NYAKA, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

Certified Public Accountants
Business & Technology Advisors

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nyaka, Inc.

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nyaka, 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 Unites States of America.

Maner Costerisan PC

May 5, 2021

NYAKA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 994,202	$ 454,887
Contributions receivable	30,842	23,996
Promises to give	11,020	111,520
Investments	103,164	82,299
Inventory	340	549
Total current assets	1,139,568	673,251
Long-term assets		
Property and equipment, net of accumulated depreciation	1,816	2,875
Beneficial interest in assets held by Capital Region Community Foundation	17,136	15,376
Total long-term assets	18,952	18,251
TOTAL ASSETS	$ 1,158,520	$ 691,502
LIABILITES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	$ 4,674	$ 48,595
Accrued payroll	18,267	6,927
Notes payable	81,750	1,000
TOTAL LIABILITIES	104,691	56,522
NET ASSETS		
Without donor restrictions		
Designated	29,671	19,375
Undesignated	836,864	274,627
With donor restrictions	187,294	340,978
TOTAL NET ASSETS	1,053,829	634,980
TOTAL LIABILITIES AND NET ASSETS	$ 1,158,520	$ 691,502

See notes to financial statements.

NYAKA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 1,647,884	$ 453,343	$ 2,101,227
Investment return, net	14,831	-	14,831
Net assets released from restrictions	607,027	(607,027)	-
TOTAL REVENUE AND SUPPORT	2,269,742	(153,684)	2,116,058
EXPENSES			
Program	1,259,595	-	1,259,595
Fundraising	265,900	-	265,900
Management and general	171,714	-	171,714
TOTAL EXPENSES	1,697,209	-	1,697,209
CHANGE IN NET ASSETS	572,533	(153,684)	418,849
NET ASSETS, beginning of year	294,002	340,978	634,980
NET ASSETS, end of year	$ 866,535	$ 187,294	$ 1,053,829

See notes to financial statements.

NYAKA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 1,447,763	$ 501,293	$ 1,949,056
Investment return, net	13,070	-	13,070
Net assets released from restrictions	357,810	(357,810)	-
TOTAL REVENUE AND SUPPORT	1,818,643	143,483	1,962,126
EXPENSES			
Program	1,099,073	-	1,099,073
Fundraising	288,626	-	288,626
Management and general	268,807	-	268,807
TOTAL EXPENSES	1,656,506	-	1,656,506
CHANGE IN NET ASSETS	162,137	143,483	305,620
NET ASSETS, beginning of year	131,865	197,495	329,360
NET ASSETS, end of year	$ 294,002	$ 340,978	$ 634,980

See notes to financial statements.

NYAKA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	Supporting Services		
	Nyaka School	Fundraising	Management and General	Total Expenses
Program expenses	$ 768,496	$ -	$ -	$ 768,496
Salaries	290,001	63,805	71,558	425,364
Payroll taxes	25,272	5,575	6,318	37,165
Employee benefits	10,146	2,238	2,536	14,920
Professional fees	22,434	144,213	53,577	220,224
Travel and meals	35,227	16,578	-	51,805
Supplies	33,936	7,486	8,484	49,906
Insurance	26,265	5,794	6,566	38,625
Technology	21,967	4,846	5,492	32,305
Finance fees	-	9,662	9,662	19,324
Rent	11,424	2,520	2,856	16,800
Miscellaneous	6,178	1,363	1,544	9,085
Advertising	5,371	1,185	1,343	7,899
Telephone	2,878	635	719	4,232
Depreciation	-	-	1,059	1,059
TOTAL EXPENSES	$ 1,259,595	$ 265,900	$ 171,714	$ 1,697,209

See notes to financial statements.

NYAKA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Services		
	Nyaka School	Fundraising	Management and General	Total Expenses
Program expenses	$ 681,170	$ -	$ -	$ 681,170
Salaries	232,228	43,429	145,365	421,022
Payroll taxes	21,850	8,238	5,731	35,819
Employee benefits	4,144	1,130	2,261	7,535
Professional fees	-	138,907	88,917	227,824
Travel and meals	70,987	58,243	-	129,230
Supplies	43,918	12,904	2,809	59,631
Insurance	19,693	7,425	5,166	32,284
Technology	9,403	3,464	4,229	17,096
Finance fees	-	9,013	8,918	17,931
Rent	9,188	3,464	2,411	15,063
Miscellaneous	371	101	202	674
Advertising	3,798	1,432	997	6,227
Telephone	2,323	876	610	3,809
Depreciation	-	-	1,191	1,191
TOTAL EXPENSES	$ 1,099,073	$ 288,626	$ 268,807	$ 1,656,506

See notes to financial statements.

NYAKA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
INCREASE (DECREASE) IN CASH		
AND CASH EQUIVALENTS		
Cash flows from operating activities		
Change in net assets	$ 418,849	$ 305,620
Adjustments to reconcile change in net assets to net		
cash provided (used) by operating activities		
Depreciation	1,059	1,191
Realized and unrealized gain on investments	(244)	(654)
Contributions receivable	(6,846)	(6,932)
Promises to give	100,500	(99,270)
Inventory	209	815
Accounts payable	(43,921)	43,968
Accrued payroll	11,340	(16,469)
Total adjustments	62,097	(77,351)
Net cash provided by operating activities	480,946	228,269
Cash flows from investing activities		
Purchase of property and equipment	-	(963)
Change in beneficial interest in assets		
held by community foundation	(1,760)	(2,493)
Purchase of investments	(20,621)	(59,860)
Net cash used by investing activities	(22,381)	(63,316)
Cash flows from financing activities:		
Proceeds from note payable	80,750	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	539,315	164,953
CASH AND CASH EQUIVALENTS		
Beginning of year	454,887	289,934
End of year	$ 994,202	$ 454,887

See notes to financial statements.

NOTE 1 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES

The Nyaka, Inc. is a not-for-profit corporation working on behalf of HIV/AIDS orphans in rural Uganda to end systemic deprivation, poverty and hunger through a holistic approach to community development, education, and healthcare. The Nyaka, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, investments, and receivables. The Organization places its cash and cash equivalents with FDIC insured financial institutions. Although such cash may exceed the federally insured limits at certain times during the year, they are in the opinion of management subject to minimal risk. Investments represent diversified holdings of common stock. Concentration of credit risk with respect to receivables is limited by the Organization which has established polices for extending credit based upon factors surrounding the credit risk of specific customers, historical trends and other information.

The Organization's revenue comes primarily from contributions from individuals and foundations. Individual entities contributing amounts in excess of 10% of total revenues are considered to be major contributors. In 2020, the Organization had one major contributor totaling approximately 48% of total revenues. In 2019, the Organization had three major contributors totaling approximately 40% of total revenues.

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services based on management estimates.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's beneficiaries, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition and results of operations is uncertain.

The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through May 5, 2021, which is the date the financial statements were available to be issued.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Nyaka, Inc. ("Organization") are presented on the accrual basis of accounting.

Cash and Cash Equivalents - For the purpose of the statement of cash flows, cash equivalents and liquid assets maturing no more than three months from the date of purchase are considered cash and cash equivalents.

Contributions Receivable - The Organization's contributions receivable are comprised primarily of contributions expected to be received from local sources and collected within one year. The Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of receivable accounts. Based on management's estimate, no allowance for bad debts was necessary for the years ended December 31, 2020 and 2019.

Promises to Give - Unconditional promises to give are recorded at net realizable value when the promise is made. The Organization considers all promises to give at December 31, 2020 and 2019 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Inventory - Inventory consists of baskets and handbags and is valued at the lower of cost (first-in, first-out) or net realizable value.

Investments - Investments consist of equity securities and money market funds incidental to the investing process. These investments are recorded at fair value. Gains and losses resulting from the sale of securities are determined on the average cost basis. Net investment return or loss is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Property and Equipment - Purchased assets having a cost greater than $500 are capitalized at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Cost of repairs and maintenance are charged to expense when incurred.

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

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The Organization has designated, from net assets without donor restrictions, net assets for the endowment. Net assets without donor restrictions as of December 31 consist of the following:

	2020	2019
Undesignated	$ 836,864	$ 274,627
Designated for endowment	29,671	19,375
Total net assets without donor restrictions	$ 866,535	$ 294,002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets with Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulation time has elapsed, or when the stipulated purpose has been accomplished.

Contribution Revenue

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as conduct of services undertaken to support those activities to be general expenditures.

The following reflects the Organization's financial assets as of December 31, 2020 and 2019 respectively, which are deemed available for general expenditures within one year of the date of the statement of financial position. Amounts not available include board designations set aside for scholarship, research, repairs and maintenance, capital improvement and other funds.

	2020	2019
Total assets at year-end	$ 1,158,520	$ 691,502
Less non-liquid assets		
Inventory	(340)	(549)
Property and equipment	(1,816)	(2,875)
Less donor-restricted net assets	(187,294)	(340,978)
Less board-designated net assets	(29,671)	(19,375)
Financial assets available to meet cash needs for general expenditures within one year	$ 939,399	$ 327,725

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures. While the Organization's governing board has designated a portion of its non-restricted resources as noted above, these funds remain available and may be spent at the discretion of the board.

NOTE 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy 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 Organization has the ability to access.

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

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 the fair value measurement.

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.

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 and 2019.

Beneficial Interest in Assets Held by Capital Region Community Foundation: The Capital Region Community Foundation (CRCF) acts under an arrangement as a depository for gifts, conveyances, and other transfers intended to assist the Organization in achieving its goals and purposes. The beneficial interest held at CRCF was determined by CRCF based upon the Organization's allocable share in the market value of the underlying investments made by CRCF as reported to CRCF by a third-party trustee from published market quotes. The beneficial interest is considered a level 2 investment under current fair value measurement standards.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Limited Partnership: The limited partnership currently operates in the real estate industry. This investment is valued based upon the Organization's ownership interest in the partnership's net assets. The value of net assets is based on the underlying assets and liabilities of the limited partnership. This investment seeks to generate capital appreciation. To the extent that the inputs are observable and timely, the value of this security is categorized as Level 2.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different 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 4 - FAIR VALUE MEASUREMENTS (continued)

The following is a market value summary by the level of the inputs used in evaluating the Organization's assets carried at fair value at December 31, 2020 and 2019. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	2020	2019
Level 1		
Common stock	$ 374	$ 3,219
Level 2		
Limited partnership	90,629	78,300
Money market funds (recorded at cost)	12,161	780
Total investments	$ 103,164	$ 82,299
Level 2		
Beneficial interest in assets held by Capital Region Community Foundation	$ 17,136	$ 15,376

Investment return, net consists of the following for the years ended December 31:

	2020	2019
Interest and dividends, net	$ 12,827	$ 9,923
Realized and unrealized gain	244	654
Change in beneficial interest in assets held by community foundation	1,760	2,493
Total investment return, net	$ 14,831	$ 13,070

NOTE 5 - PROMISES TO GIVE

Promises to give consist of the following at December 31:

	2020	2019
Promises to give before unamortized discount	$ 11,020	$ 111,520
Amounts due in:		
Less than 1 year	$ 11,020	$ 111,520

Promises to give greater than one year were not discounted as management believes the amount to be insignificant. Management has determined that all promises to give are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary.

NOTE 6 - PROPERTY AND EQUIPMENT

Major classes of property and equipment at December 31, 2020 and 2019, consist of the following:

	Estimated Useful Life	2020	2019
Computer equipment	5 years	$ 15,132	$ 15,132
Furniture and fixtures	5 years	317	317
Less accumulated depreciation		(13,633)	(12,574)
		$ 1,816	$ 2,875

NOTE 7 - NOTES PAYABLE

Notes payable consist of the following at December 31, 2020 and 2019:

	2020	2019
Promissory note - received proceeds on an unsecured loan from the Gianturco Family Foundation for $1,000 on December 11, 2017. The loan bears interest rate at 0% and matures December 2021.	$ 1,000	$ 1,000
Promissory note - received proceeds related to paycheck protection program in April 2020 with potential forgiveness of outstanding amounts used for qualified expenses.	80,750	-
	$ 81,750	$ 1,000

The Organization received a paycheck protection program (PPP) loan in April 2020 for an aggregate principal amount of $80,750. The PPP program was implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act. The principal amount of the loan is subject to forgiveness under the program upon the Organization's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the program, including payroll costs, covered rent, and mortgage obligations, and covered utility payments incurred by the Organization. Any portion of the loan not forgiven will be paid back over two years, with interest accruing at 0.98%. If the loan is not forgiven, monthly installments of $4,521 will be due with the loan maturing in April 2022. The Organization anticipates full loan forgiveness by spending the funds only on eligible expenses. As such, the Organization has recognized the full loan as current at December 31, 2020.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 were available for the following purposes:

	2019	Inflows	Outflows	2020
Construction of secondary school in Uganda	$ -	$ 104,655	$ 104,655	$ -
General operations	11,520	-	500	11,020
Grandmother project	-	76,643	76,643	-
NVSS construction	5,958	-	5,958	-
NVSS operations	-	805	805	-
Sponsor a student	207,518	189,806	238,434	158,890
Children's library	6,825	-	6,825	-
Sustainability project	104,794	3,600	91,860	16,534
Janet Kaguri Scholarship	-	850	-	850
Coronavirus relief	-	42,861	42,861	-
Endowment fund	-	250	250	-
EDJA Foundation	4,363	33,873	38,236	-
Total net assets with donor restrictions	$ 340,978	$ 453,343	$ 607,027	$ 187,294

Net assets with donor restrictions as of December 31, 2019 were available for the following purposes:

	2018	Revenue	Expense	2019
Construction of secondary school in Uganda	$ -	$ 116,278	$ 116,278	$ -
General operations	12,250	-	730	11,520
Grandmother project	-	42,302	42,302	-
Mummy Drayton School Clinic	1,178	-	1,178	-
NVSS construction	-	11,100	5,142	5,958
NVSS operations	-	225	225	-
Sponsor a student	177,242	189,771	159,495	207,518
Children's library	6,825	-	-	6,825
Sustainability project	-	104,794	-	104,794
EDJA Foundation	-	36,823	32,460	4,363
Total net assets with donor restrictions	$ 197,495	$ 501,293	$ 357,810	$ 340,978

NOTE 9 - OPERATING LEASE

The Organization leases office space under an operating lease requiring monthly payments of $1,300 and expires in March 2023. During 2020 and 2019, $15,450 and $15,000, respectively, of rent was paid under lease agreements.

Future minimum lease payments are as follows:

Years Ending December 31,		
2021	$	15,600
2022		15,600
2023		3,900
	$	35,100

NOTE 10 - ENDOWMENTS

The Organization's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, both donor-restricted and funds designated by the Board of Directors, are reported based on the existence or absence of donor-imposed restrictions. The endowment is classified for the following purpose at December 31:

	2020		2019	
Board designated				
Investments	$	12,535	$	3,999
Community foundation		17,136		15,376
Total endowments	$	29,671	$	19,375

The Organization has interpreted the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds (of which they currently have none) absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classified as permanently restricted net assets (a) the original value of initial gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 10 - ENDOWMENTS (continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

The Organization's investment and spending policies for endowment assets attempt to provide a predictable stream of funding to programs supported. The spending policy should allow for predictability of spendable fund for budgeting purposes and for steady growth in distributions in support of operations at least equal to the rate of inflation, without endangering the capital value of the fund.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation of equity securities, fixed income, and alternative investments with performance benchmarks on each asset class.

The Organization has a spending policy which shall allow for maximum annual distributions equal to 5% of the rolling average of the preceding twelve quarterly market values. In establishing this policy, the Organization considered the long-term expected return on its investments. Accordingly, the Organization expects the current spending policy to allow its net assets to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the investments and net assets, as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets are as follows for the years ended December 31:

	2020	2019
Endowment net assets, at January 1	$ 19,375	$ 16,173
Contributions	8,252	-
Interest and dividends, net	40	55
Realized and unrealized gain on investments	244	654
Change in beneficial interest in assets held by Community Foundation	1,760	2,493
Endowment net assets, at December 31	$ 29,671	$ 19,375

NOTE 11 - BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION

The Organization established an endowment at the Capital Region Community Foundation (CRCF) during 2013 with an initial deposit of $10,000 and named itself as the beneficiary. This amount in addition to net earnings and additional transfers is presented on the statement of financial position as, "Beneficial Interest in Assets Held at Community Foundation", in the amount of $17,136 and $15,376 as of December 31, 2020 and 2019, respectively. Although this amount has been recorded as an asset, the Organization has granted variance power to CRCF. Change in the Organization's beneficial interest is as follows for the year ended December 31:

	2020	2019
Beneficial interest, beginning of year	$ 15,376	$ 12,883
Change in value of beneficial interest		
Investment income	1,760	2,493
Beneficial interest, end of year	$ 17,136	$ 15,376

NOTE 12 - SUBSEQUENT EVENT

Subsequent to the year ended December 31, 2020, the Organization obtained a second PPP loan in January 2021 in the amount of $91,970. The loan is potentially forgivable if used for eligible expenses. The Organization anticipates full loan forgiveness. If the loan is not forgiven, monthly installments of $1,855 will be due with the loan maturing in January 2026.