

4WORD

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDED DECEMBER 31, 2020 AND 2019

**4WORD
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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
4word
Dallas, Texas

We have audited the accompanying financial statements of 4word, 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.

Auditors' 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 auditors' 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.

Board of Directors and Management
4word

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 4word as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
August 19, 2021

4WORD
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 587,713	\$ 542,239
Grants and Pledges Receivable, Net of Allowance	202,653	5,000
Prepaid Expenses	61,058	78,094
Inventory	4,728	5,553
Property and Equipment, Net	3,806	5,867
Total Assets	\$ 859,958	\$ 636,753
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 60,555	\$ 60,363
Accrued Liabilities	2,160	4,634
Deferred Revenue	240,080	259,868
Total Liabilities	302,795	324,865
NET ASSETS		
Without Donor Restrictions:		
Undesignated	127,637	194,779
Operating Reserves - Board Designated	145,928	77,972
Total Without Donor Restrictions	273,565	272,751
With Donor Restrictions:		
Purpose Restrictions	283,598	39,137
Total With Donor Restrictions	283,598	39,137
Total Net Assets	557,163	311,888
Total Liabilities and Net Assets	\$ 859,958	\$ 636,753

See accompanying Notes to Financial Statements.

**4WORD
STATEMENTS OF ACTIVITIES
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 OTHER SUPPORT						
Contributions and Grants	\$ 230,399	\$ 279,461	\$ 509,860	\$ 205,791	\$ 45,000	\$ 250,791
C-Level Forum	145,985	-	145,985	97,425	-	97,425
Donated Services	120,000	-	120,000	120,000	-	120,000
Mentorship	28,109	-	28,109	29,112	-	29,112
Corporate Mentorship	-	-	-	15,000	-	15,000
Speaking and Writing Fees and Other Revenue	1,062	-	1,062	2,345	-	2,345
Service Fees and Membership	17,650	-	17,650	27,379	-	27,379
Special Event Revenue, Net of Direct Costs of \$236,050 in 2020 and \$182,442 in 2019	259,845	-	259,845	178,813	-	178,813
Annual Retreat	-	-	-	15,649	-	15,649
Community Group Income	25,427	-	25,427	55,256	-	55,256
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	35,000	(35,000)	-	48,930	(48,930)	-
Total Revenue and Other Support	863,477	244,461	1,107,938	795,700	(3,930)	791,770
EXPENSES						
Program	555,063	-	555,063	556,049	-	556,049
Management and General	147,249	-	147,249	141,312	-	141,312
Fundraising	160,351	-	160,351	122,923	-	122,923
Total Expenses	862,663	-	862,663	820,284	-	820,284
CHANGE IN NET ASSETS	814	244,461	245,275	(24,584)	(3,930)	(28,514)
Net Assets - Beginning of Year	272,751	39,137	311,888	297,335	43,067	340,402
NET ASSETS - END OF YEAR	<u>\$ 273,565</u>	<u>\$ 283,598</u>	<u>\$ 557,163</u>	<u>\$ 272,751</u>	<u>\$ 39,137</u>	<u>\$ 311,888</u>

See accompanying Notes to Financial Statements.

4WORD
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses	\$ 80,121	\$ 31,706	\$ 78,505	\$ 190,332
Professional Fees	36,936	81,373	7,049	125,358
Contract Services	305,288	6,176	54,611	366,075
Travel	1,857	77	1,495	3,429
Luncheon Costs	3,083	-	-	3,083
Meals	1,017	4,088	2,100	7,205
Miscellaneous	2,275	888	921	4,084
Marketing	22,680	-	842	23,522
Advertising and Public Relations	-	5,197	-	5,197
Depreciation and Amortization	-	2,061	-	2,061
Supplies	95	398	481	974
Merchant Fees	4,503	7,549	7,069	19,121
Postage and Shipping	(1,338)	2,746	729	2,137
Community Group Expenses	13,023	-	-	13,023
Meetings and Conferences	50	1,055	50	1,155
Insurance	-	2,423	-	2,423
Printing and Copying	1,373	286	332	1,991
Gifts	1,620	366	6,098	8,084
Software	2,302	613	69	2,984
Taxes and licenses	-	247	-	247
C-Level Forum	80,178	-	-	80,178
Special Events Costs	-	-	236,050	236,050
Total Gross Expenses	<u>555,063</u>	<u>147,249</u>	<u>396,401</u>	<u>1,098,713</u>
Direct Costs Netted Against Special Events				
Revenues in the Statement of Activities	<u>-</u>	<u>-</u>	<u>(236,050)</u>	<u>(236,050)</u>
Total Expenses	<u>\$ 555,063</u>	<u>\$ 147,249</u>	<u>\$ 160,351</u>	<u>\$ 862,663</u>

See accompanying Notes to Financial Statements.

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STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses	\$ 68,172	\$ 45,621	\$ 75,784	\$ 189,577
Website/Social Media	18,358	525	875	19,758
Professional Fees	17,132	67,658	453	85,243
Contract Services	267,158	5,740	29,248	302,146
Travel	12,441	471	1,269	14,181
Luncheon Costs	3,130	-	-	3,130
Meals	2,397	1,362	1,260	5,019
Miscellaneous	1,109	10	-	1,119
Marketing	25,710	-	771	26,481
Advertising and Public Relations	-	3,625	-	3,625
Depreciation and Amortization	648	4,740	-	5,388
Supplies	562	881	331	1,774
Merchant Fees	9,053	3,238	5,652	17,943
Postage and Shipping	1,550	1,917	263	3,730
Local Group Expenses	45,200	137	-	45,337
Meetings and Conferences	4,198	580	266	5,044
Insurance	331	2,027	-	2,358
Printing and Copying	823	589	787	2,199
Gifts	1,796	69	5,964	7,829
Software	1,694	1,489	-	3,183
Taxes and licenses	-	165	-	165
Bad Debt Expense	-	200	-	200
Annual Retreat	16,227	268	-	16,495
C-Level Forum	58,360	-	-	58,360
Special Events Costs	-	-	182,442	182,442
Total Gross Expenses	<u>556,049</u>	<u>141,312</u>	<u>305,365</u>	<u>1,002,726</u>
Direct Costs Netted Against Special Events				
Revenues in the Statement of Activities	<u>-</u>	<u>-</u>	<u>(182,442)</u>	<u>(182,442)</u>
Total Expenses	<u>\$ 556,049</u>	<u>\$ 141,312</u>	<u>\$ 122,923</u>	<u>\$ 820,284</u>

See accompanying Notes to Financial Statements.

4WORD
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 245,275	\$ (28,514)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,061	5,388
Changes in Operating Assets and Liabilities:		
Grants and Pledges Receivable	(197,653)	(5,000)
Prepaid Expenses	17,036	(27,853)
Inventory	825	3,644
Accounts Payable	192	40,039
Accrued Liabilities	(2,474)	952
Deferred Revenue	(19,788)	111,444
Net Cash Provided by Operating Activities	45,474	100,100
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(498)
Net Cash Used by Financing Activities	-	(498)
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,474	99,602
Cash and Cash Equivalents - Beginning of Year	542,239	442,637
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 587,713	\$ 542,239

See accompanying Notes to Financial Statements.

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 ORGANIZATION AND OPERATIONS

4word (the Organization) is a Texas nonprofit exempt organization aiming to narrow the gap in resources facing every woman serious about her career, relationships, and faith. The Organization provides a vibrant equipping community for influential and aspirational women through mentoring, face to face/virtual community groups and digital content. Meetings are held at the local Chapter level to facilitate building this community. The Organization operates on a national level as well as through local established Chapters in sixteen states. Revenues are mostly from private contributions.

As a result of the spread of the COVID-19 coronavirus, women sought new ways to connect and find community in an uncertain world. The Organization seized the opportunity to pivot to 100% virtual meetings and events during 2020 to continue to serve women where they were. While the Organization did experience a reduction in program revenue from fewer in-person events, participation and utilization of the resources provided remained steady. And as evidenced by the Contributions revenue in 2020, donor support of the Organization continued to increase and remain strong.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Net Assets

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 therein 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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. 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.

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Concentrations of Risk

During the years ended December 31, 2020 and 2019, the Organization's deposits occasionally exceeded federal deposit insurance. The Federal Deposit Insurance Corporation (FDIC) currently insures the deposits up to \$250,000 per financial institution. The excess above \$250,000 is backed only by the soundness of the financial institution. Management believes the risk of incurring material losses related to this credit risk is remote.

Program Revenue

Membership - Revenue is recognized over a year or the membership period. Payments received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Mentorship - Revenue is recognized over a ten week mentorship period. Payments received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Grants and Pledges Receivable

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Conditional promises to give as of December 31, 2020 and 2019 totaled \$-0-. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Management evaluates collectability of pledges based on an assessment of the credit history with those having outstanding balances and current relationships with them. The allowance for uncollectible pledges was \$-0- as of December 31, 2020 and 2019.

Inventory

Inventory, consisting of books, is valued at the lower of cost or net realizable value.

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

The Organization expenses costs incurred in the planning and research stage of its website development, as well as costs incurred to operate the site. Costs incurred to develop the applications and infrastructure and costs that increase the functionality of the website are capitalized.

Depreciation and Amortization

Depreciation and amortization of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which generally range from three to five years.

Revenue With and Without Donor Restrictions

Contributions received are recorded with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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 statement of activities as net assets released from restrictions.

Revenue from services and events is recognized in the period the services are performed and events occur. Deferred revenue represents amounts collected in advance for services and events occurring in the subsequent year.

Donated Assets and Services

Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs are expensed as incurred. Total advertising expenses for the years ended December 31, 2020 and 2019 were \$5,197 and \$3,625, respectively.

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Tax

The Organization is a nonprofit entity exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); therefore, no provision for federal income taxes has been included in the financial statements. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from unrelated business for the years ended December 31, 2020 and 2019.

Reclassifications

Certain reclassifications have been made to the 2019 financial statement information to conform to the current year presentation. These reclassifications had no effect on the change in net assets for 2019.

Recent Accounting Guidance

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization's financial statements reflect the application of ASC 606 guidance beginning in 2019. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions and promises to give as unrestricted or as 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. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. To achieve this target, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended December 31, 2020, the level of liquidity and reserves was managed within the policy requirements.

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

4word's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 587,713	\$ 542,239
Grants and Pledges Receivable, Net	106,610	5,000
Less: Amounts Restricted by Donors	(183,766)	(39,137)
Less: Operating Reserves - Board Designated	<u>(145,928)</u>	<u>(77,972)</u>
Total	<u>\$ 364,629</u>	<u>\$ 430,130</u>

The board designates an operating reserve of 25% of net assets annually. Although 4word does not intend to spend from this board-designated operating reserve, these amounts could be made available if necessary.

NOTE 4 GRANTS AND PLEDGES RECEIVABLE

The Organization recognizes unconditional promises to give as support in the period the promise to give is made and reports them as contributions in the statement of activities. Contributions that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. Promises to give consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Receivable in One Year or Less	\$ 106,610	\$ 5,000
Receivable in Two to Five Years	99,832	-
Total	<u>206,442</u>	<u>5,000</u>
Less: Present Value Discount	<u>(3,789)</u>	<u>-</u>
Grants and Pledges Receivable, Net	<u>\$ 202,653</u>	<u>\$ 5,000</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and Equipment	\$ 3,615	\$ 3,615
Website	63,033	63,033
Trademark	<u>2,350</u>	<u>2,350</u>
Total	68,998	68,998
Less: Accumulated Depreciation and Amortization	<u>(65,192)</u>	<u>(63,131)</u>
Net Property and Equipment	<u>\$ 3,806</u>	<u>\$ 5,867</u>

**4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets are restricted by donors for specific purpose or programs as well as for future periods. Net assets restricted by donors were as follows as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Charter and Financial Development	\$ 6,631	\$ 6,632
Succession Planning	50,000	25,000
Mentor Program	12,756	7,505
Technology Project	214,211	-
Purpose Restricted Net Assets	<u>\$ 283,598</u>	<u>\$ 39,137</u>

NOTE 7 IN-KIND CONTRIBUTIONS OF GOODS AND PROFESSIONAL SERVICES

The Organization received contributions of goods and professional services valued at \$134,492 and \$127,500 for the years ended December 31, 2020 and 2019, respectively. The donated services are reflected in the financial statements because they require specialized skills, were provided by individuals possessing those skills, and would have needed to be purchased if not donated. These goods and professional services primarily consist of special event donations, executive director salary, and professional services. The expenses associated with these services have been recorded in the statements of functional expenses as follows:

	<u>2020</u>	<u>2019</u>
Support of Program Services	\$ 48,100	\$ 53,600
Support of Management and General	17,858	17,400
Support of Fundraising	68,534	56,500
Total	<u>\$ 134,492</u>	<u>\$ 127,500</u>

Additionally, the Organization benefits from the work of volunteers whose services are not reflected in the financial statements because the services do not require specialized skills as defined by accounting principles generally accepted in the United States of America.

NOTE 8 COMMITMENTS

The Organization has entered into hotel agreements to provide for room accommodations for its gala. These agreements contain clauses that provide for the loss of revenue to the hotel in the event of cancellation or nonperformance by the Organization. At December 31, 2020, the potential liability to the Organization is approximately \$15,000 for the 2021 Gala. Based on prior performance, management believes the likelihood of cancellations to be remote.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 9 CONTRACT REVENUE, ASSETS, AND LIABILITIES

	<u>2020</u>	<u>2019</u>
Revenue Recognized at a Point in Time		
Speaking and Writing Fees and Other Revenue	\$ 1,062	\$ 2,345
C-Level Froum	145,985	97,425
Annual Retreat	-	15,649
Local Group Income	<u>25,427</u>	<u>55,256</u>
Total Revenue Recognized at a Point in Time	<u>\$ 172,474</u>	<u>\$ 170,675</u>
 Revenue Recognized Over Time		
Mentorship	\$ 28,109	\$ 29,112
Corporate Mentorship	-	15,000
Service Fees and Membership	<u>17,650</u>	<u>27,379</u>
Total Revenue Recognized Over Time	<u>\$ 45,759</u>	<u>\$ 71,491</u>
	<u>2020</u>	<u>2019</u>
Deferred Revenue		
Service Fees and Membership	\$ 8,312	\$ -
C-Level Froum	54,571	33,470
Digital Sponsorship	6,000	-
Mentorship	<u>2,794</u>	<u>-</u>
Total Deferred Revenue	<u>\$ 71,677</u>	<u>\$ 33,470</u>

NOTE 10 FUNCTIONALIZED EXPENSE ALLOCATION METHODOLOGY

The Organization has costs that relate both directly to one functional category and also certain categories of expenses that are attributed to more than one program or supporting function. Costs which are directly related to a functional allocation are charged to directly without allocation to their respective functional category. Expenses which require allocation are analyzed before recorded into the accounting system, and allocated to functional categories based on the allocation base that most accurate correlates with the nature of that expense. The expenses that are primarily allocated include salaries and related expenses. These costs are primarily allocated on the basis of estimates of time and effort of personnel.

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 11 RELATED PARTY TRANSACTIONS

The Organization received \$118,401 and \$93,432 in contributions from board members, employees, and other related party organizations in the years ended December 31, 2020 and 2019, respectively. Further, the Organization has received \$15,500 in sponsorships and ticket purchases from board members, employees, and other related party organizations for the 2021 gala recorded as deferred revenue as of December 31, 2020.

The Organization received donated services value at \$120,000 for the years ended December 31, 2020 and 2019, respectively by board members.

NOTE 12 SUBSEQUENT EVENTS

In June 2021, the Organization received a \$1,000,000 conditional pledge which was subject to specific conditions with the intent to fund multiple, specific programmatic objectives over the next ten years.

Management has evaluated subsequent events through August 19, 2021, the date on which the financial statements were available to be issued.