MindLeaps

Financial Statements

December 31, 2021

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

MindLeaps
Table of Contents
December 31, 2021

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Mount Arlington, NJ
Newton, NJ
Bridgewater, NJ
973.298.8500
nisivoccia.com
Independent Member
BKR International

Independent Auditor's Report

To the Board of Trustees of
MindLeaps
New York, NY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MindLeaps (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2021, 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 MindLeaps as of December 31, 2021, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MindLeaps 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 MindLeaps' ability to continue as a going concern for one year after the date that the financial statements are issued.

To the Board of Trustees of
MindLeaps

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Mt. Arlington, New Jersey
September 12, 2022

MindLeaps
Statement of Financial Position
December 31, 2021

ASSETS		
Current Assets:		
Cash	$	413,079
Grant receivable		19,908
Due from affiliate		16,355
Prepaid expenses		3,726
Other assets		19,496
Total current assets		472,564
Property and equipment, net		2,173
Total assets	$	474,737
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$	14,436
Deferred revenue		30,909
Total liabilities		45,345
Net assets:		
Without donor restrictions		
Undesignated deficit		(20,366)
With donor restrictions		449,758
Total net assets		429,392
Total liabilities and net assets	$	474,737

MindLeaps
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 559,275	$ 449,758	$ 1,009,033
Government grants	83,658		83,658
Program income	11,745		11,745
In-kind donations	500		500
Government grant - PPP funding	18,800		18,800
Employee retention credit	26,391		26,391
Net assets released from restrictions due to satisfaction of restrictions	93,303	(93,303)	
Total revenue and support	793,672	356,455	1,150,127
Expenses:			
Program services	635,975		635,975
Supporting services:			
Management, general and administrative	89,938		89,938
Fundraising	66,062		66,062
Total supporting services	791,975		791,975
Total expenses	791,975		791,975
Change in net assets from operations	1,697	356,455	358,152
Other income:			
Interest Income	14		14
Total other income	14		14
Change in net assets	1,711	356,455	358,166
Net assets (deficit), beginning of year	(22,077)	93,303	71,226
Net assets (deficit), end of year	$ (20,366)	$ 449,758	$ 429,392

See Accompanying Notes to Financial Statements

MindLeaps
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Supporting Services: Management, General and Administrative	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total
US salaries	$ 44,255	$ 40,005	$ 30,000	$ 70,005	$ 114,260
US payroll taxes	8,912	2,419	6,386	8,805	17,717
Total personnel services	53,167	42,424	36,386	78,810	131,977
Local field office salaries	219,633				219,633
Payroll taxes for local field office personnel	33,123				33,123
Marketing and advertising	986		1,632	1,632	2,618
Professional fees	2,068	26,282	24,088	50,370	52,438
Insurance & bank fees	3,695	2,595		2,595	6,290
US staff travel	9,837		119	119	9,956
Local field office staff travel	30,945				30,945
School fees & academic programs	77,942				77,942
Meal & health programs	27,561				27,561
Family support program	4,948				4,948
Virtual Academy	10,617				10,617
Research & curriculum development	3,166				3,166
Dance clothing & equipment	20,539				20,539
Office & field supplies	59,845	1,585		1,585	61,430
Technology & computer equipment	7,178	2,362	3,837	6,199	13,377
US & local lease expense	69,061	14,690		14,690	83,751
Repairs & maintenance	844				844
Total expenses before depreciation	635,155	89,938	66,062	156,000	791,155
Depreciation	820				820
Total expenses	$ 635,975	$ 89,938	$ 66,062	$ 156,000	$ 791,975

See Accompanying Notes to Financial Statements

MindLeaps
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flows from operating activities:		
Change in net assets	$	358,166
Adjustments to reconcile change in net assets to net cash used in operations:		
Depreciation		820
Donated supplies		500
Government Grant - PPP funding		(18,800)
Changes in operating assets and liabilities:		
Grant receivable		(17,318)
Prepaid expenses		(2,926)
Other assets		2,545
Accounts payable and accrued expenses		(11,439)
Deferred revenue		9,547
Government Grant - PPP funding		18,800
Net cash used in operating activities		323,540
Net increase in cash and cash equivalents		323,540
Cash and cash equivalents, beginning of year		89,539
Cash and cash equivalents, end of year	$	413,079
Supplemental disclosure of noncash activities:		
Donated supplies	$	500

1. Nature of Activities

MindLeaps (formerly known as the Rebecca Davis Dance Company) (the "Organization") is a 501(c)(3) not-for-profit organization working to improve school performance and create positive livelihoods for at-risk youth. MindLeaps runs a unique program, based on a standardized dance methodology, that helps vulnerable youth undergo behavioral transformation, catch up on basic cognitive development and learn work-ready skills. MindLeaps operates permanent centers in Kigali, Rwanda and Conakry, Guinea, providing dance classes, academic acceleration and IT courses, daily meals, and a health program. After one year at our centers, students are sponsored in formal education at schools in their home countries. Through our partnership program located in Mauritania and the USA, MindLeaps provides dance classes, monitoring and evaluation of student progress, and training of local staff in MindLeaps dance curricula and pedagogy. MindLeaps also works alongside the United Nations High Commissioner for Refugees (UNHCR) in Rwanda and Uganda with operations in 5 refugee camps and settlements. These programs are run by local staff and refugee youth trained in the MindLeaps methodology. In North Macedonia, MindLeaps runs social-emotional learning and educational programming for older youth susceptible to radicalization. In this period, MindLeaps served approximately 1,700 youth across its global programs.

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Significant accounting policies are described below:

Basis of Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards ("ASC"), Accounting for Contributions Received and Made, and FASB ASC, *Presentation of Financial Statements of Not-for-profit Entities* (FASB Update) establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements. *Accounting for Contributions Received and Made* requires that unconditional promises to give be recorded as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are resources representing the portion of expendable funds available for support of the Organization's programs and general operations. These resources are not subject to donor-imposed stipulations. Net assets without donor restrictions are comprised of revenue and expenses related to the operations of Organization, which have no restrictions on the uses of the funds. Net assets without donor restrictions also include those expendable resources which may have been designated for special use by the Board of Trustees.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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. The Organization had net assets with donor restrictions of $449,758 at December 31, 2021. See note 7 for detail about net assets with donor restrictions.

Revenue and Contribution Recognition

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control at a specific point in time. The Organization recognizes program service income at the time the service is performed. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Receivables and Allowances for Uncollectible Amounts

Grant and other receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. There was no allowance for uncollectible accounts as of December 31, 2021, as management deemed all receivables to be collectible as of the date of the financial statements.

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the year ended December 31, 2021:

	2021
Performance obligations satisfied at a point in time	$ 11,745

Revenue from performance obligations recognized at a point in time consist of program income.

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 amounts of assets and liabilities, revenues and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Organization's estimates may change in the near term.

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on estimates made by management. Support costs are allocated to a program based on total program costs. Program service expenses are those related to dance, skill building, and educational programs. Management, general and administrative expenses relate to administrative expenses associated with those programs. Fundraising relates to development activities carried on by the Organization. The allocation of employees' salaries and other costs are based on estimates of time and effort considered by management to be reasonable.

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements may report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is also exempt under Pennsylvania Nonprofit Corporation Law of 1972. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements.

The Organization follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

The Organization does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the year ended December 31, 2021.

However, the Organization is subject to regular audit by tax authorities, including a review of its nonprofit status which management believes would be upheld upon examination. The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

As required by law, the Organization files informational returns with the Federal government and various states on an annual basis. These returns are subject to examination by these authorities within certain statutorily defined periods for Federal and various states.

<u>Property and Equipment</u>

Purchased property and equipment additions exceeding $1,000 are capitalized and recorded at their original cost. Donations of property, plant and equipment are recorded as support at their estimated fair value on the date of the gift. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Major repairs, improvements and replacements are capitalized. Maintenance and minor repairs and replacements, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Proceeds from the sale of fixed assets, if without donor restrictions, are transferred to net assets without donor restrictions, or, if restricted, to deferred amounts restricted for fixed asset acquisition. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets.

In accordance with FASB ASC, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Organization periodically evaluates property for impairment, relying on a number of factors including operating results, and future business plans. Recoverability of property is evaluated by a comparison of the carrying amount of an asset or asset group to estimated future recoverability of the carrying amount of the asset or asset group. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the estimated fair value. There were no impairment losses charged to operations for the year ended December 31, 2021.

Intangible Assets

In accordance with FASB ASC, *Intangibles - Goodwill and Other - Internal-Use Software*, internal and external costs incurred during the application development stage to develop computer software solely to meet the Organization's internal needs are capitalized. Costs incurred during the preliminary project stage and post-implementation/operation stage are expensed as incurred. Capitalized software costs are amortized on a straight-line basis over the estimated useful life of the software.

Donated Services

The Board of Trustees makes significant contributions of time relative to general management and operations of the Organization. These donated services are not reflected in the financial statements for the year ended December 31, 2021 since they do not meet the criteria for recognition as contributed services in accordance with U.S. generally accepted accounting principles.

Fair Value of Financial Instruments

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used for the year ended December 31, 2021.

Cash and cash equivalents, contributions receivable, other receivables, prepaid expenses, other assets, accounts payable and accrued expenses, deferred revenue: The carrying amount approximates fair value because of the short-term maturity of these instruments.

Investments Held by the Community Foundation of Texas

The Organization holds a non-donor advised designated fund with the Community Foundation of Texas ("CFT"). CFT has variance power over the funds, therefore the Organization does not recognize a potential interest in future distributions from CFT. Instead, the Organization accounts for amounts received from the CTF as contributions on the statement of activities.

During the year ended December 31, 2021 there were no donor contributions to the Community Foundation of Texas in support of MindLeaps. During the year ended December 31, 2021 there were $19,750 of distributions received from CFT.

Advertising

The Organization expenses the cost of advertising at the time it is paid. Advertising expense amounted to $2,618 for the year ended December 31, 2021.

New Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires all lessees to record a lease liability at lease inception, with a corresponding right of use asset, except for short-term leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact of the adoption of this guidance on the Organization's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. The FASB ASU requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets along with expanded disclosure requirements. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management is evaluating the impact this ASU will have on its financial statements.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2021, through the date of the independent auditor's report and the date the financial statements were available to be issued, September 12, 2022. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

3. Liquidity and Availability

The adoption of FASB Update No. 2016-14 requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Financial Assets:	
Cash and cash equivalents	$ 413,079
Contributions receivable	19,908
Due from affiliate	16,355
Total financial assets	449,342
Less amounts not available to be used within one year:	
Donor imposted restrictions:	
Funds subject to purpose restriction	(449,758)
Financial assets available to meet general expenditures within one year	$ (416)

A significant portion of the Organization's annual expenditures will be funded by current year operating revenues including government grants, and contributions. The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Property and Equipment

Property and equipment and their related estimated useful lives as of December 31, 2021 are comprised of the following:

	Estimated Useful Life (Years)	
Leasehold improvements	7	$ 7,035
Vehicles	5	3,676
Equipment	5	16,633
		27,344
Less: accumulated depreciation		(25,171)
		$ 2,173

Depreciation expense for the year ended December 31, 2021 totaled $820.

5. Intangibles

The Organization incurred costs to develop an application designed to track the impact of the Organization's field programs. Intangible assets and their related estimated useful lives as of December 31, 2021 are comprised of the following:

	Estimated Useful Life (Years)		
Intangibles (tracker program)	3	$	31,000
Less: accumulated amortization			(31,000)
		$	-

There was no amortization expense for the year ended December 31, 2021.

6. <u>Leases</u>

In 2016, the Organization entered into a lease agreement for office space in New York under a month to month agreement, which was renewed for a 12 month period for the 2021 year. Rent expense incurred related to the New York office space operating lease was $1,336 per month for the year ended December 31, 2021.

In May 2021, the Organization entered into an 12-month lease agreement for office space in New York. This lease is up for renegotiation after the one year period. Rent expense incurred related to this operating lease was $1,400 per month for the year ended May 31, 2022. Total rent expense for all operating leases for the year ended December 31, 2021 amounted to $9,800.

Future minimum rental payments due under the leases are as follows:

2022	$	7,000
	$	7,000

7. <u>Net Assets with Donor Restrictions</u>

Net assets with donor restrictions at December 31, 2021 are restricted for the following purposes:

2021		Beginning Net Assets with Donor Restrictions		Additions		Net Assets Released from Restriction		Ending Net Assets with Donor Restrictions
Kampala vitrual academy	$	15,000	$	48,585	$	(15,000)	$	48,585
Masoro program		46,603				(46,603)		
Rwamanja refugee camp		26,700				(26,700)		
Rwanda center renovation		5,000				(5,000)		
Jewish helping hands learning center				24,977				24,977
Guinea building				376,196				376,196
Total	$	93,303	$	449,758	$	(93,303)	$	449,758

8. In-Kind Contributions

The Organization receives various types of non-cash contributions such as internet services and dance wear designated to assist the purpose and mission of the Organization. The estimated fair value of the donated products and services received during the year ended December 31, 2021 amounted to $500 and are recorded as in-kind donations on the statement of activities. The Organization received dancewear donations in prior years which totaled $17,716 as of December 31, 2021 and is grouped with other assets on the statement of financial position. The Organization expenses the dancewear as it is utilized in the Organization's programs.

9. Grant Programs

The Organization participates in federal assisted grant programs. These programs are subject to compliance audits by the grantors and their representatives. The Organization is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the Organization is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

10. Deferred Grant Revenue

The Organization receives funds from the US Department of State. During the year ended December 31, 2021, the Organization received funding advances on several awards. This resulted in unspent grant funds at the end of the period. Management expects to spend the funds in the next year. As of December 31, 2021 the unspent portion of the grant funds amounted to $30,909 and has been recorded as a deferred revenue on the statement of financial position.

11. Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash and cash equivalents.

12. Refundable Advance – Paycheck Protection Program

In February 2021, the Organization received $18,800 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, the Organization must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. The Organization had accounted for the PPP funding as a conditional contribution in the December 31, 2021 fiscal year end financial statements by applying FASB ASC Topic 958- 605, *Revenue Recognition*. Revenue will be recognized only when the conditions are met. PPP funding is subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. In October 2021, the Organization received full forgiveness of the PPP funding resulting in revenue being recognized in the amount of $18,800 which is classified as Government grant – PPP funding on the statement of activities in the accompanying financial statements.

13. Due from Affiliate

Due from affiliate represents grant funds disbursed to MindLeaps' foreign affiliates which are due back to the Organization if the funds are not utilized. As of December 31, 2021, the due to affiliate amounted to $16,355.

14. Employee Retention Credit

The Organization applied for refundable tax credits through the Employee Retention Credit under the CARES Act for payroll tax expenses incurred during the period July 2020 through March 2021, totaling $26,391. The amounts are included as income on the statement of activities. The employee retention credit is subject to examination by the Internal Revenue Service for five years from the date of filing.

15. Risks and Uncertainties

The COVID-19 coronavirus outbreak has caused business disruption through government mandated and voluntary closings and has contributed to significant declines and volatility in financial markets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter may have an impact on its future operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.