BAKER NEWMAN NOYES

Hospitality Homes, Inc.

Audited Financial Statements

Years Ended December 31, 2021 and 2020
With Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hospitality Homes, Inc.

Opinion

We have audited the financial statements of Hospitality Homes, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities and changes in net assets, 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 the Organization as of December 31, 2021 and 2020, and the results of its activities, 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 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 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 the Organization'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.

Board of Directors
Hospitality Homes, Inc.

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.

Boston, Massachusetts
October 10, 2022

HOSPITALITY HOMES, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	$ 739,013	$ 662,745
Pledges receivable	23,008	184,901
Prepaid expenses	2,841	12,000
Total current assets	764,862	859,646
Security deposit	2,600	2,600
Investments	457,322	401,506
Total assets	$1,224,784	$1,263,752

LIABILITIES AND NET ASSETS

	2021	2020
Current liabilities:		
Accounts payable and accrued expenses	$ 63,685	$ 67,911
Total current liabilities	63,685	67,911
Paycheck Protection Program loan	–	47,500
Total liabilities	63,685	115,411
Commitments (note 7)		
Net assets:		
Without donor restrictions	984,708	1,039,674
With donor restrictions	176,391	108,667
Total net assets	1,161,099	1,148,341
Total liabilities and net assets	$1,224,784	$1,263,752

See accompanying notes.

HOSPITALITY HOMES, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Donated goods, accommodations and services	$1,667,306	$ –	$1,667,306	$1,328,299	$ –	$1,328,299
Corporate, foundation and organization contributions	268,949	77,724	346,673	342,750	10,000	352,750
Special events	259,811	–	259,811	133,921	–	133,921
Individual contributions	193,191	–	193,191	230,557	–	230,557
Board support	12,900	–	12,900	8,200	–	8,200
Service fees and other	61,979	–	61,979	56,262	–	56,262
Gain on extinguishment of the Paycheck Protection Program loan	47,500	–	47,500	–	–	–
Investment income	3,875	–	3,875	8,163	–	8,163
Net unrealized and realized gains on investments	59,605	–	59,605	50,176	–	50,176
Net assets released from restrictions	10,000	(10,000)	–	30,000	(30,000)	–
Total revenue and other support	2,585,116	67,724	2,652,840	2,188,328	(20,000)	2,168,328
Expenses:						
Program expenses	2,402,322	–	2,402,322	1,918,966	–	1,918,966
Administrative and general expenses	82,457	–	82,457	71,609	–	71,609
Fundraising expenses	155,303	–	155,303	128,550	–	128,550
Total expenses	2,640,082	–	2,640,082	2,119,125	–	2,119,125
(Decrease) increase in net assets	(54,966)	67,724	12,758	69,203	(20,000)	49,203
Net assets, beginning of year	1,039,674	108,667	1,148,341	970,471	128,667	1,099,138
Net assets, end of year	$ 984,708	$176,391	$1,161,099	$1,039,674	$108,667	$1,148,341

See accompanying notes.

HOSPITALITY HOMES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2021 and 2020

	2021				2020			
	Program	Administrative and General	Fund raising	Total	Program	Administrative and General	Fund raising	Total
In-kind expenses	$1,653,579	$ –	$ 13,727	$1,667,306	$1,317,363	$ –	$ 10,936	$1,328,299
Non-hosted lodging	315,119	–	–	315,119	221,380	–	–	221,380
Salaries	281,487	17,593	52,778	351,858	243,121	15,195	45,585	303,901
Events and appeals	–	–	41,587	41,587	–	–	25,789	25,789
Hosting	28,564	–	–	28,564	20,057	–	–	20,057
Office rent and utilities	34,395	6,450	2,151	42,996	36,692	6,881	2,295	45,868
Contractors	23,128	15,161	1,879	40,168	23,930	15,687	1,944	41,561
Payroll taxes	21,433	1,353	4,430	27,216	16,684	1,053	3,448	21,185
Employee benefits	23,344	1,459	4,377	29,180	15,452	966	2,897	19,315
Volunteer recognition and support	5,010	–	–	5,010	–	–	–	–
Outreach	4,530	–	–	4,530	13,458	–	–	13,458
Professional fees	–	12,500	–	12,500	–	11,500	–	11,500
Fundraising	–	–	33,553	33,553	–	–	34,863	34,863
Insurance	–	6,778	–	6,778	–	6,362	–	6,362
Bank and credit card fees	–	20,353	–	20,353	–	12,978	–	12,978
Office	2,242	264	131	2,637	2,508	295	147	2,950
Payroll and benefits processing	3,442	216	647	4,305	3,231	203	607	4,041
Dues, subscriptions and memberships	5,143	–	–	5,143	3,497	–	–	3,497
Miscellaneous	322	287	–	609	504	450	–	954
Postage	347	43	43	433	317	39	39	395
Staff support and training	137	–	–	137	315	–	–	315
Conferences and meetings	100	–	–	100	457	–	–	457
	$2,402,322	$82,457	$155,303	$2,640,082	$1,918,966	$71,609	$128,550	$2,119,125

See accompanying notes.

HOSPITALITY HOMES, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	$ 12,758	$ 49,203
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(59,605)	(50,176)
Gain on extinguishment of the Paycheck Protection Program loan	(47,500)	–
Changes in operating assets and liabilities:		
Pledges receivable	161,893	3,185
Prepaid expenses	9,159	(12,000)
Accounts payable and accrued expenses	(4,226)	30,992
Net cash provided by operating activities	72,479	21,204
Cash flows from investing activities:		
Sales (purchases) of investments, net	3,789	(8,163)
Net cash provided (used) by investing activities	3,789	(8,163)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	–	47,500
Net cash provided by financing activities	–	47,500
Net increase in cash and cash equivalents	76,268	60,541
Cash and cash equivalents at beginning of year	662,745	602,204
Cash and cash equivalents at end of year	$739,013	$662,745

See accompanying notes.

1. Summary of Significant Accounting Policies

Organization

Hospitality Homes, Inc. (the "Organization") is a not-for-profit organization dedicated to providing a caring response to the housing needs of patients' families when they travel to the Boston, Massachusetts area for medical treatment. In the spirit of service and compassion, the Organization provides comfortable, short-term accommodations in a variety of locations donated by volunteer hosts. The Organization receives in-kind and monetary donations from individuals, corporations, hospitals and foundations in the Greater Boston area.

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

The Organization reports information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions represent expendable resources that are available for operations at management's discretion.

Net assets with donor restrictions are those subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual amounts could differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to include cash held in bank checking, savings, money market and sweep accounts. Sweep account funds are generally invested in money market funds, in which cost approximates fair value.

1. Summary of Significant Accounting Policies (Continued)

Concentration Risks

The Organization's financial instruments that are exposed to concentrations of credit risk consist of cash and cash equivalents, investments and pledges receivable. The Organization places its cash and cash equivalents with institutions that are covered by the Federal Deposit Insurance Corporation and other supplemental insurance. At times during the year, the balances may be in excess of the insurance limit of $250,000. The Organization has not experienced any losses on such accounts.

Included in contributions for 2021 and 2020 is a $100,000 annual contribution received from the same organization.

Included in special events revenue in 2021 and 2020 is approximately $137,000 and $86,000, respectively, from an annual golf tournament.

Contributions

Contributions are recorded at their estimated fair values at the date of donation.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Contributions received are recorded as increases in net assets without or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without restrictions if the restriction expires in the same reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Donated Goods and Accommodations

The Organization records donated goods, accommodations, and other items which pass through the Organization's programs at their estimated fair value at the date of donation. Accordingly, donated goods and accommodations of $1,667,306 and $1,328,299 for the years ended December 31, 2021 and 2020, respectively, have been recorded as both revenue and expense in the accompanying statements of activities and changes in net assets. Donations of such type primarily fall into three categories, as further described below.

1. Summary of Significant Accounting Policies (Continued)

Donated accommodations at hosts' homes with an estimated value of $600,600 and $568,200 for the years ended December 31, 2021 and 2020, respectively, have been included in the donated goods and accommodations amount presented above. The value of these accommodations is based on 3,003 estimated equivalent hotel room nights in 2021 at a rate of $200 per night (2,841 in 2020 at a rate of $200).

In addition to host home accommodations, the Organization has also been provided with the use of various apartment units, donated by landlords who might otherwise rent such units under long-term leases. The donated apartments are furnished and made available by the organization for short-term stays. Such donations have been included in the donated goods and accommodations category in the amount of $479,600 and $340,600 for the years ended December 31, 2021 and 2020, respectively.

During the COVID-19 pandemic, as a result of the lack of available host accommodations, the Organization relied upon relationships with local hotels and short-term furnished apartment providers to procure needed housing for families seeking accommodations. As a result of its strong relationships with such organizations, the Organization was able to procure accommodations at a significant discount to what would ordinarily be paid, a discount that the Organization believes to be exclusive to its housing program. This discount is treated as a donation to the Organization's housing program by the organization providing the discount. Included in donated goods and accommodations for 2021 is an amount of $580,480, representing 7,256 nights provided at a discount of approximately $80 per night (which is the result of an average per night value of $200 less an average price paid by the Organization of approximately $120). Included in donated goods and accommodations for 2020 is an amount of $358,810, representing 3,604 nights provided at a discount of approximately $100 per night (which is the result of an average per night value of $200 less an average price paid by the Organization of approximately $100).

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited. Administrative and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Program and Support Services

The following program and supporting services are included in the accompanying financial statements:

Program Services – provide temporary housing in volunteer host homes and other accommodations for families and friends of patients seeking care at Boston-area medical centers.

Administrative and General – includes the functions necessary to manage the financial and administrative responsibilities of the Organization.

Fundraising – provides the structure necessary to encourage and secure private financial support from individuals, organizations and corporations.

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization are tax deductible under Section 170(c) of the Internal Revenue Code.

In determining the recognition of uncertain tax positions, the Organization applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. As of December 31, 2021, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization is not currently under examination by any taxing jurisdiction. The Organization's federal and state tax returns are generally open for examination for three years following the date filed.

Investments

The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the statements of financial position. Unrealized gains and losses are included in revenue and support in the accompanying statements of activities and changes in net assets.

Investments in general are exposed to various risks such as interest rate, credit and overall market volatility risks. As such, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes may be material to the financial statements.

Investment Income and Gains

Investment income and gains related to assets which are restricted by donors are reported as increases in net assets without restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the same reporting period in which the income and gains are recognized.

Pledges Receivable

Unconditional pledges receivable are recognized as revenues or gains in the period that the promise is made. Unconditional pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the pledges are received. Amortization of the discounts, if material, is included in contribution revenue. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. Uncollectible pledges receivable are expected to be insignificant and an allowance for uncollectible pledges receivable was not considered necessary as of December 31, 2021 or 2020.

1. Summary of Significant Accounting Policies (Continued)

Equipment

Equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 to 5 years. Additions of $1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. As of December 31, 2021 and 2020, equipment in the amount of $13,877 has been fully depreciated.

Prospective Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (*Topic 842*) (ASU 2016-02). Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to the discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. ASU 2016-02 is effective for the Organization on January 1, 2022. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. An entity that elects to apply the practical expedients will, in effect, continue to account for leases that start before the effective date in accordance with previous methodology unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases at each reporting date based on the present value of the remaining minimum rental payments that were tracked and disclosed under previous lease accounting rules. The Organization is currently finalizing the impact the adoption of ASU 2016-02 will have on its financial statements.

In September 2020, the FASB Issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 enhances the presentation of disclosure requirements for contributed nonfinancial assets. ASU 2020-07 requires organizations to present contributed nonfinancial assets as a separate line item in the statement of activities and disclose the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, as well as a description of any donor-imposed restrictions associated with the contributed nonfinancial assets and the valuation techniques used to arrive at a fair value measure at initial recognition. ASU 2020-07 is effective for the Organization for transactions in which they serve as the resource recipient beginning January 1, 2022. The Organization is currently evaluating the impact of the pending adoption of ASU 2020-07 on its financial statements.

Risks and Uncertainties

On March 11, 2020, the World Health Organization classified the coronavirus (COVID-19) outbreak as a pandemic. In response to COVID-19, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was signed into law on March 27, 2020. The CARES Act provides stimulus measures to affected companies. The global pandemic of COVID-19 continues to evolve and, while some effects of COVID-19 are reflected in these financial statements, the ultimate impact over time is highly uncertain and subject to change.

1. Summary of Significant Accounting Policies (Continued)

The most significant impact that the COVID-19 pandemic had on the Organization during 2021 and 2020 was to render donated host homes unavailable for use because of government mandated quarantines and other health protocols. As volume of patient family applications to the program did not stop during this time, the Organization's Board of Directors approved the use of unrestricted net assets held by the Organization to provide housing in hotels and other short term housing options. Such expenditures amounted to $315,119 and $221,380 and are presented as non-hosted lodging in the accompanying statements of functional expenses for the years ended December 31, 2021 and 2020, respectively. The Organization has continued to provide non-hosted lodging during 2022, which will continue to impact financial performance.

Subsequent Events

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through October 10, 2022 which is the date the financial statements were available to be issued.

2. Pledges Receivable

Pledges receivable consist of the following as of December 31:

	2021	2020
Pledges receivable before unamortized discount	$23,008	$184,901
Less discount to net present value	–	–
Net pledges receivable	$23,008	$184,901
Amounts due in less than one year	$23,008	$184,901

3. Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date, consist of the following at December 31, 2021:

Cash and cash equivalents	$ 739,013
Investments	457,322
Less amounts restricted by donors	(176,391)
Financial assets available to meet general expenditures within one year	$1,019,944

The Organization regularly monitors liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

4. Fair Value Measurements

Fair value is defined under U.S. GAAP as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. Valuation techniques used to measure fair value under U.S. GAAP must maximize the use of observable market inputs, minimize the use of unobservable market inputs, and disclose in the form of an outlined hierarchy the details of such fair value measurements. The accounting standards specify a hierarchy of valuation techniques based on whether the inputs to a fair value measurement are considered to be observable or unobservable in a marketplace. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. This hierarchy requires the use of observable market data when available. These inputs have created the following fair value hierarchy:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than those included in Level 1. For example, quoted prices for similar assets in active markets or quoted prices for identical assets in inactive markets.

Level 3 – Unobservable inputs reflecting management's own assumptions about the inputs used in estimating the value of the asset.

The following is a description of the Organization's valuation methodologies used for instruments measured at fair value:

Common Stock

These investments are public investment vehicles valued at the closing price reported on the active market on which the securities are traded. Investments in common stock are classified within Level 1 of the valuation hierarchy.

Mutual Funds

These investments are public investment vehicles valued using the net asset value provided by the administrator of the fund and calculated at the close of business on the New York Stock Exchange. The net asset value is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. Investments in mutual funds are classified within Level 1 of the valuation hierarchy.

4. Fair Value Measurements (Continued)

The following presents the balances of assets measured at fair value on a recurring basis at December 31:

	Level 1	Level 2	Level 3	Total
2021:				
Mutual funds:				
Equity funds	$322,691	$ –	$ –	$322,691
Bond funds	108,656	–	–	108,656
Real estate funds	25,975	–	–	25,975
	$457,322	$ –	$ –	$457,322
2020:				
Common stock:				
Technology	$ 5,329	$ –	$ –	$ 5,329
Mutual funds:				
Equity funds	287,390	–	–	287,390
Bond funds	77,248	–	–	77,248
Real estate funds	24,999	–	–	24,999
Commodity funds	6,540	–	–	6,540
	$401,506	$ –	$ –	$401,506

5. Net Assets

Net assets with donor restrictions are available for the following purposes at December 31:

	2021	2020
Passage of time	$ 30,000	$ –
Purpose restricted	47,724	10,000
Perpetual in nature:		
Endowments	98,667	98,667
Total net assets with donor restrictions	$176,391	$108,667

6. Endowments

The Organization's endowment consists of an individual, donor-restricted endowment fund established to achieve the long-range goals of the Organization. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Organization is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds.

The Board of Directors of the Organization has interpreted 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 would classify as net assets with donor restrictions to be held in perpetuity: (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 application of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization's endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in accordance with the donor gift instrument and in a manner consistent with the standards as set forth by the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the original value of those endowment assets over the long-term. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, the endowment assets are invested in a manner that is intended to contribute to the Organization's total return objectives and preserve principal while maintaining a competitive yield as market conditions dictate.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

6. Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's policy for the distribution of funds is determined based on the donor's intentions and investment returns as well as by taking into consideration the long-term expected return on its endowment. The current policy of the Organization is to record all earnings (realized and unrealized) without restriction. The current spending policy is to use current earnings to subsidize operating and other costs.

7. Leases

The Organization leases office space with rental payments ranging from $2,500 to $2,600 per month through November 30, 2024. Office rental expense, including taxes, under lease agreements amounted to $36,388 and $37,219 in 2021 and 2020, respectively.

The following is a schedule of future minimum rental payments under the related lease agreement as of December 31, 2021:

2022	$ 30,100
2023	31,200
2024	28,600
	$ 89,900

8. Retirement Plan

Effective August 2018, the Organization entered into an agreement to become a participating employer in the Massachusetts Defined Contribution CORE Plan (the Plan). The Organization will make 401(k) safe harbor matching contributions to the Plan for participants who are eligible employees making elective deferrals to the Plan, including highly compensated employees. The Organization will contribute one hundred percent (100%) of the participant's elective deferrals that do not exceed the first three percent (3%) of the participant's compensation for the Plan year plus fifty percent (50%) of elective deferrals that do not exceed the next two percent (2%) of the participant's compensation for the Plan year. Total Organization contributions in 2021 and 2020 were $13,439 and $9,941, respectively.

While the Organization expects to continue the Plan indefinitely, it has reserved the right to modify, amend or terminate the Plan. In the event of termination, the entire amount contributed under the Plan must be applied to the payment of benefits to participants or beneficiaries.

9. Paycheck Protection Program Loan

During the year ended December 31, 2020, the Organization entered into a promissory note for an unsecured loan in the amount of $47,500 through the Paycheck Protection Program (PPP) established by the CARES Act and administered by the U.S. Small Business Administration (SBA). The PPP provided loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses of the qualifying organization. The loan and accrued interest had original terms that were forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintaining its payroll levels for an eight-week period or a 24-week covered period, as defined. The amount of loan forgiveness would be reduced if the borrower terminated employees or reduced salaries during the covered period. Certain modifications to PPP loan terms were signed into law in June 2020 and October 2020 that changed the forgiveness, covered period, deferral period and forgiveness periods. The PPP loan was made for the purpose of securing funding for salaries and wages of employees that may have otherwise been displaced by the outbreak of COVID-19 and the resulting detrimental impact on the Organization's operations. The loan bore interest at 1.0%, with principal and interest payments deferred until the date the SBA remitted forgiveness to the lender or ten months following the end of the covered period. After that, the loan and interest would be paid back over a period of two years, if the loan was not forgiven under the terms of the PPP.

The Organization applied for full forgiveness during 2020, as it believed it used the proceeds for purposes consistent with the PPP. On February 10, 2021, the Organization received approval for full forgiveness from the SBA. The Organization has accounted for the PPP loan in accordance with FASB Accounting Standards Codification (ASC) Topic 470 and included the full $47,500 as a component of long-term debt until forgiveness was received. Upon receiving full forgiveness during the year ended December 31, 2021, the Organization recognized a gain on extinguishment of the PPP loan for the full $47,500 on the accompanying 2021 statement of activities and changes in net assets.