

GIDEON'S PROMISE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020
With Independent Auditor's Report Thereon

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Gideon's Promise, Inc.

Opinion

We have audited the accompanying financial statements of Gideon's Promise, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020,, and 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 financial statements referred to above present fairly, in all material respects, the financial position of Gideon's Promise, Inc. 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 of Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 Gideon's Promise, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gideon's Promise, Inc.'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 Gideon's Promise, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate 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.

Julian & Koran LLC

Morrow, Georgia
December 6, 2022

GIDEON'S PROMISE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 and 2020,

	ASSETS	
	2021	2020
CURRENT ASSETS		
Cash	\$ 2,579,388	\$ 1,330,717
Investments	6,460	2,338
Accounts receivables	17,969	56,568
Pledges receivable – current	750,000	-
Prepaid expenses	<u>6,992</u>	<u>10,684</u>
TOTAL CURRENT ASSETS	3,360,809	1,400,307
NON-CURRENT ASSETS		
Pledges receivable – long term	<u>350,000</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS	350,000	-
PROPERTY AND EQUIPMENT, NET	-	1,242
DEPOSITS	<u>7,875</u>	<u>7,875</u>
TOTAL ASSETS	<u>\$ 3,718,684</u>	<u>\$ 1,409,424</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 32,015	\$ 25,091
Accrued expenses	25,090	40,241
Deferred revenue	570,897	179,032
Deferred rent	63,663	77,657
Note payable- PPP loan	<u>-</u>	<u>262,362</u>
TOTAL CURRENT LIABILITIES	<u>691,665</u>	<u>584,383</u>
TOTAL LIABILITIES	691,665	584,383
NET ASSETS		
Without donor restrictions	1,899,250	784,295
With donor restriction	<u>1,127,769</u>	<u>40,746</u>
TOTAL NET ASSETS	<u>3,027,019</u>	<u>825,041</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,718,684</u>	<u>\$ 1,409,424</u>

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

GIDEON'S PROMISE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 2,476,583	\$ 1,127,769	\$ 3,604,352
Other income	262,362	-	262,362
Special events	112,811	-	112,811
Less: Direct benefit to donors	(2,402)	-	(2,402)
Program and training income	51,678	-	51,678
Investment income	<u>4,199</u>	<u>-</u>	<u>4,199</u>
Public support and revenue	2,905,231	1,127,769	4,033,000
Net assets released from restrictions	<u>40,746</u>	<u>(40,746)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	2,945,977	1,087,023	4,033,000
EXPENSES			
Program activities	1,347,737	-	1,347,737
Supporting services			
Management and general	204,817	-	204,817
Fundraising	<u>278,468</u>	<u>-</u>	<u>278,468</u>
Total supporting services	<u>483,285</u>	<u>-</u>	<u>483,285</u>
TOTAL EXPENSES	<u>1,831,022</u>	<u>-</u>	<u>1,831,022</u>
CHANGE IN NET ASSETS	1,114,955	1,087,023	2,201,978
NET ASSETS AT BEGINNING OF YEAR	<u>784,295</u>	<u>40,746</u>	<u>825,041</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,899,250</u>	<u>\$ 1,127,769</u>	<u>\$ 3,027,019</u>

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

GIDEON'S PROMISE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 1,678,683	\$ 100,000	\$ 1,778,683
Other income	6,128	-	6,128
Special events	39,672	-	39,672
Less: Direct benefit to donors	(5,835)	-	(5,835)
Program and training income	137,980	-	137,980
Investment income	88	-	88
In-kind donations	<u>49,838</u>	<u>-</u>	<u>49,838</u>
Public support and revenue	1,906,554	100,000	2,006,554
Net assets released from restrictions	<u>89,254</u>	<u>(89,254)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	1,995,808	10,746	2,006,554
EXPENSES			
Program activities	995,260	-	995,260
Supporting services			
Management and general	102,368	-	102,368
Fundraising	<u>275,624</u>	<u>-</u>	<u>275,624</u>
Total supporting services	377,992	-	377,992
TOTAL EXPENSES	<u>1,373,252</u>	<u>-</u>	<u>1,373,252</u>
CHANGE IN NET ASSETS	622,556	10,746	633,302
NET ASSETS AT BEGINNING OF YEAR	<u>161,739</u>	<u>30,000</u>	<u>191,739</u>
NET ASSETS AT END OF YEAR	<u>\$ 784,295</u>	<u>\$ 40,746</u>	<u>\$ 825,041</u>

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

GIDEON'S PROMISE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program activities</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Totals</u>
Personnel and benefits	\$ 847,033	\$ 152,936	\$ 176,465	\$ 1,176,434
Professional fees	198,993	21,543	72,258	292,794
Program expenses	133,096	-	-	133,096
Occupancy	68,470	12,363	14,265	95,098
Office expense	48,249	8,794	10,147	67,190
Travel	34,905	1,102	735	36,742
Telephone	13,125	2,370	2,734	18,229
Marketing and other expense	2,972	5,547	1,678	10,197
Depreciation	<u>894</u>	<u>162</u>	<u>186</u>	<u>1,242</u>
TOTAL EXPENSES	<u>\$ 1,347,737</u>	<u>\$ 204,817</u>	<u>\$ 278,468</u>	<u>\$ 1,831,022</u>

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

GIDEON'S PROMISE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program activities</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Totals</u>
Personnel and benefits	\$ 516,100	\$ 69,327	\$ 184,871	\$ 770,298
Professional fees	177,110	11,787	42,433	231,330
Program expenses	38,790	-	-	38,790
Occupancy	60,891	8,179	21,811	90,881
Office expense	47,836	6,425	17,134	71,395
Travel	132,338	4,179	2,786	139,303
Telephone	11,801	1,585	4,227	17,613
Marketing and other expense	5,362	720	1,920	8,002
Depreciation	1,232	166	442	1,840
Contracted services	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>3,800</u>
 TOTAL EXPENSES	 <u>\$ 995,260</u>	 <u>\$ 102,368</u>	 <u>\$ 275,624</u>	 <u>\$ 1,373,252</u>

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

GIDEON'S PROMISE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,201,978	\$ 633,302
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,242	1,840
Non-cash asset	(4,122)	(2,338)
PPP loan forgiveness	(262,362)	-
(Increase) Decrease in operating assets		
Receivables	38,599	(24,690)
Promises to give	(1,100,000)	-
Prepaid expenses	3,692	9,120
Increase (Decrease) in operating liabilities		
Accounts payable	6,924	9,285
Accrued expenses	(15,151)	18,574
Deferred revenue	391,865	(23,597)
Deferred rent	<u>(13,994)</u>	<u>(11,911)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,248,671	609,585
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	<u>-</u>	<u>262,362</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>262,362</u>
NET CHANGE IN CASH	1,248,671	871,947
CASH AT THE BEGINNING OF THE YEARS	<u>1,330,717</u>	<u>458,770</u>
CASH AT THE END OF THE YEARS	<u>\$ 2,579,388</u>	<u>\$ 1,330,717</u>

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

GIDEON'S PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. ORGANIZATION

Gideon's Promise, Inc. (“Gideon's Promise, Inc.”) is an organization created to improve the quality of representation for indigent defendants across the Southern United States. Their mission is to provide outstanding public defender training to young lawyers and to develop a community of Gideon's Promise, Inc. members, graduates, public defender offices, and other organizations, tied together by the mutual objective to advance standards of public defense, and thereby optimize the collective ability to advocate for systemic indigent defense reform. Gideon's Promise, Inc. revenue comes from its training program, government and foundation grants, and contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of accounting

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

Basis of presentation

Gideon's Promise, Inc. classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Gideon's Promise, Inc. and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of Gideon's Promise, Inc.’ management and the board of directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of Gideon's Promise, Inc. and/or passage of time. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

GIDEON'S PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue recognition

Gideon's Promise, Inc. records unconditional promises to give and contributions received as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized as contributions or grants without donor restrictions once the conditions of the promise or grant have been substantially met.

Gideon's Promise, Inc. reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, 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 statements of activities as net assets released from restrictions.

Gideon's Promise, Inc. has chosen to report donor-restricted support whose restrictions are met in the same reporting period as support without donor restrictions.

Gideon's Promise, Inc. recognizes training fees when the training session occurs, in an amount that reflects the consideration Gideon's Promise, Inc. expects to be entitled to in exchange for the service. Revenue is recognized as service is provided, at a point in time. Gideon's Promise, Inc.'s training fees are quoted based off the number of participants.

Estimates in the financial statements

Management of Gideon's Promise, Inc. makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Cash and cash equivalents

For financial statement purposes, highly liquid investments with original maturities of three months or less when purchased are reported as cash and cash equivalents. For the years ended December 31, 2021 and 2020, Gideon's Promise, Inc. had no cash equivalents.

Financial instruments

The financial instruments shown as assets and liabilities in the statements of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables and payables, approximate their fair value.

Accounts receivable

Accounts receivables are presented net of the allowance for doubtful accounts. There were no allowance balances for the years ended December 31, 2021 and 2020.

GIDEON'S PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of donation. Items whose cost is in excess of \$1,500 are considered for capitalization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are charged to expense as incurred. Depreciation expense totaled \$1,242 and \$1,840 for 2021 and 2020, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position.

Deferred revenue

Training revenue paid to Gideon's Promise, Inc. in advance is recorded as deferred revenue. Such revenue will be recognized in the period the training occurs and expenditures are incurred.

Allocation of functional expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Gideon's Promise, Inc. Those expenses include occupancy which is allocated on a square footage basis, as well as personnel and benefits, travel, professional fees, office expense, telephone, marketing and other expenses, contracted services, and depreciation, which are allocated on the basis of estimates of time and effort

Contributed services and materials

During the years ended December 31, 2021 and 2020, the value of contributed professional services meeting the requirements for recognition in the financial statements was \$- and \$49,838, respectively. These services related to legal training provided by legal professionals.

Income taxes

Gideon's Promise, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. Gideon's Promise, Inc. had no income from unrelated activities and has no income taxes due as of December 31, 2021 and 2020.

GIDEON'S PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Gideon's Promise, Inc.'s application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes Gideon's Promise, Inc. has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. Gideon's Promise, Inc. would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. Gideon's Promise, Inc. is no longer subject to examination by federal, state or local tax authorities for periods before 2018.

Upcoming accounting pronouncements

ASU No. 2016-02 Leases (Topic 842)

FASB issued ASU 2016-02, Leases (Topic 842), which will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASU No. 2020-05 delayed the application of the new leases standard for one year. As a result, the leases standard is effective for Gideon's Promise, Inc.'s fiscal year ending December 31, 2022. Early application is permitted.

ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets

The ASU requires that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclose the following: (1) A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. (2) For each category of contributed nonfinancial assets recognized, qualitative information about whether nonfinancial assets were monetized or utilized; the NFP's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; donor-imposed restrictions associated with contributed nonfinancial assets; and valuation techniques, inputs, and the principal market used for determining fair value. This ASU is effective for Gideon's Promise, Inc.'s fiscal year ending December 31, 2022. Retrospective basis is used for implementation.

Gideon's Promise, Inc. is currently evaluating the impact of the adoption of both standards on the financial statements.

Subsequent events

Subsequent events have been evaluated through December 6, 2022, which is the date the financial statements were available to be issued.

GIDEON'S PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

3. AVAILABILITY AND LIQUIDITY

The following represents Gideon's Promise, Inc.'s financial assets at December 31, 2021:

Financial assets:	
Cash and cash equivalents	\$ 2,579,388
Investments	6,460
Other receivables	<u>17,969</u>
Financial assets at year end	2,603,817
Less amounts unavailable to be used within one year:	
Net assets with donor restrictions	<u>40,746</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,563,071</u>

Gideon's Promise, Inc.'s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$375,000). As part of its liquidity plan, excess cash is invested in a money market account.

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 22,844	\$ 22,844
Improvements	3,620	3,620
Less accumulated depreciation	<u>(26,464)</u>	<u>(25,222)</u>
	<u>\$ -</u>	<u>\$ 1,242</u>

5. COMMITMENTS

Gideon's Promise, Inc. leases office equipment and space under operating leases for various terms. Rent expense was \$9,923 and \$9,431 for the years ended December 31, 2021 and 2020, respectively.

On January 31, 2015, Gideon's Promise, Inc. signed a lease for office space in Downtown Atlanta. The lease began June 1, 2015 and lasts 120 months.

GIDEON'S PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

5. COMMITMENTS – Continued

Future minimum rental payments for all operating leases are as follows:

<u>Year</u>	<u>Total</u>
2022	\$ 115,655
2023	115,882
2024	111,992
2025	<u>47,047</u>
Total	<u>\$ 390,576</u>

6. CONCENTRATION OF RISK

Gideon's Promise, Inc. maintains its cash in accounts, which at times may exceed federally insured limits. Gideon's Promise, Inc. has not experienced any losses in such accounts. Management believes it is not exposed to any undue credit risk with regards to the cash in excess of federally insured limits.

7. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditures for specific purpose:		
Restricted for time	\$ 1,100,000	\$ -
Restricted for mentor support and travel	27,769	10,746
Restricted for use in training Dallas, TX	<u>-</u>	<u>30,000</u>
	<u>\$ 1,127,769</u>	<u>\$ 40,746</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Restricted for mentor support and travel	\$ 10,746	\$ 89,254
Restricted for use in Training Dallas, TX	<u>30,000</u>	<u>-</u>
Total Released from Restrictions	<u>\$ 40,746</u>	<u>\$ 89,254</u>

GIDEON'S PROMISE, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

8. COMMITMENT AND CONTINGENCY

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. Gideon's Promise, Inc. 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 Gideon's Promise, Inc.'s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on Gideon's Promise, Inc.'s donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Gideon's Promise, Inc.'s financial position and changes in operations and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

9. PAYCHECK PROTECTION PROGRAM LOAN

On April 7, 2020, Gideon's Promise, Inc. received loan proceeds in the amount of \$262,362 under the Paycheck Protection Program ("PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARS Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the Organization's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrow terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. Gideon's Promise, Inc. intends to use the PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

Gideon's Promise, Inc. has recorded a note payable and will record forgiveness upon being legally released from the loan obligation. Forgiveness income of \$262,362 has been recorded for the year ended December 31, 2021. There is no remaining unforgiven balance that Gideon's Promise, Inc. is required to repay.