

TWLOHA, Inc.

Financial Statements

December 31, 2019
and 2018

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WHITTAKER COOPERSM
FINANCIAL GROUP

*Certified Public Accountants and Consultants
A Professional Association*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
TWLOHA, Inc.
Melbourne, Florida

We have audited the accompanying financial statements of TWLOHA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expense analysis, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TWLOHA, Inc. as of December 31, 2019 and 2018, 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.

Whittaker Cooper Financial Group

Whittaker Cooper Financial Group

Melbourne, Florida

April 7, 2020

TWLOHA, INC.
STATEMENT OF FINANCIAL POSITION
Year Ended December 31, 2019

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 911,622	\$ 30,546	\$ 942,168
Investments	303,008	-	303,008
Accounts receivable, net	1,847	-	1,847
Promises to give, net	149,747	-	149,747
Inventory	220,396	-	220,396
Prepaid expenses	30,182	-	30,182
	1,616,802	30,546	1,647,348
PROPERTY AND EQUIPMENT, net	1,304,075	-	1,304,075
OTHER ASSETS	6,694	-	6,694
	\$ 2,927,571	\$ 30,546	\$ 2,958,117

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Payables, trade	\$ 43,641	\$ -	\$ 43,641
Grants payable	646	-	646
Accrued expenses	90,205	-	90,205
Current portion long-term debt	17,810	-	17,810
	152,302	-	152,302
LONG-TERM DEBT	839,114	-	839,114
COMMITMENTS AND CONTINGENCIES			
NET ASSETS	1,936,155	30,546	1,966,701
	\$ 2,927,571	\$ 30,546	\$ 2,958,117

See accompanying notes.

TWLOHA, INC.
STATEMENT OF FINANCIAL POSITION
Year Ended December 31, 2018

ASSETS	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,062,253	\$ 44,077	\$ 1,106,330
Investments	-	-	-
Accounts receivable, net	2,591	-	2,591
Promises to give, net	117,017	-	117,017
Inventory	131,640	-	131,640
Prepaid expenses	18,938	-	18,938
	1,332,439	44,077	1,376,516
PROPERTY AND EQUIPMENT, net	1,242,853	-	1,242,853
OTHER ASSETS	9,306	-	9,306
	\$ 2,584,598	\$ 44,077	\$ 2,628,675
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Payables, trade	\$ 79,153	\$ -	\$ 79,153
Grants payable	16,345	-	16,345
Accrued expenses	9,495	-	9,495
Current portion long-term debt	17,460	-	17,460
	122,453	-	122,453
LONG-TERM DEBT	855,723	-	855,723
COMMITMENTS AND CONTINGENCIES			
NET ASSETS	1,606,422	44,077	1,650,499
	\$ 2,584,598	\$ 44,077	\$ 2,628,675

See accompanying notes.

TWLOHA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS:			
Revenues, gains and other support:			
Contributions:			
Cash	\$ 1,722,661	\$ 310,342	\$ 2,033,003
Goods and services	16,415	-	16,415
Events	8,454	-	8,454
Grants	10,000	-	10,000
Merchandise sales	1,513,549	-	1,513,549
Speaking engagements	32,037	-	32,037
Fundraising			
Cash	164,494	-	164,494
Goods and services	1,198	-	1,198
Other	8,905	-	8,905
Interest	7,095	-	7,095
Gain on sale of assets	-	-	-
Net assets released from restrictions:	<u>323,873</u>	<u>(323,873)</u>	<u>-</u>
Total revenues, gains and other support	<u>3,808,681</u>	<u>(13,531)</u>	<u>3,795,150</u>
Expenses:			
Program services	2,866,320	-	2,866,320
Management and general	550,073	-	550,073
Fundraising	62,555	-	62,555
	<u>3,478,948</u>	<u>-</u>	<u>3,478,948</u>
CHANGE IN NET ASSETS	329,733	(13,531)	316,202
NET ASSETS, beginning of year	<u>1,606,422</u>	<u>44,077</u>	<u>1,650,499</u>
NET ASSETS, end of year	<u>\$ 1,936,155</u>	<u>\$ 30,546</u>	<u>\$ 1,966,701</u>

See accompanying notes.

TWLOHA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS:			
Revenues, gains and other support:			
Contributions:			
Cash	\$ 2,022,290	\$ 205,024	\$ 2,227,314
Goods and services	4,100	-	4,100
Events	11,238	-	11,238
Grants	23,700	-	23,700
Merchandise sales	1,460,807	-	1,460,807
Speaking engagements	40,476	-	40,476
Fundraising			
Cash	138,237	-	138,237
Goods and services	3,310	-	3,310
Other	5,114	-	5,114
Interest	1,553	-	1,553
Gain on sale of assets	134	-	134
Net assets released from restrictions:	<u>182,381</u>	<u>(182,381)</u>	<u>-</u>
Total revenues, gains and other support	<u>3,893,340</u>	<u>22,643</u>	<u>3,915,983</u>
Expenses:			
Program services	2,453,304	-	2,453,304
Management and general	424,595	-	424,595
Fundraising	46,551	-	46,551
	<u>2,924,450</u>	<u>-</u>	<u>2,924,450</u>
CHANGE IN NET ASSETS	968,890	22,643	991,533
NET ASSETS, beginning of year	<u>637,532</u>	<u>21,434</u>	<u>658,966</u>
NET ASSETS, end of year	<u>\$ 1,606,422</u>	<u>\$ 44,077</u>	<u>\$ 1,650,499</u>

See accompanying notes.

TWLOHA, INC.
FUNCTIONAL EXPENSE ANALYSIS
Year Ended December 31, 2019

	Program Services						Total	Management and General	Fundraising	Total Expenses
	Events and Tours	Awareness and Education	Supporter Engagement	Treatment and Recovery						
DIRECT ASSISTANCE:										
Grants	\$ 105	\$ 308	\$ -	\$ 173,025	\$ 173,438	\$ 173,438	\$ 120	\$ -	\$ 173,558	
OTHER EXPENSES:										
Cost of sales	130,231	675,851	34,902	-	840,984	840,984	574	15,493	857,051	
Salaries and employee benefits	178,193	355,036	200,302	36,019	769,550	769,550	287,054	14,545	1,071,149	
Travel	106,578	6,039	13,215	920	126,752	126,752	9,588	280	136,620	
Conferences	1,748	607	6	-	2,361	2,361	1,470	-	3,831	
Contract services	51,782	209,237	5,806	-	266,825	266,825	23,126	490	290,441	
Office expenses	36,086	98,163	51,152	21,270	206,671	206,671	65,888	11,642	284,201	
Occupancy	10,777	18,100	41,617	-	70,494	70,494	5,384	-	75,878	
Event expenses	70,125	6,326	6,496	2,500	85,447	85,447	55	18,292	103,794	
Taxes and licenses	13,771	26,968	15,085	2,693	58,517	58,517	27,854	1,052	87,423	
Insurance	23,862	35,744	16,084	3,604	79,294	79,294	15,513	-	94,807	
Advertising and promotion	38,505	35,385	12,711	1,817	88,418	88,418	35,093	256	123,767	
Professional fees	-	-	457	-	457	457	59,474	-	59,931	
Repairs and maintenance	259	-	-	-	259	259	-	-	259	
Staff and intern development	204	2,132	12,204	173	14,713	14,713	5,567	505	20,785	
Interest	11,069	19,482	9,741	-	40,292	40,292	8,741	-	49,033	
	<u>673,190</u>	<u>1,489,070</u>	<u>419,778</u>	<u>68,996</u>	<u>2,651,034</u>	<u>2,651,034</u>	<u>545,381</u>	<u>62,555</u>	<u>3,258,970</u>	
Total expenses before depreciation	673,295	1,489,378	419,778	242,021	2,824,472	2,824,472	545,501	62,555	3,432,528	
Depreciation and amortization	17,336	16,883	7,629	-	41,848	41,848	4,572	-	46,420	
TOTAL EXPENSES	<u>\$ 690,631</u>	<u>\$ 1,506,261</u>	<u>\$ 427,407</u>	<u>\$ 242,021</u>	<u>\$ 2,866,320</u>	<u>\$ 2,866,320</u>	<u>\$ 550,073</u>	<u>\$ 62,555</u>	<u>\$ 3,478,948</u>	

See accompanying notes.

TWLOHA, INC.
FUNCTIONAL EXPENSE ANALYSIS
Year Ended December 31, 2018

	Program Services						Total	Management and General	Fundraising	Total Expenses
	Events and Tours	Awareness and Education	Supporter Engagement	Treatment and Recovery						
Grants	\$ -	\$ -	\$ -	\$ 143,579	\$ -	\$ -	\$ 143,579	\$ -	\$ -	\$ 143,579
DIRECT ASSISTANCE:										
Cost of sales	95,399	734,193	3,249	2,789			835,630	2,228	-	837,858
Salaries	147,084	287,394	189,177	-			623,655	224,471	13,545	861,671
Travel	126,613	11,442	14,775	-			152,830	6,714	446	159,990
Conferences	-	647	3,926	-			4,573	1,705	-	6,278
Contract services	48,171	168,310	8,818	938			226,237	27,790	632	254,659
Office expenses	31,845	86,770	18,471	15,918			153,004	61,342	3,841	218,187
Occupancy	8,788	33,829	36,625	-			79,242	22,970	-	102,212
Event expenses	59,697	4,461	1,883	-			66,041	16	25,435	91,492
Taxes and licenses	12,152	23,240	15,064	-			50,456	23,623	1,026	75,105
Insurance	17,381	23,841	11,942	-			53,164	11,144	946	65,254
Advertising and promotion	1,586	25,466	455	321			27,828	12,630	680	41,138
Professional fees	370	650	325	-			1,345	20,751	-	22,096
Repairs and maintenance	-	-	-	-			-	-	-	-
Staff and intern development	628	759	9,017	-			10,404	5,998	-	16,402
Interest	2,077	3,655	1,828	-			7,560	905	-	8,465
	<u>551,791</u>	<u>1,404,657</u>	<u>315,555</u>	<u>19,966</u>			<u>2,291,969</u>	<u>422,287</u>	<u>46,551</u>	<u>2,760,807</u>
Total expenses before depreciation	551,791	1,404,657	315,555	163,545			2,435,548	422,287	46,551	2,904,386
Depreciation and amortization	7,905	6,844	3,007	-			17,756	2,308	-	20,064
TOTAL EXPENSES	<u>\$ 559,696</u>	<u>\$ 1,411,501</u>	<u>\$ 318,562</u>	<u>\$ 163,545</u>			<u>\$ 2,453,304</u>	<u>\$ 424,595</u>	<u>\$ 46,551</u>	<u>\$ 2,924,450</u>

See accompanying notes.

TWLOHA, INC.
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 316,202	\$ 991,533
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	46,420	20,064
Amortization of loan costs reported as interest expense	629	157
Investment income	(3,009)	-
Gain on sale of property and equipment	-	(134)
(Increase) decrease in assets:		
Accounts receivable	744	1,549
Promises to give	(32,730)	(54,670)
Prepaid expenses	(11,244)	(3,538)
Inventories	(88,756)	(3,459)
Other current assets	-	214
Deposits	2,200	578
Increase (decrease) in liabilities:		
Payables, trade	(35,512)	15,766
Grants payable	(15,699)	16,040
Accrued expenses	80,710	4,417
NET CASH PROVIDED BY OPERATING ACTIVITIES	259,955	988,517
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(107,230)	(1,227,255)
Purchase of certificate of deposit	(300,000)	-
Proceeds from sale of property and equipment	-	134
NET CASH USED IN INVESTING ACTIVITIES	(407,230)	(1,227,121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt	-	880,000
Payments on long term debt	(16,887)	(2,574)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(16,887)	877,426
NET CHANGE IN CASH AND CASH EQUIVALENTS	(164,162)	638,822
CASH AND CASH EQUIVALENTS, beginning of year	1,106,330	467,508
CASH AND CASH EQUIVALENTS, end of year	\$ 942,168	\$ 1,106,330
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES		
In-kind contributions of goods and services	\$ 17,613	\$ 7,410
Cash paid for interest	\$ 48,404	\$ 8,308

See accompanying notes.

TWLOHA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

TWLOHA, Inc. (Organization) is a not-for-profit corporation formed in August 2007. The Organization is dedicated to presenting hope and finding help for people struggling with depression, addiction, self-injury, and suicide. The Organization exists to encourage, inform, inspire, and also invest directly in treatment and recovery. It is headquartered in Melbourne, Florida and assistance is available world-wide.

The Organization is supported by various grants, private donations and revenues from events, tours, speaking engagements, and merchandise sales.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958, *Not-for-profit Entities*, as amended by Accounting Standard Update (ASU) No. 2016-14. ASU 2016-14 was effective for fiscal years beginning after December 15, 2017 and the Organization adopted it on January 1, 2018. In accordance with the Standard, the Organization has applied it on a retrospective basis by applying the reporting changes to the earliest accounting period presented in these financial statements.

Following the update, FASB ASC 958 requires a not-for-profit entity to present on the face of the statement of financial position amounts for two classes of net assets; net assets without donor restrictions and net assets with donor restrictions, and on the face of the statement of activities the amount of change in each of the two classes. In addition, the Organization is required to present:

- The amounts of expenses by both their natural classification and their functional classification, including disclosures concerning the methods used for cost allocation between functional classifications.
- Qualitative and quantitative disclosure information on liquidity and availability of financial assets to meet the Organization's cash needs for general expenditure within one year.
- The composition of donor restricted net assets at period-end.
- Self-imposed limits on use of resources without donor restrictions at the end of the period, including designations and reserves.
- Investment returns net of external and direct internal investment expenses and no longer require the disclosure of those netted expenses.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied 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 depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization considered all promises to give collectible, therefore, the allowance for uncollectible accounts was \$-0- (2019 and 2018).

TWLOHA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Goods and Services

During the years ended December 31, 2019 and 2018, the Organization was the recipient of contributed goods and services. Contributed goods are recorded at their estimated fair market value on the date of receipt. The value of contributed goods was \$1,198 (2019) and \$3,310 (2018). Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been paid for if not provided by donation. The value of contributed services meeting the requirements for recognition in the financial statements was \$16,415 (2019) and \$4,100 (2018). In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments and certificates of deposits purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded when invoices are issued and are presented in the statement of financial position net of allowance for doubtful accounts. Accounts receivable consisted of amounts due from the sale of merchandise which management considered fully collectible at year-end. Based on this factor and management's experience, the Organization considered all accounts receivable collectible, therefore, the allowance for doubtful accounts was \$-0- (2019 and 2018).

Inventory

Inventory consists of apparel and other branded merchandise purchased for resale via the Organization's online store and is stated at average cost or market, whichever is lower.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. It is the Organization's policy to capitalize assets for items in excess of \$1,000 when their useful life exceeds one year. Depreciation of property and equipment is computed using the straight-line method over their estimated useful lives of the assets, which are generally from three to seven years.

TWLOHA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions received, including unconditional promises to give, are recognized as revenue at fair value upon the receipt of the earlier of either: (i) unconditional pledges or commitments or (ii) cash or other assets. Contributions are considered available for unrestricted use unless the donors restrict the use thereof, either on a temporary or permanent basis. Contributions to be received after one year are discounted at an interest rate commensurate with the risk involved. Bequests are recognized at fair value at the time the will is declared valid.

Revenue Recognition

Revenue includes events, grants, merchandise sales, and speaking engagements. All revenues are recognized when received, with the exception of merchandise sales. The Organization recognizes revenue from merchandise sales when the merchandise is sold.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and the Functional Expense Analysis. Therefore, certain costs have been consistently allocated among the programs and supporting service benefited. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision has been made for income taxes for the years ended December 31, 2019 and 2018.

FASB ASC 740, *Accounting for Income Taxes*, prescribes a recognition threshold and measurement attribute of the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management evaluates the Organization's tax positions on an annual basis, both past and current. If management determines that a past or current tax position is uncertain then a tax liability is calculated to represent the increase in taxes anticipated upon examination. As of December 31, 2019, management has determined that all past and current tax positions were likely to be realizable and sustainable upon examination and that the calculation of a tax liability was not necessary.

Tax years ended December 31, 2016 through 2019 remain subject to possible examination by the Internal Revenue Service.

TWLOHA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Employees of the Organization are entitled to paid vacations, paid sick days, and personal days off, depending on the job classification, length of service, and other factors. The accrual cannot be reasonably estimated, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization’s policy is to recognize the costs of compensated absences when actually paid to employees.

Advertising and Promotion Costs

The Organization expenses advertising and promotional costs as they are incurred. Advertising and promotional costs expensed to program services and fundraising was \$123,767 (2019) and \$41,138 (2018).

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2019 financial statements.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Cash Balance

The Organization maintains cash and cash equivalents at several financial institutions. Accounts at certain institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2019, the Organization had uninsured cash balances of \$386,975. Bank balances differ from the cash balances reflected on the financial statements due to reconciling items.

Major Supplier

One supplier accounted for approximately 49% of TWLOHA’s merchandise purchases in 2019. As of December 31, 2019, there were approximately 4% of accounts payable owed to this vendor. The same vendor accounted for 45% of merchandise purchases and no outstanding amounts of accounts payable as of December 31, 2018.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

At December 31, 2019 and 2018, property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Building and land	\$ 1,278,422	\$ 1,216,208
Furniture and equipment	85,980	71,851
Vehicles	<u>86,604</u>	<u>55,719</u>
	1,451,006	1,343,778
Less accumulated depreciation	<u>146,931</u>	<u>100,925</u>
	<u>\$ 1,304,075</u>	<u>\$ 1,242,853</u>

Depreciation expense was \$46,008 (2019) and \$19,652 (2018).

TWLOHA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4 – OTHER ASSETS

At December 31, 2019 and 2018, other assets consisted of the following:

	<u>2019</u>	<u>2018</u>
Trademark costs, net	\$ 2,469	\$ 2,881
Deposits	<u>4,225</u>	<u>6,425</u>
	<u>\$ 6,694</u>	<u>\$ 9,306</u>

The Organization’s policy is to amortize its trademark costs over fifteen years. As of December 31, 2019 and 2018, the accumulated amortization was \$3,705 and \$3,294 , respectively. Amortization expense was \$412 (2019 and 2018).

NOTE 5 – LONG-TERM DEBT

The Organization purchased a building through use of long-term debt in 2018 with an interest rate of 5.49%. Payments of \$5,441 are to be made monthly with a final balloon payment of approximately \$746,544 due at maturity on October 1, 2025. The loan is secured by the Organizations land and building.

The current and long-term balances as of December 31, 2019 and 2018 for this loan are as follows:

	<u>2019</u>	<u>2018</u>
Loan Payable	\$ 860,538	\$ 877,426
Less current portion	17,810	17,460
Less unamortized debt issuance costs	<u>3,614</u>	<u>4,243</u>
	<u>\$ 839,114</u>	<u>\$ 855,723</u>

Debt issuance costs are amortized over the term of the loan. Amortization expense of \$157 (2019) is included in interest expense. Interest expense related to long-term debt, not including amortized loan costs was \$8,308 (2019).

Future scheduled maturities of long-term debt are as follows:

2020	\$ 17,810
2021	18,828
2022	19,904
2023	21,041
2024	22,244
Thereafter	<u>760,711</u>
	<u>\$ 860,538</u>

TWLOHA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2019	2018
LoVe Campaign	\$ -	\$ 2,596
Treatment and Recovery	30,546	41,481
	\$ 30,546	\$ 44,077

A description of the nature and purpose of each fund group is as follows:

- **LoVe Campaign** is for the purpose of providing counseling and trauma for the residents and first responders of Las Vegas.
- **Treatment and Recovery** is for providing counseling and treatment scholarships for those in need.

NOTE 7 – LIQUIDITY

The Organization’s board of directors adopts a budget annually based on program requirements and anticipated revenue and expenditures for the year in an effort to manage working capital and cash flows that vary due to the timing of its awareness and fundraising events.

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2019
Financial assets, at December 31, 2019	\$ 1,396,770
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:	30,546
Financial assets available to meet cash needs for general expenditure within one year	\$ 1,366,224

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NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 7, 2020 the date on which the financial statements were available to be issued, and is unaware of any subsequent events requiring disclosure other than the following:

- In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of COVID-19 on our operational and financial performance will depend on certain developments including the duration and spread of the outbreak, impact on our supporters, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

We have considered, and in some cases implemented, the following responses to mitigate the effects our Organization may encounter including:

- Limited spending organization wide
- Decreasing cost of goods by monitoring and utilizing current stock for fulfillment
- Continuing to recoup all travel costs incurred with cancelled events. Thus far, full refunds have been received.
- Several summer festivals have been rescheduled versus a full cancellation.
- All college events planned for March and April of 2020 are being rescheduled for the 2020-2021 academic year.
- Our local Run For It 5k was cancelled, but we have changed to a virtual run on May 16, 2020. A majority of the runners signed up to run locally have committed to running virtually with us. We are still selling virtual packs online.
- We are researching and exploring loan options as back up, if needed.
- Staying connected to updates from the government as it relates to nonprofit organizations and employers.