

PSYCHARMOR INSTITUTE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



Leaf & Cole, LLP
Certified Public Accountants

**PSYCHARMOR INSTITUTE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
PsychArmor Institute, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of PsychArmor Institute, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Directors
PsychArmor Institute, Inc.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PsychArmor Institute, Inc. as of December 31, 2020 and 2019, 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.

Leaf & Cole LLP

San Diego, California
June 30, 2021

PSYCHARMOR INSTITUTE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>Current Assets:</u> (Notes 2, 4 and 10)		
Cash and cash equivalents	\$ 1,056,550	\$ 513,212
Fee-for-service receivables	47,920	33,130
Contribution receivables	3,000	113,343
Prepaid expenses	14,014	19,518
Total Current Assets	<u>1,121,484</u>	<u>679,203</u>
<u>Noncurrent Assets:</u> (Notes 2 and 5)		
Property and equipment, net	2,643	17,244
Deposits	6,956	5,848
TOTAL ASSETS	<u>\$ 1,131,083</u>	<u>\$ 702,295</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2 and 6)		
Accounts payable	\$ 11,582	\$ 10,711
Accrued expenses	87,371	79,366
Deferred rent	24,444	-
Deferred revenue	113,434	68,421
Total Current Liabilities	<u>236,831</u>	<u>158,498</u>
TOTAL LIABILITIES	<u>236,831</u>	<u>158,498</u>
<u>Commitments and Contingencies</u> (Notes 8 and 9)		
<u>Net Assets:</u> (Notes 2 and 7)		
Without Donor Restrictions	486,452	35,897
With Donor Restrictions	407,800	507,900
Total Net Assets	<u>894,252</u>	<u>543,797</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,131,083</u>	<u>\$ 702,295</u>

The accompanying notes are an integral part of the financial statements.

PSYCHARMOR INSTITUTE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 37,401	\$ 1,198,250	\$ 1,235,651	\$ 30,088	\$ 1,386,550	\$ 1,416,638
In-kind contributions	1,001,434	-	1,001,434	1,541,781	-	1,541,781
Fee-for-service revenues	827,576	-	827,576	792,817	-	792,817
Government grant	256,037	-	256,037	-	-	-
Other income	911	-	911	6,568	-	6,568
Interest income	4	-	4	57	-	57
Net assets released from restrictions	1,298,350	(1,298,350)	-	2,072,756	(2,072,756)	-
Total Revenue and Support	<u>3,421,713</u>	<u>(100,100)</u>	<u>3,321,613</u>	<u>4,444,067</u>	<u>(686,206)</u>	<u>3,757,861</u>
Expenses:						
Program Expenses	<u>2,526,400</u>	<u>-</u>	<u>2,526,400</u>	<u>3,350,679</u>	<u>-</u>	<u>3,350,679</u>
Supporting Services:						
Management and general	222,676	-	222,676	308,422	-	308,422
Fundraising	222,082	-	222,082	197,608	-	197,608
Total Supporting Services	<u>444,758</u>	<u>-</u>	<u>444,758</u>	<u>506,030</u>	<u>-</u>	<u>506,030</u>
Total Expenses	<u>2,971,158</u>	<u>-</u>	<u>2,971,158</u>	<u>3,856,709</u>	<u>-</u>	<u>3,856,709</u>
Change in Net Assets	450,555	(100,100)	350,455	587,358	(686,206)	(98,848)
Net Assets at Beginning of Year	<u>35,897</u>	<u>507,900</u>	<u>543,797</u>	<u>(551,461)</u>	<u>1,194,106</u>	<u>642,645</u>
NET ASSETS AT END OF YEAR	<u>\$ 486,452</u>	<u>\$ 407,800</u>	<u>\$ 894,252</u>	<u>\$ 35,897</u>	<u>\$ 507,900</u>	<u>\$ 543,797</u>

The accompanying notes are an integral part of the financial statements.

PSYCHARMOR INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Supporting Services		
		Management and General	Fundraising	Total
<u>Salaries and Related Expenses</u>				
Salaries and wages	\$ 934,534	\$ 117,709	\$ 150,115	\$ 1,202,358
Payroll taxes	67,817	18,526	10,891	97,234
Employee benefits	33,668	9,197	5,407	48,272
Total Salaries and Related Expenses	1,036,019	145,432	166,413	1,347,864
<u>Operating Expenses</u>				
Advertising and promotion	1,384	21	19	1,424
Contractors	21,562	-	9,725	31,287
Cost of Fee-for-Service Revenue	303,481			303,481
Course development software	17,747	2,162	985	20,894
Depreciation	15,743	3,977	2,338	22,058
Dues and subscriptions	944	1,978	4,980	7,902
Insurance	5,814	1,588	934	8,336
Licenses and fees	-	1,989	-	1,989
Miscellaneous	1,550	8,509	3,448	13,507
Office supplies and equipment	8,234	2,376	1,421	12,031
Professional fees	50,373	35,102	20,547	106,022
Public service announcements	975,930	-	-	975,930
Rent, utilities and maintenance	77,710	18,776	11,020	107,506
Travel and meals	9,909	766	252	10,927
Total Operating Expenses	1,490,381	77,244	55,669	1,623,294
TOTAL EXPENSES	\$ 2,526,400	\$ 222,676	\$ 222,082	\$ 2,971,158

The accompanying notes are an integral part of the financial statements.

PSYCHARMOR INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and Related Expenses				
Salaries and wages	\$ 894,814	\$ 181,881	\$ 128,485	\$ 1,205,180
Payroll taxes	71,529	14,539	10,271	96,339
Employee benefits	72,359	10,402	5,814	88,575
Total Salaries and Related Expenses	<u>1,038,702</u>	<u>206,822</u>	<u>144,570</u>	<u>1,390,094</u>
Operating Expenses				
Advertising and promotion	6,018	1,502	299	7,819
Contractors	287,860	3,051	11,057	301,968
Cost of Fee-for-Service Revenues	187,111	-	-	187,111
Course development software	27,969	-	-	27,969
Depreciation	20,279	4,521	485	25,285
Dues and subscriptions	11,100	1,545	199	12,844
Insurance	3,178	8,683	255	12,116
Licenses and fees	788	361	882	2,031
Miscellaneous	22,611	578	2,332	25,521
Office supplies and equipment	28,908	3,482	757	33,147
Professional fees	38,299	57,921	12,661	108,881
Public service announcements	1,517,544	-	-	1,517,544
Rent, utilities and maintenance	99,026	14,623	2,067	115,716
Travel and meals	61,286	5,333	22,044	88,663
Total Operating Expenses	<u>2,311,977</u>	<u>101,600</u>	<u>53,038</u>	<u>2,466,615</u>
TOTAL EXPENSES	<u>\$ 3,350,679</u>	<u>\$ 308,422</u>	<u>\$ 197,608</u>	<u>\$ 3,856,709</u>

The accompanying notes are an integral part of the financial statements.

PSYCHARMOR INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 350,455	\$ (98,848)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	25,288	28,240
(Increase) Decrease in:		
Fee-for-service receivable	(14,790)	-
Contributions receivable	110,343	6,027
Due from related party	-	10,621
Prepaid expenses	5,504	2,498
Deposits	(1,108)	-
Increase (Decrease) in:		
Accounts payable	871	(2,640)
Accrued expenses	8,005	(18,042)
Deferred rent	24,444	-
Deferred revenue	45,013	46,333
Net Cash Provided by (Used in) Operating Activities	<u>554,025</u>	<u>(25,811)</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of property and equipment	<u>(10,687)</u>	-
Net Cash Used in Investing Activities	<u>(10,687)</u>	-
Net Increase (Decrease) in Cash and Cash Equivalents	543,338	(25,811)
Cash and Cash Equivalents at Beginning of Year	<u>513,212</u>	<u>539,023</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,056,550</u>	<u>\$ 513,212</u>

The accompanying notes are an integral part of the financial statements.

PSYCHARMOR INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 1 - Organization:

PsychArmor Institute, Inc. (“the Organization”) is a national nonprofit organization founded in October 2013 in San Diego, California that harnesses the power of education and technology to transform the connection between military and civilian communities. The Organization offers easily accessible educational courses, live coaching, on-demand 24/7 guidance, classroom instructions and seminars to all service members in need of psychological resources and to civilians to effectively engage with and support military service members, Veterans, and their families.

Because not a lot of Americans serve or have served in uniform, most civilians are unfamiliar with military culture, lifestyle, and their unique attributes. As a result, members of the military and Veteran connected community often feel misunderstood and reluctant to seek support. The Organization’s mission is to bridge that civilian-military gap by educating the nation.

The Organization utilizes a public health model by implementing education at a national and community level to mobilize strategic initiatives on topics such as suicide prevention and wellness in the workplace. Its four core programs are comprehensive and focus on online training course development, learning engagement, educational consultancy, and a support center, all of which are supported by its technology platform. It provides education on a wide variety of well-being topics important to the military community and those who work with, live with and support them, ranging from employment, financial wellness, healthcare, mental health, suicide prevention, and transition assistance. These programs also target specific audiences, including: healthcare providers, educators, employers, volunteers, caregivers, and transitioning military families.

The Organization strives to reduce barriers to learning. Its on-line courses are delivered with innovative systems that are learner-centric and are available on-demand.

The Organization is a vibrant and growing nonprofit organization that is leveraging its proven capabilities and extensive network of partner organizations to provide the needed education and services to the military and Veteran connected community when and how they are needed most.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

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

- *Net assets without donor restrictions:* Net assets that are available for use in general operations and not subject to any donor imposed restrictions.

PSYCHARMOR INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

Financial Statement Presentation (Continued)

- *Net assets with donor restrictions:* Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when the restrictions expires - that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Organization had no financial instruments at December 31, 2020 and 2019.

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all fee-for-service and contributions receivable were fully collectible; therefore, no allowance for doubtful fee-for-service and contributions receivable was recorded at December 31, 2020 and 2019.

Property and Equipment

Property and equipment are stated at cost. The Organization capitalizes fixed asset purchases that have a useful life of greater than one year and that exceed the Organization's minimum capitalization limit. Donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

PSYCHARMOR INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

Property and Equipment (Continued)

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Leasehold improvements are amortized, using the straight-line method, over the shorter of the estimated economic life of the improvements or the remaining lease term. Depreciation expense related to property and equipment totaled \$25,288 and \$28,240 for the years ended December 31, 2020 and 2019, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling \$51,472 and \$37,749 at December 31, 2020 and 2019, respectively is accrued when incurred and included in accrued expenses.

Revenue Recognition

Fee-for-service revenues from the sale of customized courses are recognized as units are delivered. Costs of fee-for-service revenues include all direct labor, overhead and indirect costs related to the production and delivery of courses and services. Costs allocable to undelivered units are reported in the statements of financial position as courses under development.

The Organization occasionally enters into arrangements with customers for the performance and delivery of multiple products and services (which are referred to, generally, as multiple deliverables). Under such an arrangement, if certain conditions are met, each deliverable is treated as a separate unit of accounting and the revenue from the arrangement is allocated to the deliverables based on their relative selling prices. Relative selling prices are determined using vendor-specific objective evidence of selling price, if available. If not available, third party evidence of selling price is used. If neither exists, the Organization uses its best estimate of selling price. The arrangements contain various provisions relating to performance, cancellation, termination, and refunds.

Contributions, which include unconditional promises to give, are recognized as revenues in the period received or promised. Conditional promises to give are not recognized as revenues until the conditions are substantially met. The Organization was the recipient of conditional promises to give from donors. The promises to give are conditioned upon the fulfillment of certain course development and sponsorship activities. Donors have collectively promised to give, subject to the conditions being met, \$-0- and \$200,000 at December 31, 2020 and 2019, respectively.

PSYCHARMOR INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Contributions are considered to be without donor restrictions unless specifically restricted by the donor. The Organization reports contributions in the donor restricted net asset class if they are received with donor stipulations as to their use. When a donor imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released and reclassified to net assets without donor restrictions in the statements of activities as net assets released from restrictions. Donor restricted contributions are initially reported in net assets with donor restrictions, even if it is anticipated that such restrictions will be met in the current reporting period.

Donated Services, Donated Materials and Gifts-in-Kind

Donated services are recorded at their fair value in the financial statements if the services a) create or enhance nonfinancial assets or b) require specialized skills, are provided by individuals possessing those skills and are services that would otherwise be purchased by the Organization if not provided by donation. Donated professional services totaled \$10,100 and \$14,700 for the years ended December 31, 2020 and 2019, respectively.

Donated materials are recorded at their fair value in the financial statements at the date of the gift. The Organization does not imply time restrictions for long-lived assets that are received, or gifts of cash or other assets restricted for such acquisitions, unless the donor stipulates how long the donated asset must be used. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the Donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Donated office space totaled \$15,404 and \$9,537 for the years ended December 31, 2020 and 2019, respectively.

Gifts-in-kind include contributions of tangible and intangible personal property and are recorded at their fair value in the financial statements at the date of the gift. In-kind contributions were in the form of public service announcements, marketing material development, printing and distribution support, and social media and digital outlet promotion. Accordingly, the contributions and related program expenses were simultaneously recognized in the accompanying financial statements as in-kind contributions and in-kind public service announcements, respectively. In-kind contributions from two donors totaled \$975,930 and \$1,517,544 for the years ended December 31, 2020 and 2019, respectively.

Functional Expenses

The Organization's directly identifiable expenses are charged to program costs, fundraising, special events, or fee-for-service agreements. Expenses related to both fundraising and programs are allocated to the corresponding functional areas only if certain criteria relating to purpose, audience and content are met. If the criteria are not met, all such expenses are charged to fundraising. Expenses incurred for special events that do not directly benefit donors are charged to fundraising.

Management 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. Expenses attributable to more than one functional area are allocated between the areas on a reasonable and consistent basis.

PSYCHARMOR INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2 - Significant Accounting Policies: (Continued)

Advertising

Advertising is expensed as incurred. Advertising expenses were \$990,369 and \$1,525,465 for the years ended December 31, 2020 and 2019, respectively.

Course Development Costs

Costs incurred to develop free online educational courses are expensed as program costs as incurred.

Income Tax Status

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from federal and state income taxes. The Organization's policy is to recognize the tax benefits of an uncertain tax position when it is more likely than not that the tax position will be sustained upon examination by the relevant taxing authority.

Management believes it is more likely than not that all significant tax positions taken to date on tax returns still subject to examination would be sustained by the relevant taxing authorities. Federal tax returns for 2016 to 2020 and California tax returns for 2015 to 2020 remain subject to examination by the relevant taxing authorities as of December 31, 2020.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Deposits with financial institutions may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 30, 2021, the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

Reclassification

The Organization has reclassified certain prior year information to conform with the current year presentation.

PSYCHARMOR INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, are comprised of the following at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,056,550	\$ 513,212
Fee-for-service receivables	47,920	33,130
Contributions receivables	<u>3,000</u>	<u>113,343</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 1,107,470</u>	<u>\$ 659,685</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Receivables:

Fee-for service receivable are due in less than one year and totaled \$47,920 and \$33,130 at December 31, 2020 and 2019, respectively. Contribution receivables are due in less than one year and total \$3,000 and \$113,343 at December 31, 2020 and 2019, respectively.

Note 5 - Property and Equipment:

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 31,201	\$ 69,276
Furniture and fixtures	28,975	36,247
Leasehold improvements	<u>-</u>	<u>68,719</u>
	60,176	174,242
Less: Accumulated depreciation	<u>(57,533)</u>	<u>(156,998)</u>
	<u>\$ 2,643</u>	<u>\$ 17,244</u>

PSYCHARMOR INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 6 - Accrued Expenses:

Accrued expenses consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Vacation	\$ 51,472	\$ 37,749
Payroll	35,899	37,364
Other	-	4,253
	<u>\$ 87,371</u>	<u>\$ 79,366</u>

Note 7 - Net Assets With Donor Restrictions:

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

	<u>2020</u>	<u>2019</u>
Military Culture	\$ 215,325	\$ -
School for Military Veteran Caregivers and Families	105,000	81,000
Caregiver Pandemic	69,000	-
Pets for Vets	16,000	-
Other	2,475	66,900
Veterans Suicide Training and Support	-	210,000
Military Family Career School	-	150,000
	<u>\$ 407,800</u>	<u>\$ 507,900</u>

Net assets with donor restrictions were released from donor restrictions as follows during the years ended December 31:

	<u>2020</u>	<u>2019</u>
Caregiver Pandemic	\$ 231,000	\$ -
School for Military Veteran Caregivers and Families	226,000	399,000
Veterans Suicide Training and Support	210,000	237,500
School for Employers	200,000	394,000
Military Family Career School	150,000	-
Other	125,175	154,260
Justice for Veteran Mentors	100,000	169,610
Military Culture	32,175	88,000
Pets for Vets	24,000	-
School for Transitioning Service Members and their Families	-	166,768
Financial Wellness and Stability	-	103,500
School for Communities Serving Veterans	-	98,000
School for Healthcare Providers	-	93,200
Support of Children of Wounded Veterans	-	85,500
School for Volunteers and Non-Profits that Serve Veterans	-	83,418
	<u>\$ 1,298,350</u>	<u>\$ 2,072,756</u>

PSYCHARMOR INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 8 - Commitments and Contingencies:

Operating Leases

The Organization leased an office facility and a recording studio under operating lease agreements which expired in June 2020. The Organization entered into a new lease for a combined office facility and recording studio on February 14, 2020. The office facility lease agreement provides for annual escalations in monthly rental payments. Total rent expense was \$98,560 and \$97,745 for the years ended December 31, 2020 and 2019, respectively and is included in rent, utilities and maintenance. As of December 31, 2020 and 2019, deferred rent amounted to \$24,444 and \$-0-, respectively.

Future minimum rental payments required as of December 31, 2020 under noncancelable operating leases with initial terms in excess of one year are as follows:

<u>Years Ended</u> <u>December 31</u>	
2021	\$ 73,260
2022	75,458
2023	77,722
2024	80,053
2025	<u>68,543</u>
Total	<u>\$ 375,036</u>

Paycheck Protection Program

On April 30, 2020, the Organization received a loan totaling \$256,037 from the U.S. Small Business Administration, under the CARES Act Paycheck Protection Program (“PPP”). The loan was forgivable to the extent that the Organization meets the terms and conditions of the PPP. Any portion of the loan that is not forgiven bears interest at 1% and is due in April 2022. The Organization expects to satisfy the terms and conditions of forgiveness of the PPP, and thus, recognized the amount received as revenue during the year ended December 31, 2020.

Coronavirus Pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization’s donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization’s financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

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Note 9 - Retirement Plan:

The Organization has a qualified 403(b) plan (the Plan) to provide retirement benefits to its employees. Employees may contribute a portion of their salary to the Plan subject to an annual maximum amount. The Organization was not permitted to make contributions to the Plan prior to 2017. In January 2017, the Plan was amended to allow for the Organization to make discretionary matching contributions. The Organization made discretionary matching contributions to the Plan totaling \$13,528 and \$23,693 for the years ended December 31, 2020 and 2019, respectively, included in employee benefits.

Note 10 - Concentrations:

The Organization received cash contributions or unconditional promises to give from six donors which approximates 96% and 91% of the total cash contributions or unconditional promises to give for the years ended December 31, 2020 and 2019, respectively. The contributions receivable from one and two donors at December 31, 2020 and 2019, respectively approximates 100% and 77% of total contributions receivable at December 31, 2020 and 2019, respectively.