

THE SPRING

THE SPRING SHELTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020

WITH

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Spring Shelter, Inc.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TSS 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TSS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TSS's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 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 TSS'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 TSS'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.

A handwritten signature in black ink that reads "Hogan Taylor LP". The signature is written in a cursive, flowing style.

Tulsa, Oklahoma
September 7, 2022

THE SPRING SHELTER, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 514,040	\$ 390,165
Accounts receivable	-	15,100
Inventory	-	5,000
Prepaid expenses	2,400	-
	516,440	410,265
Property and equipment, net	1,649,415	1,605,511
Investments	608,878	504,365
Endowments:		
Investments	1,371,986	1,170,758
Beneficial interest in assets held by community foundation	19,272	16,999
	1,391,258	1,187,757
Total endowments	1,391,258	1,187,757
Total assets	\$ 4,165,991	\$ 3,707,898
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 6,839	\$ 19,908
Accrued expenses and other liabilities	45,697	12,312
	52,536	32,220
Total current liabilities	52,536	32,220
Net assets:		
Without donor restrictions:		
Undesignated	897,782	753,692
Board-designated	-	128,688
Investment in property and equipment	1,649,415	1,605,511
	2,547,197	2,487,891
Total net assets without donor restriction	2,547,197	2,487,891
With donor restrictions	1,566,258	1,187,787
Total net assets	4,113,455	3,675,678
Total liabilities and net assets	\$ 4,165,991	\$ 3,707,898

THE SPRING SHELTER, INC.

STATEMENTS OF ACTIVITIES

Years ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions	\$ 1,107,178	\$ 175,000	\$ 1,282,178	\$ 1,025,573	\$ 99,953	\$ 1,125,526
Thrift shop	45,465	-	45,465	100,359	-	100,359
Special events:						
Revenue	-	-	-	24,873	-	24,873
Less cost of direct benefits to donors	-	-	-	(26,382)	-	(26,382)
Net special event revenue (loss)	-	-	-	(1,509)	-	(1,509)
Net investment return (loss)	162,477	203,471	365,948	(60,125)	(55,047)	(115,172)
Other	20,276	-	20,276	16,947	-	16,947
Forgiveness of PPP loan (see Note 8)	240,705	-	240,705	198,700	-	198,700
Net assets released from restrictions	-	-	-	151,276	(151,276)	-
Total revenues, gains and other support	1,576,101	378,471	1,954,572	1,431,221	(106,370)	1,324,851
Expenses						
Program services expense	960,610	-	960,610	889,492	-	889,492
Supporting services expense:						
Fundraising and development	114,677	-	114,677	194,661	-	194,661
Thrift shop	45,263	-	45,263	83,081	-	83,081
Management and general	396,245	-	396,245	321,304	-	321,304
Total supporting services expense	556,185	-	556,185	599,046	-	599,046
Total expenses	1,516,795	-	1,516,795	1,488,538	-	1,488,538
Change in net assets	59,306	378,471	437,777	(57,317)	(106,370)	(163,687)
Net assets, beginning of year	2,487,891	1,187,787	3,675,678	2,545,208	1,294,157	3,839,365
Net assets, end of year	\$ 2,547,197	\$ 1,566,258	\$ 4,113,455	\$ 2,487,891	\$ 1,187,787	\$ 3,675,678

See notes to financial statements.

THE SPRING SHELTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2021 and 2020

	2021					2020				
	Program Services	Fundraising and Development	Thrift Shop	Management and General	Total	Program Services	Fundraising and Development	Thrift Shop	Management and General	Total
Personnel	\$ 574,177	\$ 46,764	\$ 24,708	\$ 267,320	\$ 912,969	\$ 667,552	\$ 129,469	\$ 43,649	\$ 183,700	\$ 1,024,370
Program operations	105,320	-	-	983	106,303	21,988	-	-	-	21,988
Office operations	14,325	3,708	-	28,825	46,858	4,720	1,507	-	40,339	46,566
General	34,058	6,271	1,715	61,947	103,991	36,310	1,223	7,193	49,836	94,562
Shelter operations	151,288	-	18,840	16,810	186,938	82,693	4,929	32,239	28,372	148,233
Depreciation	81,442	-	-	20,360	101,802	76,229	-	-	19,057	95,286
Postage and publications	-	57,934	-	-	57,934	-	83,915	-	-	83,915
Total expenses by function	960,610	114,677	45,263	396,245	1,516,795	889,492	221,043	83,081	321,304	1,514,920
Less expenses included with revenues on the statement of activities:										
Cost of direct benefits to donors	-	-	-	-	-	-	(26,382)	-	-	(26,382)
Total expenses included in the expense section on the statement of activities	\$ 960,610	\$ 114,677	\$ 45,263	\$ 396,245	\$ 1,516,795	\$ 889,492	\$ 194,661	\$ 83,081	\$ 321,304	\$ 1,488,538

See notes to financial statements.

THE SPRING SHELTER, INC.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 437,777	\$ (163,687)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	101,802	95,286
Forgiveness of PPP loan (see Note 8)	(240,705)	(198,700)
Net realized and unrealized (gain) loss on investments	(365,948)	115,172
Change in operating assets and liabilities:		
Accounts receivable	15,100	(14,332)
Inventory	5,000	-
Prepaid expenses	(2,400)	-
Accounts payable	(13,069)	5,137
Accrued expenses and other liabilities	33,385	(1,474)
Net cash used in operating activities	(29,058)	(162,598)
Cash Flows from Investing Activities		
Purchases of property and equipment	(145,706)	(64,923)
Purchases of investments	(22,088)	(258,357)
Proceeds from sales and maturities of investments	80,022	327,686
Net cash provided by (used in) investing activities	(87,772)	4,406
Cash Flows from Financing Activities		
Proceeds from PPP loan (see Note 8)	240,705	198,700
Net change in cash and cash equivalents	123,875	40,508
Cash and cash equivalents, beginning of year	390,165	349,657
Cash and cash equivalents, end of year	\$ 514,040	\$ 390,165

THE SPRING SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

The Spring Shelter, Inc. (TSS) is a nonprofit organization and one of only two certified shelters for battered and sexually assaulted women and their children in the Tulsa metropolitan area, and the only faith-based domestic violence shelter in Oklahoma. TSS is the first shelter to be certified by the Oklahoma Attorney General's office to address the special needs of victims of human sexual trafficking. TSS's mission is to help women and children in crisis and adult sexual trafficking victims regain self-confidence, independence, and self-sufficiency through spiritual guidance, social services and goal-based programs. TSS provides food, shelter, clothing, transportation and vital life tools for as many as 66 women and children at risk at a time. A privately funded shelter, TSS depends upon financial gifts, volunteer services, in-kind contributions, and revenue from a thrift shop. In May 2021, TSS exited the thrift shop business.

In 2012, TSS established DaySpring Villa Women and Children's Shelter Endowment Trust (the Trust) as an entity with a separate tax identification number for the purpose of investing contributions received for endowment. In July 2021, the Board of Directors voted to dissolve the Trust. The Trust had no assets to distribute at the time it was dissolved.

Cash and cash equivalents

TSS considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for, nor restricted by donors, for long-term purposes, to be cash and cash equivalents. Investments include money market funds and other highly liquid securities held for investment purposes.

Property and equipment

TSS records property and equipment additions over \$500 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

TSS reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2021 and 2020.

Revenue recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are recognized once TSS overcomes the barriers that entitle it to receive the promised contributions.

Beneficial interest in assets held by community foundation

Management established an endowment fund (the Fund) with the Tulsa Community Foundation (TCF) and named TSS as beneficiary. TSS may request distributions for specific needs from the Fund. However, TSS granted variance power to TCF which allows TCF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of TCF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by TCF for TSS's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Investments

TSS records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net assets

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements reflect the activities of TSS as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Without donor restrictions – Net assets not subject to donor-imposed restrictions and available for purposes consistent with TSS's mission. Revenues are generally reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Investment returns generated by unrestricted funds are classified as changes in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

With donor restrictions – Net assets subject to donor-imposed restrictions that must be met by actions of TSS or the passage of time. Contributed assets normally fund specific expenditures of an operating or capital nature. Donor-restricted contributions or investment returns received and expended within the same fiscal year are reported as increases in net assets with donor restrictions and net assets released from restrictions, respectively, in the statements of activities. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting TSS to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations. See Note 5 for more information on donor-restricted endowments.

Promises to give

Unconditional promises to give expected to be collected within one year are recorded at net estimated realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions revenue in the statements of activities. TSS determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. There were no promises to give at December 31, 2021 and 2020.

Donated materials and services

Volunteers contribute significant amounts of time to TSS's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended December 31, 2021 and 2020.

Advertising

TSS expenses the costs of advertising as incurred. Advertising expense was approximately \$8,000 and \$58,000 for the years ended December 31, 2021 and 2020, respectively.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include utilities and maintenance, which are allocated based on square footage, as well as salaries and benefits that are allocated based on estimates of time and effort.

Income taxes

TSS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a) of the Code. As a result, as long as TSS maintains its tax exemption, it will not be subject to income tax.

Use of estimates

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

Financial instruments and credit risk

TSS manages deposit concentration risk by placing cash, money market accounts, and investments with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, TSS has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Finance Committee of the Board of Directors.

Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Subsequent events

Subsequent events have been evaluated through September 7, 2022, the date which the financial statements were available to be issued.

Note 2 – Investment Return

Net investment return (loss) consists of the following for the years ended December 31:

	2021	2020
Operating investments:		
Interest and dividends	\$ 16,556	\$ 15,826
Net realized and unrealized gain (loss)	145,921	(75,951)
	162,477	(60,125)
Endowment investments:		
Interest and dividends	34,863	33,756
Net realized and unrealized gain (loss)	169,061	(88,733)
Less investment management and custodial fees	(453)	(70)
	203,471	(55,047)
	\$ 365,948	\$ (115,172)

Note 3 – Property and Equipment

Property and equipment consist of the following at December 31:

	2021	2020
Land	\$ 5,000	\$ 5,000
Buildings and improvements	2,325,312	2,199,959
Furniture and fixtures	82,466	82,466
Equipment	205,603	185,250
Vehicles	175,971	175,971
	2,794,352	2,648,646
Less accumulated depreciation	(1,144,937)	(1,043,135)
	\$ 1,649,415	\$ 1,605,511

Note 4 – Fair Value Measurements

The fair value measurement standards establish a consistent framework for measuring fair value and a fair value hierarchy based on the observability of inputs used to measure fair value. These inputs are summarized in three broad levels:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

There were no investment transfers due to changes in the observability of significant inputs between Level 1, Level 2 and Level 3 assets during the years ended December 31, 2021 and 2020.

The following table sets forth by level, within the fair value hierarchy, TSS's assets recorded at fair value on a recurring basis as of December 31:

	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Equities:				
Common stock	\$ 1,189,124	\$ -	\$ -	\$ 1,189,124
Mutual funds	621,366	-	-	621,366
Temporary cash investments	128,278	-	-	128,278
Beneficial interest in assets held by WatersEdge	-	42,096	-	42,096
Beneficial interest in assets held by community foundation	-	19,272	-	19,272
	<u>\$ 1,938,768</u>	<u>\$ 61,368</u>	<u>\$ -</u>	<u>\$ 2,000,136</u>
	Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Equities:				
Common stock	\$ 1,164,763	\$ -	\$ -	\$ 1,164,763
Mutual funds	186,083	-	-	186,083
Temporary cash investments	288,982	-	-	288,982
Beneficial interest in assets held by WatersEdge	-	35,295	-	35,295
Beneficial interest in assets held by community foundation	-	16,999	-	16,999
	<u>\$ 1,639,828</u>	<u>\$ 52,294</u>	<u>\$ -</u>	<u>\$ 1,692,122</u>

Note 5 – Endowments

TSS has endowment funds held with WatersEdge and with TCF. Additionally, the Trust holds an endowment fund with a financial institution (collectively, the Endowment). These endowment funds are designed to encompass the goal of long-term growth and long-term stability for TSS. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The funds held with WatersEdge, and under the Trust are permanently restricted, as the principal funds are not available to be drawn down at any time. The Board can elect to have funds distributed from the earnings on principal. From time to time, donors will designate that their contribution be deposited into the accounts with either WatersEdge or TCF, rather than TSS's operating fund. If contributions are designated for endowment, the funds are deposited into the fund established by the Trust.

The Board of Directors has interpreted the Oklahoma 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, unless there are explicit donor stipulations to the contrary. At December 31, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, TSS classifies as restricted net assets with donor restriction (a) the original value of gifts donated to the

Endowment, (b) the original value of subsequent gifts donated to the Endowment, and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor restricted endowment is classified as net assets with donor restriction until those amounts are appropriated for expenditure by TSS in a manner consistent with the standard of prudence prescribed by UPMIFA. TSS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires TSS to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restriction. There were no such deficiencies as of December 31, 2021 and 2020.

As of December 31, the endowment net assets were composed of the following funds:

	<u>With Donor Restrictions</u>
2021:	
General Endowment - TCF	\$ 19,272
General Endowment - WatersEdge	42,096
General Endowment	<u>1,329,890</u>
	<u>\$ 1,391,258</u>
2020:	
General Endowment - TCF	\$ 16,999
General Endowment - WatersEdge	35,295
General Endowment	<u>1,135,463</u>
	<u>\$ 1,187,757</u>

Investment and Spending Policies

TSS has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the Endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5% on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

TSS uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment each year. The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters at December 31 of each year to determine the spending amount for the upcoming year. During 2021 and 2020, the spending rate maximum was 4.5%. In establishing this policy, TSS considered the long-term expected return on the Endowment, and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Changes in endowment net assets for the years ended December 31, are as follows:

	<u>With Donor Restrictions</u>
2021:	
Endowment, beginning of year	\$ 1,187,757
Net investment return	203,471
Other	30
Change in donor restrictions	-
	<u>\$ 1,391,258</u>
2020:	
Endowment, beginning of year	\$ 1,246,276
Net investment return	(55,047)
Other	(3,472)
Change in donor restrictions	-
	<u>\$ 1,187,757</u>

Note 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, consist of:

	<u>2021</u>	<u>2020</u>
Restricted by time and purpose:		
Programs	\$ 175,000	\$ -
Endowment earnings	403,576	200,105
Restricted in perpetuity:		
Permanent endowment	987,682	987,682
	<u>\$ 1,566,258</u>	<u>\$ 1,187,787</u>

Net assets released from restriction for satisfaction of purpose restrictions were \$0 and \$151,276 for the years ended December 31, 2021 and 2020, respectively.

Note 7 – Employee Benefits

TSS funds a tax sheltered 403(b) annuity plan for its full-time employees. All full-time employees receive a stipend of 15% of gross earnings each month, with the choice of contributing the stipend to the annuity plan. All contributions are fully vested.

Note 8 – Paycheck Protection Program (PPP)

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. In April 2020, TSS received loan proceeds of \$198,700 from a bank, under the PPP, which was established as part of the CARES Act. The note payable was scheduled to mature in April 2022, bore interest at 1% per annum, and required monthly principal and interest payments commencing November 2020. Loan proceeds and accrued interest are forgivable, and in November 2020, TSS received formal forgiveness from the bank and Small Business Administration (SBA) of the entire loan amount and accounted for the forgiveness of the PPP loan in the accompanying 2020 statement of activities.

On January 26, 2021, TSS received additional loan proceeds in the amount of \$240,705 under the PPP. The loan, which was in the form of a note with a bank, was scheduled to mature in January 2026, bore interest at a rate of 1% per annum, and required monthly principal and interest payments commencing June 2022. Loan proceeds and accrued interest are forgivable, and in June 2021 TSS received formal forgiveness from the bank and SBA of the entire loan amount and accounted for the forgiveness of the PPP loan in the accompanying 2021 statement of activities.

Note 9 – Liquidity and Availability of Resources

TSS's financial assets for general expenditure within one year of December 31, are as follows:

	2021	2020
Cash and cash equivalents	\$ 514,040	\$ 390,165
Accounts receivable	-	15,100
Investments	608,878	504,365
Total financial assets	1,122,918	909,630
Less:		
Board-designated funds	-	128,688
Net assets with donor restrictions	175,000	-
Total financial assets available to management for general expenditure within one year	\$ 947,918	\$ 780,942

As part of TSS'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. TSS receives significant contributions each year from donors, which are available to meet annual cash needs for general expenditures. TSS receives a substantial amount of its support from local churches and agencies. A significant reduction in the level of this support could have a significant effect on TSS's program and operations. Additionally, TSS relies on donated food and supplies to meet its operating requirements.

TSS's endowment funds consist of donor-restricted endowments, which the Board can elect to have funds distributed from the earnings generated on the endowment funds and is available for general expenditures. As noted in Note 5, the endowment fund has a maximum spending rate of 4.5% to be utilized for the next fiscal year, if needed. Donor restricted endowment funds are not included in the table above.