



MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

ACCLIVUS, INC.
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

MUELLER

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AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Acclivus, Inc.

We have audited the accompanying financial statements of Acclivus, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively, financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acclivus, Inc. as of December 31, 2020, 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.

Prior Period Financial Statements

The financial statements of Acclivus, Inc., as of December 31, 2019, were audited by other auditors whose report dated February 5, 2021, expressed an unmodified opinion on those statements.

Muller & Co., LLP

ACCLIVUS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Cash	\$ 1,434,742	760,500
Grants receivable	744,967	92,632
Prepaid expenses and deposits	19,343	6,159
Furniture and equipment, net of accumulated depreciation of \$2,417 and \$167 in 2020 and 2019, respectively	17,583	4,833
Total assets	\$ 2,216,635	864,124

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 10,157	349,579
Unearned grant revenue	904,404	497,272
Note payable	840,000	-
Paycheck Protection Program loan	260,406	-
Total liabilities	2,014,967	846,851

Net assets:

Without donor restrictions:		
Undesignated	201,668	17,273
Total liabilities and net assets	\$ 2,216,635	864,124

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

ACCLIVUS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Support and revenue:						
Grant revenue	\$ 67,236	3,782,855	3,850,091	-	1,181,579	1,181,579
CP4P grant revenue	-	-	-	-	256,415	256,415
Contributions	121,285	-	121,285	750	-	750
In-kind contributions	172,753	-	172,753	233,035	-	233,035
Other	18	-	18	12,615	500	13,115
Net assets released from restrictions	<u>3,782,855</u>	<u>(3,782,855)</u>	<u>-</u>	<u>1,438,494</u>	<u>(1,438,494)</u>	<u>-</u>
Total support and revenue	<u>4,144,147</u>	<u>-</u>	<u>4,144,147</u>	<u>1,684,894</u>	<u>-</u>	<u>1,684,894</u>
Expenses:						
Program services:						
Community and engagement outreach	208,525	-	208,525	551	-	551
Violence prevention programming	<u>3,285,558</u>	<u>-</u>	<u>3,285,558</u>	<u>1,294,312</u>	<u>-</u>	<u>1,294,312</u>
Total program services	<u>3,494,083</u>	<u>-</u>	<u>3,494,083</u>	<u>1,294,863</u>	<u>-</u>	<u>1,294,863</u>
Supporting services:						
Management and general	<u>465,669</u>	<u>-</u>	<u>465,669</u>	<u>372,774</u>	<u>-</u>	<u>372,774</u>
Total supporting services	<u>465,669</u>	<u>-</u>	<u>465,669</u>	<u>372,774</u>	<u>-</u>	<u>372,774</u>
Total expenses	<u>3,959,752</u>	<u>-</u>	<u>3,959,752</u>	<u>1,667,637</u>	<u>-</u>	<u>1,667,637</u>
Change in net assets	184,395	-	184,395	17,257	-	17,257
Net assets, beginning of year	<u>17,273</u>	<u>-</u>	<u>17,273</u>	<u>16</u>	<u>-</u>	<u>16</u>
Net assets, end of year	<u>\$ 201,668</u>	<u>-</u>	<u>201,668</u>	<u>17,273</u>	<u>-</u>	<u>17,273</u>

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

ACCLIVUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>	<u>TOTAL EXPENSES</u>
	<u>COMMUNITY AND ENGAGEMENT OUTREACH</u>	<u>VIOLENCE PREVENTION PROGRAMMING</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	
Compensation and benefits	\$ 71,791	2,849,349	2,921,140	200,650	3,121,790
Supplies and office expenses	31,672	162,103	193,775	22,921	216,696
Professional services	104,291	198,382	302,673	158,962	461,635
Rent	771	75,724	76,495	70,294	146,789
Insurance	-	-	-	10,592	10,592
Depreciation	-	-	-	2,250	2,250
Total expenses	<u>\$ 208,525</u>	<u>3,285,558</u>	<u>3,494,083</u>	<u>465,669</u>	<u>3,959,752</u>

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

ACCLIVUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>	<u>TOTAL EXPENSES</u>
	<u>COMMUNITY AND ENGAGEMENT OUTREACH</u>	<u>VIOLENCE PREVENTION PROGRAMMING</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	
Compensation and benefits	\$ -	1,252,872	1,252,872	63,854	1,316,726
Supplies and office expenses	551	-	551	118,174	118,725
Professional services	-	-	-	174,190	174,190
Rent	-	41,440	41,440	13,813	55,253
Insurance	-	-	-	2,576	2,576
Depreciation	-	-	-	167	167
Total expenses	<u>\$ 551</u>	<u>1,294,312</u>	<u>1,294,863</u>	<u>372,774</u>	<u>1,667,637</u>

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

ACCLIVUS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash provided by (applied to) operating activities:		
Change in net assets	\$ 184,395	17,257
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation	2,250	167
Donated equipment	(15,000)	(5,000)
Changes in assets and liabilities:		
Grants receivable	(652,335)	(92,632)
Prepaid expenses and deposits	(13,184)	46,844
Accounts payable and accrued expenses	(339,422)	349,579
Unearned grant revenue	407,132	(55,731)
Total cash provided by (applied to) operating activities	(426,164)	260,484
Cash provided by (applied to) financing activities:		
Proceeds from note payable	1,000,000	-
Payments on note payable	(160,000)	-
Proceeds from Paycheck Protection Program loan	260,406	-
Total cash provided by financing activities	1,100,406	-
Net increase in cash	674,242	260,484
Cash, beginning of year	760,500	500,016
Cash, end of year	\$ 1,434,742	760,500
Other cash flow information:		
Donated furniture and equipment	\$ 15,000	5,000
CP4P grant revenue	\$ -	256,415

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

ACCLIVUS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 - NATURE OF OPERATIONS

Acclivus, Inc. (Organization) is a not-for-profit organization incorporated on July 26, 2010. The Organization was incorporated with the intention of building a not-for-profit organization to serve the community health needs of the Chicago area vulnerable and disenfranchised populations. The Organization did not receive any funding between 2010 and 2018. During this time, the founders were developing the necessary professional network to support the launch of large-scale programming, which occurred in December 2018. The Organization is tax-exempt under Internal Revenue Service Code Section 501(c)(3). The Organization is a community health organization focused on the health and well-being of individuals living in Chicago's most vulnerable neighborhoods. The Organization is involved in the following programs:

Violence Prevention Programming

Hospital Responses

This program provides targeted intervention to victims of violence and their loved ones in real time. Responders are deployed quickly to serve violently injured patients, 24 hours a day, 7 days a week, 365 days a year, and use behavior change techniques to diffuse emotions, provide support, and encourage patients to follow a course to avoid violence or re-injury. Responders conduct risk assessments and work with patients to create risk reduction goals. Responders are trained to capitalize on the naturally occurring "teachable moment" of a hospital visit, whenever a gunshot, stabbing or blunt trauma victim arrives. Responders work with visitors, focused on defusing high emotions and supporting them to care for the injured individual. Acclivus Case Managers complete in-depth assessments on victims' recovery needs and provide support as they transition back into the community. The Organization addresses the link between violence exposure and violent acts among high-risk, underserved and disconnected populations in low-income communities exposed to or injured by violence with limited connection to mainstream supportive services.

Community-Based Violence Prevention

The Organization utilizes a public health approach, focused on improving the health and safety of all individuals by addressing underlying risk factors afflicting individuals most likely to be involved in violence. Therefore, the Organization's work focuses on identifying health disparities and violent behavior risk factors correlated with violent outcomes, such as being underemployed or unemployed, substance abuse, homelessness, criminal background, mental illness, etc. The Organization's community-based violence prevention services provide street outreach and conflict mediation services to individuals at highest risk for violence involvement, either as victim or perpetrator. Services are provided within specific geographic areas with disproportionate rates of violent events. Additionally, the Organization provides structured Case Management services for individuals at risk.

Community Engagement and Outreach

This program is an effort to raise awareness about violence to key stakeholders. The Organization provides public education services of various types to educate stakeholders on violence, behavior which elevates risk for violence and prosocial activities with the goal of reducing violence. Examples of public education activities include strategic events and distribution of education materials targeted to key stakeholder audiences.

ACCLIVUS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles applicable to not-for-profit organizations and in accordance with accounting principles generally accepted in the United States of America.

Grants Receivable

Grants receivable are stated at unpaid balances for grants, less an allowance for doubtful accounts. The Organization provides for losses on grants receivable using the allowance method. The allowance is based on experience, third-party contracts and other circumstances. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At December 31, 2020 and 2019, an allowance for doubtful accounts was not considered necessary.

Furniture and Equipment

Furniture and equipment have been recorded at cost if purchased or at fair value at time of donation if received as a gift. The Organization received donated furniture and equipment and reported it at a fair value of \$15,000 and \$5,000 during 2020 and 2019, respectively.

Depreciation is provided using the straight-line method over the estimated useful lives of depreciable assets. The useful life of the donated furniture and equipment is five years. Depreciation expense for the years ended December 31, 2020 and 2019 was \$2,250 and \$167, respectively.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-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. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

ACCLIVUS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Donated Goods and Services

Donated goods and services are recorded at their fair value at the date of receipt as required by accounting principles generally accepted in the United States of America. The Organization records the fair value of donated services if the donated services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

Revenue Recognition

Gifts, including unconditional pledges, are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift.

Revenue from government and private grant and contract agreements, which are generally considered nonexchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Payments received in advance of conditions being met are recorded as unearned revenue on the statements of financial position. Future funding from government and private grant and contract agreements is dependent on fiscal funding clauses and annual appropriations from granting agencies and organizations. Such conditional funding as of December 31, 2020 and 2019 is approximately \$6,290,000 and \$610,000, respectively.

Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated based on time and effort and is directly tracked through employee time sheets, and rent, which is allocated on a square footage basis. Supplies and office expenses, professional services, insurance, and depreciation are directly identified to the functional category to which they apply.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

The Organization has evaluated the tax positions taken for all open tax years. Currently the 2017, 2018 and 2019 tax years are open and subject to examination by the Internal Revenue Service; however, the Organization is not currently under audit nor has the Organization been contacted by this jurisdiction.

ACCLIVUS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes, Continued

Based on the evaluation of the Organization's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the for the years ended December 31, 2020 and 2019.

Concentration of Credit Risk

The Organization maintains its cash balances at multiple financial institutions located in Chicago, Illinois. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times the Organization's cash deposits may exceed the FDIC limit. Management does not believe it is exposed to any significant credit risk on cash.

Concentration of Grant and Contributions Revenue

The Organization relies on a small pool of grantors that consist of state, city and local agencies, to fund daily operations. During the year ended December 31, 2020, the Organization received approximately 72% of their annual grant and contribution revenues from three grantors. During the year ended December 31, 2019, the Organization received approximately 67% of their annual grants and contribution revenues from one grantor.

Accounting Estimates

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

Change in Accounting Principles – Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in Accounting Standards Codification 605, *Revenue Recognition*. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers. ASU No. 2014-09 also requires additional financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. For the year ended December 31, 2020, the Organization adopted ASU No. 2014-09. ASU No. 2014-09 has been applied using the full retrospective method to all periods presented and resulted in no changes to previously reported net assets as there were no significant changes to the way the Organization recognizes revenue.

ACCLIVUS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Standard – Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases in the statements of financial position. The ASUs are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the methods of adoption allowed and the effect that adoption is expected to have on its financial position, changes in net assets, cash flows, and related disclosures.

New Accounting Standard - Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). The key provisions of ASU No. 2020-07 are 1) a requirement to present contributed nonfinancial assets as a separate line item in the statements of activities and 2) disclosure of contributed nonfinancial assets disaggregated by type, which includes information about monetization and utilization, donor restrictions, and the valuation techniques used. ASU No. 2020-07 should be applied on a retrospective basis and is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the effect that adoption is expected to have on its statements of activities, functional expenses, and related disclosures.

Management Evaluation of Going Concern

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Organization's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about the Organization's ability to continue as a going concern for the period from June 29, 2021 to June 29, 2022.

Subsequent Events

Subsequent events have been evaluated through June 29, 2021, the date that the financial statements were available for issue.

ACCLIVUS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise the following:

	2020	2019
Financial assets at year-end:		
Cash	\$ 1,434,742	760,500
Grants receivable	744,967	92,632
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,179,709	853,132

The Organization's goal is to maintain available financial assets sufficient to meet 60 days of general operating expenditures.

NOTE 4 - NOTE PAYABLE

During September 2020, the Organization received a \$1,000,000 loan from a not-for-profit organization. The loan is non-interest bearing and is to be repaid in full as of September 30, 2021. The outstanding balance on the loan was \$840,000 as of December 31, 2020.

The loan carries a covenant requirement to submit audited financial statements 90 days after the Organization's year-end. The Organization obtained an extension on the covenant to submit audited financial statements by June 30, 2021.

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

On May 26, 2020, the Organization received loan proceeds in the amount of \$260,406 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" of 24 weeks as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Organization is reviewing expenditures and intends to apply for forgiveness within 10 months of the end of the covered period for any expenditures that meet the criteria for forgiveness.

The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

ACCLIVUS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 - PAYCHECK PROTECTION PROGRAM NOTE LOAN, CONTINUED

The Organization has recorded a note payable and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended December 31, 2020. In the event the PPP loan is not forgiven, the Organization is required to repay the PPP loan in principal payments amounting to \$86,802, \$130,203 and \$43,401 during the years ended December 31, 2021, 2022 and 2023, respectively.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization has no net assets with donor restrictions as of December 31, 2020 and 2019.

NOTE 7 - DONATED GOODS AND SERVICES

The value of donated goods and services included as in-kind contributions in the financial statements and the corresponding expenses for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Donated services	\$ 157,618	169,835
Donated goods	<u>15,135</u>	<u>63,200</u>
Total	<u>\$ 172,753</u>	<u>233,035</u>

The Organization is leasing facilities from the University of Illinois at Chicago under a 33-month lease agreement expiring on June 30, 2021. Included in donated services in the statements of activities is the estimated fair rental revenue and expense of \$58,200 and \$48,000 for the years ended December 31, 2020 and 2019, respectively. The Organization primarily uses donated facilities for management and general services.

NOTE 8 - NONCASH GRANT REVENUE AND EXPENSES

For the year ended December 31, 2019, the statement of activities includes CP4P grant revenue and payroll expenses of \$256,415. These funds were paid directly to the Organization's employees by Metropolitan Family Services for our participation on this grant during 2019. Funds for the revenue and expenses associated with this grant did not pass through the Organization's bank account. During the year ended December 31, 2020, the Organization received no grant revenue from CP4P.

NOTE 9 - OPERATING LEASES

The Organization has several operating leases in Chicago, Illinois. All lease agreements have one-year terms and have various maturity dates through November 2021. The monthly rental payments due on the operating leases range from \$2,600 to \$3,000 per month and are recorded as operating expenses as incurred. Lease agreements will be renewed annually. Future estimated minimum lease payments are not accrued as liabilities.

ACCLIVUS, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 - OPERATING LEASES, CONTINUED

Rent expense included in operations on these lease agreements totaled \$146,789 and \$55,253 for the years ended December 31, 2020 and 2019, respectively.

The aggregate future minimum lease commitment on these leases as of December 31, 2020 is \$88,500 for the year ended December 31, 2021.

NOTE 10 - CONTINGENCY

The \$260,406 PPP loan (see Note 5) and its forgiveness are subject to examination under the terms of the agreement with the SBA for a period of six years from the date the PPP loan is forgiven. The Organization is not currently under examination nor has the Organization been contacted.

NOTE 11 - IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America and the world. To date, the impact on the Organization's operations and results has not been significant and management expects this to remain the case. Management continues to actively monitor the global situation in order to mitigate any potential future impact on the Organization's changes in net assets and financial performance.

NOTE 12 - RECLASSIFICATIONS

Certain amounts in the December 31, 2019 financial statements have been reclassified to conform to the December 31, 2020 presentation.