

**AGAPE HOUSE OF PRESCOTT, INC.**

**(A NONPROFIT CORPORATION)**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2021**

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
and Management of  
Agape House of Prescott, Inc.  
Prescott, Arizona

We have reviewed the accompanying financial statements of Agape House of Prescott, Inc. (a nonprofit 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 year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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 United 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.

### Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Agape House of Prescott, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Slater & Rutherford*

Prescott, Arizona  
July 11, 2022

**AGAPE HOUSE OF PRESCOTT, INC.  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021**

**ASSETS**

Cash and cash equivalents	\$ 912,594
Contributions and grants receivable	12,322
Prepaid expenses	11,713
Investments	10,541
Property, plant and equipment, net	909,708
Security Deposits	<u>345</u>
TOTAL ASSETS	<u><u>\$ 1,857,223</u></u>

**LIABILITIES**

Accounts payable	\$ 6,974
Accrued liabilities	5,398
Income tax payable	50
Note payable - EIDL	103,200
Note payable - National Bank	<u>969,104</u>
TOTAL LIABILITIES	<u>1,084,726</u>

**NET ASSETS**

Without donor restrictions	
Undesignated	250,556
Board designated - building fund	402,371
Board designated - quasi-endowment	<u>10,541</u>
Total net assets without donor restrictions	663,468
With donor restrictions	
Purpose restricted	<u>109,029</u>
TOTAL NET ASSETS	<u><u>772,497</u></u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,857,223</u></u>
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See accompanying notes and independent accountants' review report

**AGAPE HOUSE OF PRESCOTT, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 535,841	\$ 121,929	\$ 657,770
Grants	18,414	-	18,414
Fundraising income	11,330	-	11,330
In-kind contributions	73,665	-	73,665
Interest income	120	-	120
Realized and unrealized gains and losses	443	-	443
Forgiveness of PPP loan obligations	14,098	-	14,098
Other revenue	12,516	-	12,516
TOTAL SUPPORT AND REVENUE	<u>666,427</u>	<u>121,929</u>	<u>788,356</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of donor restrictions	<u>21,600</u>	<u>(21,600)</u>	<u>-</u>
TOTAL SUPPORT, REVENUE, AND NET ASSETS RELEASED FROM RESTRICTIONS	<u>688,027</u>	<u>100,329</u>	<u>788,356</u>
<b>EXPENSES</b>			
Program services	335,610	-	335,610
Management and general	85,524	-	85,524
Fundraising	66,021	-	66,021
TOTAL EXPENSES	<u>487,155</u>	<u>-</u>	<u>487,155</u>
INCREASE IN NET ASSETS	200,872	100,329	301,201
NET ASSETS - BEGINNING OF YEAR	<u>462,596</u>	<u>8,700</u>	<u>471,296</u>
NET ASSETS - END OF YEAR	<u><u>\$ 663,468</u></u>	<u><u>\$ 109,029</u></u>	<u><u>\$ 772,497</u></u>

See accompanying notes and independent accountants' review report

**AGAPE HOUSE OF PRESCOTT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Salaries and Wages	\$ 67,914	\$ 24,858	\$ 14,801	\$ 107,573
Payroll taxes	5,808	1,957	1,214	8,979
Payroll processing fees	-	1,177	-	1,177
Payroll and related	<u>73,722</u>	<u>27,992</u>	<u>16,015</u>	<u>117,729</u>
Advertising	9,739	-	4,872	14,611
Bank fees	4,267	5,310	-	9,577
Community relations	979	37	12,818	13,834
Depreciation	9,355	-	-	9,355
Dues and memberships	1,427	2,723	373	4,523
Family assistance	115,372	-	-	115,372
Insurance	7,269	3,762	68	11,099
Interest expense	6,783	3,152	-	9,935
Licenses and fees	885	-	-	885
Postage	1,500	520	2,876	4,896
Printing	11,164	853	4,504	16,521
Professional fees	22,380	25,122	20,425	67,927
Rent	7,290	5,636	1,080	14,006
Repairs and maintenance	30,886	25	8	30,919
Saff/volunteer appreciation	5,361	511	1,119	6,991
Staff development	1,886	1,254	-	3,140
Supplies	19,802	2,900	1,508	24,210
Taxes-UBIT	-	4,939	-	4,939
Travel	3,276	-	16	3,292
Utilities	<u>2,267</u>	<u>788</u>	<u>339</u>	<u>3,394</u>
TOTAL EXPENSES	<u>\$ 335,610</u>	<u>\$ 85,524</u>	<u>\$ 66,021</u>	<u>\$ 487,155</u>
	69%	18%	13%	100%

See accompanying notes and independent accountants' review report

**AGAPE HOUSE OF PRESCOTT, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 301,201
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Depreciation	9,355
Realized and unrealized gains	(443)
Capital campaign contributions	(112,483)
Increase (decrease) in operating assets:	
Receivables	771
Prepays	(7,453)
Security deposits	254
Increase (decrease) in operating liabilities:	
Accounts payable	960
Income tax payable	50
Accrued liabilities	(1,253)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>190,959</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of fixed assets	(51,517)
Purchases of investments	(10,000)
Reinvested dividends	(98)
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(61,615)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Loan proceeds	972,000
Principal payments on debt	(2,896)
Capital campaign contributions	112,483
Payoff of debt	(584,753)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>496,834</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	626,178
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>286,416</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 912,594</u></u>
Supplemental information:	
Interest paid	<u>\$ 9,572</u>
Taxes paid-UBIT	<u><u>\$ 4,889</u></u>

See accompanying notes and independent accountants review report

**AGAPE HOUSE OF PRESCOTT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 – DESCRIPTION OF ORGANIZATION**

Nature of Operations

The Agape House of Prescott, Inc. (the “Organization”) is a 501(c)(3) not-for-profit corporation formed in the State of Arizona in 2013. The Organization’s primary mission is to provide long-term transitional housing for families who are without a residence. The Organization is located in Prescott, Arizona.

The Organization funds its mission through public and private donations, rental activities, and other fundraising events.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

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

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for a building fund and a board-designated endowment.

*Net assets with donor restrictions* are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or use for a purpose specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature; where the donor stipulates those resources be maintained in perpetuity. Donor-restricted endowment earnings are released when those earnings are appropriated with spending policies and are used for the specified purpose.

Cash and Cash Equivalents and Concentration of Credit Risk

The Organization considers all highly liquid investments, except for those held for long-term investment, with maturities of three months or less when purchased to be cash equivalents.



**AGAPE HOUSE OF PRESCOTT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents and Concentration of Credit Risk (continued)

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization places its cash and cash equivalents with financial institutions and limits the amount of credit exposure for any one financial institution.

Occasionally during the year, the balances in a financial institution may exceed the FDIC \$250,000 deposit insurance amount; that excess is uninsured. Management has placed these funds in high quality institutions in order to minimize the risk. At December 31, 2021, the Organization's uninsured cash balances total \$395,183.

Contributions and Grants Receivable

Contributions and grants receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. It is the Organization's policy to charge off uncollectible contributions and grants receivable when management determines the receivable will not be collected. Accordingly, there is no allowance for doubtful accounts. This policy has been established by management based on historical experience, assessment of economic conditions, and review of subsequent collections. At December 31, 2021, all contributions and grants receivable are due within one year.

Investments

The Organization records investments in marketable equity securities with readily determinable fair values at their fair value on the Statement of Financial Position. Investment income consists of interest and dividends, realized and unrealized gains and losses, net of investment expenses on the Statement of Activities.

Property and Equipment

Purchased property and equipment are recognized at cost in the period purchased. Property and equipment are depreciated using the straight-line method of depreciation over their estimated useful lives of five to thirty years. A capitalization limit of \$2,500 has been established by the Board of Directors. Donations of property and equipment are recognized as support at their estimated fair value at time of donation. Such donations are reported as support 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 support with donor restrictions.

Absent donor stipulations regarding how long those 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's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

**AGAPE HOUSE OF PRESCOTT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Investments and Fair Value of Financial Instruments

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- (i) 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.
- (ii) 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 by other means.
- (iii) 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.

As of December 31, 2021, cash and cash equivalents and investments in marketable equity securities of \$912,594 and \$10,541, respectively, held by the Organization were reported at fair value using a Level 1 measure.

Contributions

Contributions are recognized when cash, 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 or the donor has explicitly released the restriction.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Fundraising revenue is recognized when an event occurs. Unrelated business income in the form of rent is recognized at a point in time when services are provided. Investment income is recognized when earned. Gains and losses on the disposal of assets are recorded at the time of sale or retirement of fixed assets. There are no contract assets or liabilities resulting from program service revenue at December 31, 2021.

**AGAPE HOUSE OF PRESCOTT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Donated Services In-kind Contributions

The Organization receives donated services and goods throughout the year. Only those services that are specialized, provided by those with specialized skills, and provided services that would need to be purchased if not contributed, are recognized as donated services in the financial statements in accordance with not-for-profit accounting standards. Contributions of donated assets are recorded at their fair value in the period received. Accordingly, the Organization received in-kind donated goods and services of \$73,665 for the year ended December 31, 2021 as follows:

Vehicles	\$10,202
Household items	30,911
Services	10,683
Supplies	15,693
Rent	3,600
Other	<u>2,576</u>
Total in-kind donated goods and services	<u>\$73,665</u>

Advertising Costs

Advertising costs are expensed as incurred and totaled \$14,611 during the fiscal year ended December 31, 2021.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

The Organization has been organized exclusively for charitable and educational purposes as defined under section 501(c)(3) of the Internal Revenue Code. Accordingly, the Organization is exempt from federal and state income taxes. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

**AGAPE HOUSE OF PRESCOTT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Tax Status (continued)

Tax expense of \$4,889 in 2021 was for federal and state unrelated business income taxes paid for the fiscal year ended 2020. For the year ended December 31, 2021, the Organization has no federal obligation for any unrelated business income tax and state tax expense is \$50.

The Organization files information returns with state and federal agencies. Generally, the returns are subject to examination by income tax authorities for three years from the filing of a return with the Internal Revenue Service and four years from the filing of a return with the Arizona Department of Revenue.

New Accounting Pronouncements:

Accounting for Leases

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting. In June 2020, the FASB issued an amendment to the pronouncement extending the effective date from reporting periods after December 15, 2019 to reporting periods after December 31, 2021 due to the adverse effects of the COVID-19 pandemic. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures on future periods.

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021, comprise the following:

Cash and cash equivalents	\$912,594
Contributions and grants receivable	12,322
Investments	<u>10,541</u>
Total financial assets at year-end	935,457

Less financial assets not available for general expenditure:

Net assets with donor restrictions	(109,029)
Board designated – building fund	(402,371)
Board designated – quasi-endowment fund	<u>(10,541)</u>

Financial assets available to meet cash for general expenditures within one year	<u>\$413,516</u>
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The Organization’s financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the statement of financial position date and amounts designated by the board for a building fund and quasi-endowment fund.

**AGAPE HOUSE OF PRESCOTT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 3 – AVAILABILITY AND LIQUIDITY (continued)**

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Additionally, the Organization has a board designated building fund and a quasi-endowment fund amounting to \$412,912. Although the Organization does not intend to spend from its board designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from the board designated funds could be made available if necessary

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2021:

Land	\$677,627
Buildings	172,373
Building improvements	66,028
Furniture and fixtures	3,268
Construction in progress	<u>8,103</u>
Total	<u>927,399</u>
Less accumulated depreciation	<u>(17,691)</u>
Total property and equipment	<u>\$909,708</u>

Depreciation expense for the year ended December 31, 2021 was \$9,355.

**NOTE 5 – DONOR CONCENTRATIONS**

During the year ended December 31, 2021, one donor accounted for thirteen percent (13%) of total revenue.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

Operating Leases

The Organization leases office space under the provisions of a lease agreement classified as an operating lease. The lease expires February 28, 2022 and was renewed with a new lease. The lease payment is \$600 per month. Future lease commitments at December 31, 2021 under this lease is \$1,200 in 2022.

In addition, the Organization leased two apartments for families that were in the transitional housing program. Total monthly lease payments amounted to \$2,225 and expired in March and April of 2021, respectively. The lease agreements were not renewed.

Rent expense under these lease agreements for the year ended December 31, 2021 totaled \$22,467, and is recorded in rent expense and family assistance on the Statement of Functional Expenses.

**AGAPE HOUSE OF PRESCOTT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 6 – COMMITMENTS AND CONTINGENCIES (continued)**

Contributions and grant awards are subject to agency review or audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with donor or grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at the date of these financial statements.

**NOTE 7 – NOTES PAYABLE**

The Organization’s obligations under notes payable consist of the following:

November 16, 2021 note of \$972,000, variable interest rate based on the five-year U.S. Treasury Rate ranging from 2.99% to 3.16% with principal and interest payments ranging from \$3,625 to \$4,640 maturing November 16, 2041. Final balloon payment \$261,592. The loan is guaranteed by land and a building. \$ 969,104

Economic Injury Disaster Loan (EIDL), July 2, 2020 note of \$103,200, bearing an interest rate of 2.75% with principal and interest payments of \$421 per month to begin 24 months after date of note. The note is payable over 30 years. The loan is guaranteed by the Small Business Administration. 103,200

Total long-term notes payable \$1,072,304

Interest expense associated with the notes payable for the year ended December 31, 2021 totaled \$9,935. Maturities of notes payable for years ending December 31:

2022	\$ 35,177
2023	29,712
2024	30,607
2025	31,529
2026	32,479
Thereafter	<u>912,800</u>
<b>Total</b>	<b><u>\$1,072,304</u></b>

**NOTE 8 – PAYROLL PROTECTION PLAN (PPP) LOAN OBLIGATION**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

**AGAPE HOUSE OF PRESCOTT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 8 – PAYROLL PROTECTION PLAN (PPP) LOAN OBLIGATION (continued)**

In response to the impact of the pandemic, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was enacted on March 27, 2020. The Paycheck Protection Program (PPP) was established under Division A, Title I of the CARES Act, and is implemented by the Small Business Administration (SBA) with support from the Department of the Treasury.

This program provides small businesses and eligible nonprofit organizations with funds to pay up to 24 weeks of payroll costs, including benefits, subject to certain limitations. Funds can also be used to pay interest on mortgages, rent, and utilities. If guidelines are followed and funds are spent only on eligible expenses, up to 100% of a PPP loan may be forgiven.

In 2020, the Organization received a PPP loan in the amount of \$14,098 to be used for eligible expenses. The loan was forgiven in full during 2021 and is reflected as *Forgiveness of PPP loan obligations* on the Statement of Activities.

**NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions are comprised of the following as of December 31, 2021:

Undesignated	\$250,556
Board designated – building fund	402,371
Board designated – endowment	<u>10,541</u>
Total net assets without donor restrictions	<u>\$663,519</u>

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

Donor restricted net assets are restricted for the following purposes as of December 31, 2021:

Capital Campaign/Building Fund	<u>\$109,029</u>
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**NOTE 11 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors:

The following amounts were released from restrictions for the year ended December 31, 2021:

Capital Campaign/Building Fund	\$ 4,254
Renovations	15,746
Other	<u>1,600</u>
Total net assets released from restrictions	<u>\$21,600</u>

**AGAPE HOUSE OF PRESCOTT, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 12 – IMPACT OF WORLD-WIDE PANDEMIC**

As mentioned in *Note 8*, the WHO classified the COVID-19 outbreak as a pandemic in March 2020, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the overall effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity. Management will continue to follow the various government policies and advice and will do their utmost to continue operations in the best and safest way possible without jeopardizing the health of any members, visitors, volunteers, or employees.

**NOTE 13 – SUBSEQUENT EVENTS**

Management of the Organization has evaluated events and transactions subsequent to December 31, 2021, for potential recognition or disclosure in the financial statements. The Organization had no subsequent events that required recognition or disclosure in the financial statements. Subsequent events were reviewed by management through July 11, 2022, which is the date the financial statements were available to be issued.