

Hope Fellowship Ministries

Financial Statements

as of

December 31, 2020 and 2019

Together with

Independent Auditors' Report

GUINN, SMITH & Co., INC.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
2408 TEXAS DRIVE
IRVING, TEXAS 75062
Phone: (972) 255-7120 Fax: (972) 570-3750
E-mail: email@guinnsmith.com

Independent Auditors' Report

To the Board of Directors
Hope Fellowship Ministries
Frisco, Texas

We have audited the accompanying financial statements of Hope Fellowship Ministries (a Texas nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Hope Fellowship Ministries as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Irving, Texas
June 14, 2021

HOPE FELLOWSHIP MINISTRIES

Statements of Financial Position December 31, 2020 and 2019

Assets:	2020	2019
Current assets:		
Cash and cash equivalents	\$ 4,650,510	\$ 3,776,636
Accounts receivable.....	37	6,355
Prepaid expenses.....	<u>57,885</u>	<u>175,257</u>
Total current assets	<u>4,708,432</u>	<u>3,958,248</u>
Property, buildings, and equipment, at cost:		
Land and improvements.....	6,092,464	4,311,420
Buildings and improvements.....	33,873,006	33,829,258
Furniture, fixtures, and equipment.....	3,085,285	2,743,062
Finance lease right-of-use assets.....	1,044,384	1,044,384
Operating lease right-of-use assets.....	-	34,914
Construction in process.....	<u>-</u>	<u>20,950</u>
	44,095,139	41,983,988
Less allowance for accumulated depreciation and amortization.....	<u>(10,663,169)</u>	<u>(9,151,568)</u>
Net property, buildings, and equipment.....	<u>33,431,970</u>	<u>32,832,420</u>
Earnest deposit.....	<u>-</u>	<u>10,000</u>
Total assets	<u>\$ 38,140,402</u>	<u>\$ 36,800,668</u>

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

HOPE FELLOWSHIP MINISTRIES

Statements of Financial Position December 31, 2020 and 2019

Liabilities and net assets:	2020	2019
Current liabilities:		
Current portion of:		
Notes payable	\$ 625,271	\$ 598,015
Finance lease liabilities	222,878	222,878
Operating lease liabilities	-	8,454
Accounts payable	92,659	129,267
Accrued liabilities	116,715	104,136
Deferred revenue	4,587	12,553
Total current liabilities	<u>1,062,110</u>	<u>1,075,303</u>
Long-term liabilities:		
Notes payable, net of current portion and debt issuance costs	17,606,092	18,220,864
Finance lease liabilities, net of current portion	222,558	445,437
Operating lease liabilities, net of current portion	-	3,624
Total long-term liabilities	<u>17,828,650</u>	<u>18,669,925</u>
Total liabilities	18,890,760	19,745,228
Net assets without donor restrictions	<u>19,249,642</u>	<u>17,055,440</u>
Total liabilities and net assets	<u>\$ 38,140,402</u>	<u>\$ 36,800,668</u>

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

HOPE FELLOWSHIP MINISTRIES

Statement of Activities For the Year Ended December 31, 2020

Changes in net assets:	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Tithes and offerings.....	\$ 14,990,538	\$ -	\$ 14,990,538
Activity fees.....	176,745	-	176,745
Christian education revenue.....	77,717	-	77,717
Building offerings.....	-	229,854	229,854
Net assets released from restrictions.....	<u>229,854</u>	<u>(229,854)</u>	<u>-</u>
Total support and revenue.....	<u>15,474,854</u>	<u>-</u>	<u>15,474,854</u>
Operating expenses:			
Program services:			
Church activities.....	9,906,797	-	9,906,797
Christian education.....	171,903	-	171,903
Missions and outreach.....	1,401,278	-	1,401,278
Supporting activities:			
General and administrative.....	<u>1,788,696</u>	<u>-</u>	<u>1,788,696</u>
Total operating expenses.....	<u>13,268,674</u>	<u>-</u>	<u>13,268,674</u>
Excess of revenue over operating expenses.....	<u>2,206,180</u>	<u>-</u>	<u>2,206,180</u>
Other income and expenses:			
Interest income.....	13,182	-	13,182
Loss on disposal of property and equipment.....	<u>(25,160)</u>	<u>-</u>	<u>(25,160)</u>
Total other income and expenses.....	<u>(11,978)</u>	<u>-</u>	<u>(11,978)</u>
Increase in net assets.....	2,194,202	-	2,194,202
Net assets, beginning of year.....	<u>17,055,440</u>	<u>-</u>	<u>17,055,440</u>
Net assets, end of year.....	<u>\$ 19,249,642</u>	<u>\$ -</u>	<u>\$ 19,249,642</u>

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

HOPE FELLOWSHIP MINISTRIES

Statement of Activities For the Year Ended December 31, 2019

Changes in net assets:	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Tithes and offerings.....	\$ 14,028,869	\$ -	\$ 14,028,869
Activity fees.....	665,713	-	665,713
Christian education revenue.....	61,957	-	61,957
Missions and outreach offerings.....	-	31,726	31,726
Building offerings.....	-	119,083	119,083
Net assets released from restrictions.....	<u>150,809</u>	<u>(150,809)</u>	<u>-</u>
Total support and revenue.....	<u>14,907,348</u>	<u>-</u>	<u>14,907,348</u>
Operating expenses:			
Program services:			
Church activities.....	10,430,542	-	10,430,542
Christian education.....	55,654	-	55,654
Missions and outreach.....	1,489,615	-	1,489,615
Supporting activities:			
General and administrative.....	<u>1,724,278</u>	<u>-</u>	<u>1,724,278</u>
Total operating expenses.....	<u>13,700,089</u>	<u>-</u>	<u>13,700,089</u>
Excess of revenue over operating expenses.....	<u>1,207,259</u>	<u>-</u>	<u>1,207,259</u>
Other income and expenses:			
Interest income.....	6,096	-	6,096
Loss on disposal of property and equipment.....	(3,307)	-	(3,307)
Loss on interest rate swap.....	(268,494)	-	(268,494)
Loss on early extinguishment of debt.....	<u>(88,563)</u>	<u>-</u>	<u>(88,563)</u>
Total other income and expenses.....	<u>(354,268)</u>	<u>-</u>	<u>(354,268)</u>
Increase in net assets.....	852,991	-	852,991
Net assets, beginning of year.....	<u>16,202,449</u>	<u>-</u>	<u>16,202,449</u>
Net assets, end of year.....	<u>\$ 17,055,440</u>	<u>\$ -</u>	<u>\$ 17,055,440</u>

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

HOPE FELLOWSHIP MINISTRIES

Statement of Functional Expenses For the Year Ended December 31, 2020

	Program Services			Supporting Services	Total
	Church activities	Christian education	Missions and outreach	General and administrative	
Personnel.....	\$ 5,672,129	\$ 146,010	\$ 320,136	\$ 1,393,708	\$ 7,531,983
Depreciation and amortization.....	1,308,595	-	143,007	86,112	1,537,714
Contributions, benevolence, and academic support.....	199,419	20,102	766,402	-	985,923
Interest.....	783,295	-	85,601	51,545	920,441
Equipment and supplies.....	638,849	-	3,620	7,845	650,314
Facility maintenance.....	362,919	-	20,676	12,450	396,045
Utilities.....	171,380	-	18,729	11,278	201,387
Software and programming.....	125,724	-	11,892	7,161	144,777
Bank fees.....	-	-	-	143,887	143,887
Insurance.....	93,130	-	10,178	6,128	109,436
Other.....	92,742	-	2,854	10,718	106,314
Rent.....	105,902	-	-	-	105,902
Audio, video, production and staging.....	95,004	-	-	-	95,004
Advertising.....	74,738	5,791	-	-	80,529
Telephone and internet.....	66,299	-	7,245	4,363	77,907
Camps and retreats.....	56,062	-	-	-	56,062
Security.....	53,413	-	-	-	53,413
Legal and accounting.....	-	-	-	53,032	53,032
Travel.....	-	-	10,159	-	10,159
Transportation.....	<u>7,197</u>	<u>-</u>	<u>779</u>	<u>469</u>	<u>8,445</u>
Total.....	<u>\$ 9,906,797</u>	<u>\$ 171,903</u>	<u>\$ 1,401,278</u>	<u>\$ 1,788,696</u>	<u>\$ 13,268,674</u>

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

HOPE FELLOWSHIP MINISTRIES

Statement of Functional Expenses For the Year Ended December 31, 2019

	Program Services			Supporting Services	Total
	Church activities	Christian education	Missions and outreach	General and administrative	
Personnel.....	\$ 5,349,866	\$ -	\$ 306,725	\$ 1,286,136	\$ 6,942,727
Depreciation and amortization.....	1,287,965	-	140,753	84,754	1,513,472
Interest.....	942,175	-	102,964	62,000	1,107,139
Contributions, benevolence, and academic support.....	223,511	40,291	648,929	-	912,731
Equipment and supplies.....	869,538	-	8,281	26,378	904,197
Facility maintenance.....	462,807	-	36,777	22,145	521,729
Camps and retreats.....	285,566	-	-	-	285,566
Utilities.....	221,542	-	24,211	14,579	260,332
Travel.....	-	-	190,822	-	190,822
Advertising.....	166,479	15,363	-	-	181,842
Bank fees.....	-	-	-	155,554	155,554
Software and programming.....	116,223	-	10,228	6,159	132,610
Audio, video, production and staging.....	108,572	-	-	-	108,572
Other.....	89,575	-	3,267	12,827	105,669
Insurance.....	77,517	-	8,471	5,101	91,089
Security.....	86,735	-	-	-	86,735
Telephone and internet.....	63,510	-	6,941	4,179	74,630
Legal and accounting.....	-	-	-	43,716	43,716
Transportation.....	22,321	-	1,246	750	24,317
Rent.....	<u>56,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,640</u>
Total.....	<u>\$ 10,430,542</u>	<u>\$ 55,654</u>	<u>\$ 1,489,615</u>	<u>\$ 1,724,278</u>	<u>\$ 13,700,089</u>

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

HOPE FELLOWSHIP MINISTRIES

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

Change in cash and cash equivalents:	2020	2019
Cash flows from operating activities:		
Cash received from operations.....	\$ 15,243,352	\$ 14,789,128
Cash paid for operating expenses.....	(10,720,193)	(11,447,834)
Interest received.....	13,182	6,096
Interest paid.....	(909,875)	(1,028,523)
Net cash provided by operating activities.....	<u>3,626,466</u>	<u>2,318,867</u>
Cash flows from investing activities:		
Capital expenditures.....	(2,161,607)	(575,021)
Proceeds from sale of property and equipment.....	-	29,500
Net cash used in investing activities.....	<u>(2,161,607)</u>	<u>(545,521)</u>
Cash flows from financing activities:		
Principal payments on notes payable.....	(597,961)	(1,032,257)
Principal payments on finance lease liabilities.....	(222,878)	(193,280)
Proceeds from issuance of notes payable.....	-	158,888
Contributions restricted for capital additions.....	229,854	119,083
Interest rate swap termination fees.....	-	(225,785)
Loan fees paid.....	-	(13,336)
Net cash used in financing activities.....	<u>(590,985)</u>	<u>(1,186,687)</u>
Net change in cash and cash equivalents.....	873,874	586,659
Cash and cash equivalents, beginning of year.....	<u>3,776,636</u>	<u>3,189,977</u>
Cash and cash equivalents, end of year.....	<u>\$ 4,650,510</u>	<u>\$ 3,776,636</u>

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

HOPE FELLOWSHIP MINISTRIES

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 2,194,202	\$ 852,991
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,537,714	1,513,472
Amortization of loan fees	10,445	9,759
Loss on disposal of property and equipment	19,517	3,307
Loss on interest rate swap	-	268,494
Contributions restricted for capital additions	(229,854)	(119,083)
Loss on early extinguishment of debt	-	88,563
Noncash interest expense	-	68,857
Changes in operating assets and liabilities:		
Accounts receivable	6,318	5,544
Prepaid expenses	117,372	(57,936)
Accounts payable	(26,121)	(135,713)
Operating lease liabilities	(7,738)	(8,123)
Accrued expenses	12,579	(166,584)
Deferred revenue	(7,968)	(4,681)
Total adjustments	1,432,264	1,465,876
Net cash provided by operating activities	\$ 3,626,466	\$ 2,318,867

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

HOPE FELLOWSHIP MINISTRIES

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Hope Fellowship Ministries, (the Organization) is incorporated under the laws of the state of Texas as a domestic nonprofit corporation. During 2015, the Organization, formerly Hope Fellowship of the Assemblies of God, formally changed its name to Hope Fellowship Ministries. The Organization's primary source of revenue is free-will donations. The primary activities of the Organization are worship services and related events. The Organization holds Church services and related events at campuses in McKinney and Prosper and two locations in Frisco, Texas.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The Organization is required to report information regarding its financial position and activities according to the following 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 the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets With Donor Restrictions--Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. At December 31, 2020 and 2019, the Organization had no net assets with donor restrictions.

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), as well as state income taxes. The Organization is not required to file tax returns if it has no unrelated business income. The Organization did not have any unrelated business income in 2020 and 2019. Based on its review, management does not believe that the Organization has taken any material uncertain tax positions, including any position that would jeopardize the Organization's tax exempt status.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits in banks. The Organization maintains cash and cash equivalents in financial institutions that may, at times, exceed federally insured limits. The Organization has not incurred any losses on such accounts. From time to time, the Organization receives donations of stock or other financial instruments. These are converted into cash and transferred into a deposit account as soon as practicable and customarily within a few days of receipt of the stock. The Organization maintains a brokerage account to process these transactions but not for the purpose of holding investments. Accordingly, the Organization classifies these holdings as cash and cash equivalents.

Property and Depreciation

Property, buildings, and equipment is stated at cost, if purchased, or fair value if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets: furniture and equipment (3-10 years), building improvements (5-30 years) and buildings (30 years). Asset additions are capitalized as are betterments and renewals. Maintenance and repairs are charged to operations as incurred.

HOPE FELLOWSHIP MINISTRIES

Notes to Financial Statements

Debt Issuance Costs

The Organization capitalizes debt issuance costs (loan origination fees) and amortizes these costs over the life of the loan using the straight-line method. Debt issuance cost is included in notes payable, net of accumulated amortization of \$13,056 and \$2,611 at December 31, 2020 and 2019, respectively.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of the donated assets. A donor restriction expires when a stipulated time restriction ends or a purpose restriction is accomplished. At that time net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated property and equipment and certain services are reflected as contributions at their estimated fair values on the date of receipt and are recorded in the appropriate asset or expense account. Services are recorded if they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Classification of Revenue and Expenses

Operating activities include items which are directly related to the Organization's program services or are essential support elements of those programs. The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities, which reports certain categories of expenses that are attributable to more than one program or supporting activity. Accordingly, these expenses have been allocated among the programs and supporting services benefited using allocation bases that are reasonable and consistently applied. Interest income and gains or losses on disposals of assets or liabilities do not meet the Organization's criteria for operating activities and are included with other income and expenses. Expenses that are allocated include: depreciation; interest; equipment and supplies; facility maintenance; transportation; utilities; software and programming; insurance; and telephone and internet; which are all allocated based on estimates of building usage. Personnel expenses are allocated on the basis of estimates of time and effort.

Financial Instruments

In determining fair value of its financial instruments, the Organization uses a variety of methods and assumptions that are based on market conditions and risks existing at each balance sheet date. For the majority of financial instruments, including long-term investments, notes receivable, and long-term debt, the Organization uses standard market conventions and techniques, such as discounted cash flow analysis, replacement cost, or other valuation methods, to determine fair value. All methods of assessing fair value resulted in a general approximation of value and such value may never actually be realized.

Estimates

Management utilizes estimates in order to record certain transactions in accordance with generally accepted accounting principles. Actual results may differ from those estimates.

HOPE FELLOWSHIP MINISTRIES

Notes to Financial Statements

Liquidity and Available Resources

The Organization had financial assets consisting of cash and cash equivalents of \$4,650,510 and \$3,776,636 at December 31, 2020 and 2019, respectively. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. As part of its liquidity management, the Organization raises tithes and offerings to meet their cashflow requirements and structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to enhance comparability between periods and conform to the current year financial statement presentation.

2. SUBSEQUENT EVENTS

In January 2021 the Organization entered into a \$109,000 contract for planning and design services on a potential new Church building on land in Prosper, Texas.

In March 2021, the Organization entered into a lease contract for office equipment requiring \$4,030 monthly payments for 60 months.

Management has evaluated subsequent events through June 14, 2021, the date the financial statements were available to be issued.

3. HEALTH INSURANCE

The Organization maintains a self-insured health benefits plan, which provides medical benefits to employees electing coverage under the plan. The Organization maintains a reserve for incurred but not paid medical claims and claim development. The reserve is an estimate based on historical experience and other assumptions, some of which are subjective. The Organization adjusts its self-insured medical benefits reserve as the Organization's loss experience changes due to medical inflation, changes in the number of plan participants and an aging employee base. The Organization's self-insured medical benefits reserve was \$40,510 at December 31, 2020 and is included in accrued liabilities on the statements of liabilities.

4. DEFINED CONTRIBUTION PLAN

The Organization participates in a 403(b) employee benefit plan. The Organization's expenses for this plan totaled approximately \$305,000 and \$292,000 for the years ended December 31, 2020 and 2019, respectively.

HOPE FELLOWSHIP MINISTRIES

Notes to Financial Statements

5. NOTES PAYABLE

Following is a summary of notes payable at December 31:

	2020	2019
4.50% note payable to a bank, payable in monthly installments of principal and interest through maturity in October 2029, based on a 240 month amortization.....	\$ 11,581,124	\$ 11,954,932
4.25% note payable to a bank, payable in monthly installments of principal and interest through maturity in October 2029, based on a 240 month amortization.....	3,849,433	3,977,439
4.25% note payable to a bank, payable in monthly installments of principal and interest through maturity in October 2029, based on a 240 month amortization.....	2,892,197	2,988,344
Debt issuance costs.....	(91,391)	(101,836)
	18,231,363	18,818,879
Less current maturities included in current liabilities.....	(625,271)	(598,015)
Notes payable, net of current portion.....	<u>\$ 17,606,092</u>	<u>\$ 18,220,864</u>

Future scheduled maturities of notes payable for the next five years and in the aggregate thereafter are as follows:

2021.....	\$ 625,271
2022.....	651,113
2023.....	667,563
2024.....	700,794
2025.....	757,206
Thereafter.....	14,920,807
Debt Issuance Costs.....	(91,391)
Total.....	<u>\$ 18,231,363</u>

In September 2019, the Organization paid off all of its existing notes payable with a bank by refinancing with a different bank. The \$11,581,124 note bears interest at 4.50% through October 2024. Notes, with balances of \$3,849,433 and \$2,892,197 at December 31, 2020, bear interest at 4.25% through October 2022 and 4.50% through October 2024. Subsequent to October 2024 and through maturity, the interest rates will be at the Constant Maturity Treasury rate plus 3.05% and can at no time be below 4.50%. All of this debt is payable to a single lender and is secured by all of the Organization's land, buildings, and improvements, with a net book value of approximately \$32 million at December 31, 2020.

6. INTEREST RATE SWAP AGREEMENTS

The Organization held derivative financial instruments for the purpose of hedging the risks of certain identifiable and anticipated transactions. In general, the types of hedges relate to the variability of future earnings and cash flows caused by changes in interest rates.

In conjunction with the issuance of variable rate debt, the Organization entered into interest rate swap agreements. These interest rate swap agreements called for the Organization to pay the financial institution fixed rates of 2.24% and 2.27%. The financial institution paid the Organization floating rates based on LIBOR. The effect of the swaps was to convert variable interest rates on the affected debt to fixed rates of 4.99% and 6.22%. These swap agreements were terminated in September 2019.

HOPE FELLOWSHIP MINISTRIES

Notes to Financial Statements

7. LEASES

The Organization is the lessee of office equipment and audio/video equipment under finance leases expiring in various years through 2023. The assets and liabilities under finance leases are recorded at the present value of the minimum lease payments. The assets are amortized over the estimated useful lives of the equipment. Amortization of finance lease right-of-use assets is included in depreciation and amortization expense. Accumulated amortization for these assets was \$597,109 and \$388,232 at December 31, 2020 and 2019, respectively.

Minimum future lease payments under finance leases as of December 31, 2020, are as follows:

2021	\$ 263,845
2022	223,045
2023	<u>19,531</u>
Total minimum lease payments.....	506,421
Less amount representing interest.....	<u>(60,985)</u>
Present value of net minimum finance lease payments.....	<u>\$ 445,436</u>

The Organization was the lessee of a vehicle under an operating lease expiring in 2021. The asset was traded-in in conjunction with the purchase of a vehicle in 2020.

Below is a summary of lease costs for the year ended December 31:

	<u>2020</u>	<u>2019</u>
Interest on finance lease liabilities.....	\$ 74,635	\$ 104,234
Amortization of finance lease right-of-use assets.....	<u>208,877</u>	<u>208,877</u>
Finance lease cost.....	<u>283,512</u>	<u>313,111</u>
Operating lease cost.....	<u>8,052</u>	<u>8,784</u>
Total lease cost.....	<u>\$ 291,564</u>	<u>\$ 321,895</u>

Other information:

Right-of-use assets obtained in exchange for new finance lease.....	\$ -	\$ -
Right-of-use assets obtained in exchange for new operating lease.....	\$ -	\$ -
Weighted-average remaining lease term-finance leases.....	24 months	35 months
Weighted-average remaining lease term-operating leases.....	-	17 months
Weighted-average discount rate-finance leases.....	12.64%	13.22%
Weighted-average discount rate-operating leases.....	-	4.00%