Financial Reports

BRIGHTER WAY INSTITUTE

Phoenix, Arizona

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

Henry+Horne

BRIGHTER WAY INSTITUTE
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Brighter Way Institute
Phoenix, Arizona

Opinion

We have audited the accompanying financial statements of Brighter Way Institute (a nonprofit organization), which comprise the statements of financial position as December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Brighter Way Institute 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 Brighter Way Institute's ability to continue as a going concern within one year after the date that 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 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 Brighter Way Institute'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 Brighter Way Institute'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.

Henry & Horne, LLP

Tempe, Arizona
July 13, 2022

BRIGHTER WAY INSTITUTE
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,212,774	$ 791,804
Accounts receivable	286,644	135,184
Promises to give, current portion	14,520	807,000
Other receivables	383,588	150,830
Prepaid expenses	19,647	13,233
Supplies inventory	17,742	37,218
TOTAL CURRENT ASSETS	2,934,915	1,935,269
PROMISES TO GIVE, net of current portion	3,000	1,003,000
PROPERTY AND EQUIPMENT, net	778,271	760,173
TOTAL ASSETS	$ 3,716,186	$ 3,698,442
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 65,106	$ 50,086
Accrued expenses	122,745	56,097
Deferred revenue	179,081	247,602
TOTAL CURRENT LIABILITIES	366,932	353,785
NOTES PAYABLE, net of current	474,727	491,005
PAYCHECK PROTECTION PROGRAM LOAN	-	225,393
TOTAL LIABILITIES	841,659	1,070,183
NET ASSETS		
Without donor restrictions		
Undesignated	2,474,213	579,582
Board designated	109,457	-
Total without donor restrictions	2,583,670	579,582
With donor restrictions	290,857	2,048,677
TOTAL NET ASSETS	2,874,527	2,628,259
TOTAL LIABILITIES AND NET ASSETS	$ 3,716,186	$ 3,698,442

See accompanying notes.

BRIGHTER WAY INSTITUTE
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
REVENUES AND SUPPORT						
Program service fees	$ 2,424,523	$ -	$ 2,424,523	$ 1,522,928	$ -	$ 1,522,928
Contributions and other grants	369,402	91,260	460,662	521,954	5,000	526,954
In-kind donations	109,005	-	109,005	213,393	-	213,393
Other income	728,738	-	728,738	39,591	-	39,591
Net assets released from:						
Time restrictions	1,500,000	(1,500,000)	-	809,300	(809,300)	-
Purpose restrictions	349,080	(349,080)	-	348,401	(348,401)	-
TOTAL REVENUES AND SUPPORT	5,480,748	(1,757,820)	3,722,928	3,455,567	(1,152,701)	2,302,866
OPERATING EXPENSES						
Program services	2,696,626	-	2,696,626	2,484,921	-	2,484,921
General and administrative	725,081	-	725,081	569,311	-	569,311
Fundraising expenses	54,953	-	54,953	33,161	-	33,161
TOTAL EXPENSES	3,476,660	-	3,476,660	3,087,393	-	3,087,393
CHANGE IN NET ASSETS	2,004,088	(1,757,820)	246,268	368,174	(1,152,701)	(784,527)
NET ASSETS, BEGINNING OF YEAR	579,582	2,048,677	2,628,259	211,408	3,201,378	3,412,786
NET ASSETS, END OF YEAR	$ 2,583,670	$ 290,857	$ 2,874,527	$ 579,582	$ 2,048,677	$ 2,628,259

See accompanying notes.

BRIGHTER WAY INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising Expenses	Total Expenses
Salaries	$ 1,119,965	$ 374,411	$ 819	$ 1,495,195
Payroll taxes	84,001	28,082	61	112,144
Employee benefits	125,382	41,916	92	167,390
TOTAL PAYROLL	1,329,348	444,409	972	1,774,729
Professional services	422,039	141,627	30,548	594,214
Mobile clinic expense	3,444	-	-	3,444
Dental supplies	263,684	-	-	263,684
Laboratory fees	163,791	-	-	163,791
Dental equipment	50,729	-	-	50,729
In-kind goods expense	84,240	-	-	84,240
Events	12,500	-	-	12,500
Advertising and marketing	325	23,188	3,027	26,540
Occupancy expense	89,681	-	-	89,681
Communication and technology	97,676	26,943	1,800	126,419
Insurance	-	34,507	-	34,507
Supplies expense	60,479	22,997	18,590	102,066
Travel	2,266	9,683	16	11,965
Depreciation	116,424	2,376	-	118,800
Interest expense	-	19,351	-	19,351
TOTAL EXPENSES	$ 2,696,626	$ 725,081	$ 54,953	$ 3,476,660

See accompanying notes.

BRIGHTER WAY INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising Expenses	Total Expenses
Salaries	$ 1,303,479	$ 240,304	$ 5,691	$ 1,549,474
Payroll taxes	103,120	20,078	470	123,668
Employee benefits	3,783	61,200	-	64,983
TOTAL PAYROLL	1,410,382	321,582	6,161	1,738,125
Professional services	71,648	134,058	14,975	220,681
Mobile clinic expense	4,967	-	-	4,967
Dental supplies	153,757	-	-	153,757
Laboratory fees	205,569	-	-	205,569
Dental equipment	8,320	-	-	8,320
In-kind goods expense	188,445	-	-	188,445
Advertising and marketing	19,364	289	690	20,343
Occupancy expense	155,854	6,781	-	162,635
Communication and technology	108,967	10,985	2,378	122,330
Insurance	-	45,143	-	45,143
Supplies expense	32,797	15,725	8,957	57,479
Travel	654	2,680	-	3,334
Depreciation	124,197	2,535	-	126,732
Interest expense	-	29,533	-	29,533
TOTAL EXPENSES	$ 2,484,921	$ 569,311	$ 33,161	$ 3,087,393

See accompanying notes.

BRIGHTER WAY INSTITUTE
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 246,268	$ (784,527)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	118,800	126,732
Forgiveness of the Paycheck Protection Program loan	(225,393)	-
Decrease (increase) in:		
Accounts receivable	(151,460)	117,258
Promises to give	1,792,480	804,388
Other receivables	(232,758)	(150,830)
Prepaid expenses	(6,414)	2481
Supplies inventory	19,476	(37,218)
Increase (decrease) in:		
Accounts payable	15,020	(115,827)
Accrued expenses	66,648	(79,331)
Deferred revenue	(68,521)	166,917
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,574,146	50,043
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(136,898)	(18,054)
NET CASH (USED IN) INVESTING ACTIVITIES	(136,898)	(18,054)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments made on notes payable	(16,278)	(357,122)
Process from Paycheck Protection Program Loan	-	225,393
NET CASH (USED IN) FINANCING ACTIVITIES	(16,278)	(131,729)
NET INCREASE (DECREASE) IN CASH	1,420,970	(99,740)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	791,804	891,544
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,212,774	$ 791,804
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 19,351	$ 29,533
Forgiveness of Paycheck Protection Program loan	$ 225,393	$ -

See accompanying notes.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brighter Way Institute (the Organization) works in collaborative and medically integrated environments to serve the needs of the most vulnerable populations at three locations. Brighter Way Dental Center Downtown, in collaboration with other dental companies, strives to give the most comprehensive care available in the nation to our Veterans and to the homeless. Parsons Center for Pediatric Dentistry and Orthodontics is providing comprehensive dental care to children in impoverished and underserved areas. The Brighter Way Dental Center at Canyon State Academy was designed to address the issues of oral health for foster children who have limited access to comprehensive dental care.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments with a remaining maturity of three months or less at date of acquisition to be cash equivalents.

Accounts Receivable

Accounts receivable consists of amounts due for billings and is stated at the amount management expects to collect under the terms of the service contracts. Benefits to be paid are confirmed with the funding source before services are rendered. If it is later found that that the procedure is not covered by insurance or the patient is un-insured, the service is provided without charge. No allowance for uncollectible accounts is recorded as management expects collection on the total balance of accounts receivable.

Promises to Give

Unconditional promises to give are recognized as revenue in the period the promise is received and as assets, decreases in liabilities, or expenses depending on the form of the benefit received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Acquisitions of property and equipment in excess of $2,500 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets.

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in operations.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board designated amounts from net assets without donor restrictions net assets for a board-designated endowment.

- Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Gifts of long-lived assets and gifts of cash restricted for acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition for Program Service Fees

The majority of the Organization's revenue arrangements generally consist of a single performance obligation to transfer promised services. Program service fees consists of income earned from dental training and education and dental services provided to various clients for various programs. Program service fees are recognized in the period in which the Organization satisfies performance obligations under contracts by transferring services to its patients. The majority of program services fees revenue is recognized at a point in time, in the period the services are provided. This revenue is recognized in the amount to which the Organization expects to be entitled, based on contracted rates with funding sources. Amounts billed are due within 30 days of invoicing. Management records estimated contractual adjustment percentages based on contractual agreements, discount policies, and history of payments received compared to claim amounts billed at established rates.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition for Program Service Fees (Continued)

For uninsured patients, the Organization recognizes revenue on the basis of discounted rates based on historical experience of collections. Based on historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services rendered.

Income from program services that is collected in advance is recorded as contract liabilities (deferred revenue) and is recognized as revenue when the related services are performed.

The beginning and ending contract liabilities were as follows:

	December 31,		
	2021	2020	2019
Accounts receivable	$ 286,644	$ 135,184	$ 252,442
Deferred revenue	$ 179,081	$ 247,602	$ 80,685

Contributions

Contributions and grants, including promises to give, are received and recorded as income and net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. 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 statements of activities as net assets released from restrictions.

Donated Services and Materials

Donated materials and other non-cash assets are recorded at fair value in the period received. Donated services that create or enhance the Organization's nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donated services, are recorded at their fair market values in the period received.

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

Expenses are charged to program services, management and general, and fundraising categories based on direct expenditures incurred. Any expenditures not directly chargeable are allocated based on personnel activity, square footage, and other appropriate indicators. Certain employee positions are allocated based on time and effort.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("the Code"), and accordingly, there is no provision for corporate income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Organization follows accounting standards for uncertainty in income taxes, which require that tax positions initially need to be recognized in the financial statements when it is more likely-than-not that the positions will not be sustained upon examination by the tax authorities. As of December 31, 2021 and 2020, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Organization recognizes interest and penalties associated with income tax in operating expenses. During the years ended December 31, 2021 and 2020, the Organization did not have any income tax related interest and penalty expense.

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 reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 13, 2022, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use within one year because of donor-imposed or other restrictions or internal designations.

	2021	2020
Cash and cash equivalents	$ 2,212,774	$ 791,804
Accounts receivable	286,644	135,184
Promises to give	17,520	1,810,000
Other receivable	383,588	150,830
Total financial assets at year-end	2,516,938	2,887,818
Restricted for mobile clinic	(79,000)	-
Restricted for clinic construction	(124,121)	(124,121)
Promises to give, net of current portion	(3,000)	(1,003,000)
Board designated endowment	(109,457)	-
Financial assets available for expenditures	$ 2,201,360	$ 1,760,697

The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments, while also operating with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. The Organization maintains a line of credit with maximum available borrowings of $500,000 as of December 31, 2021 and 2020 that may be made available for general expenditures if needed.

NOTE 3 CONCENTRATION OF CREDIT RISK

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash in bank accounts with financial institutions which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

NOTE 4 PROMISES TO GIVE

Unconditional promises to give include the following at December 31:

	2021	2020
General operations	$ 17,520	$ 1,510,000
Restricted for implant coordinator salary	-	300,000
	$ 17,520	$ 1,810,000

Unconditional promises to give are expected to be realized in the following periods:

	2021	2020
Due in less than one year	$ 14,520	$ 807,000
Due in one to five years	3,000	1,003,000
Total promises to give	$ 17,520	$ 1,810,000

As of December 31, 2020, 99% of the promises to give balance include amounts due from two donors.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2021	2020
Tenant improvements	$ 526,196	$ 270,867
Dental equipment	351,667	328,299
Office furniture and equipment	410,095	410,095
Software	9,148	9,148
	1,297,106	1,018,409
Accumulated depreciation	(518,835)	(400,035)
	778,271	618,374
Construction in progress - tenant improvements	-	141,799
Property and equipment, net	$ 778,271	$ 760,173

NOTE 5 PROPERTY AND EQUIPMENT (Continued)

Depreciation expense was $118,800 and $126,732 for the years ended December 31, 2021 and 2020, respectively. Construction in progress consists of tenant building improvements. These assets will be classified to the appropriate property and equipment category and commence depreciation and amortization when placed into service.

NOTE 6 NOTES PAYABLE

The Organization has a promissory note with Dignity Health which provides for maximum borrowings of $500,000, which can be drawn upon as needed. Interest is due quarterly at the rate of 4% per annum. All outstanding principal and accrued interest are payable no later than April 27 2029 and the note is collateralized by equipment of the Organization. As of December 31, 2021 and 2020, the balance of the note payable was $474,727 and $491,005, respectively.

NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2020, the Organization received funding in the amount of $225,393 under the Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration (SBA). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides for funding to qualifying businesses for amounts up to 2.5 times the average monthly payroll costs incurred during the year prior to the loan date of the qualifying business. The funding and accrued interest are forgivable after 24 weeks as long as the Organization uses the loan proceeds for eligible purposes, including payroll costs, interest on mortgage obligations, rent, and utilities. The Organization has elected to present the PPP funding as a loan in accordance with Financial Accounting Standards Board (FASB) ASC 470, *Debt,* until forgiveness has been granted at which time it will reclass to revenue. The Organization applied for forgiveness from the SBA of the total PPP loan amount under the terms of the Program. The PPP loan was forgiven by the SBA in May 2021, and at which time the Organization recognized the loan proceeds of $225,393 as contribution in the statement of activities during the year ended December 31, 2021.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	2021	2020
Purpose restricted:		
Mobile clinic operations	$ 78,597	$ -
Downtown clinic construction	-	124,121
Prosthodontist salary	-	25,383
Implant coordinator salary	200,000	99,173
Time restricted:		
Endowment fund	12,260	-
Promises to give	-	1,500,000
Time and purpose restricted:		
Implant coordinator salary	-	300,000
	$ 290,857	$ 2,048,677

NOTE 9 IN-KIND SUPPORT

In-kind support is as follows for the year ended December 31, 2021:

	Program Services	Management and General	Fundraising	Total
Dental supplies	$ 24,765	$ -	$ -	$ 24,765
Dentist and other services	84,240	-	-	84,240
	$ 109,005	$ -	$ -	$ 109,005

NOTE 9 IN-KIND SUPPORT (Continued)

In-kind support is as follows for the year ended December 31, 2020:

	Program Services	Management and General	Fundraising	Total
Dental supplies	$ 40,038	$ -	$ -	$ 40,038
Dentist and other services	173,355	-	-	173,355
	$ 213,393	$ -	$ -	$ 213,393

NOTE 10 RETIREMENT PLAN

The Organization sponsors a 403(b) retirement plan ("the Plan") for its eligible employees. Under the terms of the Plan, employees may make voluntary contributions, subject to Internal Revenue Service limitations. The Organization matches the employee contributions up to a maximum amount of eligible compensation subject to certain eligibility criteria as stated in the Plan document. The Organization recorded contribution expense of approximately $45,600 and $37,600 for the years ended December 31, 2021 and 2020, respectively.

The Organization also has a 457(f) non-qualified deferred compensation retirement plan covering the Chief Executive Officer of the Organization. The 457(f) plan provides for employer contributions at the discretion of the Organization's Board of Directors.

NOTE 11 OPERATING LEASES

The Organization leases office and building equipment under operating lease agreements that expire at various dates through June 2022. Approximate minimum future payments under these non-cancelable operating leases as of December 31, 2021, are as follows:

Years Ending December 31,	
2022	$ 39,144

Total rental expense under these leases and month-to-month office leases was approximately $72,000 and $92,000 for the years ended December 31, 2021 and 2020, respectively.

NOTE 12 EMPLOYEE RETENTION CREDIT

The Organization applied for the Employee Retention Credit, which is a refundable credit to be applied against certain employment taxes for qualified wages. The Employee Retention Credit is available or entities that fully or partially suspend operations during any calendar quarter in 2020 and 2021 due to orders from an appropriate authority limiting commerce due to COVID-19 or experienced a significant decline in gross receipts during the calendar quarter. During the years ended December 31, 2021 and 2020, the Organization received $232,758 and $150,830, respectively, in employee retention credits, which is recorded as contribution income on the statements of activities. This income is a conditional contribution where the income is recognized when the conditions are substantially met. The entire amount is recorded in other receivables at December 31, 2021 and 2020 on the statements of financial position.

NOTE 13 NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued ASU No. 2016-02, *Leases*. For nonpublic companies, the standard must be adopted for annual reporting periods beginning after December 15, 2021. The standard's core principle is the recognition of lease assets and lease liabilities by lessees for substantially all leases, including those currently classified as operating leases. Under the ASU, a lessee will be required to recognize assets and liabilities for operating and finance leases with terms of more than 12 months. Management is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.