



FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



Leaf & Cole, LLP
Certified Public Accountants

**REALITY CHANGERS
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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

Independent Auditor's Report

To the Board of Directors
Reality Changers

Report on the Financial Statements

We have audited the accompanying financial statements of Reality Changers, which comprise the statements of financial position as of June 30, 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.

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
Reality Changers

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reality Changers as of June 30, 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.

Leaf & Cole LLP

San Diego, California
March 31, 2022

REALITY CHANGERS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Assets:</u> (Notes 2 and 4)		
Cash and cash equivalents	\$ 1,472,633	\$ 1,286,606
Contributions receivable	166,000	167,738
Other receivable	135,018	-
Prepaid expenses	20,403	18,292
Total Current Assets	<u>1,794,054</u>	<u>1,472,636</u>
<u>Noncurrent Assets:</u> (Notes 2, 4 and 5)		
Contributions receivable, net	193,886	272,826
Furniture and equipment, net	16,586	22,298
Total Noncurrent Assets	<u>210,472</u>	<u>295,124</u>
TOTAL ASSETS	<u>\$ 2,004,526</u>	<u>\$ 1,767,760</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2 and 8)		
Accounts payable	\$ 15,178	\$ 5,867
Accrued expenses	134,379	176,674
Deferred revenue	277,987	236,337
Total Current Liabilities	<u>427,544</u>	<u>418,878</u>
Total Liabilities	<u>427,544</u>	<u>418,878</u>
<u>Commitments and Contingencies</u> (Notes 7 and 8)		
<u>Net Assets:</u> (Notes 2 and 6)		
Without donor restrictions	1,258,096	921,096
With donor restrictions	318,886	427,786
Total Net Assets	<u>1,576,982</u>	<u>1,348,882</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,004,526</u>	<u>\$ 1,767,760</u>

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

REALITY CHANGERS
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 1,774,650	\$ 70,000	\$ 1,844,650	\$ 1,773,856	\$ 422,826	\$ 2,196,682
Other revenue	135,018	-	135,018	-	-	-
In-kind contributions	127,797	-	127,797	529,772	-	529,772
Program revenue	26,500	-	26,500	197,249	-	197,249
Investment loss	(182)	-	(182)	(142)	-	(142)
Net assets released from restrictions	178,900	(178,900)	-	79,998	(79,998)	-
Total Revenue and Support	<u>2,242,683</u>	<u>(108,900)</u>	<u>2,133,783</u>	<u>2,580,733</u>	<u>342,828</u>	<u>2,923,561</u>
Expenses:						
Program Services	<u>1,161,853</u>	<u>-</u>	<u>1,161,853</u>	<u>2,059,743</u>	<u>-</u>	<u>2,059,743</u>
Supporting Services:						
Management and general	283,838	-	283,838	448,935	-	448,935
Fundraising	459,992	-	459,992	200,589	-	200,589
Total Supporting Services	<u>743,830</u>	<u>-</u>	<u>743,830</u>	<u>649,524</u>	<u>-</u>	<u>649,524</u>
Total Expenses	<u>1,905,683</u>	<u>-</u>	<u>1,905,683</u>	<u>2,709,267</u>	<u>-</u>	<u>2,709,267</u>
Change in Net Assets	337,000	(108,900)	228,100	(128,534)	342,828	214,294
Net Assets at Beginning of Year	<u>921,096</u>	<u>427,786</u>	<u>1,348,882</u>	<u>1,049,630</u>	<u>84,958</u>	<u>1,134,588</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,258,096</u></u>	<u><u>\$ 318,886</u></u>	<u><u>\$ 1,576,982</u></u>	<u><u>\$ 921,096</u></u>	<u><u>\$ 427,786</u></u>	<u><u>\$ 1,348,882</u></u>

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

REALITY CHANGERS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
<u>Salaries and Related Expenses:</u>				
Salaries and wages	\$ 865,220	\$ 100,661	\$ 356,716	\$ 1,322,597
Payroll taxes and related costs	72,978	10,002	27,279	110,259
Employee benefits	26,865	22,252	10,394	59,511
Total Salaries and Related Expenses	<u>965,063</u>	<u>132,915</u>	<u>394,389</u>	<u>1,492,367</u>
<u>Nonsalary Related Expenses:</u>				
Accounting	-	52,395	-	52,395
Advertising and promotion	29,376	-	29,491	58,867
Bank Fees	-	1,739	-	1,739
Computer software and hardware	3,630	459	10,427	14,516
Contractor payments	30,488	7,758	9,065	47,311
Depreciation	5,712	-	-	5,712
Food and beverage	1,099	-	-	1,099
Gifts and recognition	2,364	772	-	3,136
Insurance	27,187	701	6,336	34,224
Media and outside computer service	5,390	514	814	6,718
Membership dues and meals	4,020	543	100	4,663
Mileage and off-site parking	193	7	50	250
Miscellaneous	673	803	93	1,569
Office supplies	415	2,676	31	3,122
Payroll expenses	-	8,145	-	8,145
Printing and copying	1,266	49	888	2,203
Program supplies	6,744	58	-	6,802
Rent	6,124	71,822	938	78,884
Scholarships, support and awards	64,653	-	-	64,653
Shipping, delivery and postage	218	309	1,875	2,402
Special events	1,003	-	3,923	4,926
Staff development	-	1,350	-	1,350
Telephone	5,859	823	1,501	8,183
Transportation program related	3	-	-	3
Travel, conferences and meetings	373	-	71	444
Total Nonsalary Related Expenses	<u>196,790</u>	<u>150,923</u>	<u>65,603</u>	<u>413,316</u>
Total Expenses	\$ <u>1,161,853</u>	\$ <u>283,838</u>	\$ <u>459,992</u>	\$ <u>1,905,683</u>

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

REALITY CHANGERS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
<u>Salaries and Related Expenses:</u>				
Salaries and wages	\$ 1,012,625	\$ 320,107	\$ 94,592	\$ 1,427,324
Payroll taxes and related costs	86,911	24,953	8,533	120,397
Employee benefits	23,480	18,245	5,393	47,118
Total Salaries and Related Expenses	<u>1,123,016</u>	<u>363,305</u>	<u>108,518</u>	<u>1,594,839</u>
<u>Nonsalary Related Expenses:</u>				
Accounting	-	46,227	-	46,227
Advertising and promotion	17,017	490	20,086	37,593
Bank fees	100	1,282	-	1,382
Computer software and hardware	2,807	25	3,337	6,169
Contractor payments	21,126	760	41,985	63,871
Depreciation	8,549	-	-	8,549
Food and beverage	4,772	2,734	204	7,710
Gifts and recognition	1,074	890	49	2,013
Insurance	29,204	5,368	5,016	39,588
Media and outside computer service	-	1,543	149	1,692
Membership dues and meals	5,741	477	511	6,729
Mileage and off-site parking	8,303	675	706	9,684
Miscellaneous	1,938	924	92	2,954
Office supplies	1,424	2,228	48	3,700
Payroll expenses		3,899	-	3,899
Printing and copying	4,003	165	539	4,707
Program supplies	19,288	-	968	20,256
Rent	597,910	9,207	17,120	624,237
Scholarships, support and awards	157,979	-	-	157,979
Shipping, delivery and postage	355	246	224	825
Special events	42,714	-	716	43,430
Staff development	49	5,794	35	5,878
Telephone	6,084	351	1,364	7,799
Transportation program related	2,880	2,292	-	5,172
Travel, conferences and meetings	3,410	53	(1,078)	2,385
Total Nonsalary Related Expenses	<u>936,727</u>	<u>85,630</u>	<u>92,071</u>	<u>1,114,428</u>
Total Expenses	\$ <u>2,059,743</u>	\$ <u>448,935</u>	\$ <u>200,589</u>	\$ <u>2,709,267</u>

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

**REALITY CHANGERS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 228,100	\$ 214,294
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,712	8,549
Donated stock	(73,390)	(34,962)
Realized and unrealized loss on investments	121	145
(Increase) Decrease in:		
Contributions receivable, net	80,678	(440,564)
Accounts receivable	-	18,071
Other receivable	(135,018)	-
Prepaid expenses	(2,111)	(18,292)
Increase (Decrease) in:		
Accounts payable	9,311	(57,948)
Accrued expenses	(42,295)	21,231
Deferred revenue	41,650	236,337
Net Cash Provided by (Used in) Operating Activities	<u>112,758</u>	<u>(53,139)</u>
<u>Cash Flows From Investing Activities:</u>		
Investment sales	73,269	34,817
Purchase of property and equipment	-	(23,695)
Net Cash Provided by Investing Activities	<u>73,269</u>	<u>11,122</u>
Net Increase (Decrease) in Cash and Cash Equivalents	186,027	(42,017)
Cash and Cash Equivalents at Beginning of Year	<u>1,286,606</u>	<u>1,328,623</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,472,633</u></u>	<u><u>\$ 1,286,606</u></u>

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

**REALITY CHANGERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 1 - Organization:

Reality Changers (the “Organization”) is a 501(c)(3) nonprofit organization founded in 2001 and incorporated in 2009 in California. The Organization’s mission is to provide inner-city youth from disadvantaged backgrounds with the resources to become first generation college students by providing academic support, financial assistance, and leadership training.

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, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- 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 a 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 June 30, 2021 and 2020.

REALITY CHANGERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 - Significant Accounting Policies: (Continued)

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 other and contributions receivable are fully collectible; therefore, no allowance for doubtful other and contributions receivable was recorded at June 30, 2021 and 2020, respectively.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$5,000 for furniture and equipment at cost, while donations of furniture 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 furniture and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how 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.

Furniture and equipment is depreciated using the straight-line method over the estimated useful lives as follows:

Equipment	3 - 5 years
Furniture and fixtures	5 - 10 years
Automobile	5 years

Depreciation totaled \$5,712 and \$8,549 for the years ended June 30, 2021 and 2020, respectively.

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

Compensated Absences

Accumulated unpaid vacation benefits totaling \$75,369 and \$105,981 at June 30, 2021 and 2020, respectively is accrued when incurred and included in accrued expenses.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Program revenue is recognized as revenue in the period when the services are performed in accordance with contracts and agreements.

**REALITY CHANGERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 2 - Significant Accounting Policies: (Continued)

Donated Services and Facilities

The Organization has received donations for professional services and program expenses. The professional services are recorded at fair value and totaled \$56,404 and \$32,510 for the years ended June 30, 2021 and 2020, respectively. Program expenses are recorded at fair value and totaled \$2,557 and \$7,662 for the years ended June 30, 2021 and 2020, respectively. Donated services and facilities have been included in revenue and expenses for the years ended June 30, 2021 and 2020.

The Organization rented and occupied unused office facilities discounted by Health Sciences High and Middle College, a nonprofit corporation through July 2020. The Organization received donated office space from the San Diego Unified School District from March 2021 through June 2021. Donated facilities totaled \$68,836 and \$489,600 for the years ended June 30, 2021 and 2020, respectively, recorded at fair value at the date of donation, and have been included in revenue and expenses for the years ended June 30, 2021 and 2020.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and various committee assignments. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services by volunteers for the years ended June 30, 2021 and 2020, did not meet the requirements above, therefore no amounts were recognized in the financial statements for volunteer time.

Functional Allocation of Expenses

The statements of functional expenses presents expenses by function and natural classification. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Income Taxes

The Organization is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is not a private foundation.

The Organization's Return of Organization Exempt from Income Tax for the year ended June 30, 2021, 2020, 2019 and 2018 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

REALITY CHANGERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 2 - Significant Accounting Policies: (Continued)

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts and money market funds which, at times, may 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Subsequent Events

The Organization has evaluated subsequent events through March 31, 2022, which is the date the financial statements are available for issuance and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization considers contributions without donor restrictions and contributions with donor restrictions for use in current 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 activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The table below presents financial assets available for general expenditures within one year at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,472,633	\$ 1,286,606
Contributions receivable	166,000	167,738
Other receivable	135,018	-
Financial assets available for general expenditures within one year	<u>\$ 1,773,651</u>	<u>\$ 1,454,344</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 generating sufficient operating income to cover general expenditures.

REALITY CHANGERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 4 - Contributions Receivable:

Contributions receivable consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Receivables due in less than one year	\$ 166,000	\$ 167,738
Receivables due in one to five years	195,000	275,000
Total Contributions Receivable	<u>361,000</u>	<u>442,738</u>
Less: Discounts to present value	(1,114)	(2,174)
Contributions Receivable, Net	<u>\$ 359,886</u>	<u>\$ 440,564</u>

Contributions receivable have been discounted to their present value using a discount rate of 0.25% through 0.29% for the years ended June 30, 2021 and 2020, respectively.

Note 5 - Furniture and Equipment:

Furniture and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 50,909	\$ 50,909
Automobile	23,695	23,695
Furniture and fixtures	2,307	2,307
Subtotal	<u>76,911</u>	<u>76,911</u>
Less: Accumulated depreciation	(60,325)	(54,613)
Furniture and Equipment, Net	<u>\$ 16,586</u>	<u>\$ 22,298</u>

Note 6 - Net Assets With Donor Restrictions:

Net assets with donor restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Data management system	\$ -	\$ 4,960
Total Subject to Expenditure for Specified Purpose	<u>-</u>	<u>4,960</u>
Subject to the Passage of Time:		
Contributions receivable	<u>318,886</u>	<u>422,826</u>
Total Net Assets with Donor Restrictions	<u>\$ 318,886</u>	<u>\$ 427,786</u>

**REALITY CHANGERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Note 6 - Net Assets With Donor Restrictions: (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Purpose Restrictions Accomplished:		
Data management system	\$ 4,960	\$ 42,498
Community service van	-	17,500
Passage of Time:		
Contributions receivable	173,940	-
Advance contributions	-	20,000
Total Net Assets Released From Restrictions	<u>\$ 178,900</u>	<u>\$ 79,998</u>

Note 7 - Lease Commitments:

The Organization leased office space under an operating lease through July 2020. The lease required the Organization to pay a base rent of one dollar annually. In addition to the base rent, the Organization paid operating expenses, utilities and a capital reserve totaling \$10,636 per month. On August 1, 2020 the Organization entered into a ten year license agreement for office space through July 2030. Rent payments were abated from March 1, 2021 through June 30, 2021. Monthly rent payments under the license agreement of \$7,009 will begin when the Organization is able to resume its programs. The donated office space has been recorded as an in-kind contribution and rent expense and totaled \$68,836 and \$489,600 for the years ended June 30, 2021 and 2020, respectively. Rent expense totaled \$78,884 and \$624,237 for the years ended June 30, 2021 and 2020, respectively.

Note 8 - Contingencies:

Payroll Protection Program Loan

In April 2020, the Organization received a loan totaling \$236,337 from the U.S. Small Business Administration, under the CARES Act Paycheck Protection Program ("PPP"). The loan is 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 has recognized \$236,337 as revenue for the year ended June 30, 2021, since they have satisfied the terms and conditions of forgiveness of the PPP.

Consolidated Appropriations Act Payroll Protection Program

In March 2021, the Organization received a loan totaling \$277,987 from the U.S. Small Business Administration under the CARES Act Paycheck Protection Program ("PPP2"). The loan is forgivable to the extent that the Organization meets the terms and conditions of the PPP2. Any portion of the loan that is not forgiven bears interest at 1% and is due March 2026. The Organization has included the loan totaling \$277,987 in deferred revenue on the Statement of Financial Position at June 30, 2021. The Organization expects to satisfy the terms and conditions of forgiveness of the PPP2 and will recognize the \$277,987 as revenue when forgiveness is granted, which is expected to occur during the year ended June 30, 2022.

REALITY CHANGERS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 8 - Contingencies: (Continued)

Coronavirus Pandemic 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. 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.