EDUCATIONAL PROGRAMS INSPIRING COMMUNITIES, INC.
(A Texas Nonprofit Corporation)

Independent Auditor's Report and Financial Statements

Years Ended December 31, 2021 and 2020

EDUCATIONAL PROGRAMS INSPIRING COMMUNITIES, INC.
(A Texas Nonprofit Corporation)

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December 31, 2021 and 2020

McConnell Jones

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Educational Programs Inspiring Communities, Inc.

Opinion

We have audited the accompanying financial statements of the Educational Programs Inspiring Communities, Inc. (the "Organization"), a Texas nonprofit corporation, as of 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 accompanying financial statements present fairly, in all material respects, the financial position of Educational Programs Inspiring Communities, Inc. (the "Organization"), a Texas nonprofit organization, as of December 31, 2021 and 2020, and the change in its net assets and its cash flows for the year 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 (GAAS). 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 the Organization. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

McConnell & Jones

Houston, Texas
August 15, 2022

EDUCATIONAL PROGRAMS INSPIRING COMMUNITIES, INC.
(A Texas Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Current assets:		
Cash	$ 1,615,972	$ 1,294,061
Restricted cash	100	100
Grants and other receivable	189,173	296,566
Deposits	200	200
Total current assets	1,805,445	1,590,927
Noncurrent assets:		
Property and equipment, net	1,828,128	2,032,525
Total noncurrent assets	1,828,128	2,032,525
Total assets	$ 3,633,573	$ 3,623,452
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 23,342	$ 21,594
Current portion of long term debt and loan payable	24,771	214,590
Total current liabilities	48,113	236,184
Non-current liabilities:		
Long-term debt	1,259,068	1,284,204
Total non-current liabilities	1,259,068	1,284,204
Total liabilities	1,307,181	1,520,388
Net assets:		
Unrestricted	2,326,392	2,103,064
Total net assets	2,326,392	2,103,064
Total liabilities and net assets	$ 3,633,573	$ 3,623,452

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

EDUCATIONAL PROGRAMS INSPIRING COMMUNITIES, INC.
(A Texas Nonprofit Corporation)

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	2021 Totals	2020 Totals
REVENUES				
Grants	$ 817,270	$ -	$ 817,270	$ 844,579
Contributions	233,336	-	233,336	202,892
Vending sales	93,359	-	93,359	54,224
Concession services fees	15,082	-	15,082	9,009
Special events income	289,561	-	289,561	155,015
Less: Benefit to donors	(23,332)	-	(23,332)	(16,181)
Net Special events	266,229	-	266,229	138,834
Interest and other income (loss)	385,446	-	385,446	(14,896)
Total Revenues	1,810,722	-	1,810,722	1,234,642
EXPENSES				
Program services	847,352	-	847,352	1,034,192
Total program services	847,352	-	847,352	1,034,192
Support services:				
Management and general	562,483	-	562,483	160,139
Fundraising	177,559	-	177,559	202,932
Total support services	740,042	-	740,042	363,071
Total expenses	1,587,394	-	1,587,394	1,397,263
CHANGE IN NET ASSETS	223,328	-	223,328	(162,621)
NET ASSETS, BEGINNING OF YEAR	2,103,064	-	2,103,064	2,265,685
NET ASSETS, END OF YEAR	$ 2,326,392	$ -	$ 2,326,392	$ 2,103,064

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

EDUCATIONAL PROGRAMS INSPIRING COMMUNITIES, INC.
(A Texas Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

		Support Services				
	Program Services	Management and general	Fund-raising	Total support services	Cost of Direct Benefits to Donor	Total expenditures
Payroll & related costs	$ 452,726	$ 408,477	$ 127,306	$ 535,783	$ -	$ 988,509
Vending products	67,208	91	273	364	-	67,572
Transportation	6,894	78	-	78	-	6,972
Supplies	9,975	485	189	674	-	10,649
Telephone	11,551	2,177	-	2,177	-	13,728
Postage and delivery	826	489	155	644	-	1,470
Printing and reproduction	-	233	1,282	1,515	-	1,515
Facility rent	3,149	2,841	885	3,726	-	6,875
Marketing	4,348	223	1,688	1,911	-	6,259
Insurance	35,706	32,216	10,041	42,257	-	77,963
Utilities	10,934	188	-	188	-	11,122
Staff training and development	210	823	-	823	-	1,033
Repairs and maintenance	27,378	4,231	-	4,231	-	31,609
IT expense	1,539	1,849	721	2,570	-	4,109
Bank service charges	58,654	3,657	9	3,666	-	62,320
Depreciation	93,613	84,462	26,322	110,784	-	204,397
Background checks	653	-	-	-	-	653
Catering expense	361	1,170	4,600	5,770	-	6,131
Professional fees	14,536	13,116	4,088	17,204	-	31,740
Travel	-	411	-	411	-	411
Program expenses	46,830	-	-	-	-	46,830
Miscellaneous	261	5,266	-	5,266	-	5,527
Benefit to donors	-	-	-	-	23,332	23,332
Total Expenses	$ 847,352	$ 562,483	$ 177,559	$ 740,042	$ 23,332	$ 1,610,726
Less expenses included with revenues on the statement of activities:						
Benefit to donors	-	-	-	-	(23,332)	(23,332)
Total functional expenses included in the expense section on the statement of activities	$ 847,352	$ 562,483	$ 177,559	$ 740,042	$ -	$ 1,587,394

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

EDUCATIONAL PROGRAMS INSPIRING COMMUNITIES, INC.
(A Texas Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

		Support Services				
	Program Services	Management and general	Fund-raising	Total support services	Cost of Direct Benefits to Donor	Total expenditures
Payroll & related costs	$ 584,899	$ 61,488	$ 129,711	$ 191,199	$ -	$ 776,098
Vending products	58,840	-	510	510	-	59,350
Transportation	2,630	-	35	35	-	2,665
Supplies	11,898	359	-	359	-	12,257
Telephone	19,407	1,497	-	1,497	-	20,904
Postage and delivery	1,944	330	675	1,005	-	2,949
Printing and reproduction	272	197	114	311	-	583
Facility rent	11,203	1,178	2,484	3,662	-	14,865
Marketing	1,299	1,095	8,027	9,122	-	10,421
Insurance	55,875	5,874	12,391	18,265	-	74,140
Utilities	8,427	1,486	-	1,486	-	9,913
Staff training and development	715	1,113	-	1,113	-	1,828
Repairs and maintenance	22,552	2,292	-	2,292	-	24,844
IT expense	1,983	3,012	1,386	4,398	-	6,381
Bank service charges	36	49,998	-	49,998	-	50,034
Depreciation	151,385	15,914	33,572	49,486	-	200,871
Background checks	240	-	-	-	-	240
Catering expense	446	-	664	664	-	1,110
Professional fees	60,122	6,320	13,333	19,653	-	79,775
Travel	25	-	-	-	-	25
Program expenses	39,029	7,806	-	7,806	-	46,835
Miscellaneous	965	180	30	210	-	1,175
Benefit to donors	-	-	-	-	16,181	16,181
Total Expenses	$ 1,034,192	$ 160,139	$ 202,932	$ 363,071	$ 16,181	$ 1,413,444
Less expenses included with revenues on the statement of activities:						
Benefit to donors	-	-	-	-	(16,181)	(16,181)
Total functional expenses included in the expense section on the statement of activities	$ 1,034,192	$ 160,139	$ 202,932	$ 363,071	$ -	$ 1,397,263

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

EDUCATIONAL PROGRAMS INSPIRING COMMUNITIES, INC.
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STATEMENTS OF CASH FLOWS

YEARS ENDED
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 223,328	$ (162,621)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	204,397	200,871
Loss on leasehold improvements	-	20,778
Changes in operating assets and liabilities		
Grants and other receivable	107,393	(151,990)
Prepayments and deposits	-	9,296
Accounts payable and accrued expenses	1,748	(13,663)
Total adjustments	313,538	65,292
Net cash provided by (used in) operating activities	536,866	(97,329)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(69,197)
Net cash used in investing activities	-	(69,197)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds on loans	-	190,322
Principal paid on notes payable	(214,955)	(13,781)
Net cash (used in) provided by financing activities	(214,955)	176,541
NET INCREASE IN CASH	321,911	10,015
CASH, BEGINNING OF YEAR	1,294,161	1,284,146
CASH, END OF YEAR	1,616,072	1,294,161
Reconciliation of Cash to Amounts		
Unrestricted cash	1,615,972	1,294,061
Restricted cash	100	100
Reported in the Statements of Financial Position:	$ 1,616,072	$ 1,294,161

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

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

Educational Programs Inspiring Communities, Inc. (the "Organization") is a Texas nonprofit corporation established in May 2002 for the purpose of providing job placements and life training to low-income people, empowering them to be independent of governmental assistance and taking charge of their lives mentally and physically.

The Organization operates the Housing, Entrepreneurship, and Readiness Training (H.E.A.R.T.) Program and H.E.A.R.T. Vending and Concessions along with transportation and technology programs. These programs provide vocational training and services to adults with developmental disabilities. Program participants are instructed in servicing vending machines and providing concessions service. Eligible participants are employed by H.E.A.R.T. Vending Concessions to work within the general community and in a supervised setting as appropriate, through the entrepreneurial venture.

The Organization is supported through funds received from federal, state and local governmental agencies, as well as from private donors including corporations and non-profit organizations. The proceeds from Vending and Concessions are used to purchase vending supplies and pay participant wages.

The Organization entered into a Bingo operations agreement along with other members with a third-party operator. Under the agreement, each licensee would be entitled to share in all revenues, authorized expenses, and inventory related to Bingo operations. Net proceeds from the Bingo operations, after deducting expenses, are used to support the program expenditures at the discretion of the Organization.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Financial Statement Presentation

The Organization's financial statements are presented in accordance with Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities-Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to the two classes of net assets, as defined below:

Net assets without donor restrictions – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Organization.

Net assets with donor restrictions – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

In addition, the Organization is also required by FASB ASC 958-205 to present statements of activities, cash flows and functional expenses.

Measurement of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Organization's ongoing program services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition

The Organization recognizes revenue based on the existence or absence of an exchange transaction. The Organization recognizes revenue from exchange transactions when it satisfies a performance obligation by providing a service to a customer or member or by transferring control over a product to a customer or member.

Revenue from non-exchange transactions consist of the following:

Grant contracts are conditional upon the incurrence of allowable qualifying expenses. Grant revenue is recorded as allowable qualifying expenses are incurred and the conditions of the grant.

Contributions of cash and promises to give – gifts 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. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. There were no donor-restricted contributions for the years ended December 31, 2021 and 2020.

The Organization uses the allowances method to determine uncollectible unconditional promises receivable. The allowance is based on management's analysis of specific promises made. There was no allowance for the years ended December 31, 2021 and 2020**.**

Revenue that has characteristics of both exchange and non-exchange transactions consist of the following:

Special event revenue – recognized equal to the cost of direct benefits to donors, and contribution revenue for the difference.

Revenue from exchange transactions consist of the following:

Interest income is recognized when earned based on passage of time. Program income, including revenue from vending and concession operations and bingo are recognized when performance obligations are met.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in its operations. The Organization records the value of contributed services when there is an objective basis available to measure the value. During the years ended December 31, 2021 and 2020, the Organization received $47,982 and $46,835, respectively, in contributed services, which met the criteria for recognition in the financial statement and these amounts are included in the contribution in the Organization's financial statements. The contributed services represented cost of professional services incurred by the Organization in connection with modifications and fine tuning of internally developed software.

Cash and Cash Equivalents

The Organization considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The carrying values of any cash and cash equivalents are deemed to approximate their fair values because of the short maturities of those financial instruments. There were no cash equivalents for the years ended December 31, 2021 and 2020.

Property and Equipment

Property and equipment are generally recorded at cost or, if donated, at their estimated fair value at the date of donation. Such donations are reported as an increase in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire or maintain property and equipment are reported as restricted contributions. The Organization does not presently have any assets which have donor-imposed restrictions.

The Organization follows the policy of capitalizing all expenditures for property and equipment in excess of $500. Property and equipment items are depreciated using the straight-line method based on their estimated useful lives ranging from five to twenty years, except for leasehold improvements, which are amortized over the shorter of the useful life of the improvements or the remaining lease term of the related leases. Maintenance and repairs are charged to operations when incurred. Major improvements and renewals that extend the life of the asset are capitalized.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited by various reasonable bases. Fundraising expenses are expenses that do not support programs and are paid to raise funds for the Organization. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

The expenses that are allocated are payroll and related costs, insurance, professional fees, moving expense, facility rent, and depreciation, which are allocated based on estimates of time and effort.

Reclassification

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. This reclassification had no effect on the previously reported net change in net assets.

Income Taxes

The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State of Texas law. Accordingly, contributions to the Organization are tax deductible within the limitations prescribed by the Code. The Organization has also been qualified for the charitable contribution deduction under Section 170(b)(1)(A)(iv) of the Code and has been classified as an *organization* that is not a private foundation under Section 509(a)(1) of the Code. Accordingly, income taxes are not provided for in the accompanying financial statements.

The Organization applies the provisions of FASB ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management of the Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are significant to the financial statements.

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 certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are depreciation and amortization expense, which is based on the estimated useful lives of the underlying depreciable assets, and the functional allocation of expenses.

Liquidity and Availability of Financial Assets

The Organization has $1,805,145 and $1,590,627 of financial assets available to meet cash needs for general operating expenditures as of December 31, 2021 and 2020, consisting of:

	2021	2020
Cash	$ 1,615,972	$ 1,294,061
Receivables	189,173	296,566
	$ 1,805,145	$ 1,590,627

Additionally, the Organization maintains a $75,000 line of credit, of which no amount was drawn as of December 31, 2021 and 2020.

Accounting Pronouncements Adopted

In 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. This ASU update has been implemented in Organization's 2020 annual financial statements.

Analysis of various provisions of the adopted ASUs resulted in no significant changes in the way the Organization recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the ASUs.

New Accounting Pronouncements

Not-for- Profit Entities (Topic 842) – In February 2016, the FASB issued ASU 2016-02 –*Leases*, which supersedes existing guidance on leases and amends and supersedes several other paragraphs throughout the FASB ASC. This update will be effective for the Organization's 2022 annual financial statements. Management is currently evaluating the impact this update will have on the Organization's financial statements.

2. PROGRAMS AND SUPPORTING SERVICES

The following programs and supporting services are provided by the Organization:

(a) H.E.A.R.T. Program: The program provides occupational skills training to low-income, developmentally disabled adults residing within the city limits of Houston, Texas. The purpose of the program is to prepare participants for gainful employment through an innovative client-managed entrepreneurial venture.

(b) H.E.A.R.T. Vending and Concessions Program: Program participants, who are low-income, developmentally disabled adults, are instructed in servicing vending machines and providing concessions service. Eligible participants are employed by H.E.A.R.T Vending Concessions to work within the general community and in a supervised setting as appropriate, through the entrepreneurial venture.

(c) Transportation Program: The purpose of this program is to meet the transportation requirements of special-needs adults who rely upon non-traditional transportation in order to access educational programs, job training, and employment opportunities.

(d) Technology Program: The purpose of this program is to develop innovative technology that will adapt education, job training, and employment opportunities for individuals with intellectual and developmental disabilities in a customized manner.

(e) Youth Program: The youth program helps youth ages 16-22 with developmental disabilities to learn and share information, acquire leadership skills, and develop long-range advocacy plans. This program expands and advances the Organization's partnership with the Houston Independent School District known as the "H.I.S.D./H.E.A.R.T. Transition Program" that provides a year of employment and training to transitioning students during their final year in high school. The program is based at Houston Food Bank and is designed to integrate real-world workforce experience with the education curriculum. Community-based, integrated employment for at least minimum wage, is the backbone of young adults becoming independent. Working improves occupational and career skills, attitudes, and behaviors that are needed for success in the workplace.

(f) Disaster Recovery Program (DR): This program is a disaster recovery program funded by CDBG-DR funds. The purpose of the program is to build resiliency for adults with I/DD by providing job training in conjunction with CVS Health locations and additional vending and concessions training.

3. CASH AND CASH EQUIVALENTS AND CONCENTRATION OF CREDIT RISKS

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Organization will not be able to recover its deposits. Although the Organization does not have a deposit policy for custodial credit risk, it maintains deposits at federally insured banks and strives to minimize its exposure to custodial credit risk by maintaining deposits at institutions with demonstrated financial strength. The Federal Deposit Insurance Corporation (FDIC) insures up to $250,000 per bank. As of December 31, 2021 and 2020, the cash deposits at the Organization's banks were $1,610,095 and $1,256,575, respectively, which exceeded the FDIC limit per bank by $1,102,667 and $756,575, respectively, and were not otherwise insured. Management reviews balances frequently and maintains cash balances necessary to meet short term requirements.

Credit risk associated with grants receivable is minimal due to the credit worthiness of the awarding federal, state and local agencies.

Revenue from grants approximated 45% and 68% of the total revenues and support of the Organization for the years ended December 31, 2021 and 2020, respectively. Revenue from one significant funder approximated 21% and 31% of the total revenues and support of the Organization for the years ended December 31, 2021 and 2020, respectively.

The following summarizes the percentage of accounts receivable from significant funding sources of total receivables as of December 31, 2021 and 2020:

	2021	2020
Funder 1	62%	61%
Funder 2	12%	6%
Funder 3	14%	-

The value of cash and cash equivalents as of December 31, 2021 and 2020 was $1,616,072 and $1,294,161, respectively. Of these amounts, as of December 31, 2021 and 2020, $100 and $100 respectively was restricted for the Bingo event.

4. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, less accumulated depreciation, as of December 31, 2021 and 2020:

	2021	2020
Land	$ 345,000	$ 345,000
Leasehold improvements	-	-
Furniture and equipment	161,951	161,951
Software	986,659	986,659
Vehicles	145,263	145,263
Building	1,311,058	1,311,058
	2,949,931	2,949,931
Less: Accumulated depreciation	(1,121,805)	(917,406)
Property and equipment, net	$ 1,828,126	$ 2,032,525

Depreciation expense for the years ended December 31, 2021 and 2020 was $204,397 and $200,871, respectively.

5. LINES OF CREDIT

In June 2017, the Organization opened an unsecured line of credit with a local financial institution in the amount of $75,000, which matures in June 2022. Amounts borrowed under this agreement bear interest at 5.75%. The purpose of the line of credit is to provide start-up capital for new projects of the Organization. There were no drawdowns on the line of credit during the years ended December 31, 2021 and 2020.

6. NOTES AND LOANS PAYABLE

Paycheck Protection Program Loan – On March 11, 2020, the World Health Organization classified the global coronavirus (COVID-19) outbreak as a pandemic. As a result of the CARES Act, the Paycheck Protection Program (PPP) was established. The Organization successfully applied for and received a loan in the amount of $190,322 under the Small Business Administration's PPP 2020. The loan is forgivable if the Organization can demonstrate proper use of the proceeds from such loan and remain in compliance with the terms of this assistance from the federal government. Management adopted the guidance in FASB ASC 405-20-40-1 and recognized the entire amount of the loan received as a liability as of December 31, 2020. The PPP loan balance was forgiven in April 2021 and the organization demonstrated the proposed use of the proceeds in compliance with the terms and it was recorded as contribution revenue in 2021.

During April 2018, the Organization purchased a building via financing from two different institutions.

The Organization entered into a promissory agreement with Allegiance Bank in the amount of $1,080,000 bearing interest at the rate of 4.85% per annum. The Allegiance Bank note will be due and payable in eighty four (84) consecutive monthly installments, the first twelve (12) of which being in the amount of accrued interest only each, the next seventy one (71) of which being in the amount of $6,262, including accrued interest each, and the eighty fourth (84th) and final installment being the amount of the balance of principal and accrued interest due at that time.

The Organization entered into a promissory agreement with The Jacobson Family Foundation in the amount of $270,000. bearing interest at the rate of 3.76% per annum. The Jacobson Family Foundation note will bear interest at a rate of LIBOR Rate plus 1.00% per annum (the "Applicable Rate"). During the period of commencement of the note through and including April 30, 2021, the Organization shall pay interest only at the Applicable Rate on the outstanding loan balance. From May 2021 through the maturity date of April 30, 2023, the Organization will pay interest at the Applicable Rate plus principal of $2,250. The notes are secured by the purchased building.

Future principal payments and loans under these notes are summarized below:

Year ending December 31,		Amount
2022	$	24,772
2023		294,268
2024		18,786
2025		946,013
	$	1,283,839

7. NET ASSETS

Net assets without restrictions amounted to $2,326,392 and $2,103,064 as of December 31, 2021 and 2020, respectively, and are available to support the programs and activities of the Organization.

8. CONTINGENCIES

The Organization receives grant funds from federal, state, and local governmental agencies for certain programs, which are governed by various laws and regulations. Expenditures charged to these programs are reimbursed to the Organization after review and adjustment by the grantors. The Organization may become liable to refund money to funding agencies where it fails to comply with contract provisions. Also, the ability of the Organization to collect related receivables at December 31, 2021 and 2020, is subject to the compliance approval process on the activities related to those reimbursable expenditures. Any liability for potential recoupment or reimbursement that could arise from such review is not considered material to the financial statements.

9. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization ("WHO") classified the global coronavirus outbreak (COVID-19) as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. Organization's business operations, fund raising, and program activity are expected to be significantly affected by COVID-19. Organization is assessing risks, monitoring the evolving situation, and modifying its operations accordingly to continue to provide support and services to its programs they serve. The Organization believe they are well positioned to continue to respond to the pandemic and does not believe there is substantial doubt about the Organization's ability to continue as a going concern.

10. RELATED PARTY TRANSACTIONS

Certain members of the board of directors made total cash contributions of $15,500 and $23,960, respectively, in support of the Organization for the years ended December 31, 2021 and 2020.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 15, 2022, the date that the financial statements were available to be issued. No changes were made or are necessary to be made to the financial statements, as a result of this evaluation.