CLOTHES TO KIDS, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2020

CLOTHES TO KIDS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clothes To Kids, Inc.
Clearwater, Florida

Opinion

We have audited the accompanying financial statements of Clothes To Kids, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Clothes To Kids, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Clothes To Kids, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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, including omissions, 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 Clothes To Kids, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clothes To Kids, Inc.'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.

Report on Summarized Comparative Information

The financial statements of Clothes To Kids, Inc. as of and for the year ended December 31, 2020 were audited by a predecessor auditor. The predecessor auditor's report, dated August 19, 2021, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it was derived.

Affinity CPA, P.A.

Tampa, Florida
September 22, 2022

CLOTHES TO KIDS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets		
Cash	$ 434,925	$ 271,607
Account receivables	70,473	59,132
Promises to give due within one year, net of allowance for uncollectibles of $1,725 and $2,805 as of December 31, 2021 and 2020, respectively	24,384	31,351
Inventory	388,897	358,462
Deposits	2,500	1,500
Prepaid expenses	7,330	6,705
Total current assets	928,509	728,757
Non-current assets		
Promises to give due after one year, net of discounts of $704 and $1,838 as of December 31, 2021 and 2020, respectively; net of allowance for uncollectibles of $1,875 and $3,185 as of December 31, 2021 and 2020, respectively	27,577	25,883
Beneficial interest in assets held by others	665,380	455,288
Property and equipment, net	30,365	44,763
Deposits	17,128	15,628
Total non-current assets	740,450	541,562
Total assets	$ 1,668,959	$ 1,270,319
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 7,448	$ 7,977
Deferred revenue	30,408	13,453
Accrued payroll	10,525	9,049
Total current liabilities	48,381	30,479
Paycheck Protection Program (PPP) loan	-	80,982
Total liabilities	48,381	111,461
Net assets		
Without donor restrictions	1,572,141	1,101,624
With donor restrictions	48,437	57,234
Total net assets	1,620,578	1,158,858
Total liabilities and net assets	$ 1,668,959	$ 1,270,319

See independent auditor's report and accompanying notes to the financial statements.

CLOTHES TO KIDS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total December 31, 2021	Total December 31, 2020
PUBLIC SUPPORT AND OTHER REVENUES				
Public support				
Grants and contributions	$ 1,127,026	$ 27,667	$ 1,154,693	$ 893,616
In-kind donations	980,873	-	980,873	793,685
Total public support	2,107,899	27,667	2,135,566	1,687,301
Other revenues				
Investment, net of fees	78,992	-	78,992	46,899
Textile recycling	8,476	-	8,476	9,282
Total other revenues	87,468	-	87,468	56,181
Net assets released from restrictions	36,464	(36,464)	-	-
Total public support and other revenues	2,231,831	(8,797)	2,223,034	1,743,482
EXPENSES				
Program services	1,650,900	-	1,650,900	1,412,280
Supporting services:				
General administration	51,634	-	51,634	61,712
Fundraising	139,762	-	139,762	120,889
Total supporting services	191,396	-	191,396	182,601
Total expenses	1,842,296	-	1,842,296	1,594,881
Change in net assets before other changes	389,535	(8,797)	380,738	148,601
Other changes				
Gain on forgiveness of PPP loan	80,982	-	80,982	-
Change in net assets	470,517	(8,797)	461,720	148,601
Net assets, beginning of year	1,101,624	57,234	1,158,858	1,010,257
Net assets, end of year	$ 1,572,141	$ 48,437	$ 1,620,578	$ 1,158,858

See independent auditor's report and accompanying notes to the financial statements.

CLOTHES TO KIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

		Supporting Services			Total December 31,	
	Program Services	General Administration	Fundraising	Total	2021	2020
Personnel expenses	$ 300,562	$ 20,497	$ 98,840	$ 119,337	$ 419,899	$ 395,077
Other expenses						
In-kind clothing donations	950,438	-	-	-	950,438	736,037
Purchased inventory	183,068	-	-	-	183,068	193,036
Rent	128,846	7,439	7,439	14,878	143,724	140,550
Utilities	17,475	998	998	1,996	19,471	21,050
Technology and equipment	10,095	1,063	7,194	8,257	18,352	15,741
Marketing and development	-	-	13,131	13,131	13,131	5,206
Telephone and Internet	11,354	631	631	1,262	12,616	12,881
Supplies	11,245	306	308	614	11,859	8,089
Insurance	7,652	2,549	446	2,995	10,647	8,692
Equipment rental and maintenance	8,651	312	318	630	9,281	7,319
Accounting	-	8,800	-	8,800	8,800	9,013
Off-site storage	8,468	-	-	-	8,468	8,222
Printing and photocopying	723	-	6,813	6,813	7,536	6,825
Bank service charges	-	4,586	-	4,586	4,586	3,588
Postage	775	37	3,295	3,332	4,107	4,065
Other	90	391	349	740	830	1,049
Total expenses before depreciation	1,639,442	47,609	139,762	187,371	1,826,813	1,576,440
Depreciation	11,458	4,025	-	4,025	15,483	18,441
Total expenses	$ 1,650,900	$ 51,634	$ 139,762	$ 191,396	$ 1,842,296	$ 1,594,881

See independent auditor's report and accompanying notes to the financial statements.

CLOTHES TO KIDS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	December 31, 2021	December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 461,720	$ 148,601
Adjustments to reconcile change in net assets		
to net cash flows from operating activities:		
Gain on forgiveness of PPP loan	(80,982)	-
Depreciation and amortization	15,483	18,441
Contributions to beneficial interest in assets held by others	(1,100)	(11,279)
Earnings on beneficial interest, net of investment fees	(78,992)	(46,871)
(Increase) decrease in assets:		-
Account receivables	(11,341)	(46,315)
Promises to give, net	5,273	22,394
Inventory	(30,435)	(57,648)
Prepaid expenses	(625)	(572)
Deposits	(2,500)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(529)	1,157
Deferred revenue	16,955	(5,045)
Accrued payroll	1,476	3,596
Net cash provided by operating activities	294,403	26,459
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,085)	(3,188)
Purchase of beneficial interest in assets held by others	(130,000)	-
Net cash used in investing activities	(131,085)	(3,188)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP loan	-	80,982
Net cash provided by financing activities	-	80,982
Net change in cash	163,318	104,253
Cash, beginning of year	271,607	167,354
Cash, end of year	$ 434,925	$ 271,607

NOTE 1 NATURE OF THE ORGANIZATION

Clothes To Kids, Inc. (the "Organization") was incorporated in September 2002 as a Florida tax-exempt, nonprofit organization for the purpose of providing new and quality used clothing to low-income or in-crisis, school-age children in the Tampa Bay area, free of charge. Qualifying families may be serviced at any one of the Organization's three fully-stocked stores located in Clearwater, St. Petersburg, and Tampa, Florida.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Organization has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. Under ASC 958, Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, the Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors (the "Board").

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors or grantors. Some donor or grantor restrictions are temporary in nature. Those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Support and Revenue Recognition

The Organization's activities are supported primarily from the public, in the form of cash contributions, grants, and in-kind donations.

Contributions received, are recorded as with or without donor restrictions in the Statement of Activities, depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are recorded as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like incurring specified allowable expenses in accordance with a framework of allowable costs, or other barriers.

Support arising from donated, or in-kind, goods, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee.

For the years ended December 31, 2021 and 2020, volunteers provided approximately 8800 and 6900 hours, respectively, to assist the Organization in providing services, for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under GAAP. The value of other contributed services meeting the requirements for recognition in the financial statements was not material and has not been reflected in the financial statements.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a market interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included until the conditions are substantially met.

An allowance for uncollectible promises to give has been established based on a) specific identification of promises to give for which collection is deemed doubtful, and b) management’s estimate of future uncollectible promises to give based on such factors as prior collection history and type of contribution.

Inventory

The Organization’s inventory, which consists of quality used clothing, excluding underwear and socks which are new, are donated by individuals in the community and by corporate sponsors. Inventory is valued at the average valuation provided by the Salvation Army’s valuation guide, except for underwear and socks which are valued at average cost.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. The Organization has a policy of capitalizing major renewals and betterments of property and equipment. Depreciation is provided using the straight-line method over the estimated useful lives of assets which range from three to five years.

Leasehold improvements are included with property and equipment. The amortization of leasehold improvements, likewise, is included with depreciation expense.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurement*, Clothes To Kids, Inc. measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Organization may use valuation techniques consistent with the market income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 — Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data are also included. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Concentration of Credit Risk

The Organization maintains bank accounts with balances which, at times, may exceed federally insured limits. As of December 31, 2021, the Organization had approximately $122,000 of uninsured cash. The Organization has not experienced any losses on such accounts, and by managing the deposit concentration risk by placing cash with a creditworthy financial institution, management believes it is not exposed to any significant risk on bank deposit accounts.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the Statement of Functional Expenses. Expenses identified directly with the Organization’s program is charged directly to the program service. Expenses identified directly with general administration and fundraising are charged directly to their respective supporting service. Certain costs have been allocated between program and supporting services based on direct usage or management’s estimates of the benefit derived by each activity. Personnel expense have been allocated among the functional areas based on time and effort spent by employees, and equipment rental and maintenance, utilities, technology, telephone and Internet, insurance, and depreciation are allocated based on a square footage.

Summarization and Reclassification of Certain 2020 Financial Information

The financial information for the year ended December 31, 2020, presented for comparative purposes, is not intended to be a complete presentation. Certain 2020 amounts were reclassified to conform to the presentation in the current year. These reclassifications had no change on prior year reported changes in net assets or end of year net assets.

Income Tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made in the financial statements. Management has evaluated the Organization’s tax position and concluded that no uncertain tax positions have been taken that would require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB ASC. With few exceptions, the Organization is subject to income tax examinations for up to three years after tax returns are filed.

Recent Accounting Pronouncements Not Yet Adopted

1. In 2016, Accounting Standards Update No. 2016-02, Leases ("ASU 2016-02") was issued. The amendments in ASU 2016-02 affect any entity that enters into leasing contracts. This ASU supersedes the requirements in ASC 840, *Leases*, and most industry-specific guidance.

   The core principle of the guidance is to increase transparency and comparability among organizations by recognizing rights and obligations of leasing activities as assets and lease liabilities on the balance sheet. Under this ASU, lease assets and lease liabilities should be recognized for those leases previously classified as operating leases. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization will adopt this new standard effective for the year ending December 31, 2022 and shall disclose qualitative and quantitative information. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

2. In 2020, ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, was issued. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The standard will be effective for the Organization for year ending December 31, 2022. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Going Concern Evaluation

On an annual basis, as required by FASB ASC 205, *Presentation of Financial Statements*, the Organization performs an evaluation to determine whether there are conditions or events (known or reasonably knowable), considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are available to be issued. The Organization's assessment did not indicate that substantial doubt is raised about the ability to remain a going concern for one year from the date the financial statements were available for issuance.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through September 22, 2022, the date the financial statements were available for issue.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets:

	December 31, 2021	December 31, 2020
Financial assets at year-end		
Cash	$ 434,925	$ 271,607
Accounts receivable	70,473	59,132
Promises to give, net	51,961	57,234
Beneficial interest in assets held by others	665,380	455,288
	1,222,739	843,261
Less amounts not available for use within one year		
Promises to give due after one year, net	(27,577)	(25,883)
Current financial assets available to meet expenditures over the next 12 months	$ 1,195,162	$ 817,378

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a beneficial interest in assets held by others, as discussed in more detail in Note 5, *Beneficial Interest in Assets Held by Others*, of approximately $665,000. Although the Organization does not intend to spend from the beneficial interest other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from the beneficial interest could be made available if necessary.

NOTE 4 PROMISES TO GIVE

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows discounted at an annual rate approximating 1.00%.

As of December 31, 2021 and 2020, promises to give are scheduled to be received in the following future periods:

	December 31, 2021	December 31, 2020
Less than one year	$ 26,109	$ 34,156
One to five years	30,156	30,906
Less allowance for uncollectibles	(3,600)	(5,990)
Less unamortized discount	(704)	(1,838)
	$ 51,961	$ 57,234

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has a beneficial interest in a non-endowment fund held by the Community Foundation of Tampa Bay, Inc. (the "CFTB"), which is included in net assets without donor restrictions. Distributions from the fund are in accordance with the policy established by the CFTB's Board of Trustees for agency reserve funds. Request for distributions must be approved by 75% of the Organization's Board and are limited to four per year. The fair value of the beneficial interest was approximately $665,000 and $455,000 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 FAIR VALUE MEASUREMENTS

The Organization used the following methods and assumptions to estimate fair value for the following class of assets that is recognized at fair value:

Beneficial interest in assets held by others

These investments are managed by an unrelated third party and are valued based upon third-party information without adjustment. The Organization does not develop, nor are they provided with, the quantitative inputs used to develop the fair market values. Management has determined that these items should be reported at Level 3 of the valuation hierarchy because the fair value for these assets have unobservable inputs.

The Organization's investments measured at fair value on a recurring basis were as follows for the year ended December 31, 2021:

December 31,2021	Significant Unobservable inputs (Level 3)
Beneficial interest in assets held by others	$ 665,380

The Organization's investments measured at fair value on a recurring basis were as follows for the year ended December 31, 2020:

December 31,2020	Significant Unobservable inputs (Level 3)
Beneficial interest in assets held by others	$ 455,288

The table below is a summary of the changes in the fair value of the Organization's Level 3 assets for each of the years ended December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Balance at beginning of year	$ 455,288	$ 397,138
Investment income	84,699	50,715
Contributions	1,100	11,279
Transfers from cash	130,000	-
Administrative fee	(5,707)	(3,844)
Balance at end of year	$ 665,380	$ 455,288

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Leasehold improvements	$ 107,154	$ 106,852
Fixtures and equipment	70,777	69,994
	177,931	176,846
Less: accumulated depreciation	(147,566)	(132,083)
Total property and equipment, net	$ 30,365	$ 44,763

Depreciation expense for the years ended December 31, 2021 and 2020 were approximately $15,000 and $18,000, respectively.

NOTE 8 OPERATING LEASES

The Organization leases its stores and storage facilities under various operating leases. The Organization also leases certain equipment under an operating lease. Total expense associated with these leases was approximately $158,000 and $141,000 for the years ended December 31, 2021 and 2020, respectively.

The following is a schedule of future minimum lease payments:

Year ending December 31,	
2022	$ 120,921
2023	110,814
2024	67,660
2025	22,746
2026	978
Total minimum lease payments	$ 323,119

NOTE 9 PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received loan proceeds from a financial institution in the amount of approximately $81,000 under the Paycheck Protection Program (the “PPP”), a program established under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). In accordance with the PPP funding agreement, the Organization received full forgiveness of the loan in March 2021, and has recorded a gain on forgiveness of PPP loan in the Statement of Activities.

NOTE 10 RETIREMENT PLAN

Effective January 1, 2018, the Organization established a Savings Incentive Match Plan for Employees of Small Employers (“SIMPLE”). Eligibility is limited to those employees, after one year of service, who earned $5,000 of compensation in the last calendar year, or who are expected to earn $5,000 in compensation during the current calendar year. The Organization will make matching contributions for eligible employees up to 3% of the employee's compensation for the calendar year. Retirement expense for the years ended December 31, 2021 and 2020 was approximately $10,000 and $6,000, respectively.

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 and 2020 relate to promises to give, as discussed in Note 4, *Promises to Give*.

NOTE 12 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. These measures could negatively impact the Organization's operations, vendors and donors. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization's operations or cash flows.