018
Purpose restrictions-		
Rangers: Kenya	\$ 88,757	\$ 117,914
Predator Compensation Fund	18,750	18,925
Segera Conservation Fund	10,000	30,000
Tanzania	4,666	9,338
Education + Outreach	1,500	
Education + Scholarship: Kenya		17,660
Wildlife Security		47,633
Kenya Permaculture		11,671
Kimana Sanctuary		5,000
Eselengei Group Ranch		3,075
Time restrictions-		
Pledges	7,294	10,000
Total Net Assets With Donor Restrictions	<u>\$ 130,967</u>	<u>\$ 271,216</u>

Net assets with donor restrictions released for purpose fulfillment totaled \$1,343,044 and \$1,448,483 during the years ended December 31, 2019 and 2018, respectively. Net assets with donor restrictions released related to time restrictions totaled \$10,000 during each of the years ended December 31, 2019 and 2018, respectively.

Note 6 - Retirement Plan

In December 2016, the Foundation approved the establishment of a Simple IRA Plan (the Plan). The Plan went into effect in 2017. Eligible employees may contribute to the Plan after the completion of 90 days of employment. Employer contributions are permitted by the Plan. Employer contributions totaled \$9,055 and \$8,293 during the years ended December 31, 2019 and 2018, respectively.

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Notes to Financial Statements For the Years Ended December 31, 2019 and 2018

Note 7 - Liquidity and Availability of Financial Assets

Liquidity - The Foundation has an operating reserve with a balance of \$756,071 and \$515,295 at December 31, 2019 and 2018, respectively. This is a governing Board-designated reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside typical operations of the organization. The Foundation's target for this reserve is to maintain a total of one year's operating expenses, which was determined based on management's judgment about the appropriate amount of funds to have set aside in addition to working capital. Its grantmaking is limited to Board discretion based upon the availability of funds. The operating reserve funds are held as cash, which is liquid and available for use.

Availability - The following reflects the Foundation's financial assets at December 31, 2019 and 2018, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed restrictions or internal designations. Amounts not available include those set aside by the Board for an operating reserve that could be drawn upon if the Board approves that action. The Foundation is supported in part by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,525,652	\$ 1,686,130
Accounts receivable	41,586	108,631
Pledges receivable	<u>7,294</u>	<u>10,000</u>
Total financial assets	1,574,532	1,804,761
Restricted by donor with time or purpose restrictions	(130,967)	(271,216)
Board designation set aside for operating reserve	<u>(756,071)</u>	<u>(515,295)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 687,494</u>	<u>\$ 1,018,250</u>

Note 8 - Subsequent Events

The Foundation has evaluated subsequent events with respect to the financial statements for the year ended December 31, 2019 through May 8, 2020, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any events occurred, the nature of which would require disclosure, except as discussed below.

In response to COVID-19, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 13, 2020, the Foundation obtained a loan under the PPP with a principal balance of approximately \$66,500 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning November 13, 2020 through maturity on April 13, 2022. All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met.