TWLOHA, Inc.

Financial Statements

December 31, 2020
and 2019

TO WRITE LOVE ON HER ARMS.

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WHITTAKER COOPER
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
TWLOHA, Inc.
Melbourne, Florida

Opinion

We have audited the accompanying financial statements of TWLOHA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expense analysis, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TWLOHA, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TWLOHA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 TWLOHA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TWLOHA, Inc.'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 TWLOHA Inc.'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.

Whittaker Cooper Certified Public Accountants

Whittaker Cooper Certified Public Accountants
Melbourne, Florida
March 15, 2021

TWLOHA, INC.

STATEMENT OF FINANCIAL POSITION

Year Ended December 31, 2020

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 1,886,292	$ 79,010	$ 1,965,302
Accounts receivable, net	50	-	50
Promises to give, net	125,355	-	125,355
Inventory	165,716	-	165,716
Prepaid expenses	31,117	-	31,117
	2,208,530	79,010	2,287,540
PROPERTY AND EQUIPMENT, net	1,302,168	-	1,302,168
OTHER ASSETS	51,283	-	51,283
	$ 3,561,981	$ 79,010	$ 3,640,991

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT LIABILITIES			
Payables, trade	$ 18,667	$ -	$ 18,667
Grants payable	13,815	-	13,815
Accrued expenses	84,298	-	84,298
Current portion long-term debt	23,374	-	23,374
	140,154	-	140,154
LONG-TERM DEBT	821,053	-	821,053
COMMITMENTS AND CONTINGENCIES			
NET ASSETS	2,600,774	79,010	2,679,784
	$ 3,561,981	$ 79,010	$ 3,640,991

See accompanying notes.

TWLOHA, INC.
STATEMENT OF FINANCIAL POSITION
Year Ended December 31, 2019

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 911,622	$ 30,546	$ 942,168
Investments	303,008	-	303,008
Accounts receivable, net	1,847	-	1,847
Promises to give, net	149,747	-	149,747
Inventory	220,396	-	220,396
Prepaid expenses	30,182	-	30,182
	1,616,802	30,546	1,647,348
PROPERTY AND EQUIPMENT, net	1,304,075	-	1,304,075
OTHER ASSETS	6,694	-	6,694
	$ 2,927,571	$ 30,546	$ 2,958,117

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT LIABILITIES			
Payables, trade	$ 43,641	$ -	$ 43,641
Grants payable	646	-	646
Accrued expenses	90,205	-	90,205
Current protion long-term debt	17,810	-	17,810
	152,302	-	152,302
LONG-TERM DEBT	839,114	-	839,114
COMMITMENTS AND CONTINGENCIES			
NET ASSETS	1,936,155	30,546	1,966,701
	$ 2,927,571	$ 30,546	$ 2,958,117

TWLOHA, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS:			
Revenues, gains and other support:			
Contributions:			
Cash	$ 1,668,930	$ 370,265	$ 2,039,195
Goods and services	13,382	-	13,382
Merchandise sales	1,446,332	-	1,446,332
Speaking engagements	2,756	-	2,756
Fundraising			
Cash	197,869	-	197,869
SBA Paycheck Protection Program funds	226,695	-	226,695
Other	5,683	-	5,683
Interest	4,098	-	4,098
Gain on sale of assets	5,500	-	5,500
Net assets released from restrictions:	321,801	(321,801)	-
Total revenues, gains and other support	3,893,046	48,464	3,941,510
Expenses:			
Program services	2,667,867	-	2,667,867
Management and general	521,134	-	521,134
Fundraising	39,426	-	39,426
	3,228,427	-	3,228,427
CHANGE IN NET ASSETS	664,619	48,464	713,083
NET ASSETS, beginning of year	1,936,155	30,546	1,966,701
NET ASSETS, end of year	$ 2,600,774	$ 79,010	$ 2,679,784

See accompanying notes.

TWLOHA, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS:			
Revenues, gains and other support:			
Contributions:			
Cash	$ 1,722,661	$ 310,342	$ 2,033,003
Goods and services	16,415	-	16,415
Events	8,454	-	8,454
Grants	10,000	-	10,000
Merchandise sales	1,513,549	-	1,513,549
Speaking engagements	32,037	-	32,037
Fundraising			
Cash	164,494	-	164,494
Goods and services	1,198	-	1,198
Other	8,905	-	8,905
Interest	7,095	-	7,095
Net assets released from restrictions:	323,873	(323,873)	-
Total revenues, gains and other support	3,808,681	(13,531)	3,795,150
Expenses:			
Program services	2,866,320	-	2,866,320
Management and general	550,073	-	550,073
Fundraising	62,555	-	62,555
	3,478,948	-	3,478,948
CHANGE IN NET ASSETS	329,733	(13,531)	316,202
NET ASSETS, beginning of year	1,606,422	44,077	1,650,499
NET ASSETS, end of year	$ 1,936,155	$ 30,546	$ 1,966,701

See accompanying notes.

TWLOHA, INC.

FUNCTIONAL EXPENSE ANALYSIS

Year Ended December 31, 2020

	Program Services							
	Events and Tours	Awareness and Education	Supporter Engagement	Treatment and Recovery	Total	Management and General	Fundraising	Total Expenses
DIRECT ASSISTANCE:								
Grants	$ -	$ -	$ -	$ 193,956	$ 193,956	$ -	$ -	$ 193,956
OTHER EXPENSES:								
Cost of sales	13,079	761,834	39,867	-	814,780	-	24,982	839,762
Salaries and wages	142,340	392,297	196,423	44,323	775,383	305,321	1,621	1,082,325
Employee benefits	3,876	9,486	4,772	2,359	20,493	8,134	49	28,676
Payroll taxes	10,200	29,390	14,810	3,541	57,941	22,412	122	80,475
Travel	10,044	722	3,358	-	14,124	256	59	14,439
Conferences	70	70	139	-	279	142	-	421
Contract services	12,743	200,257	19,679	3,375	236,054	13,091	-	249,145
Office expenses	18,057	82,862	25,331	25,351	151,601	65,900	9,592	227,093
Occupancy	6,247	12,976	36,874	44	56,141	2,302	-	58,443
Event expenses	13,290	773	2,722	-	16,785	-	2,110	18,895
Taxes and licenses	119	276	105	-	500	6,968	5	7,473
Insurance	23,835	42,564	19,038	3,776	89,213	16,686	-	105,899
Advertising and promotion	42,136	86,380	5,410	1,556	135,482	20,017	886	156,385
Professional fees	815	12,522	2,871	546	16,754	49,395	-	66,149
Repairs and maintenance	60	-	-	-	60	-	-	60
Staff and intern development	314	600	4,463	188	5,565	1,326	-	6,891
Interest	10,948	19,269	9,634	-	39,851	4,570	-	44,421
	308,173	1,652,278	385,496	85,059	2,431,006	516,520	39,426	2,986,952
Total expenses before depreciation	308,173	1,652,278	385,496	279,015	2,624,962	516,520	39,426	3,180,908
Depreciation and amortization	17,839	16,881	8,185	-	42,905	4,614	-	47,519
TOTAL EXPENSES	$ 326,012	$ 1,669,159	$ 393,681	$ 279,015	$ 2,667,867	$ 521,134	$ 39,426	$ 3,228,427

See accompanying notes.

TWLOHA, INC.

FUNCTIONAL EXPENSE ANALYSIS

Year Ended December 31, 2019

	Program Services							
	Events and Tours	Awareness and Education	Supporter Engagement	Treatment and Recovery	Total	Management and General	Fundraising	Total Expenses
DIRECT ASSISTANCE:								
Grants	$ 105	$ 308	$ -	$ 173,025	$ 173,438	$ 120	$ -	$ 173,558
OTHER EXPENSES:								
Cost of sales	130,231	675,851	34,902	-	840,984	574	15,493	857,051
Salaries and wages	175,366	351,988	198,807	35,558	761,719	283,082	14,545	1,059,346
Employee benefits	2,827	3,048	1,495	461	7,831	3,972	-	11,803
Payroll taxes	13,368	26,728	14,985	2,693	57,774	20,725	1,052	79,551
Travel	106,578	6,039	13,215	920	126,752	9,588	280	136,620
Conferences	1,748	607	6	-	2,361	1,470	-	3,831
Contract services	51,782	209,237	5,806	-	266,825	23,126	490	290,441
Office expenses	36,086	98,163	51,152	21,270	206,671	65,888	11,642	284,201
Occupancy	10,777	18,100	41,617	-	70,494	5,384	-	75,878
Event expenses	70,125	6,326	6,496	2,500	85,447	55	18,292	103,794
Taxes and licenses	403	240	100	-	743	7,129	-	7,872
Insurance	23,862	35,744	16,084	3,604	79,294	15,513	-	94,807
Advertising and promotion	38,505	35,385	12,711	1,817	88,418	35,093	256	123,767
Professional fees	-	-	457	-	457	59,474	-	59,931
Repairs and maintenance	259	-	-	-	259	-	-	259
Staff and intern development	204	2,132	12,204	173	14,713	5,567	505	20,785
Interest	11,069	19,482	9,741	-	40,292	8,741	-	49,033
	673,190	1,489,070	419,778	68,996	2,651,034	545,381	62,555	3,258,970
Total expenses before depreciation	673,295	1,489,378	419,778	242,021	2,824,472	545,501	62,555	3,432,528
Depreciation and amortization	17,336	16,883	7,629	-	41,848	4,572	-	46,420
TOTAL EXPENSES	$ 690,631	$ 1,506,261	$ 427,407	$ 242,021	$ 2,866,320	$ 550,073	$ 62,555	$ 3,478,948

See accompanying notes.

TWLOHA, Inc.

Statements of Cash Flows

Year Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 713,083	$ 316,202
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	47,519	46,420
Amortization of loan costs reported as interest expense	629	629
Investment income	(2,415)	(3,009)
Gain on sale of property and equipment	(5,500)	-
Forgiveness of PPP loan	(226,695)	-
(Increase) decrease in assets:		
Accounts receivable	1,797	744
Promises to give	24,392	(32,730)
Prepaid expenses	(935)	(11,244)
Inventories	54,680	(88,756)
Deposits	-	2,200
Increase (decrease) in liabilities:		
Payables, trade	(24,974)	(35,512)
Grants payable	13,169	(15,699)
Accrued expenses	(5,907)	80,710
NET CASH PROVIDED BY OPERATING ACTIVITIES	588,843	259,955
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(45,201)	(107,230)
Cash paid for software development	(45,000)	-
Purchase of certificate of deposit	-	(300,000)
Proceeds from maturity of certificate of deposit	305,423	-
Proceeds from sale of property and equipment	5,500	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	220,722	(407,230)

See accompanying notes.

TWLOHA, Inc.
Statements of Cash Flows
Year Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	226,695	-
Payments on long term debt	(13,126)	(16,887)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	213,569	(16,887)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,023,134	(164,162)
CASH AND CASH EQUIVALENTS, beginning of year	942,168	1,106,330
CASH AND CASH EQUIVALENTS, end of year	$ 1,965,302	$ 942,168
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES		
In-kind contributions of goods and services	$ 13,382	$ 17,613
Cash paid for interest	$ 43,792	$ 48,404

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

TWLOHA, Inc. (Organization) is a not-for-profit corporation formed in August 2007. The Organization is dedicated to presenting hope and finding help for people struggling with depression, addiction, self-injury, and suicide. The Organization exists to encourage, inform, inspire, and also invest directly in treatment and recovery. It is headquartered in Melbourne, Florida and assistance is available world-wide.

The Organization is supported by various grants, private donations and revenues from events, tours, speaking engagements, and merchandise sales.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958, *Not-for-profit Entities,* as amended by Accounting Standard Update (ASU) No. 2016-14. ASU 2016-14 was effective for fiscal years beginning after December 15, 2017 and the Organization adopted it on January 1, 2018.

FASB ASC 958 requires a not-for-profit entity to present on the face of the statement of financial position amounts for two classes of net assets; net assets without donor restrictions and net assets with donor restrictions, and on the face of the statement of activities the amount of change in each of the two classes. In addition, the Organization is required to present:

- The amounts of expenses by both their natural classification and their functional classification, including disclosures concerning the methods used for cost allocation between functional classifications.
- Qualitative and quantitative disclosure information on liquidity and availability of financial assets to meet the Organization's cash needs for general expenditure within one year.
- The composition of donor restricted net assets at period-end.
- Self-imposed limits on use of resources without donor restrictions at the end of the period, including designations and reserves.
- Investment returns net of external and direct internal investment expenses and no longer require the disclosure of those netted expenses.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization considered all promises to give collectible, therefore, the allowance for uncollectible accounts was $0 (2020 and 2019).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Goods and Services

During the years ended December 31, 2020 and 2019, the Organization was the recipient of contributed goods and services. Contributed goods are recorded at their estimated fair market value on the date of receipt. The value of contributed goods was $773 (2020) and $1,198 (2019). Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been paid for if not provided by donation. The value of contributed services meeting the requirements for recognition in the financial statements was $12,609 (2020) and $15,217 (2019). In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments and certificates of deposits purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded when invoices are issued and are presented in the statement of financial position net of allowance for doubtful accounts. Accounts receivable consisted of amounts due from the sale of merchandise which management considered fully collectible at year-end. Based on this factor and management's experience, the Organization considered all accounts receivable collectible, therefore, the allowance for doubtful accounts was $0 (2020 and 2019).

Inventory

Inventory consists of apparel and other branded merchandise purchased for resale via the Organization's online store and is stated at average cost or market, whichever is lower.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. It is the Organization's policy to capitalize assets for items in excess of $1,000 when their useful life exceeds one year. Depreciation of property and equipment is computed using the straight-line method over their estimated useful lives of the assets, which are generally from three to seven years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue includes events, grants, contributions, merchandise sales, and speaking engagements. All revenues are recognized when received, with the exception of merchandise sales. The Organization recognizes revenue from merchandise sales when the merchandise is sold.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU 2018-08 provide guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction, determining whether a contribution is conditional, and modifies the simultaneous release option currently in U.S. GAAP, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns.

Management has adopted ASU 2014-09 and ASU 2018-08 on January 1, 2019. No significant changes were required with the implementation of these accounting standards updates.

Contributions

Contributions received, including unconditional promises to give, are recognized as revenue at fair value upon the receipt of the earlier of either: (i) unconditional pledges or commitments or (ii) cash or other assets. Contributions are considered available for unrestricted use unless the donors restrict the use. Contributions to be received after one year are discounted at an interest rate commensurate with the risk involved. Bequests are recognized at fair value at the time the will is declared valid.

SBA Paycheck Protection Program loan

In April 2020, as a benefit of the CARES Act passed in response to the ongoing COVID-19 pandemic, the Organization received a Paycheck Protection Program loan in the amount of $226,695. The loan is forgivable if used for qualifying expenses. Subsequent to year end, the loan was approved for forgiveness in full. As such, the amount of the loan is reported under revenue, gains and other support on the Statement of Activities.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and the Functional Expense Analysis. Therefore, certain costs have been consistently allocated among the programs and supporting service benefited. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision has been made for income taxes for the years ended December 31, 2020 and 2019.

FASB ASC 740, *Accounting for Income Taxes*, prescribes a recognition threshold and measurement attribute of the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management evaluates the Organization's tax positions on an annual basis, both past and current. If management determines that a past or current tax position is uncertain then a tax liability is calculated to represent the increase in taxes anticipated upon examination. As of December 31, 2020, management has determined that all past and current tax positions were likely to be realizable and sustainable upon examination and that the calculation of a tax liability was not necessary.

Tax years ended December 31, 2017 through 2020 remain subject to possible examination by the Internal Revenue Service.

Compensated Absences

Employees of the Organization are entitled to paid vacations, paid sick days, and personal days off, depending on the job classification, length of service, and other factors. The accrual cannot be reasonably estimated, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Advertising and Promotion Costs

The Organization expenses advertising and promotional costs as they are incurred. Advertising and promotional costs expensed to program services and fundraising was $156,385 (2020) and $123,767 (2019).

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Cash Balance

The Organization maintains cash and cash equivalents at several financial institutions. Accounts at certain institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2020, the Organization had uninsured cash balances of $1,137,819. Bank balances differ from the cash balances reflected on the financial statements due to reconciling items.

Major Supplier

One supplier accounted for approximately 45% of TWLOHA's merchandise purchases in 2020. As of December 31, 2020, there were no outstanding amounts of accounts payable owed to this vendor. The same vendor accounted for 49% of merchandise purchases and 4% of accounts payable as of December 31, 2019.

NOTE 3 – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 — Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

Certificate of Deposit: During the year ended December 31, 2019, the Organization maintained a portion of its operating funds in a secure, income-producing certificate of deposit which matured May 2020. The certificate of deposit is stated at cost plus interest earned, which approximates fair value.

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

NOTE 3 – FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of December 31, 2020 and 2019:

	Assets at fair value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Certificate of Deposit	$ -	$ -	$ -	$ -

	Assets at fair value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Certificate of Deposit	$ -	$ 303,008	$ -	$ 303,008

NOTE 4 – PROPERTY AND EQUIPMENT, NET

At December 31, 2020 and 2019, property and equipment consisted of the following:

	2020	2019
Building and land	$ 1,318,606	$ 1,278,422
Furniture and equipment	90,997	85,980
Vehicles	63,377	86,604
	1,472,980	1,451,006
Less accumulated depreciation	170,812	146,931
	$ 1,302,168	$ 1,304,075

Depreciation expense was $47,107 (2020) and $46,008 (2019).

NOTE 5 – OTHER ASSETS

At December 31, 2020 and 2019, other assets consisted of the following:

	2020	2019
Trademark costs, net	$ 2,058	$ 2,469
Software development costs	45,000	-
Deposits	4,225	4,225
	$ 51,283	$ 6,694

NOTE 5 – OTHER ASSETS (continued)

The Organization's policy is to amortize its trademark costs over fifteen years. As of December 31, 2020 and 2019, the accumulated amortization was $4,117 and $3,705 , respectively. Amortization expense was $412 (2020 and 2019).

Software development costs consist of costs to develop an application for mobile devices. Costs are capitalized only when the organization believes the development will result in new or additional functionality. As of December 31, 2020, the application was not placed into service and therefore, there was no amortization expense associated with the software development costs.

NOTE 6 – LONG-TERM DEBT

The Organization purchased a building through use of long-term debt in 2018 with an interest rate of 5.49%. Payments of $5,441 are to be made monthly with a final balloon payment of approximately $760,849 due at maturity on October 1, 2025. The loan is secured by the Organizations land and building.

The current and long-term balances as of December 31, 2020 and 2019 for this loan are as follows:

	2020	2019
Loan Payable	$ 847,412	$ 860,539
Less current portion	23,374	17,810
Less unamortized debt issuance costs	2,985	3,615
	$ 821,053	$ 839,114

Debt issuance costs are amortized over the term of the loan. Amortization expense of $629 (2020 and 2019) are included in interest expense. Interest expense related to long-term debt, not including amortized loan costs was $44,421 (2020) and $48,404 (2019).

Future scheduled maturities of long-term debt are as follows:

2021	$ 23,374
2022	19,904
2023	21,041
2024	22,244
2025	760,849
	$ 847,412

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2020	2019
Intern Program	$ 6,191	$ -
Treatment and Recovery	72,819	30,546
	$ 79,010	$ 30,546

A description of the nature and purpose of each fund group is as follows:

- **Intern Program** is for the purpose of providing rent, utilities, supplies, training and other necessities for interns in the intern program.
- **Treatment and Recovery** is for providing counseling and treatment scholarships for those in need.

NOTE 8 – RETIREMENT PLAN

Effective September 2019, the Organization sponsored a 401(k) plan (the "Plan") that covers substantially all employees who have met certain age and service requirements. Employees may elect to defer a portion of their compensation, within prescribed limits, to the Plan. The Organization is required to make matching contributions of up to 3% of the active participants' compensation, within certain prescribed limits. Retirement plan contributions were $24,982 (2020) and $8,082 (2019).

NOTE 9 – LIQUIDITY

The Organization's board of directors adopts a budget annually based on program requirements and anticipated revenue and expenditures for the year in an effort to manage working capital and cash flows that vary due to the timing of its awareness and fundraising events.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2020
Financial assets, at December 31, 2020	$ 2,090,707
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:	79,010
Financial assets available to meet cash needs for general expenditure within one year	$ 2,011,697

NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 15, 2021 the date on which the financial statements were available to be issued, and is unaware of any subsequent events requiring disclosure.