

Zaman International

Financial Statements

December 31, 2021 and 2020

Zaman International

Table of Contents

December 31, 2021 and 2020

| | <u>Page</u> |
|-------------------------------------|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statements of Cash Flows | 5 |
| Statements of Functional Expenses | 6 |
| Notes to Financial Statements | 7 |

Independent Auditors' Report

To the Board of Directors of
Zaman International

Opinion

We have audited the financial statements of Zaman International (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Baker Tilly US, LLP

Southfield, Michigan
October 6, 2022

Zaman International

Statements of Financial Position
December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,292,626 | \$ 1,147,858 |
| Accounts receivable | 21,594 | 13,427 |
| Grants receivable | 87,094 | 42,469 |
| Inventories | 102,952 | 64,719 |
| Prepaid expenses | <u>15,920</u> | <u>14,678</u> |
| Total current assets | 1,520,186 | 1,283,151 |
| Property and Equipment, Net | <u>1,380,120</u> | <u>1,152,143</u> |
| Total assets | <u>\$ 2,900,306</u> | <u>\$ 2,435,294</u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 71,146 | \$ 53,838 |
| Accrued expenses | 47,744 | 18,889 |
| Current maturities of long-term debt | 22,549 | 24,580 |
| Deferred grant revenue | 13,000 | 33,875 |
| Note payable (PPP) | <u>-</u> | <u>182,856</u> |
| Total current liabilities | 154,439 | 314,038 |
| Long-Term Debt, Net of Current Maturities | <u>284,909</u> | <u>304,503</u> |
| Total liabilities | <u>439,348</u> | <u>618,541</u> |
| Net Assets | | |
| Without donor restrictions | 2,211,632 | 1,626,912 |
| With donor restrictions | <u>249,326</u> | <u>189,841</u> |
| Total net assets | <u>2,460,958</u> | <u>1,816,753</u> |
| Total liabilities and net assets | <u>\$ 2,900,306</u> | <u>\$ 2,435,294</u> |

See notes to financial statements

Zaman International

Statements of Activities

Years Ended December 31, 2021 and 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2021 Total</u> | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>2020 Total</u> |
|---|---------------------------------------|--|-----------------------|---------------------------------------|--|-----------------------|
| Revenue and Public Support | | | | | | |
| Contributions | \$ 1,659,862 | \$ 48,550 | \$ 1,708,412 | \$ 2,037,625 | \$ 14,800 | \$ 2,052,425 |
| Grants | 517,574 | 100,071 | 617,645 | 338,887 | 172,398 | 511,285 |
| In-kind contributions: | | | | | | |
| Food, clothing, and household items | 268,569 | - | 268,569 | 266,957 | - | 266,957 |
| Services | 147,315 | - | 147,315 | 179,508 | - | 179,508 |
| Sale of donated items | 317,069 | - | 317,069 | 171,611 | - | 171,611 |
| Special events, net of expenses of \$24,655 in 2021 and \$56,873 in 2020 | (10,224) | - | (10,224) | (40,835) | - | (40,835) |
| Other revenue | 51,209 | - | 51,209 | 44,084 | - | 44,084 |
| Net assets released from restriction | <u>89,136</u> | <u>(89,136)</u> | <u>-</u> | <u>202,064</u> | <u>(202,064)</u> | <u>-</u> |
| Total revenue and public support | <u>3,040,510</u> | <u>59,485</u> | <u>3,099,995</u> | <u>3,199,901</u> | <u>(14,866)</u> | <u>3,185,035</u> |
| Expenses | | | | | | |
| Program | 2,300,141 | - | 2,300,141 | 2,447,499 | - | 2,447,499 |
| Management and general | 253,018 | - | 253,018 | 172,300 | - | 172,300 |
| Fundraising | <u>85,487</u> | <u>-</u> | <u>85,487</u> | <u>46,959</u> | <u>-</u> | <u>46,959</u> |
| Total expenses | <u>2,638,646</u> | <u>-</u> | <u>2,638,646</u> | <u>2,666,758</u> | <u>-</u> | <u>2,666,758</u> |
| Other income | | | | | | |
| Debt forgiveness - PPP loan | <u>182,856</u> | <u>-</u> | <u>182,856</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net assets | 584,720 | 59,485 | 644,205 | 533,143 | (14,866) | 518,277 |
| Net Assets, Beginning | <u>1,626,912</u> | <u>189,841</u> | <u>1,816,753</u> | <u>1,093,769</u> | <u>204,707</u> | <u>1,298,476</u> |
| Net Assets, Ending | <u>\$ 2,211,632</u> | <u>\$ 249,326</u> | <u>\$ 2,460,958</u> | <u>\$ 1,626,912</u> | <u>\$ 189,841</u> | <u>\$ 1,816,753</u> |

See notes to financial statements

Zaman International

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Change in Net Assets | \$ 644,205 | \$ 518,277 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 107,371 | 110,146 |
| Amortization - debt issuance costs | 257 | 256 |
| In-kind donations of inventory, net | (38,233) | (10,542) |
| Debt forgiveness - PPP loan | (182,856) | - |
| Changes in assets and liabilities: | | |
| Accounts receivable | (8,167) | (6,193) |
| Grants receivable | (44,625) | 42,564 |
| Prepaid expenses | (1,242) | (11,221) |
| Accounts payable | 17,308 | (13,878) |
| Accrued expenses | 28,855 | (48,750) |
| Deferred grant revenue | (20,875) | 7,875 |
| Net cash flows from operating activities | <u>501,998</u> | <u>588,534</u> |
| Cash Flows from Investing Activities | | |
| Purchases of property and equipment | <u>(335,348)</u> | <u>(132,666)</u> |
| Cash Flows from Financing Activities | | |
| Principal payments on long-term debt | (21,882) | (22,844) |
| Proceeds from note payable (PPP) | <u>-</u> | <u>182,856</u> |
| Net cash flows from financing activities | <u>(21,882)</u> | <u>160,012</u> |
| Net change in cash and cash equivalents | 144,768 | 615,880 |
| Cash and Cash Equivalents, Beginning | <u>1,147,858</u> | <u>531,978</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 1,292,626</u> | <u>\$ 1,147,858</u> |
| Supplemental Cash Flow Disclosures | | |
| Cash paid for interest | <u>\$ 16,486</u> | <u>\$ 18,172</u> |

See notes to financial statements

Zaman International

Statements of Functional Expenses

Years Ended December 31, 2021 and 2020

| | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>2021 Total</u> | <u>Program</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>2020 Total</u> |
|-------------------------------------|---------------------|-----------------------------------|--------------------|-----------------------|---------------------|-----------------------------------|--------------------|-----------------------|
| Salaries and wages | \$ 752,990 | \$ 151,847 | \$ 47,969 | \$ 952,806 | \$ 721,987 | \$ 51,692 | \$ 13,603 | \$ 787,282 |
| Fringe benefits | 10,204 | 2,041 | 510 | 12,755 | 9,919 | 979 | 258 | 11,156 |
| Payroll taxes | <u>76,787</u> | <u>15,357</u> | <u>3,839</u> | <u>95,983</u> | <u>58,072</u> | <u>5,576</u> | <u>1,468</u> | <u>65,116</u> |
| Total salaries and related expenses | 839,981 | 169,245 | 52,318 | 1,061,544 | 789,978 | 58,247 | 15,329 | 863,554 |
| Professional/contractual fees | 189,085 | 45,834 | 11,151 | 246,070 | 244,748 | 64,506 | 14,103 | 323,357 |
| Advertising | 7,638 | 1,528 | 382 | 9,548 | 2,662 | 665 | 175 | 3,502 |
| Postage and office supplies | 19,719 | 4,551 | 1,011 | 25,281 | 15,992 | 4,100 | 410 | 20,502 |
| Utilities | 4,579 | 1,030 | 114 | 5,723 | 5,247 | 1,346 | 135 | 6,728 |
| Insurance | 4,182 | 941 | 105 | 5,228 | 3,240 | 831 | 83 | 4,154 |
| Telephone and communication | 3,931 | 786 | 197 | 4,914 | 4,105 | 1,026 | 270 | 5,401 |
| Equipment rental and maintenance | 12,491 | 2,166 | 1,083 | 15,740 | 11,330 | 2,832 | 745 | 14,907 |
| Auto | 13,319 | - | 1,480 | 14,799 | 5,929 | 6,282 | 390 | 12,601 |
| Depreciation | 84,035 | 19,093 | 4,243 | 107,371 | 85,914 | 22,029 | 2,203 | 110,146 |
| Interest | 12,967 | 2,918 | 324 | 16,209 | 13,958 | 3,579 | 358 | 17,895 |
| Assistance to individuals | 1,075,457 | - | 31,896 | 1,107,353 | 1,237,942 | - | 66,418 | 1,304,360 |
| Bank and credit card fees | 12,749 | 151 | 5,063 | 17,963 | 5,904 | 145 | 2,320 | 8,369 |
| Maintenance | 14,631 | 3,292 | 366 | 18,289 | 7,596 | 1,948 | 195 | 9,739 |
| Travel and conferences | 284 | 57 | 14 | 355 | 6,206 | 1,552 | 408 | 8,166 |
| Licenses and subscriptions | 2,479 | 447 | 124 | 3,050 | 2,906 | 727 | 191 | 3,824 |
| Other | <u>2,614</u> | <u>979</u> | <u>271</u> | <u>3,864</u> | <u>3,842</u> | <u>2,485</u> | <u>99</u> | <u>6,426</u> |
| Total expenses | 2,300,141 | 253,018 | 110,142 | 2,663,301 | 2,447,499 | 172,300 | 103,832 | 2,723,631 |
| Less: Special events | <u>-</u> | <u>-</u> | <u>24,655</u> | <u>24,655</u> | <u>-</u> | <u>-</u> | <u>56,873</u> | <u>56,873</u> |
| Total expenses | <u>\$ 2,300,141</u> | <u>\$ 253,018</u> | <u>\$ 85,487</u> | <u>\$ 2,638,646</u> | <u>\$ 2,447,499</u> | <u>\$ 172,300</u> | <u>\$ 46,959</u> | <u>\$ 2,666,758</u> |

See notes to financial statements

Zaman International

Notes to Financial Statements
December 31, 2021 and 2020

1. Summary of Significant Accounting Policies

Nature of Activities

Zaman International (Zaman or the Organization), a not-for-profit organization, provides services to individuals and families located predominantly in Detroit and western Wayne County, Michigan. Zaman's mission is to facilitate change and advance the lives of marginalized women and children, by enabling them to meet essential needs common to all humankind. This is done by providing urgently needed food, clothing, shelter, assistance and other essentials. Once the families' basic needs are met, Zaman offers vocational and educational training programs empowering the underserved to move from dependency to self-reliance. Zaman also operates a thrift shop to generate revenue to support services provided by selling donated goods.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Organization defines cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. The Organization maintains its cash in bank deposit accounts, which at times throughout the year, may exceed federally insured limits. The Organization has not experienced any losses on such accounts.

Accounts and Grants Receivable

Accounts receivable are the result of exchange transactions and are recorded at net realizable value based on the net transaction price, collection history and experience. The Organization did not record any bad debt expense in 2021 and 2020.

Grants receivable are recorded net of an allowance for doubtful accounts. The Organization considers all grants receivable to be fully collectible at December 31, 2021 and 2020.

Inventories

The Organization receives donations of food, clothing, and household items, certain items of which are offered for sale in the Organization's thrift shop. Inventory is recorded at fair value at the point such items are offered for sale. Prior to being offered for sale, such items are not valued due to significant uncertainty concerning their value. Purchased inventory is priced at the lower of cost or net realizable value.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$3,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in the statements of activities.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, consisting of property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use and eventual disposition of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. These designations can be modified or removed by the Board of Directors at any time. There were no net assets designated by the Board of Directors as of December 31, 2021 and 2020.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, or are required to be maintained permanently by the Organization.

Revenue Recognition - Sale of Donated Items

Sale of donated items revenue is recognized when the Organization satisfies its performance obligation(s) under the agreement by transferring the promised goods to its customers. A performance obligation is a promise in an agreement to transfer a distinct good to its customers. This transfer of control occurs at the point of sale. In accordance with the current accounting guidance, an agreement's transaction price is allocated to each distinct performance obligation, however, substantially all of the Organization's agreements have only a single performance obligation. The Organization does not allow any returns or refunds of sold items due to the nature of the goods sold.

The Organization's policy is to present taxes collected from customers and remitted to governmental authorities on a net basis. The Organization records the amounts collected as a current liability and relieves such liability upon remittance to the taxing authority without impacting revenues or expenses.

Revenue Recognition - Contributions and Grants

The Organization recognizes contributions when cash, securities, other assets or an unconditional promise to give 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 met. Federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restriction.

Zaman International

Notes to Financial Statements
December 31, 2021 and 2020

The Organization presents cash received related to conditional grants where the conditions have not yet been met as deferred grant revenue and refundable advance on the statements of financial position. Deferred grant revenue totaled \$13,000 and \$33,875 at December 31, 2021 and 2020, respectively. The refundable advance, solely related to the Paycheck Protection Program, see Note 4, is also a conditional grant.

In-Kind Contributions

As part of its operations, Zaman receives donations of food, clothing and household items. When appropriate, Zaman provides these items to program participants as part of Zaman's program activities. At the time the goods are provided to a program participant, Zaman records the donated items as in-kind program contributions at an estimate of their thrift shop value and a corresponding expense for assistance provided to program participants.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Such services totaled \$147,315 and \$179,508 for the years ended December 31, 2021 and 2020, respectively, and are reflected in in-kind contributions of services in the statements of activities.

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

The Organization follows guidance included in an accounting standard related to the accounting for uncertainty in income taxes. The tax effects from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. The Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority.

Based on its evaluation, the Organization has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements.

The Organization's policy is to recognize interest and penalties related to income tax issues as components of income tax expense. During the years ended December 31, 2021 and 2020, the Organization did not recognize or accrue any interest or penalties.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated between programs, management and general and fundraising on various bases and estimates.

All employee costs including salaries and wages, payroll taxes, and fringe benefits are allocated based on each employee's time spent performing program, management and fundraising activities. Expenses related to the operating premises of the Organization including utilities, maintenance and insurance are based on the square footage that each activity occupies. Administrative costs such as professional fees, advertising and office supplies are allocated based the actual time worked in the related activity. Other expenses are classified based on the nature and purpose of the transaction.

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. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which establishes principles that require a lessee to recognize a lease asset and a lease liability for those leases classified as operating leases under previous accounting principles generally accepted in the United States of America. ASU No. 2016-02 is effective for annual periods beginning after December 15, 2021 (2022). The Organization is currently assessing the effect that ASU No. 2016-02 will have on their results of operations, financial position and cash flows.

During September 2020, FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). The Organization is currently assessing the effect that ASU No. 2020-07 will have on its financial statements.

Subsequent Events

The Organization has evaluated events through October 6, 2022, which is the date the financial statements were approved and available to be issued.

Zaman International

Notes to Financial Statements
December 31, 2021 and 2020

2. Property and Equipment, Net

Property and equipment, net is as follows:

| | <u>Useful Lives</u> | <u>2021</u> | <u>2020</u> |
|-------------------------------|---------------------|---------------------|---------------------|
| Land | N/A | \$ 77,000 | \$ 77,000 |
| Land improvements | 10 - 15 years | 31,746 | 31,746 |
| Building | 30 years | 454,852 | 454,852 |
| Building improvements | 7 - 30 years | 623,737 | 396,766 |
| Furniture and equipment | 5 - 7 years | 444,352 | 406,161 |
| Vehicles | 3 years | 105,689 | 105,689 |
| Construction in progress | N/A | <u>202,852</u> | <u>132,666</u> |
| Total | | 1,940,228 | 1,604,880 |
| Less accumulated depreciation | | <u>(560,108)</u> | <u>(452,737)</u> |
| Total | | <u>\$ 1,380,120</u> | <u>\$ 1,152,143</u> |

Depreciation expense for the years ended December 31, 2021 and 2020 was \$107,371 and \$110,146, respectively. Construction in progress at December 31, 2021 is related to a health center project expected to be completed in 2022.

3. Debt

Debt includes:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Mortgage note payable in the amount of \$350,000. The note requires monthly installments of \$2,789, including interest at 5.04 percent, through May 22, 2034. The note is secured by the building in Inkster, Michigan. | \$ 309,442 | \$ 324,413 |
| Vehicle installment loan payable in the amount of \$19,510, payable in 36 monthly installments of \$607 including interest at 7.34 percent, secured by vehicle purchased. | <u>1,203</u> | <u>8,114</u> |
| Total | 310,645 | 332,527 |
| Debt issuance costs, net of amortization | <u>(3,187)</u> | <u>(3,444)</u> |
| Total debt payable | 307,458 | 329,083 |
| Less current portion | <u>22,549</u> | <u>24,580</u> |
| Long-term portion | <u>\$ 284,909</u> | <u>\$ 304,503</u> |

The mortgage note payable was refinanced subsequent to year end along with additional borrowings of approximately \$480,000. The new note requires monthly installments of \$4,749 including interest at 3.9 percent through February 22, 2027. The scheduled principal payments below have been updated for the payments required under the refinancing but do not include the additional borrowing.

Zaman International

Notes to Financial Statements
December 31, 2021 and 2020

Scheduled principal repayments on debt at December 31, 2021 are as follows:

Year ending December 31:

| | | |
|------------|----|----------------|
| 2022 | \$ | 22,549 |
| 2023 | | 26,577 |
| 2024 | | 27,669 |
| 2025 | | 26,360 |
| 2026 | | 29,887 |
| Thereafter | | <u>177,603</u> |
| | \$ | <u>310,645</u> |

In 2019, the Organization incurred debt issuance costs related to its long-term debt. These costs are netted against the mortgage principal balance for presentation on the accompanying statements of financial position. These costs are being amortized over the life of the related debt, which expires in 2027. Amortization of debt costs totaled \$257 and \$256 for the years ended December 31, 2021 and 2020, respectively, and are included in interest expense in the statements of functional expenses.

4. Note payable (PPP)

On, November 17, 2020, the Organization received loan proceeds in the amount of \$182,856 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provided loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 5 years at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Organization met the PPP's loan forgiveness requirements and applied for forgiveness during 2021. In August 2021, the Organization received legal release from the SBA, and therefore, recorded the amount forgiven, \$182,856, as debt forgiveness - PPP loan in its 2021 statement of activities.

Zaman International

Notes to Financial Statements
December 31, 2021 and 2020

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan or repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

5. Net Assets with Donor Restrictions

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

| | <u>2021</u> | <u>2020</u> |
|-----------------------|-------------------|-------------------|
| Water well project | \$ - | \$ 250 |
| Orphans-local | 14,720 | 5,569 |
| Orphans-international | 1,760 | 947 |
| International relief | 32,775 | 5,169 |
| Lebanon Ask | - | 4,305 |
| Tithing and donations | - | 1,203 |
| Food pantry | 53,500 | - |
| Health center | 46,571 | - |
| DMC | - | 50,000 |
| IRUSA | 100,000 | 100,000 |
| UW - Summer (MUEU) | - | <u>22,398</u> |
| Total | <u>\$ 249,326</u> | <u>\$ 189,841</u> |

6. Related Party Transactions

During the years ended December 31, 2021 and 2020, the Organization received contributions from related parties who are members of the Board. Related party contributions during 2021 and 2020 totaled \$48,593 and \$37,400, respectively, which represented approximately 2 percent of total contributions for each year.

7. Line of Credit

The Organization had a revolving line of credit from a bank totaling \$100,000 at December 31, 2021 and 2020, which bore interest at a fixed rate of 2.95 percent plus the current prime rate (3.25 percent and 4.75 percent at December 31, 2021 and 2020, respectively). The line of credit was secured by all assets. The Organization did not made any draws as of December 31, 2021 and 2020.

Subsequent to year end, the Organization opened a new line of credit agreement providing \$300,000. Principal is due on demand with interest due monthly at the prime rate or a minimum of 3 percent. The line of credit is secured by all assets.

Zaman International

Notes to Financial Statements
December 31, 2021 and 2020

8. Liquidity and Availability

The Organization's financial assets available within one year of the statement of financial position date for general expenditure such as operating expenses, scheduled principal payments on debt, and fixed asset additions not financed with debt are as follows as of December 31:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Financial Assets: | | |
| Cash and cash equivalents | \$ 1,292,626 | \$ 1,147,858 |
| Accounts and grants receivable | <u>108,688</u> | <u>55,896</u> |
| Financial assets at year-end | 1,401,314 | 1,203,754 |
| Less those unavailable for general expenditures within one year, due to donor and time restrictions | <u>(249,326)</u> | <u>(189,841)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,151,988</u> | <u>\$ 1,013,913</u> |

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. To help manage unanticipated liquidity needs, the Organization had a committed line of credit in the amount of \$100,000, of which there was no outstanding balance as of December 31, 2021 or 2020. The Organization also opened a new line of credit subsequent to year end, see Note 7.