



Heart for Lebanon Foundation

Financial Statements

Years Ended December 31, 2021 and 2020



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Independent Auditors' Report

Board of Directors
Heart for Lebanon Foundation
Black Mountain, NC

Opinion

We have audited the financial statements of Heart for Lebanon Foundation, 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 accompanying financial statements present fairly, in all material respects, the financial position of Heart for Lebanon Foundation as of December 31, 2021 and 2020, and the results of its operations 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Heart for Lebanon Foundation 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 Heart for Lebanon Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 Heart for Lebanon Foundation '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 Heart for Lebanon Foundation'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.

Dixon Hughes Goodman LLP

Asheville, NC
April 27, 2022

Heart for Lebanon Foundation
 Statements of Financial Position
 December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,483,295	\$ 2,156,330
Investments	4,763,892	2,898,981
Cash and cash equivalents, restricted	196,500	-
Investments, board designated for endowment	<u>1,202,269</u>	<u>750,072</u>
Total current assets	<u>\$ 7,645,956</u>	<u>\$ 5,805,383</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	<u>\$ 40,378</u>	<u>\$ 11,536</u>
Total current liabilities	<u>40,378</u>	<u>11,536</u>
Net assets:		
Without donor restrictions	7,409,078	5,793,847
With donor restrictions	<u>196,500</u>	<u>-</u>
Total net assets	<u>7,605,578</u>	<u>5,793,847</u>
Total liabilities and net assets	<u>\$ 7,645,956</u>	<u>\$ 5,805,383</u>

See accompanying notes.

Heart for Lebanon Foundation
 Statements of Activities and Changes in Net Assets
 Year Ended December 31, 2021

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Contributions	\$ 6,485,772	\$ 196,500	\$ 6,682,272
Dividends and interest	76,715	-	76,715
Investment gain, net	472,573	-	472,573
Total support and revenues	<u>7,035,060</u>	<u>196,500</u>	<u>7,231,560</u>
Expenses:			
Program services:			
General programs	4,715,117	-	4,715,117
Missionary services	185,000	-	185,000
Total program services	<u>4,900,117</u>	<u>-</u>	<u>4,900,117</u>
Supporting services:			
Management and general	275,386	-	275,386
Fundraising	244,326	-	244,326
Total supporting services	<u>519,712</u>	<u>-</u>	<u>519,712</u>
Total expenses	<u>5,419,829</u>	<u>-</u>	<u>5,419,829</u>
Change in net assets	1,615,231	196,500	1,811,731
Net assets, beginning of year	<u>5,793,847</u>	<u>-</u>	<u>5,793,847</u>
Net assets, end of year	<u>\$ 7,409,078</u>	<u>\$ 196,500</u>	<u>\$ 7,605,578</u>

See accompanying notes.

Heart for Lebanon Foundation
 Statements of Activities and Changes in Net Assets
 Year Ended December 31, 2020

(Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Contributions	\$ 5,689,732	\$ 1,598,860	\$ 7,288,592
Dividends and interest	59,839	-	59,839
Investment gain, net	174,426	-	174,426
Net assets released from restrictions	1,717,200	(1,717,200)	-
Total support and revenues	7,641,197	(118,340)	7,522,857
Expenses:			
Program services:			
General programs	4,567,500	-	4,567,500
Missionary services	170,000	-	170,000
Total program services	4,737,500	-	4,737,500
Supporting services:			
Management and general	235,061	-	235,061
Fundraising	239,058	-	239,058
Total supporting services	474,119	-	474,119
Total expenses	5,211,619	-	5,211,619
Change in net assets	2,429,578	(118,340)	2,311,238
Net assets, beginning of year	3,364,269	118,340	3,482,609
Net assets, end of year	\$ 5,793,847	\$ -	\$ 5,793,847

See accompanying notes.

Heart for Lebanon Foundation
 Statements of Functional Expenses
 Year Ended December 31, 2021

	<u>General Programs</u>	<u>Missionary Services</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Supporting</u>	<u>Total</u>
Advertising and promotion	\$ 267,992	\$ -	\$ 267,992	\$ -	\$ 89,331	\$ 89,331	\$ 357,323
Communications	24,943	-	24,943	26,630	4,039	30,669	55,612
Compensation	384,714	-	384,714	109,918	54,959	164,877	549,591
Contract services	141,292	-	141,292	18,839	28,258	47,097	188,389
Direct funding	3,753,557	185,000	3,938,557	-	-	-	3,938,557
Insurance	-	-	-	5,788	-	5,788	5,788
Investment and bank fees	54,715	-	54,715	18,238	-	18,238	72,953
Office expenses	3,232	-	3,232	3,232	-	3,232	6,464
Professional fees	-	-	-	32,923	-	32,923	32,923
Rent and utilities	-	-	-	41,625	-	41,625	41,625
Telephone	-	-	-	1,259	-	1,259	1,259
Travel and transportation	84,672	-	84,672	16,934	67,739	84,673	169,345
Total expenses	<u>\$ 4,715,117</u>	<u>\$ 185,000</u>	<u>\$ 4,900,117</u>	<u>\$ 275,386</u>	<u>\$ 244,326</u>	<u>\$ 519,712</u>	<u>\$ 5,419,829</u>

See accompanying notes.

Heart for Lebanon Foundation
 Statements of Functional Expenses
 Year Ended December 31, 2020

(Continued)

	<u>General Programs</u>	<u>Missionary Services</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total Supporting</u>	<u>Total</u>
Advertising and promotion	\$ 367,853	\$ -	\$ 367,853	\$ -	\$ 123,952	\$ 123,952	\$ 491,805
Communications	48,591	-	48,591	14,927	8,505	23,432	72,023
Compensation	325,288	-	325,288	92,939	46,470	139,409	464,697
Contract services	122,476	-	122,476	18,914	28,371	47,285	169,761
Direct funding	3,615,800	170,000	3,785,800	-	-	-	3,785,800
Insurance	-	-	-	2,476	-	2,476	2,476
Investment and bank fees	46,954	-	46,954	15,651	-	15,651	62,605
Office expenses	3,917	-	3,917	3,917	-	3,917	7,834
Professional fees	-	-	-	32,875	-	32,875	32,875
Rent and utilities	-	-	-	43,370	-	43,370	43,370
Telephone	-	-	-	2,052	-	2,052	2,052
Travel and transportation	36,621	-	36,621	7,940	31,760	39,700	76,321
	<u>\$ 4,567,500</u>	<u>\$ 170,000</u>	<u>\$ 4,737,500</u>	<u>\$ 235,061</u>	<u>\$ 239,058</u>	<u>\$ 474,119</u>	<u>\$ 5,211,619</u>

See accompanying notes.

Heart for Lebanon Foundation
 Statements of Cash Flows
 Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,811,731	\$ 2,311,238
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gains on investments	(472,573)	(174,426)
Changes in operating assets and liabilities:		
Accounts payable and other current liabilities	<u>28,842</u>	<u>1,822</u>
Net cash provided by operating activities	<u>1,368,000</u>	<u>2,138,634</u>
Cash flows from investing activities:		
Purchase of investments	(1,975,705)	(1,374,288)
Proceeds from sale of investments	<u>131,170</u>	<u>96,767</u>
Net cash used by investing activities	<u>(1,844,535)</u>	<u>(1,277,521)</u>
Cash flows from financing activities:		
Proceeds from PPP loan	-	66,000
Repayment of PPP loan	<u>-</u>	<u>(66,000)</u>
Net cash used by investing activities	<u>-</u>	<u>-</u>
Increase (decrease) in cash	(476,535)	861,113
Cash and cash equivalents, beginning of year	<u>2,156,330</u>	<u>1,295,217</u>
Cash and cash equivalents, end of year	<u>\$ 1,679,795</u>	<u>\$ 2,156,330</u>
As presented on statements of financial position:		
Cash and cash equivalents	\$ 1,483,295	\$ 2,156,330
Cash and cash equivalents, restricted	<u>196,500</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 1,679,795</u>	<u>\$ 2,156,330</u>

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of foundation

Heart for Lebanon Foundation (the "Foundation") was incorporated on June 25, 2007 and is a nonprofit corporation whose purpose is to facilitate proper education, provide humanitarian aid, strengthen community development, and to assist individuals living within the country of Lebanon in recovering from the effects of war through the provision of relief supplies and services.

The Foundation's support comes primarily through fundraising events, individual contributions and corporate contributions.

Basis of accounting

The Foundation's financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 board-designated endowments and capital projects.

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.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 statements of activities as net assets released from restrictions.

Use of estimates

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

Cash and cash equivalents

For the purpose of the statement of cash flows, the Foundation considers all money market account balances to be cash equivalents, except those that are part of the investment portfolio.

Investments

Investments in marketable securities that have readily determinable fair values and all debt securities are stated at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. The Foundation maintains money market funds and mutual funds which are stated at fair value based on market price on December 31, 2021 and 2020.

Investment income is recorded net of investment expenses. For the years ended December 31, 2021 and 2020, investment expenses were \$40,779 and \$30,439, respectively.

The Foundation's investment portfolio is exposed to various risks, such as interest rate risk, market risk, and credit risk. Because of the level of risk associated with such investments, changes in their values will occur, and such changes could materially affect the amounts reported in the Foundation's financial statements.

Donated services

The Foundation receives donated services from a variety of unpaid volunteers assisting in its activities. Contributed services are recorded only if the service creates or enhances nonfinancial assets, requires a specialized skill, is performed by persons possessing those skills and would otherwise have to be purchased. There were no contributed services that met these criteria.

Functional expenses

The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their nature and expenditure classification. Other expenses that are common to two or more functions are allocated based on management's estimate of the program activities benefited. General and administrative expense provide for the overall support and direction of the Foundation.

Income taxes

Heart for Lebanon Foundation is incorporated as a nonprofit corporation under the laws of the State of North Carolina. It qualified as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is not subject to federal income taxes except for income from its unrelated business activities. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as a Foundation that is not a private foundation under Section 509(a)(2).

Tax positions

The Foundation follows the provisions of "Accounting for Uncertainty in Income Taxes" issued by the Financial Accounting Standards Board ("FASB") which clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements, including those of nonprofit foundations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the Foundation's financial statements.

The Foundation analyzes tax positions taken, including those related to the requirements set forth in IRC Sec. 501(c) to qualify as a tax exempt Foundation, activities performed by volunteers and board members, the reporting of unrelated business income, and its status as a tax-exempt foundation under North Carolina state statute. The Foundation does not know of any tax benefits arising from uncertain tax positions and there was no effect on the Foundation's financial position or changes in net assets as a result of analyzing its tax positions.

Advertising costs

Advertising costs are charged to operations when incurred.

Conflict of interest policy

It is the policy of the Foundation that all officers and directors shall disclose any conflict of interest between their own individual interests and the interests of the Foundation. The Foundation has a conflict of interest policy whereby board members must advise the board of any direct or indirect interest in any transaction or relationship with the Foundation and not participate in discussions and decisions regarding any action affecting their individual, professional, or business interests.

Subsequent events

Subsequent events were reviewed for the Foundation through April 27, 2022, the date the financial statements were available to be issued.

2. Liquidity and Availability

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 date, comprise the following:

	<u>2021</u>	<u>2020</u>
Total cash and cash equivalents	\$ 1,483,295	\$ 2,156,330
Investments	4,763,892	2,898,981
Investments, board designated	<u>1,202,269</u>	<u>750,072</u>
Total	<u>\$ 7,449,456</u>	<u>\$ 5,805,383</u>

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in short-term investments.

3. Investments

Investments consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Investments:		
Investments	\$ 4,763,892	\$ 2,898,981
Investments, board designated	<u>1,202,269</u>	<u>750,072</u>
	<u>\$ 5,966,161</u>	<u>\$ 3,649,053</u>
Investments:		
Equities	\$ 4,776,347	\$ 2,842,208
Fixed income	-	203,454
Cash	<u>1,189,814</u>	<u>603,391</u>
	<u>\$ 5,966,161</u>	<u>\$ 3,649,053</u>

4. Restrictions on Net Assets

Net assets with donor restrictions consist of contributions restricted by donors for particular purposes. The remaining portion of such contributions as of December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Moody radio campaign	\$ 75,000	\$ -
Capital projects	<u>121,500</u>	<u>-</u>
	<u>\$ 196,500</u>	<u>\$ -</u>

5. Restricted Contributions

Total restricted contributions for the year ending December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Relief & community care	\$ -	\$ 1,150,757
Children at risk	-	448,103
Moody radio campaign	75,000	-
Capital campaign	<u>121,500</u>	<u>-</u>
	<u>\$ 196,500</u>	<u>\$ 1,598,860</u>

6. Related Party Transactions

Heart for Lebanon, a legal nongovernmental organization in Lebanon, received a total of approximately \$3,753,600 and \$3,615,800 during the years ended December 31, 2021 and 2020, respectively, from the Foundation.

Dr. Camille Melki is the CEO for the Foundation and the affiliated Heart for Lebanon based in Lebanon. Dr. Melki is contracted annually by the Foundation's Board of Directors to serve as a missionary who raises his own financial support, and as CEO, to oversee the day-to-day operations of the affiliated Lebanese organization. He reports to and is accountable to the Foundation's Board of Directors and the affiliated Lebanese organization's General Assembly. During the years ended December 31, 2021 and 2020, the Chief Executive Officer received approximately \$185,000 and \$170,000 in missionary support, respectively.

The Foundation also used a company related to a board member to facilitate radio advertisements. The Foundation reimbursed the company \$327,590 and \$429,756 during the years ended December 31, 2021 and 2020, respectively, for these advertisements.

The members of the Foundation's board of directors contributed approximately \$13,700 and \$10,500 in 2021 and 2020, respectively.

7. Operating Lease

The Foundation leased offices space under an operating lease agreement that expires in 2026.

Minimum future lease payments are estimated as follows:

2022	\$	42,900
2023		42,900
2024		42,900
2025		42,900
2026		<u>42,900</u>
Total	\$	<u>214,500</u>

Total lease expenditures were approximately \$41,625 and \$40,800 for the years ended December 31, 2021 and 2020, respectively.

8. Concentration of Credit Risk and Contingencies

The Foundation's cash deposit balances on occasion may exceed the FDIC limit during the year. Management believes that it is not exposed to any significant credit risk on its cash balances.

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist of money market accounts and investment securities. The Foundation has significant investment in various types of mutual funds and therefore, is subject to concentration of credit risk. Investments are made by an investment manager engaged by the Foundation, and is monitored by the board of directors. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation and its purpose.

9. Concentration of Revenue and Support

In 2021 and 2020, the Foundation received 32% and 38% of its support from the five largest donors, respectively. Revenues from the major sources for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>
Not-for-profit 1	\$ 729,134
Christian Ministry Organization 1	664,220
Not-for-profit 2	265,400
Christian Ministry Organization 2	265,000
Christian Ministry Organization 3	230,800
All other sources	<u>4,527,718</u>
	<u>\$ 6,682,272</u>

Heart for Lebanon Foundation
Notes to Financial Statements

	<u>2020</u>
Not-for-profit 1	\$ 1,275,570
Christian Ministry Organization 1	557,250
Not-for-profit 2	375,000
Christian Ministry Organization 2	280,000
Not-for-profit 3	253,000
All other sources	<u>4,547,772</u>
	<u>\$ 7,288,592</u>

10. Functional Allocation of Expenses

The Foundation provides direct funding for programs based in Lebanon. This amount was remitted to an affiliated Foundation in Lebanon. Management and general expenses consisted mainly of financial administration expenses and for day-to-day operations. Fund raising expenses are costs related to fundraising campaigns in the United States and related travel and communication costs.

The direct funding program expenditures in 2021 and 2020 were for the following:

	<u>2021</u>	<u>2020</u>
Relief and Community Care	\$ -	\$ 1,724,000
Children at Risk	-	576,000
Capital Campaign	-	348,800
Beirut Explosion	-	967,000
Where needed most	<u>3,753,557</u>	<u>-</u>
	<u>\$ 3,753,557</u>	<u>\$ 3,615,800</u>

11. Fair Value Measurements

Assets recorded at fair value in the statement of position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

- Level 1. Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2. Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, quoted market prices for identical assets or liabilities in inactive markets, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3. Significant unobservable inputs reflecting management's own assumptions about the inputs used in determining the fair value.

Fair values of assets measured on a recurring basis as of December 31, 2021 and 2020 are as follows:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Marketable securities	<u>\$ 4,776,347</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,776,347</u>

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Marketable securities	<u>\$ 3,045,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,045,662</u>

The Foundation had \$1,189,814 and \$603,391 of cash and cash equivalents held in investment accounts as of December 31, 2021 and 2020, respectively, which was not classified as a level as prescribed within the provision.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

12. Quasi-Endowment

The Foundation's quasi-endowment was organized to support the financial operations of the mission discipleship program in Lebanon. The primary investment objective of the Endowment is to preserve and protect the assets by focusing on conservation of principle and adequate liquidity to meet ministry needs. The Foundation's board designated funds include amounts classified as unrestricted. During 2021, the Board elected to increase the amount of the board designated funds by \$452,269 from \$750,000 to \$1,202,269 to fund the mission discipleship program in Lebanon. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of the Foundation has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (the "Act") 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 Foundation has classified as net assets with donor restrictions (a) the original value of 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 accumulated is added to the fund. In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. The investment policies of the Foundation

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for board designated assets that are intended to provide an ongoing stream of funding for financial assistance that is supported by the quasi-endowment. The quasi-endowment assets include assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board, the board designated assets are invested in a manner that is intended to produce a high level of total investment return consistent with a prudent level of portfolio risk. The Foundation expects its board designated funds, over time, to provide a rate of return similar to that of other investments of the Foundation.

Strategies employed for achieving objectives

Historically, to satisfy its long-term rate-of-return objectives, the Foundation relied on a total return strategy in which investment returns were achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targeted a diversified asset allocation that included fixed income instruments and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

13. COVID-19 and Payroll Protection Program

The World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our donors, employees and vendors, and governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. One provision of the law included the expansion of the availability of funds by establishing the Payroll Protection Program (PPP), a new loan program under the Small Business Administration's 7(a) program. An additional feature of this program is that a portion or all of loans under the PPP may effectively be converted to a grant through a special loan forgiveness provision if certain criteria are met. Any portion of a PPP loan that is not forgiven has a term of two years, and bears interest at 1%, with repayments deferred for ten months from the date of the loan. In April 2020, the Foundation applied for and received a PPP loan of \$66,000. This PPP loan was repaid in full in May 2020. This PPP loan was repaid in full in May 2020 because of the generosity of Foundation donors and God's blessing on the ministry, therefore the funds could not be used as the loan purpose was intended.