

SPIRIT OF AMERICA WORLDWIDE
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Spirit of America Worldwide

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Independent Auditor's Report

To the Board of Directors
Spirit of America Worldwide
Arlington, Virginia

Opinion

We have audited the accompanying financial statements of the **Spirit of America Worldwide** (a California nonprofit public benefit corporation), which comprise the Statements of Financial Position as of December 31, 2021 and 2020 and the related Statements of Activities and Changes in Net Assets, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Spirit of America Worldwide** 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 for Opinion

We conducted our audits 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 **Spirit of America Worldwide** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Spirit of America Worldwide's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Independent Auditor's Report (Continued)

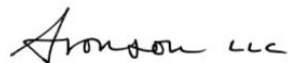
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 **Spirit of America Worldwide'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 **Spirit of America Worldwide's** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Rockville, Maryland
August 23, 2022

Spirit of America Worldwide

Statements of Financial Position

<i>December 31,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 9,866,462	\$ 5,433,201
Investments	-	5,666
Grants and pledges receivable	1,501,500	1,854,563
Prepaid expenses and other current assets	48,778	30,015
Total current assets	11,416,740	7,323,445
Other assets		
Cash held for endowment	3,281	3,281
Investments held for endowment	133,521	129,291
Grants and pledges receivable, net of current portion and discount	-	1,463,415
Property and equipment, net	120,583	138,047
Total other assets	257,385	1,734,034
Total assets	\$ 11,674,125	\$ 9,057,479
Liabilities and Net Assets		
Current liabilities		
Paycheck Protection Program Loan	\$ -	\$ 417,675
Accounts payable	256,817	44,765
Accrued liabilities	128,493	103,461
Total current liabilities	385,310	565,901
Net assets		
Without donor restrictions	7,439,455	4,732,271
With donor restrictions	3,849,360	3,759,307
Total net assets	11,288,815	8,491,578
Total liabilities and net assets	\$ 11,674,125	\$ 9,057,479

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Spirit of America Worldwide

Statement of Activities and Changes in Net Assets

<i>Year Ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions and grants	\$ 5,472,608	\$ 4,176,079	\$ 9,648,687
Contributed goods and professional services	13,730	30,720	44,450
Investment income	17,693	-	17,693
Net assets released from restrictions	4,116,746	(4,116,746)	-
Total support and revenue	9,620,777	90,053	9,710,830
Expenses			
Program services	5,186,820	-	5,186,820
Management and general	671,596	-	671,596
Fundraising	1,055,177	-	1,055,177
Total expenses	6,913,593	-	6,913,593
Change in net assets	2,707,184	90,053	2,797,237
Net assets, beginning of year	4,732,271	3,759,307	8,491,578
Net assets, end of year	\$ 7,439,455	\$ 3,849,360	\$ 11,288,815

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Spirit of America Worldwide

Statement of Activities and Changes in Net Assets

<i>Year Ended December 31, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions and grants	\$ 2,385,315	\$ 459,412	\$ 2,844,727
Contributed goods and professional services	125,972	19,000	144,972
Investment income	23,035	-	23,035
Net assets released from restrictions	2,761,564	(2,761,564)	-
Total support and revenue	5,295,886	(2,283,152)	3,012,734
Expenses			
Program services	2,973,059	-	2,973,059
Management and general	662,714	-	662,714
Fundraising	470,916	-	470,916
Total expenses	4,106,689	-	4,106,689
Change in net assets	1,189,197	(2,283,152)	(1,093,955)
Net assets, beginning of year	3,543,074	6,042,459	9,585,533
Net assets, end of year	\$ 4,732,271	\$ 3,759,307	\$ 8,491,578

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Spirit of America Worldwide

Statement of Functional Expenses

<i>Year Ended December 31, 2021</i>	Program Services	Management and General	Fundraising	Total Expenses
Salaries and fringe benefits	\$ 1,777,245	\$ 492,686	\$ 559,994	\$ 2,829,925
Goods distributed	2,481,855	-	-	2,481,855
Travel	163,158	18,138	42,059	223,355
Consulting services	418,565	54,583	244,581	717,729
Office expenses	76,659	20,189	127,234	224,082
Rent	80,993	22,453	24,008	127,454
Legal and accounting services	33,739	28,088	88	61,915
Information technology	70,356	18,725	39,320	128,401
Depreciation	37,358	10,357	11,074	58,789
Insurance	46,892	6,377	6,819	60,088
Total Expenses	\$ 5,186,820	\$ 671,596	\$ 1,055,177	\$ 6,913,593
<i>Percent of total expenses</i>	<i>75.0%</i>	<i>9.7%</i>	<i>15.3%</i>	<i>100.0%</i>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Spirit of America Worldwide

Statement of Functional Expenses

<i>Year Ended December 31, 2020</i>	Program Services	Management and General	Fundraising	Total Expenses
Salaries and fringe benefits	\$ 1,601,708	\$ 497,438	\$ 306,043	\$ 2,405,189
Goods distributed	759,497	-	-	759,497
Travel	91,889	13,568	17,411	122,868
Consulting services	92,772	43,130	53,665	189,567
Office expenses	66,702	11,960	38,272	116,934
Rent	84,871	26,347	16,155	127,373
Legal and accounting services	125,228	36,005	2,943	164,176
Information technology	51,445	15,971	25,204	92,620
Program equipment	-	-	-	-
Depreciation	42,451	13,178	8,080	63,709
Insurance	56,496	5,117	3,143	64,756
Total Expenses	\$ 2,973,059	\$ 662,714	\$ 470,916	\$ 4,106,689
<i>Percent of total expenses</i>	<i>72.4%</i>	<i>16.1%</i>	<i>11.5%</i>	<i>100.0%</i>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Spirit of America Worldwide

Statements of Cash Flows

<i>Years Ended December 31,</i>	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 2,797,237	\$ (1,093,955)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	58,789	63,709
Realized and unrealized gains on investments	(12,502)	(12,491)
Donated securities	(163,042)	-
Forgiveness of Paycheck Protection Program Loans	(791,074)	-
Change in present value discount on grants and pledges receivable	(36,585)	(88,415)
Decrease (increase) in:		
Grants and pledges receivable	1,853,063	2,020,437
Prepaid expenses and other current assets	(18,763)	14,585
Increase (decrease) in:		
Accounts payable	212,052	40,869
Accrued liabilities	25,032	(1,756)
Net cash provided by operating activities	3,924,207	942,983
Cash flows from investing activities		
Purchase of property and equipment	(41,325)	(11,314)
Purchase of investments	(45,847)	(10,871)
Proceeds from sales of investments	222,827	9,396
Net cash provided (used) by investing activities	135,655	(12,789)
Cash flows from financing activities		
Proceeds from Paycheck Protection Program Loan	373,399	417,675
Net change in cash and cash equivalents	4,433,261	1,347,869
Cash and cash equivalents, beginning of year	5,436,482	4,088,613
Cash and cash equivalents, end of year	\$ 9,869,743	\$ 5,436,482

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Spirit of America Worldwide

Notes to the Financial Statements

1. Organization and significant accounting policies

Organization: Spirit of America Worldwide ("SOA" or the "Organization") is a 501(c)(3) California nonprofit public benefit corporation headquartered in Arlington, Virginia. Spirit of America's mission is to engage citizens in preserving the promise of a free and better life. SOA does this by working alongside troops and diplomats to support their safety and success, promoting values shared by Americans and our allies, strengthening relationships with allies, friends and partners, and demonstrating that friendship with the United States is the best path to a better life.

SOA makes a promise that 100% of a donation is used for the purpose specified by the donor, and, if it is not needed for the specified purposes, the donor will be offered a refund. For example, those who donate to projects featured on SOA's web site are assured that all their funds will be used to pay for the needed assistance. Other SOA expenses (for example, salaries and administrative expenses) are funded by donors who make unrestricted gifts. The accompanying financial statements reflect SOA's adherence to the 100% promise.

Basis of accounting: The accompanying financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of estimates: The preparation of financial statements in conformity with general accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect 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. Actual results could differ from those estimates.

Cash and cash equivalents: The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains cash balances which may exceed federally insured limits. Management does not believe that this results in any significant credit risk.

Investments: Investments represent marketable securities that are stated at fair value. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes the Organization's net realized and unrealized gains and losses on investments bought and sold as well as held during the year.

Spirit of America Worldwide

Notes to the Financial Statements

Fair value measurement: The Organization values its investments at fair value in accordance with a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and,

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no changes in the fair value methodologies used at December 31, 2021 or 2020.

Grants and pledges receivable: Grants and pledges receivable are recorded when unconditionally awarded and are stated at the amount management expects to collect. For grants and pledges receivable collectible more than one year after the financial statement date, a discount is recorded against the face amount of the receivable. Management provides an allowance for uncollectible amounts through a provision of bad debt expense and an adjustment to valuation allowance based on its assessment of the current status of individual receivables. The Organization has determined that no allowance against grant and pledges receivable is necessary at December 31, 2021 and 2020.

Grants and pledges receivable are anticipated to be paid as follows at December 31:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 1,501,500	\$ 1,854,563
One to five years	-	1,500,000
Total grants and pledges receivable	1,501,500	3,354,563
Less: discount	-	(36,585)
Grants and pledges receivable, net	\$ 1,501,500	\$ 3,317,978

For the years ended December 31, 2021 and 2020, the discount was calculated using rates between 1.86% and 2.50%. Rates are determined using a risk-adjusted treasury borrowing rate on the date the grant or pledge is awarded. The discount is amortized over the grant or pledge payment period to contribution revenue using the effective interest method.

Spirit of America Worldwide

Notes to the Financial Statements

Property and equipment: Acquisition of property and equipment in excess of \$1,000 is capitalized at cost or, if donated, at approximate fair value at the date of donation. Repairs and maintenance are charged to operations as incurred. Depreciation expense for property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 5 years. Depreciation expense for the years ended December 31, 2021 and 2020 was \$58,789 and \$63,709 respectively.

Impairment of long-lived assets: Long-lived assets to be held are reviewed for events or changes in circumstances which indicate that their carrying value may not be recoverable. Long-lived assets held for sale are to be stated at the lower of cost or fair market value less costs to sell. The Organization has determined that no events occurred during the years ended December 31, 2021 and 2020 that would give rise to impairment of its long-lived assets.

Classification of net assets: Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions: Net assets without donor restrictions represent the portion of expendable funds that are available to support the Organization's operations and are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by actions of the board of directors or may otherwise be limited by contractual agreements with outside parties.

Net assets with donor restrictions: Net assets with donor restrictions are subject to donor-imposed restrictions that limit the use of their contributions. Donor restrictions may result in either temporary or permanent restrictions. Temporary donor restrictions expire either by passage of time or when used for specified purposes. Permanent donor restrictions represent restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. At December 31, 2021 and 2020, the Organization had net assets with temporary donor restrictions of \$3,749,360 and \$3,659,307, respectively. At December 31, 2021 and 2020, the Organization had net assets with permanent donor restrictions of \$100,000. The net assets with permanent donor restrictions consist of one endowed gift.

Spirit of America Worldwide

Notes to the Financial Statements

Revenue recognition:

Contributions: Contributions are recognized when they are received, or unconditionally promised, or when conditions related to the contribution are satisfied. The Organization reports such support as donor-restricted if it is subject to time or donor-imposed purpose restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is satisfied, or both.

Contributed goods and professional services: The Organization receives contributed professional services and goods from corporations and individuals.

Contributed services are recognized if the services received a) increase or enhance long-lived assets or b) require specialized skills and would otherwise need to be purchased by the Organization if not contributed. Contributed services are recognized at the estimated fair value of the services received. During the years ended December 31, 2021 and 2020, the Organization received \$27,450 and \$125,972 in contributed professional services, respectively, mostly arising from pro-bono legal services.

Contributed goods are recognized when received at management's estimate of their fair value. Upon distribution, the goods are recorded as a decrease in either net assets with donor restrictions or net assets without donor restrictions, depending on the presence of any donor-imposed restrictions on their use. During the years ended December 31, 2021 and 2020, the Organization received \$17,000 and \$19,000 in contributed goods, respectively, for use in its programs.

Income taxes: The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Organization generated no unrelated business income during 2021 and 2020. Management has concluded that the Organization has maintained their exempt status.

Uncertainty in income taxes: The Organization evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of December 31, 2021 and 2020, there are no accruals for uncertain tax positions. If applicable, the Organization records interest and penalties as a component of income tax expense. Tax years from 2018 through the current year remain open for examination by tax authorities.

Spirit of America Worldwide

Notes to the Financial Statements

Allocation of functional expenses: The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the supporting services benefited. Such allocations are determined by management on an equitable basis.

Expenses that are allocated include the following:

Expenses	Method of Allocation
Salaries and fringe benefits	Time and effort
Consulting services	Time and effort
Rent	Time and effort
Legal services	Time and effort
Information technology	Time and effort
Depreciation	Time and effort
Insurance	Time and effort

Subsequent events: Management has evaluated subsequent events for disclosure in the financial statements through August 23, 2022, which is the date the financial statements were available to be issued.

2. Liquidity and availability of resources

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

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 9,869,743	\$ 5,436,482
Investments	133,521	134,957
Grants and pledges receivable, net	1,501,500	3,317,978
Total financial assets	11,504,764	8,889,417
Less amounts not available to be used within one year:		
Donor restrictions:		
Temporary purpose restrictions	(2,249,360)	(195,892)
Temporary time restrictions (long-term)	-	(1,463,415)
Permanent restrictions	(100,000)	(100,000)
Total	(2,349,360)	(1,759,307)
Financial assets available to meet general expenditures over the next twelve months	\$ 9,155,404	\$ 7,130,110

Spirit of America Worldwide

Notes to the Financial Statements

The Organization has an investment policy authorized by the Board of Directors that provides guidance and oversight for the management of cash and cash equivalents, and investments. The policy provides that the Organization maintain an adequate level of cash to meet ongoing operational and liquidity requirements.

3. Investments

The fair value of the Organization's investments is as follows:

		Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	No Quoted Prices in Active Markets nor Observable Inputs (Level 3)
December 31, 2021	Total			
Mutual funds – fixed income	\$ 62,444	\$ 62,444	-	\$ -
Mutual funds – equities	71,077	71,077	-	-
Total	\$ 133,521	\$ 133,521	-	\$ -

		Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	No Quoted Prices in Active Markets nor Observable Inputs (Level 3)
December 31, 2020	Total			
Common stocks	\$ 5,666	\$ 5,666	-	\$ -
Mutual funds – fixed income	55,370	55,370	-	-
Mutual funds – equities	73,921	73,921	-	-
Total	\$ 134,957	\$ 134,957	-	\$ -

The Organization invests in various investment securities that are exposed to different risks such as interest rate, credit, and market volatility risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Organization's account balances and amounts reported in the Statements of Financial Position.

Spirit of America Worldwide

Notes to the Financial Statements

- 4. Property and equipment** Property and equipment consisted of the following at December 31:

	2021	2020
Field operations equipment	\$ 34,810	\$ 34,810
Furniture and equipment	105,611	74,354
Leasehold improvements	6,755	6,755
Software and website	221,574	221,574
Total property and equipment	368,750	337,493
Less: accumulated depreciation	(248,167)	(199,446)
Property and equipment, net	\$ 120,583	\$ 138,047

- 5. Net assets with donor restrictions**

Restricted contributions consist of contributions earmarked by donors for specific project funds and long-term grants that are allocated to multiple years of operations. Project funds are purpose restricted for the direct expenses of the project selected by the donor. Category/country funds are purpose restricted for the direct expenses of various projects in the funding category or country. When projects are overfunded, the Organization's policy is to offer the donor a refund or to reallocate their donation to another project. No such refunds were requested in 2021 or 2020 but rather, donors requested their funds be reallocated to other priority areas.

The Organization had net assets restricted by donors related to the following specific purposes or time restrictions at December 31:

	2021	2020
Temporary purpose restrictions	\$ 2,249,360	\$ 195,892
Temporary time restrictions	1,500,000	3,463,415
Permanent restrictions:		
Endowment (see Note 6)	100,000	100,000
Total net assets with donor restrictions	\$ 3,849,360	\$ 3,759,307

Spirit of America Worldwide

Notes to the Financial Statements

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restricted purposes or by the passage of time as follows for the years ended December 31:

	2021	2020
Time restrictions	\$ 2,000,000	\$ 2,385,000
Africom regional projects	1,136	70,104
Centcom regional projects	576,941	94,636
Eucom regional projects	827,807	22,961
Pacom regional projects	363,744	11,122
Southcom regional projects	8,398	81,262
Grassroots marketing	104,951	-
Afghanistan fund	12,740	-
Other purposes	221,029	96,479
Total amount released from restriction	\$ 4,116,746	\$ 2,761,564

6. Endowment

Permanently restricted net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with temporary donor restrictions or net assets without donor restrictions, in accordance with the donor's intent, until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Spirit of America Worldwide

Notes to the Financial Statements

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policy of the Organization

During 2015, the Organization received one donor-restricted endowment fund which is held in an investment account. Correlating net assets are classified as permanently restricted. Investment income and gains from these investments are available to be appropriated for general operational use. The donor has requested the nominal value of the gift be retained in perpetuity to support the Organization's activities. The Organization's policy is to appropriate earnings from this endowment to support its program purpose activities.

There were no new endowments, gifts to the existing endowment, or other changes to permanently restricted endowment net assets during 2021 or 2020. Permanently restricted endowment net assets totaled \$100,000 at December 31, 2021 and 2020. The singular endowment gift's donor has allotted all income on the endowment to be used for unrestricted purposes. Accordingly, all endowment income during 2021 and 2020 was classified as unrestricted income.

Endowment assets were held in an investment portfolio composed of the following at December 31:

	2021	2020
Cash and cash equivalents	\$ 7,631	\$ 3,281
Investments	133,521	129,291
Total endowment assets	\$ 141,152	\$ 132,572

Spirit of America Worldwide

Notes to the Financial Statements

The following is a summary of changes in the endowed cash and investment accounts during the years ended December 31:

	2021	2020
Endowment net assets, beginning of year	\$ 132,752	\$ 122,088
Dividend and interest income	1,235	2,544
Realized and unrealized gains	8,750	9,557
Appropriated for expenditure	(1,405)	(1,617)
Endowment net assets, end of year	\$ 141,152	\$ 132,752

7. Office lease

The Organization leases office space in Arlington, Virginia under an agreement which extends through June 2023. The lease agreement is cancellable with 90 days advance notice and a \$5,000 penalty. The following is a schedule of future minimum lease commitments as of December 31, 2021:

Year ending December 31	Total
2022	\$ 140,896
2023	71,829
Total	\$ 212,725

Due to the effects of the coronavirus (“COVID-19”) pandemic, the Organization’s landlord offered a lease concession in the form of a 15% discount on monthly required lease payments. The concession was effective for rental payments due on or after September 1, 2020 and lasted until the office building was permitted to reopen in early 2021. Because the concession did not result in an increase of total rental payments, the Organization has elected to not account for the concession as a lease modification. As a result, the rent concession was recorded as a credit to rent expense.

Rent expense under the operating lease was \$127,454 and \$127,373 for the years ended December 31, 2021 and 2020, respectively.

Spirit of America Worldwide

Notes to the Financial Statements

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- 8. Retirement plan** The Organization sponsors a qualified 403(b) defined contribution plan that covers substantially all full-time employees meeting certain eligibility requirements. Employees may contribute a portion of their annual compensation to the plan, limited to the maximum annual amount as set periodically by the Internal Revenue Service. The Organization may also make a discretionary employer match contribution to the plan, calculated as up to 4.0% of each eligible employee's annual compensation. Plan participants are fully vested in all employer match contributions. During the years ended December 31, 2021 and 2020, the Organization contributed \$76,978 and \$75,333, respectively, in discretionary employer match to the plan.
- 9. Concentration** For the years ended December 31, 2021 and 2020, two and three donors accounted for 34% and 39% of all contributions recognized, respectively. At December 31, 2021 and 2020, one and two donors accounted for 99% and 97% of grants and pledges receivable outstanding, respectively.
- 10. Risks and uncertainties** 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 grantors, 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.
- 11. Paycheck Protection Program loan** In April 2020, the Organization received a loan from the United States Small Business Administration (the "SBA") in the amount of \$417,675, pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The PPP loan had a two-year term and bears interest at a rate of 1.00% per annum. Monthly principal and interest payments are deferred for borrowers who apply for loan forgiveness until the SBA remits the borrower's loan forgiveness amount to the lending financial institution, or 12 months after the end of the covered period for loan forgiveness. The PPP loan may be prepaid at any time prior to maturity with no prepayment penalties. The CARES Act provides that the PPP loan may be partially or wholly forgiven if the funds are used for certain qualifying expenses as described in the CARES Act. During 2021, the Organization applied for and received full forgiveness of the PPP loan in March 2021.

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In February 2021, the Organization received a second PPP loan from the SBA in the amount of \$373,399, pursuant to the PPP under the CARES Act. The second PPP loan had a five-year term and bears interest at a rate of 1.00% per annum. Monthly principal and interest payments are deferred for borrowers who apply for loan forgiveness until the SBA remits the borrower's loan forgiveness amount to the lending financial institution, or 12 months after the end of the covered period for loan forgiveness. The second PPP loan may be prepaid at any time prior to maturity with no prepayment penalties. The CARES Act provides that the second PPP loan may be partially or wholly forgiven if the funds are used for certain qualifying expenses as described in the CARES Act. During 2021, the Organization applied for and received full forgiveness of the PPP loan in November 2021.

The Organization elected *ASC 470 – Debt* to account for the initial proceeds of the PPP loans. Accordingly, the PPP loans were initially recorded as a liability. Upon notification of full loan forgiveness of the first and second PPP loans, the Organization recorded contributions during 2021 totaling \$791,074 to reflect the nonreciprocal legal release of the obligation as required by *ASC 958 – Not-for-profit Entities*. Contributions associated with the forgiveness of the PPP loans are included in contributions and grants on the accompanying Statement of Activities and Changes in Net Assets.