Island Conservation

Financial Statements

December 31, 2021 and 2020

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Island Conservation

Opinion

We have audited the financial statements of Island Conservation (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, statements of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Baker Tilly US, LLP

San Francisco, CA
August 5, 2022

ISLAND CONSERVATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS

	2021	2020
Current Assets		
Cash and cash equivalents	$ 5,655,308	$ 3,019,773
Grants receivable - due in less than one year	2,262,638	4,266,780
Employee Retention Credit (ERC) receivable	426,649	132,649
Other receivables	9,544	-
Prepaid expenses	218,554	35,708
Investments	912,983	822,303
Other current assets	839	711
Total current assets	9,486,515	8,277,924
Non-Current Assets		
Property and equipment, net	50,683	-
Grants receivable beyond one year, net	322,918	1,032,908
Deposits	17,108	12,321
Total assets	$ 9,877,224	$ 9,323,153

LIABILITIES AND NET ASSETS

	2021	2020
Current Liabilities		
Accounts payable and accrued expenses	$ 256,050	$ 226,738
Accrued vacation	181,000	221,090
Grant advances	787,316	251,648
Deferred revenue	63,928	-
Total liabilities	1,288,294	699,476
Net Assets		
Without donor restrictions	4,880,768	2,776,657
With donor restrictions	3,708,162	5,847,020
Total net assets	8,588,930	8,623,677
Total liabilities and net assets	$ 9,877,224	$ 9,323,153

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

ISLAND CONSERVATION
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Foundation and community grants	$ 2,432,334	$ 4,991,509	$ 7,423,843	$ 1,029,882	$ 8,804,922	$ 9,834,804
Government grants - federal	-	316,906	316,906	-	508,942	508,942
Contributions	250,832	-	250,832	1,001,247	-	1,001,247
Fee for service	271,936	-	271,936	60,000	-	60,000
In-kind contributions	7,541	-	7,541	-	-	-
Grant revenue - Paycheck Protection Program (PPP)	-	-	-	442,615	-	442,615
Grant revenue - Employee Retention Credit (ERC)	294,000	-	294,000	132,649	-	132,649
Loss on return of grant	-	(526,497)	(526,497)	-	-	-
Other income (loss)	(3,540)	-	(3,540)	(9,407)	-	(9,407)
Net assets released from restrictions:						
Purpose or time restrictions met	6,920,776	(6,920,776)	-	5,419,539	(5,419,539)	-
TOTAL SUPPORT AND REVENUE	10,173,879	(2,138,858)	8,035,021	8,076,525	3,894,325	11,970,850
EXPENSES						
Program services	6,011,884	-	6,011,884	5,042,930	-	5,042,930
Administration	1,300,744	-	1,300,744	1,320,683	-	1,320,683
Fundraising	757,140	-	757,140	741,767	-	741,767
TOTAL EXPENSES	8,069,768	-	8,069,768	7,105,380	-	7,105,380
Change in net assets	2,104,111	(2,138,858)	(34,747)	971,145	3,894,325	4,865,470
NET ASSETS - beginning of year	2,776,657	5,847,020	8,623,677	1,805,512	1,952,695	3,758,207
NET ASSETS - end of year	$ 4,880,768	$ 3,708,162	$ 8,588,930	$ 2,776,657	$ 5,847,020	$ 8,623,677

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

ISLAND CONSERVATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2021

	Program Services	Supporting Services: Administration	Supporting Services: Fundraising	Common Costs	Total
Salaries	$ 1,906,419	$ 832,831	$ 543,095	$ -	$ 3,282,345
Consultants and professional fees	1,071,002	156,281	15,326	52,510	1,295,119
Grants to others	933,131	-	-	-	933,131
Supplies	676,160	14,394	6,277	52,173	749,004
Travel and transportation	524,474	40,047	17,398	-	581,919
Employee benefits	333,473	100,387	50,512	-	484,372
Payroll taxes	140,089	42,583	35,691	-	218,363
Occupancy	-	-	-	134,122	134,122
Insurance	2,698	30,910	-	43,714	77,322
Telephone	30,863	-	91	46,270	77,224
Equipment, repairs and maintenance	42,719	1,149	-	-	43,868
Bank and payroll fees	3,405	35,653	3,423	-	42,481
Postage and shipping	35,119	1,806	2,189	-	39,114
Books and subscriptions	6,055	15,303	15,439	-	36,797
Utilities	-	-	-	21,622	21,622
Professional development	11,488	2,598	1,246	-	15,332
Printing and duplication	5,347	4,217	-	-	9,564
Licenses and fees	1,904	6,338	135	-	8,377
Recruitment	3,222	3,949	-	-	7,171
Miscellaneous	479	-	7,019		7,498
Depreciation	-	5,023	-	-	5,023
Allocation of common costs	283,837	7,275	59,299	(350,411)	-
TOTAL EXPENSES	$ 6,011,884	$ 1,300,744	$ 757,140	$ -	$ 8,069,768

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

ISLAND CONSERVATION
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2020

	Program Services	Supporting Services: Administration	Supporting Services: Fundraising	Common Costs	Total
Salaries	$ 2,270,583	$ 820,468	$ 517,576	$ -	$ 3,608,627
Consultants and professional fees	947,750	135,764	14,564	72,426	1,170,504
Employee benefits	427,389	121,127	55,711	-	604,227
Supplies	421,733	767	551	31,775	454,826
Grants to others	326,963	-	-	-	326,963
Payroll taxes	187,538	63,627	31,901	-	283,066
Travel and transportation	182,645	9,568	47,735	-	239,948
Occupancy	-	-	-	116,547	116,547
Telephone	-	-	360	63,355	63,715
Postage and shipping	53,081	1,516	1,685	-	56,282
Books and subscriptions	6,585	30,642	8,567	-	45,794
Insurance	-	-	-	44,499	44,499
Bank and payroll fees	3,946	30,289	5,135	-	39,370
Utilities	-	-	-	17,373	17,373
Licenses and fees	3,919	5,825	428	-	10,172
Equipment repairs and maintenance	7,903	-	-	-	7,903
Professional development	6,690	414	728	-	7,832
Printing and duplication	3,152	2,454	75	-	5,681
Recruitment	-	2,051	-	-	2,051
Allocation of common costs	193,053	96,171	56,751	(345,975)	-
TOTAL EXPENSES	$ 5,042,930	$ 1,320,683	$ 741,767	-	$ 7,105,380

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

ISLAND CONSERVATION
STATEMENTS OF CASH FLOWS
Years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (34,747)	$ 4,865,470
Adjustments to reconcile change in net assets to net cash from operating activities:		
Donated securities	(912,983)	(822,303)
Depreciation	5,023	-
(Increase) decrease in operating assets:		
Grants receivable	2,714,132	(2,769,437)
Employee Retention Credit (ERC) receivable	(294,000)	(132,649)
Other receivables	(9,544)	3,442
Prepaid expenses	(182,846)	35,040
Other current assets	(128)	9,084
Deposits	(4,787)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	29,312	100,130
Accrued vacation	(40,090)	(43,178)
Grant advances	535,668	(27,041)
Deferred revenue	63,928	-
Net cash provided by operating activities	1,868,938	1,218,558
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(55,706)	-
Proceeds from sales of investments	822,303	-
Net cash provided by investing activities	766,597	-
Net increase in cash and cash equivalents	2,635,535	1,218,558
CASH AND CASH EQUIVALENTS - beginning of the year	3,019,773	1,801,215
CASH AND CASH EQUIVALENTS - end of the year	$ 5,655,308	$ 3,019,773

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

1. ORGANIZATION

Island Conservation (the "Organization") is a non-profit corporation founded in 1994 and incorporated in 1997. The Organization's mission is to prevent extinctions by removing invasive species from islands. The Organization works around the globe in partnership with government and other non-governmental organizations (NGOs) to achieve its mission.

Working with these partners, the Organization's staff scientists and island ecosystem recovery specialists work to: evaluate invasive species' impact on native island animals and plants; determine feasibility of invasive species removal; design and implement plans to remove invasive species; and monitor the recovery of native island animals and natural systems after invasive species are removed.

The Organization is supported primarily through private and public grants and contributions. The Organization is headquartered in Santa Cruz, California and has satellite offices in: Boqueron, Puerto Rico; Honolulu, Hawaii; Kelowna, British Columbia; Santiago, Chile; Sydney, Australia; Galapagos, Ecuador; and Auckland, New Zealand.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization's significant accounting policies follow:

Method of Accounting

The financial statements of the Organization have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis of Presentation

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

Without Donor Restrictions

Net assets without donor restrictions represent net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate a portion of these net assets for use on specific projects.

With Donor Restrictions

Net assets with donor restrictions represent net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time and net assets to be held in perpetuity as directed by donors. The Organization currently has no assets held in perpetuity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash balances and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable include unconditional commitments from various foundations that are recorded at the net realizable value of the amount expected to be collected by management. Grants receivable beyond one year are discounted using a risk-free discount rate of 1.6%. All receivables are deemed fully collectible at December 31, 2021 and 2020.

Property, Equipment and Depreciation

Property and equipment are recorded at cost when purchased and fair value when received as a donation. Depreciation is provided over the estimated useful lives of the respective assets, using the straight-line method of depreciation. Repairs and maintenance are charged to expense as incurred. A workable unit with a cost or basis of $5,000 or more is considered a fixed asset and accordingly capitalized.

Income Tax Status

The Organization is recognized as a public charity exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code sections of the California Revenue and Taxation Code, is subject to income tax. Management believes that all of the Organization's activities were directly related to its exempt purpose.

Each year, management considers whether the Organization has any uncertain tax positions that require recognition in the financial statements; including whether the Organization has engaged in any activities that could affect the Organization's income tax status or result in taxable income. Management believes that any positions the Organization has taken are supported by substantial authority and would more likely than not be sustained upon examination by the applicable taxing authority. Management has determined that the Organization does not have any material uncertain tax positions that require recognition or disclosure in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Grants and Contributions

Contributions are recognized under Accounting Standards Codification ("ASC") 958-605 when the donor makes a promise to the Organization that is unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Foundation and community grants and contributions consist of cost reimbursement grants, unconditional grants and individual donations depending on the terms of the agreement.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

In-Kind Contributions

Gifts of property and equipment are recorded as increases in net assets without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as increases in net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained; the Organization reports expirations of donor restrictions when long-lived assets are placed in service. In-kind contributions for the years ended December 31, 2021 and 2020 were $7,541 and $0, respectively.

The Organization records contributed professional services and materials at their estimated fair value on the date of receipt. Contributed services are recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not received through donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses, or additions to property and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Fee for Service Income

Revenue recognition for fee for service income is first evaluated under ASC 958-605, *Not-for-profit Entities – Revenue Recognition,* in order to determine whether commensurate value is exchanged. When the Organization determines commensurate value is exchanged in the contract, revenue is recognized under ASC 606 through the following five steps: (i) identification of the contract or contracts with a customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price in the contract; and (v) recognition of revenue when or as a performance obligation is satisfied.

Revenue is recognized for fee for service contracts when performance obligations under the terms of the contracts with the customers are satisfied. The Organization's performance obligation generally consists of the promise to provide a service to its customers. Control of the Organization's services is transferred over time as services are completed and accepted by a customer that meets the agreed-upon specifications. Once control is transferred to the customer, the Organization has completed its performance obligation, and revenue is recognized.

Revenue is based on the consideration specified in the contract for the exchange of services. Payment terms are specified in the contract and there are no variable considerations.

Grant Advances

Conditional grants received in advance of the Organization fulfilling the condition are recorded as grant advances on the Statements of Financial Position.

Investments

Investments consist principally of donated securities, which are recorded at fair value based on quoted market prices. The Organization has a policy to liquidate donated securities within one day.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

The Organization considers the use of market-based information over entity specific information in valuing its marketable investment securities, using a three-level hierarchy for fair value measurements, based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

Level 1 – inputs to the valuation methodology – quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology – quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the investment.

Level 3 – inputs to the valuation methodology – unobservable and significant to the fair value measurement.

An asset's or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Allocation of Expenses

The costs of providing the Organization's programs and supporting services have been reported on a functional basis in the Statements of Activities and Statements of Functional Expenses. The Organization considers the cost related to operation and maintenance of its office facilities, and certain professional fees to be common costs. These costs are allocated to activities benefited based on employee effort as reported by employees.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant accounting estimates reflected in the Organization's financial statements include valuation and collectability of grants receivable and the functional allocation of expenses. Actual results may differ from these estimates.

Subsequent Events

Subsequent events were evaluated through August 5, 2022 which is the date the financial statements were available to be issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting Standards

During February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. FASB has issued subsequent standards that deferred the implementation date. Topic 842 (as amended) will be effective for the Organization for the year ending December 31, 2022. The Organization is currently evaluating the impact of Topic 842 on its financial statements.

During June 2016, FASB issued Accounting Standards Update ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. FASB has issued subsequent standards to clarify, correct errors in or improve the guidance. ASU 2016-13 (as amended) will be effective for the Organization for the year ending December 31, 2023. Early adoption is permitted. The Organization is currently evaluating the timing of its adoption of ASU 2016-13 (as amended) and its impact on its financial statements.

During September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU 2020-07 will be effective for the Organization for the year ending December 31, 2022. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. The Organization is currently evaluating the effect that ASU 2020-07 will have on its financial statements.

Reclassifications

Certain amounts in the prior year financial statements were reclassified to conform with the current year presentation.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Island Conservation monitors the availability of resources required to meet its operating needs as well as other contractual commitments, while also maximizing the investment of its available funds. Island Conservation has various sources of liquidity at its disposal, including cash and cash equivalents, and a line of credit if needed (refer to Note 9).

In addition to financial assets available to meet general expenditures, Island Conservation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted revenue.

As of December 31, 2021 and 2020, the following tables show the total financial assets held by the Organization and the amounts of those financial assets could be readily made available within one year of the statement of financial position date to meet general expenditures.

Financial assets at:		2021		2020
Cash and cash equivalents	$	5,655,308	$	3,019,773
Grants receivable		2,585,556		5,299,688
ERC receivable		426,649		132,649
Other receivables		9,544		-
Investments		912,983		822,303
Total financial assets		9,590,040		9,274,413
Less: grants receivable due in more than one year		(322,918)		(1,032,908)
Financial assets available to meet general expenditures within one year	$	9,267,122	$	8,241,505

The Organization considers all expenditures related to its ongoing program, administration and general and fundraising activities to be general expenditures.

4. CONCENTRATION OF CREDIT RISK

Concentrations of credit risk primarily includes cash and cash equivalents, grants receivable and investments.

Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently $250,000 per depositor). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Certain investment accounts are insured up to $500,000 by the Securities Investor Protection Corporation (SIPC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

4. CONCENTRATION OF CREDIT RISK (continued)

At December 31, 2021 and 2020, approximately 45% and 34%, of receivables were due from three and two grantors, respectively. During the year ended December 31, 2021 and 2020, 30% and 25% of foundation and community grants support came from two donors and one donor, respectively.

5. GRANTS RECEIVABLE

At December 31, 20201 and 2020, grants receivable were expected to be collected in the following periods:

	2021	2020
In one year or less	$ 2,689,287	$ 4,399,429
Between one year to five years	333,334	1,032,908
Present value discount	(10,416)	-
Grants receivable, net	$ 3,012,205	$ 5,432,337

6. EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Organization qualified for the ERC as its operations were partially suspended during 2020 and the first, second and third quarters of 2021 due to orders from government authorities limiting certain of its activities due to COVID-19. The Organization averaged less than 100 full-time employees (FTEs) during 2019, therefore, it was considered a small employer during 2020 and 2021. As a small employer, all of the Organization's otherwise qualified wages were eligible for the ERC. For 2020, the ERC equaled 50 percent of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit for each employee of $5,000. For 2021, the ERC equaled 70 percent of an employee's qualified wages up to $10,000 per employee per calendar quarter with a maximum annual credit of $21,000 for each employee.

6. EMPLOYEE RETENTION CREDIT (continued)

The Organization accounts for this federal funding in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met. The Organization will claim credits for the years ended December 31, 2021 and 2020 of $294,000 and $132,649, respectively, on forms 941 which are included in Grant Revenue - ERC in the statements of activities for the years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, the Organization had an ERC receivable of $426,649 and $132,649, respectively. Subsequent to year end, the Organization collected on the ERC receivable.

7. PROPERTY AND EQUIPMENT

At December 31, 2021 and 2020, property and equipment consisted of:

	2021	2020
Project related equipment	$ 146,608	$ 149,236
Leasehold improvements	29,025	29,025
Vehicle	12,088	-
Software	-	59,809
Total property and equipment	187,721	238,070
Less: accumulated depreciation	(137,038)	(238,070)
Property and equipment, net	$ 50,683	$ -

8. FAIR VALUE MEASUREMENTS

At December 31, 2021 and 2020, investments at fair value consisted of the following:

	2021 Fair Value (Level 1)	2020 Fair Value (Level 1)
U.S. Common Stock	$ 912,983	$ 822,303

9. LINE OF CREDIT

The Organization has a line of credit in the amount of $750,000 with a financial institution which matures on June 10, 2023. The line of credit is secured by all accounts, contract rights, chattel paper, general intangibles, equipment and other rights to payments of every kind and bears interest at prime plus 1%, with a floor of 5%. The line was not accessed during the years ended December 31, 2021 and 2020, and at December 31, 2021 and 2020, there was no outstanding balance.

10. PAYCHECK PROTECTION PROGRAM

On April 25, 2020, the Organization received proceeds in the amount of $442,615 under the Paycheck Protection Program ("PPP") which was established as part of the Coronavirus Aid, Relief and Economic Security ("CARES") Act and is administered through the Small Business Administration ("SBA"). The PPP provides loans to qualifying non-profit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying non-profit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. The Organization initially recorded the funds as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions are explicitly waived. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

As of December 31, 2020, the Organization had expended all of the PPP funds received on qualified expenses and believes that it met all of the conditions attached to the PPP, therefore, the Organization has recorded grant revenue - PPP of $442,615 within its statement of activities for the year-end December 31, 2020.

On January 14, 2021, the Organization received notice from the SBA that it had forgiven $442,615 of the PPP proceeds.

11. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021 and 2020, net assets with donor restrictions were available for the following purposes:

	2021	2020
Subject to time restrictions:		
Time	$ -	$ 760,000
Subject to purpose restrictions:		
All staff retreat	20,700	-
Programs	3,687,462	5,087,020
	$ 3,708,162	$ 5,847,020

12. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

At December 31, 2021 and 2020, net assets with donor restrictions released for donor restricted program expenses incurred were as follows:

	2021	2020
Time restricted	$ 760,000	$ 550,000
Purpose restricted	6,160,776	4,869,539
	$ 6,920,776	$ 5,419,539

13. CONDITIONAL PROMISES TO GIVE

At December 31, 2021 and 2020 grants and contributions amounting to $9,386,964 and $7,156,414, respectively, have not been recognized in the accompanying financial statements because of the condition(s) on which they depend have not been met. The conditions are as follows:

	2021	2020
Incur qualifying program expenses	$ 7,825,343	$ 4,567,302
Matching	1,561,621	2,589,112
	$ 9,386,964	$ 7,156,414

14. RETIREMENT PLAN

The Organization has established a simple IRA retirement plan, (the "Plan"). The Plan provides for an employer match of all employee elective deferrals up to 3% of compensation. For the years ended December 31, 2021 and 2020, the Organization matched 3% and, accordingly, contributed $61,041 and $70,738 respectively, to the Plan.

15. OPERATING LEASES

The Organization has several non-cancelable operating lease arrangements for its offices expiring at various times through January 2024. Future minimum lease payments for these arrangements at December 31, 2021 were as follows and are subject to annual adjustments of 2-6%:

Year ending December 31,		
2022	$	63,942
2023		16,500
2024		250
	$	80,692

During the years ended December 31, 2021 and 2020, rent expense was $116,547 and $134,122, respectively.

16. LITIGATION

The Organization is involved in various legal actions in the normal course of business. While the results of such proceedings cannot be predicted with certainty, management expects the ultimate resolution of these matters will not have a material adverse effect on the Organization's financial position or results of operations.