LightHawk
(a nonprofit Colorado corporation)
Grand Junction, Colorado

Financial Statements

March 31, 2022 and 2021

LightHawk

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Independent Auditors' Report

To the Board of Directors
LightHawk
Grand Junction, Colorado

Opinion

We have audited the accompanying financial statements of LightHawk (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of LightHawk as of March 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. The financial statements of LightHawk as of March 31, 2021 were audited by other auditors whose report dated August 5, 2021 expressed an unmodified opinion on those statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of LightHawk and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 LightHawk's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 LightHawk'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 LightHawk'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.

Altruic Advisors, CPAs

Certified Public Accountants

Denver, Colorado
November 29, 2022

LightHawk

Statements of Financial Position

March 31		2022		2021
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**888,552**	$	888,525
Grants and pledges receivable, current portion		**217,000**		286,000
Prepaid expenses		**31,662**		51,093
Total current assets		**1,137,214**		1,225,618
Equipment				
Equipment		**2,902**		2,902
Less accumulated depreciation		**(2,902)**		(2,555)
Net equipment		**-**		347
Other Assets				
Investments held for endowment		**1,174,266**		1,127,487
Grants and pledges receivable, net of current portion and net of unamortized present value discount		**424,821**		515,523
Total other assets		**1,599,087**		1,643,010
Total assets	**$**	**2,736,301**	$	2,868,975
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	**$**	**6,785**	$	3,341
Accrued compensation and benefits		**22,369**		37,659
Refundable advance		**200,000**		-
Notes payable		**-**		160,115
Total current liabilities		**229,154**		201,115
Total liabilities		**229,154**		201,115
Net Assets				
Without donor restrictions		**453,979**		735,576
With donor restrictions		**2,053,168**		1,932,284
Total net assets		**2,507,147**		2,667,860
Total liabilities and net assets	**$**	**2,736,301**	$	2,868,975

The accompanying Notes are an integral part of these financial statements

LightHawk

Statement of Activities

Year ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support			
Grants and contributions	$ (65,704)	$ 757,298	$ 691,594
In-kind contributions	1,025,589	-	1,025,589
Contributions - discount amortization	9,298	-	9,298
Net assets released from restrictions			
Expiration of time restrictions	480,944	(480,944)	-
Satisfaction of purpose restrictions	202,250	(202,250)	-
Total operating support	1,652,377	74,104	1,726,481
Operating Expenses			
Program services	1,673,253	-	1,673,253
Supporting services			
General and administrative	218,344	-	218,344
Fundraising	203,573	-	203,573
Total operating expenses	2,095,170	-	2,095,170
Total operating support in excess (deficit) of operating expenses	(442,793)	74,104	(368,689)
Other Changes			
Gain on debt forgiveness	160,115	-	160,115
Interest and dividends	1,081	-	1,081
Net unrealized gains on investments	-	46,780	46,780
Total other changes	161,196	46,780	207,976
Change in Net Assets	(281,597)	120,884	(160,713)
Net Assets, Beginning of Year	735,576	1,932,284	2,667,860
Net Assets, End of Year	$ 453,979	$ 2,053,168	$ 2,507,147

LightHawk

Statement of Activities

Year ended March 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support			
Grants and contributions	$ 387,727	$ 365,762	$ 753,489
In-kind contributions	743,651	-	743,651
Contributions - discount amortization	4,762	-	4,762
Net assets released from restrictions			
Expiration of time restrictions	430,554	(430,554)	-
Satisfaction of purpose restrictions	178,784	(178,784)	-
Total operating support	1,745,478	(243,576)	1,501,902
Operating Expenses			
Program services	1,488,145	-	1,488,145
Supporting services			
General and administrative	95,911	-	95,911
Fundraising	143,620	-	143,620
Total operating expenses	1,727,676	-	1,727,676
Total operating support in excess (deficit) of operating expenses	17,802	(243,576)	(225,774)
Other Changes			
Net unrealized gains on investments	-	314,337	314,337
Gain on debt forgiveness	180,400	-	180,400
Interest and dividends	808	-	808
Miscellaneous income	583	-	583
Total other changes	181,791	314,337	496,128
Change in Net Assets	199,593	70,761	270,354
Net Assets, Beginning of Year, As Previously Stated	535,983	2,050,762	2,586,745
Prior period adjustment	-	(189,239)	(189,239)
Net Assets, Beginning of Year	535,983	1,861,523	2,397,506
Net Assets, End of Year	$ 735,576	$ 1,932,284	$ 2,667,860

The accompanying Notes are an integral part of these financial statements

LightHawk

Statement of Functional Expenses

Year ended March 31, 2022

		Supporting Services			
	Program Expenses	General and Administrative	Fundraising	Total	Total Expenses
Salaries	$ 371,959	$ 134,380	$ 141,126	$ 275,506	$ 647,465
Payroll taxes	30,731	13,318	12,523	25,841	56,572
Employee benefits	75,404	22,690	29,305	51,995	127,399
Total personnel costs	478,094	170,388	182,954	353,342	831,436
Donated flight services and materials	989,089	-	-	-	989,089
Professional fees	61,452	23,916	-	23,916	85,368
Insurance	49,698	7,514	1,506	9,020	58,718
Information technology	50,443	75	-	75	50,518
Dues and fees	15,416	3,628	6,659	10,287	25,703
Telecommunications	9,413	2,901	3,159	6,060	15,473
Printing and publications	6,697	90	1,008	1,098	7,795
Bank and service fees	-	6,608	-	6,608	6,608
Travel	2,875	-	3,683	3,683	6,558
Office expenses	3,825	1,009	1,173	2,182	6,007
Miscellaneous	2,316	-	1,049	1,049	3,365
Consulting fees	1,000	-	2,000	2,000	3,000
Occupancy	-	2,036	-	2,036	2,036
Postage	604	91	382	473	1,077
Advertising and promotions	1,075	-	-	-	1,075
Recognition and awards	909	-	-	-	909
Depreciation	347	-	-	-	347
Conferences and meetings	-	88	-	88	88
Total expenses	$ 1,673,253	$ 218,344	$ 203,573	$ 421,917	$ 2,095,170

LightHawk

Statement of Functional Expenses

Year ended March 31, 2021

		Supporting Services			
	Program Expenses	General and Administrative	Fundraising	Total	Total Expenses
Salaries	$ 489,264	$ 62,726	$ 75,271	$ 137,997	$ 627,261
Payroll taxes	34,047	4,365	5,238	9,603	43,650
Employee benefits	77,771	11,110	12,120	23,230	101,001
Total personnel costs	601,082	78,201	92,629	170,830	771,912
Donated flight services and materials	702,316	-	-	-	702,316
Insurance	45,093	1,439	1,439	2,878	47,971
Information technology	47,824	-	-	-	47,824
Professional fees	24,987	5,830	10,828	16,658	41,645
Consulting fees	16,256	3,793	7,044	10,837	27,093
Dues and fees	8,242	2,127	16,218	18,345	26,587
Telecommunications	11,326	894	2,682	3,576	14,902
Printing and publications	3,141	952	5,425	6,377	9,518
Office expenses	6,387	498	1,410	1,908	8,295
Occupancy	5,189	1,112	1,112	2,224	7,413
Equipment	6,974	-	-	-	6,974
Postage	1,422	431	2,456	2,887	4,309
Miscellaneous	1,004	259	1,972	2,231	3,235
Travel	2,928	30	60	90	3,018
Bank and service fees	1,610	345	345	690	2,300
Recognition and awards	1,592	-	-	-	1,592
Advertising and promotions	425	-	-	-	425
Depreciation	347	-	-	-	347
Total expenses	$ 1,488,145	$ 95,911	$ 143,620	$ 239,531	$ 1,727,676

LightHawk

Statements of Cash Flows
Increase (Decrease) in Cash and Cash Equivalents

Years ended March 31		**2022**		2021
Cash Flows From Operating Activities				
Change in net assets	**$**	**(160,713)**	$	270,354
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities				
Depreciation		**347**		347
Gain on debt forgiveness		**(160,115)**		(180,400)
Donated investments		**-**		(68,278)
Net unrealized gains on investments		**(46,780)**		(314,337)
Net present value discount		**-**		(4,762)
Increase (decrease) from changes in assets and liabilities				
Grants and pledges receivable		**159,702**		41,416
Prepaid expenses		**19,431**		4,087
Accounts payable		**3,444**		(6,659)
Accrued compensation and benefits		**(15,289)**		(9,470)
Refundable advance		**200,000**		-
Net cash provided (used) by operating activities		**27**		(267,702)
Cash Flows From Investing Activities				
Net sales of investments		**-**		94,670
Net cash provided by investing activities		**-**		94,670
Cash Flows From Financing Activities				
Borrowings on notes payable - PPP Loan		**-**		340,515
Net cash provided by financing activities		**-**		340,515
Net Increase in Cash and Cash Equivalents		**27**		167,483
Cash and Cash Equivalents, Beginning of Year		**888,525**		721,042
Cash and Cash Equivalents, End of Year	**$**	**888,552**	$	888,525
Supplemental Information				
Donated securities immediately converted to cash	**$**	**-**	$	68,278

The accompanying Notes are an integral part of these financial statements

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. LightHawk ("the Organization") is a Colorado not-for-profit corporation incorporated in 1981 formed to accelerate conservation success through the powerful perspective of flight. The Organization believes in the power of flight to accelerate conservation and that seeing the world from above causes people to care about what they see and stirs them into action when they return to the ground.

The Organization partners with conservation groups in the US, Canada, and Mexico to employ flights to protect land and water for people and nature. The Organization donates annually to Carbonfund.org to help offset potential climate impacts of the donated flights. The Organization's support is derived principally from charitable contributions from foundations, businesses, and individuals.

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.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents. Cash consists of checking and savings accounts held at financial institutions. For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

Endowments. The board of directors has interpreted the State of Colorado enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization generally classifies as net assets restricted in perpetuity (a) the original value of gifts restricted in perpetuity and donated to the endowment, (b) the original value of subsequent gifts restricted in perpetuity and added to the endowment, and (c) accumulations to the amounts restricted in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets restricted in perpetuity is classified as net assets without donor restrictions as appropriations for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The State of Colorado enacted UPMIFA effective September 1, 2008. The provisions of this law apply to endowment funds existing on or established after that date. The board of directors has determined that the Organization's net assets restricted in perpetuity meet the definition of endowment funds under UPMIFA.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Endowment Investment Policies. The Organization has adopted investment policies that include a very conservative risk tolerance to ensure the long-term stability of its endowment funds while providing a predictable stream of funding for programs supported by its endowment. To achieve the objective of the endowment, the investment policy attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make distributions as needed, while growing the fund as much as possible through capital appreciation and current yield. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment Spending Policy. Almost all of the Organization's endowment is composed of one contribution. In May 1999, the Michael and Kathleen Azeez Foundation donated various stocks to the Organization with the value of $520,120 establishing an endowment fund (the "Fund") to be held and administered solely for the long-term benefit of the Organization. The investment policy states that 3% of the trailing 12-quarter average value of the Fund is to be distributed to the Organization and may be expended to promote its charitable purpose. Annual changes in the fair value of the Fund are reported in net assets with donor restrictions. The investment policy of the Fund is controlled by a committee whose policy is directed by market conditions.

During late 2006, a donor contributed $10,000 to the Organization to establish a second endowment fund. In the following years, additional contributions to the endowment increased the balance by $4,000. Income from this endowment will be released for spending at a rate of 3% based on a rolling average of the twelve quarters investment value. In accordance with the endowment, no appropriations will be made until the amount for release exceeds $1,000.

Investments. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. See *Fair Value Measurements.*

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements. The Organization reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The 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:

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued).

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.

Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Equity Securities and Mutual Funds. The Organization values equity securities and mutual funds with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

Bonds. The Organization values bonds at evaluated bid quoted prices for similar assets or liabilities in active markets. These are Level 2 investments.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Grants and Pledges Receivable. Grants and pledges receivable are recognized only when the conditions on which they depend are substantially met and the grants become unconditional. Grants and pledges receivable are stated net of allowances for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expenses and an adjustment to the allowance account based on its assessment of the current status of individual grants. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to grants receivable. Management believes that all grants and pledges receivable are fully collectible at March 31, 2022 and 2021.

Equipment. It is the Organization's policy to capitalize equipment at cost for purchases over $1,000, while repair and maintenance items are charged to expense. Donations of equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally five years for equipment. Depreciation expense totaled $347 for each of the years ended March 31, 2022 and 2021.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended March 31, 2022 and 2021.

Basis of Net Asset Presentation. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated by receiving contributions that have no donor stipulations, providing services, and receiving interest and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose restriction is accomplished.

Grants and Contributions. Grants and contributions are recognized when donations are received. Donor-restricted grants and 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. Grants and contributions that are restricted by the grantor or donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the grants and contributions are recognized.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Contributed Software and Services. Contributed software is recorded at fair market value at the time of donation. Services are recognized if the services received satisfy the criteria for recognition. Contributed services are recognized if services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation.

During the year ended March 31, 2022, the Organization adopted the Financial Accounting Standards Board issued Accounting Standards Update ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The new standard requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques.

The Organization recorded the following in-kind activity during the years ended March 31:

	2022	2021
Flight services	**$ 195,091**	$ 171,443
Pilot and aircraft support	**793,998**	530,873
Software	**36,500**	41,335
	$ 1,025,589	$ 743,651

In-kind professional service contributions were valued using estimated average hourly wage for identical services using pricing data of similar services under a ‘like-kind’ methodology, considering the utility of the services at the time of the contribution. Contributed facilities were valued using like-kind methodology for similar size facilities in the Irvine, California area. No in-kind contributions were restricted. The Organization does not sell items received through donation and only uses services, goods, and facilities for its own program or supporting service activities.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Advertising. The Organization expenses advertising costs, including donated advertising, as incurred. Total advertising expense was $1,075 and $425 for the years ended March 31, 2022 and 2021 respectively.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Reclassifications. Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation without affecting net assets as of March 31, 2021.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 29, 2022, the date at which the financial statements were available for release.

Note 2 – Prior Period Adjustment

The Organization has recorded a prior period adjustment to adjust the long-term portion of grants and pledges receivable. The accompanying financial statements have been restated to decrease net assets with donor restrictions by $189,239 as of April 1, 2020. Additionally, the accompanying financial statements have been restated to decrease net long-term grants and pledges receivable by $184,477 as of March 31, 2021 and to increase contributions - discount amortization by $4,762 for the year ended March 31, 2021.

Note 3 – Grants and Pledges Receivable

Grants and pledges receivable are as follows at March 31:

	2022	2021
Due within one year	**$ 217,000**	$ 286,000
Due in one to five years	**500,000**	500,000
Due after five years	**100,000**	200,000
	817,000	986,000
Less: unamortized present value discount	**(175,179)**	(184,477)
Net grants and pledges receivable	**$ 641,821**	$ 801,523

Grants and pledges receivable are measured in the aggregate using present value techniques that consider historical trends of collections similar to other grant and fund raising activities, the type of grantor or donor, general economic conditions, and market interest rate assumptions. The noncurrent portion of grants and pledges receivable relates to the estimated fair market value of grants and pledges receivable as of March 2020, at which time a present value discount rate of 5.0% was used. The discount is amortized using the effective interest method. The amortization of the discount of $9,298 and $4,762 is included in contributions - discount amortization in the accompanying statements of activities for the years ended March 31, 2022 and 2021, respectively.

Note 4 – Fair Value Measurements

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value ("FV") hierarchy as of March 31, 2022:

	Level 1	**Level 2**	**Level 3**	**Total**
Cash	**$ 60,182**	**$ -**	**$ -**	**$ 60,182**
Equities				
Domestic	**579,932**	**-**	**-**	**579,932**
International	**223,428**	**-**	**-**	**223,428**
Bonds				
Government	**-**	**56,044**	**-**	**56,044**
Corporate	**-**	**29,123**	**-**	**29,123**
Taxable municipal	**-**	**163,199**	**-**	**163,199**
Municipal	**-**	**25,685**	**-**	**25,685**
Mutual fund - mod growth	**36,673**	**-**	**-**	**36,673**
	$ 900,215	**$ 274,051**	**$ -**	**$ 1,174,266**

The following table summarizes the Organization's fair value of assets measured on a recurring basis by fair value ("FV") hierarchy as of March 31, 2021:

	Level 1	Level 2	Level 3	Total
Cash	$ 40,944	$ -	$ -	$ 40,944
Equities				
Domestic	526,026	-	-	526,026
International	234,498	-	-	234,498
Bonds				
Government	-	233,778	-	233,778
Corporate	-	56,234	-	56,234
Mutual fund - mod growth	36,007	-	-	36,007
	$ 837,475	$ 290,012	$ -	$ 1,127,487

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended March 31, 2022 and 2021, there were no significant transfers in or out of fair value levels.

Net investment earnings consisted of the following for the years ended March 31:

	2022	2021
Interest and dividends	**$ 1,081**	$ 808
Net unrealized gains on investments	**47,998**	314,337
Investment fees	**(1,218)**	-
	$ 47,861	$ 315,145

Note 5 – Endowment

The following summarizes the changes in endowments during the years ended March 31, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, April 1, 2020	$ 26,980	$ 812,562	$ 839,542
Net appreciation	(26,392)	314,337	287,945
Distributions or other deductions	28,138	(28,138)	-
Balance, March 31, 2021	$ 28,726	$ 1,098,761	$ 1,127,487
Investment fees	**-**	**(1,219)**	**(1,219)**
Net appreciation	**(19,899)**	**67,897**	**47,998**
Distributions or other deductions	**31,004**	**(31,004)**	**-**
Balance, March 31, 2022	**$ 39,831**	**$ 1,134,435**	**$ 1,174,266**

Note 6 – Notes Payable

On April 9, 2020, the Organization was granted a loan ("the PPP Loan") from Wells Fargo Bank in the amount of $180,400, pursuant to the Paycheck Protection Program ("the PPP") under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act ("the CARES Act"), which was enacted March 27, 2020.

The PPP Loan, in the form of a promissory note dated April 9, 2020, was scheduled to mature on April 9, 2022 and bore interest at a rate of 1.00% per annum. Funds from the PPP Loan are only to be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before June 5, 2020. The Organization used the entire amount of the PPP Loan for qualifying expenses. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The Organization was granted forgiveness of the PPP Loan on December 20, 2020. The total amount of principal forgiven was $180,400 and is shown as a gain on debt forgiveness in the statement of activities for the year ended March 31, 2021.

On January 28, 2021, the Organization was granted a loan ("the 2nd PPP Loan") from Wells Fargo Bank in the amount of $160,115, pursuant to the Paycheck Protection Program ("the PPP") under The Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act ("the Economic Aid Act"), which was enacted December 27, 2020.

The 2nd PPP Loan, in the form of a promissory note dated January 28, 2021, was scheduled to mature on January 28, 2026 and bore interest at a rate of 1.00% per annum. Funds from the 2nd PPP Loan were to only be used for mortgage payments, rent, utilities, and interest on other debt obligations, PPE costs, payments for any business software or cloud computing service that facilitates operations, product or service delivery, payroll expenses, human resources, sales and billing functions, or accounting of supplies and inventory, covered property damage, and covered supplier costs incurred. The Organization used the entire amount of the 2nd PPP Loan for qualifying expenses. Under the terms of the 2nd PPP Loan, certain amounts may be forgiven if they are used for qualifying expenses as described in the Economic Aid Act.

Note 6 – Notes Payable (continued)

The Organization was granted forgiveness of the 2nd PPP Loan on August 11, 2021. The total amount of principal forgiven was $160,115 and is shown as a gain on debt forgiveness in the statement of activities for the year ended March 31, 2022.

Note 7 – Net Assets with Donor Restrictions

The balances of net assets with donor restrictions are as follows for the year ended March 31, 2022:

	April 1, 2021 Balance	**Additions**	**Releases**	**Mar 31, 2022 Balance**
Time restrictions:				
Grants and pledges receivable	**$ 801,523**	**$ 291,298**	**$ 451,000**	**$ 641,821**
Investments held for endowment	**1,098,761**	**46,780**	**29,944**	**1,115,597**
Purpose restrictions:				
Western region	**27,000**	**102,500**	**77,375**	**52,125**
Eastern region	**5,000**	**163,500**	**124,875**	**43,625**
Other	**-**	**200,000**	**-**	**200,000**
Total	**$ 1,932,284**	**$ 804,078**	**$ 683,194**	**$ 2,053,168**

The balances of net assets with donor restrictions are as follows for the year ended March 31, 2021:

	April 1, 2020 Balance	Additions	Releases	Mar 31, 2021 Balance
Time restrictions:				
Grants and pledges receivable	$ 838,177	$ 365,762	$ 402,416	$ 801,523
Investments held for endowment	812,562	314,337	28,138	1,098,761
Purpose restrictions:				
Western region	155,784	-	128,784	27,000
Eastern region	52,000	-	47,000	5,000
Other	3,000	-	3,000	-
Total	$ 1,861,523	$ 680,099	$ 609,338	$ 1,932,284

Note 8 – Line of Credit

The Organization has a line of credit for $236,587 which mature on April 30, 2021. The line requires monthly interest payments with the outstanding balance due upon maturity. The line accrues interest at the Prime Rate as published by the Wall Street Journal, resulting in a borrowing rate of 3.50% and 3.25% at March 31, 2022 and 2021, respectively. There were no balances outstanding related to this line of credit as of March 31, 2022 and 2021.

Note 9 – Retirement Plan

The Organization has a 401(k) profit-sharing plan that is available to all employees over the age of twenty-one who have completed one year of employment and at least 1,000 hours of service. Employees may elect to defer up to the Internal Revenue Service ("IRS") maximum contribution limit. For each plan year, the Organization may make discretionary contributions. The Organization contributed $26,930 and $23,019 during the years ended March 31, 2022 and 2021, respectively.

Note 10 – Liquidity and Availability of Resources

The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization's goal is generally to maintain financial assets to meet 10 months of operating expenses as of each fiscal year end. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually.

Additionally, in the event of an unanticipated liquidity need, the Organization could draw upon its $236,587 line of credit, of which, $236,587 was available at March 31, 2022. During the years ended March 31, 2022 and 2021, the level of liquidity and reserves was managed within the policy requirements.

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	**$ 888,552**	$ 888,525
Grants and pledges receivable	**641,821**	801,523
Endowment appropriated for expenditure	**1,174,266**	1,127,487
	2,704,639	2,817,535
Less amounts not available to be used within one year:		
Endowment not appropriated for expenditure	**(1,083,080)**	(1,057,817)
Contributions to be received beyond one year	**(424,821)**	(515,523)
	(1,507,901)	(1,573,340)
Financial assets available to meet cash needs for general expenditures within one year	**$ 1,196,738**	$ 1,244,195

Note 11 – Concentrations of Credit Risk

Major Donors. The Organization had two donors who comprised approximately 28% and 27% of total support for the years ended March 31, 2022 and 2021, respectively. The Organization had one donor who comprised 82% and two donors who comprised approximately 94% of total receivables as of March 31, 2022 and 2021, respectively.

Bank Deposits. At certain times during the years ended March 31, 2022 and 2021, the Organization maintained cash balances in excess of federally insured limits.