

**EXTREME RESPONSE INTERNATIONAL, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2021**

# EXTREME RESPONSE INTERNATIONAL, INC.

## FINANCIAL REPORT DECEMBER 31, 2021

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CPAs & ADVISORS

## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Trustees of  
Extreme Response International, Inc.  
Snellville, Georgia**

### **Opinion**

We have audited the accompanying financial statements of **Extreme Response International, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Extreme Response International, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Extreme Response International, Inc. 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 Extreme Response International, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Extreme Response International, 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 Extreme Response International, 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
June 28, 2022

# EXTREME RESPONSE INTERNATIONAL, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,586,637	\$ 1,245,745
Other receivables	-	105,095
Other current assets	6,899	6,680
Current portion of prepaid rent	4,852	4,852
Total current assets	1,598,388	1,362,372
Property and equipment, net		
Land	42,000	42,000
Buildings	574,357	574,357
Vehicles	29,530	45,000
Software	25,727	25,727
	671,614	687,084
Less accumulated depreciation	(206,222)	(225,772)
Total property and equipment, net	465,392	461,312
Other noncurrent assets		
Prepaid rent	63,890	68,743
Total other noncurrent assets	63,890	68,743
Total assets	\$ 2,127,670	\$ 1,892,427
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 70,955	\$ 38,153
Current maturities of notes payable	-	149,652
Total current liabilities	70,955	187,805
Non-current liabilities		
Notes payable	-	158,191
Total liabilities	70,955	345,996
Net assets		
Without donor restrictions	828,371	590,236
With donor restrictions	1,228,344	956,195
Total net assets	2,056,715	1,546,431
Total liabilities and net assets	\$ 2,127,670	\$ 1,892,427

**See Notes to Financial Statements.**

# EXTREME RESPONSE INTERNATIONAL, INC.

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions and grants	\$ 724,989	\$ 3,030,360	\$ 3,755,349
Forgiveness of PPP loan revenues	193,000	-	193,000
In-kind contributions	52,187	-	52,187
Other income	42,854	-	42,854
Interest income	55	-	55
Total revenues	1,013,085	3,030,360	4,043,445
Net assets released from restrictions:			
Satisfaction of program restrictions	2,965,237	(2,965,237)	-
Total revenues and other support	3,978,322	65,123	4,043,445
<b>EXPENSES</b>			
<b>Program services</b>			
USA	832,243	-	832,243
Americas	936,223	-	936,223
Asia	403,997	-	403,997
Africa	836,859	-	836,859
Total program services	3,009,322	-	3,009,322
<b>Supporting services</b>			
Administration and general	223,423	-	223,423
Fundraising	300,416	-	300,416
Total supporting services	523,839	-	523,839
Total expenses	3,533,161	-	3,533,161
<b>CHANGE IN NET ASSETS</b>	<b>445,161</b>	<b>65,123</b>	<b>510,284</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>590,236</b>	<b>956,195</b>	<b>1,546,431</b>
<b>CHANGE IN DONOR INTENT</b>	<b>(207,026)</b>	<b>207,026</b>	<b>-</b>
<b>NET ASSETS, ENDING OF YEAR</b>	<b>\$ 828,371</b>	<b>\$ 1,228,344</b>	<b>\$ 2,056,715</b>

**See Notes to Financial Statements.**

# EXTREME RESPONSE INTERNATIONAL, INC.

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 489,147	\$ 2,933,572	\$ 3,422,719
In-kind contributions	68,008	-	68,008
Interest income	204	-	204
Total revenues	<u>557,359</u>	<u>2,933,572</u>	<u>3,490,931</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,741,826</u>	<u>(2,741,826)</u>	<u>-</u>
Total revenues and other support	<u>3,299,185</u>	<u>191,746</u>	<u>3,490,931</u>
<b>EXPENSES</b>			
<b>Program services</b>			
USA	814,465	-	814,465
Americas	890,458	-	890,458
Asia	437,787	-	437,787
Africa	<u>587,413</u>	<u>-</u>	<u>587,413</u>
Total program services	<u>2,730,123</u>	<u>-</u>	<u>2,730,123</u>
<b>Supporting services</b>			
Administration and general	260,645	-	260,645
Fundraising	<u>105,978</u>	<u>-</u>	<u>105,978</u>
Total supporting services	<u>366,623</u>	<u>-</u>	<u>366,623</u>
Total expenses	<u>3,096,746</u>	<u>-</u>	<u>3,096,746</u>
<b>CHANGE IN NET ASSETS</b>	<u>202,439</u>	<u>191,746</u>	<u>394,185</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>379,977</u>	<u>772,269</u>	<u>1,152,246</u>
<b>CHANGE IN DONOR INTENT</b>	<u>7,820</u>	<u>(7,820)</u>	<u>-</u>
<b>NET ASSETS, ENDING OF YEAR</b>	<u>\$ 590,236</u>	<u>\$ 956,195</u>	<u>\$ 1,546,431</u>

See Notes to Financial Statements.

# EXTREME RESPONSE INTERNATIONAL, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2021

	Program services					Supporting services		
	USA	Americas	Asia	Africa	Total	Administration and general	Fundraising	Total
Compensation and related expenses								
Management compensation	\$ 269,910	\$ -	\$ -	\$ -	\$ 269,910	\$ 101,315	\$ 134,728	\$ 505,953
Staff compensation	413,207	350,002	170,913	264,801	1,198,923	37,192	10,483	1,246,598
Total compensation and related expenses	683,117	350,002	170,913	264,801	1,468,833	138,507	145,211	1,752,551
Direct cost of program activities								
Direct program expenses	88,691	198,331	69,389	164,467	520,878	87	-	520,965
Emergency relief and assistance	25,466	299,694	110,211	369,386	804,757	-	-	804,757
Total direct costs of program activities	114,157	498,025	179,600	533,853	1,325,635	87	-	1,325,722
Indirect costs								
Automotive	77	4,885	3,006	21	7,989	-	-	7,989
Bank charges	86	1,746	1,044	1,963	4,839	-	25,934	30,773
Depreciation	-	11,455	-	1,906	13,361	-	12,089	25,450
Dues & fees	516	1,227	-	28	1,771	4,244	5,164	11,179
Insurance	1,016	2,625	-	82	3,723	-	16,424	20,147
Interest	-	3,298	-	-	3,298	-	594	3,892
Postage & shipping	2,007	38	86	64	2,195	5,275	427	7,897
Professional fees	8,641	21,979	11,179	3,972	45,771	60,685	47,680	154,136
Rent	9,000	6,325	24,008	14,304	53,637	-	24,000	77,637
Repairs and maintenance	-	11,549	1,666	6,224	19,439	-	5,815	25,254
Supplies	816	2,072	2,063	2,183	7,134	551	5,086	12,771
Taxes	-	6,803	10	33	6,846	-	-	6,846
Travel	6,535	172	-	4,141	10,848	12,549	1,587	24,984
Utilities	4,445	12,689	10,149	1,896	29,179	584	10,405	40,168
Miscellaneous	1,830	1,333	273	1,388	4,824	941	-	5,765
Total indirect costs	34,969	88,196	53,484	38,205	214,854	84,829	155,205	454,888
Total expenses	\$ 832,243	\$ 936,223	\$ 403,997	\$ 836,859	\$ 3,009,322	\$ 223,423	\$ 300,416	\$ 3,533,161

See Notes to Financial Statements.



# EXTREME RESPONSE INTERNATIONAL, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2020

	Program services					Supporting services		
	USA	Americas	Asia	Africa	Total	Administration and general	Fundraising	Total
Compensation and related expenses								
Management compensation	\$ 221,342	\$ -	\$ -	\$ -	\$ 221,342	\$ 90,676	\$ 24,340	\$ 336,358
Staff compensation	435,862	389,450	161,053	241,614	1,227,979	9,660	55,390	1,293,029
Total compensation and related expenses	657,204	389,450	161,053	241,614	1,449,321	100,336	79,730	1,629,387
Direct cost of program activities								
Direct program expenses	117,235	223,386	77,328	143,392	561,341	2,578	846	564,765
Emergency relief and assistance	1,264	192,647	129,123	168,650	491,684	-	-	491,684
Total direct costs of program activities	118,499	416,033	206,451	312,042	1,053,025	2,578	846	1,056,449
Indirect costs								
Automotive	72	1,654	2,654	45	4,425	-	-	4,425
Bank charges	91	1,885	1,414	1,773	5,163	25,700	-	30,863
Depreciation	-	10,606	-	1,627	12,233	12,089	-	24,322
Dues & fees	775	635	-	-	1,410	8,969	4,253	14,632
Insurance	7,235	2,879	-	116	10,230	10,112	-	20,342
Interest	341	1,886	-	-	2,227	3,369	-	5,596
Postage & shipping	1,064	126	25	99	1,314	1,558	2,798	5,670
Professional fees	8,110	33,339	17,459	4,724	63,632	50,474	17,452	131,558
Rent	13,000	6,900	22,919	16,696	59,515	24,000	-	83,515
Repairs and maintenance	312	3,438	2,674	4,351	10,775	7,515	-	18,290
Supplies	1,820	1,222	2,473	322	5,837	3,066	221	9,124
Taxes	-	6,659	739	-	7,398	10	-	7,408
Travel	400	-	7,396	112	7,908	36	51	7,995
Utilities	4,766	12,073	10,565	2,074	29,478	10,050	197	39,725
Miscellaneous	776	1,673	1,965	1,818	6,232	783	430	7,445
Total indirect costs	38,762	84,975	70,283	33,757	227,777	157,731	25,402	410,910
Total expenses	\$ 814,465	\$ 890,458	\$ 437,787	\$ 587,413	\$ 2,730,123	\$ 260,645	\$ 105,978	\$ 3,096,746

See Notes to Financial Statements.

# EXTREME RESPONSE INTERNATIONAL, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 510,284	\$ 394,185
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	25,450	24,322
Forgiveness of PPP loan revenues	(193,000)	-
(Gain) on sale of property and equipment	(30,000)	-
Decrease (increase) in other receivables	105,095	(59,043)
(Increase) decrease in other current assets	(219)	1,577
Decrease in prepaid rent	4,853	4,852
Increase (decrease) in accounts payable and accrued expenses	32,802	(7,428)
Net cash provided by operating activities	455,265	358,465
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(29,530)	(10,890)
Proceeds from sale of property and equipment	30,000	-
Net cash provided by (used in) investing activities	470	(10,890)
<b>FINANCING ACTIVITIES</b>		
Principal payments made on notes payable	(114,843)	(26,512)
Proceeds from issuance of PPP loan	-	193,000
Net cash (used in) provided by financing activities	(114,843)	166,488
Net increase in cash	340,892	514,063
Cash, beginning of year	1,245,745	731,682
Cash, end of year	\$ 1,586,637	\$ 1,245,745
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 3,892	\$ 7,708

**See Notes to Financial Statements.**

# EXTREME RESPONSE INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Extreme Response International, Inc. (the "Organization") was organized on February 22, 2001 as a Georgia non-profit corporation. Extreme Response was organized primarily to assist with certain humanitarian needs throughout the world. The express purpose is to introduce and promote to underdeveloped countries and communities appropriate educational and literacy programs, to respond to the immediate needs of disadvantaged children and families throughout the world, to provide love and compassion and understanding the needs of disadvantaged children and families throughout the world, and to sponsor general charitable work for educational purposes. The Organization is supported primarily from individual contributions. Exemption from corporate federal income taxes has been granted pursuant to filing and being approved as a 501(c)(3) organization with the Internal Revenue Service (IRS).

#### **Basis of Presentation**

The Organization's policy is to prepare its financial statements in accordance with accounting principles generally accepted in the United States of America.

#### **Use of Estimates**

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

#### **Property and Equipment**

Property and equipment with a purchase price above \$5,000 and a useful life of more than one year are capitalized at cost and are depreciated over estimated useful lives from 3 to 39 years using the straight line depreciation method. Donated assets are capitalized at fair market value or estimated fair market value if a determinable value is not available.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and improvements	39 years
Vehicles	5-10 years
Software	3 years

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification of Net Assets

The Organization presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two categories 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-imposed restrictions which are used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its bylaws. Board designated net assets are without donor restrictions but are designated by the Board to be spent for specific purposes. At December 31, 2021 and 2020, the Organization had no board designated net assets.

*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. At December 31, 2021 and 2020, the Organization had no donor imposed restrictions that were perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Revenue Recognition

Contributions are considered net assets without donor restriction and available for general operations unless specifically restricted by the donor. Extreme Response International, Inc. reports gifts and grants of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets as to a particular purpose or to future periods. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

In addition to support for its programs, the Organization partners with various organizations throughout the world whereby donations are made to the Organization for the benefit of the partners. The Organization records revenue with donor restrictions and holds the donated funds until requests are made by the partners and can, at its discretion, determine the timing of distributions to the partners. The Organization also has the ability to place additional limitations on the distributions to the partners if those limitations are consistent with the donor's restrictions.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### In-kind Contributions

For the years ended December 31, 2021 and 2020, donated rent of \$24,000 is reflected in the accompanying statements of activities at its' estimated value at the date of receipt. Donated rent consists of office space at the address 2336 Wisteria Drive, Suite 350, Snellville, GA 30078.

For the year ended December 31, 2021, donated software and staff training of software of \$23,400 is reflected in the accompanying statements of activities at its' estimated value at the date of receipt. For the year ending December 31, 2020, the Organization received \$40,512 in donated software or donated staff training of software.

#### Income Taxes

The Organization has been recognized by the Internal Revenue Service as tax-exempt under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made in the financial statements.

The Organization recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The assessment of the technical merits of a tax position is a matter of judgment. The Organization believes that all its tax positions are more likely than not to be sustained upon examination.

The Organization files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

#### Allocation of Functional Expenses

The Organization reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Compensation and related expenses, automotive, bank charges, dues and fees, postage and shipping, supplies, taxes, travel, insurance, and professional fees include certain expenses that are allocated on the basis of estimates of time and effort. Repairs and maintenance, rent, utilities, insurance, interest, and depreciation include certain expenses that are allocated on a square footage basis.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposits that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

### NOTE 3. LIQUIDITY AND AVAILABILITY

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures and meeting its liabilities and other obligations as they become due. Cash needs of the organization are expected to be met on a monthly basis from the contributions of donors. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position as of December 31, 2021, and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash	<u>\$ 358,292</u>	<u>\$ 394,645</u>

### NOTE 4. LEASE COMMITMENTS

The Organization leases office space in Fish Hoek, Manila and Quito with monthly lease payments totaling \$3,077 per month. The leases expire at various times through March 2024. At December 31, 2021, future minimum lease payments under these leases are as follows:

<u>Year ending December 31,</u>	
2022	\$ 31,655
2023	6,780
2024	<u>1,695</u>
Total future minimum lease payments	<u>\$ 40,140</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. NOTES PAYABLE

In November 2005, the Organization entered into a loan agreement for the purchase of the Quito, Ecuador office and team house. The total amount of the loan was \$180,000 with an interest rate of 4.0% with a maturity date of November 15, 2025. Quarterly payments began in February 2006. During the year ending December 31, 2021, this note payable was paid off in full.

In September 2014, the Organization entered into a loan agreement for the purchase of an office suite for its international headquarters. The total amount of the loan was \$135,000 with an interest rate of 4.0% with a maturity date of September 30, 2024. Quarterly payments began in January 2015. During the year ending December 31, 2021, this note payable was paid off in full.

During the year ended December 31, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of \$193,000 (the "PPP Loan"). The PPP Loan bore interest at a fixed rate of 1% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses covered under the Paycheck Protection Program, including the payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization.

During the year ended December 31, 2021, the Small Business Administration approved forgiveness of the full amount of the Paycheck Protection Program note payable of \$193,000. As a result, the Organization recognized forgiveness of PPP loan revenues in the accompanying statements of activities.

As of December 31, 2020, the outstanding balance of notes payable was as follows:

	2020
Note payable, Quito office and team house building as collateral, quarterly payments of principal and interest in the amount of \$3,300	\$ 57,719
Note payable to Newman, Snellville office suite as collateral, quarterly payments of principal and interest in the amount of \$4,112	57,124
Paycheck Protection Program Loan	193,000
Total notes payable	307,843
Less current maturities	(149,652)
Long-term portion	\$ 158,191

The Organization did not have any outstanding debt as of December 31, 2021.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31:

	2021	2020
Net assets subject to expenditure for specified purpose:		
Education	\$ 307,432	\$ 299,789
Life skills	49,582	30,286
Leadership development	145,709	106,559
Mobilization	21,727	22,260
Operations	47,276	-
Personnel	477,155	365,659
Partners	179,463	131,642
Total net assets with donor restrictions	\$ 1,228,344	\$ 956,195

Net assets with donor restrictions consist of the following at December 31:

	2021	2020
Net assets subject to expenditure for specified purpose:		
Cash	\$ 1,228,344	\$ 851,100
Other receivables	-	105,095
Total net assets with donor restrictions	\$ 1,228,344	\$ 956,195

### NOTE 7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors as follows at December 31:

	2021	2020
Education	\$ 223,254	\$ 278,462
Life skills	82,926	82,584
Leadership development	309,671	193,500
Mobilization	53,297	105,860
Operations	219,903	197,855
Personnel	1,429,855	1,299,898
Partners	646,331	583,667
Total net assets released from restriction	\$ 2,965,237	\$ 2,741,826



## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 8. PREPAID RENT**

In October 2015, the Organization entered into an office usage agreement with Living Hope, another not-for-profit organization that also serves in Capri, South Africa, to allow the Organization to construct and occupy the office space on Living Hope's property. Under the agreement, the Organization will pay for the construction of the office space on Living Hope's office campus. In return, Living Hope has agreed to offer free rent for two consecutive ten year periods. At the end of the free rent period, the constructed office space will revert back to Living Hope. Therefore, the Organization is capitalizing construction costs as prepaid rent, and is amortizing the prepaid rent using the straight-line method over the two consecutive ten year periods. The construction project was completed on March 1, 2016. The total construction cost of the project was \$97,048. As of December 31, 2021 and 2020, the remaining prepaid rent was \$68,742 and \$73,595 respectively, and is classified as current and noncurrent prepaid rent in the accompanying statements of financial position.

### **NOTE 9. RELATED PARTIES**

Extreme Response International, Inc. Canada is an affiliated organization which has filed and received recognition from Revenue Canada as a nonprofit organization. The U.S. and Canadian affiliates operate various joint programs around the world; however, no significant direct related party transactions exist between the organizations.

### **NOTE 10. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events occurring through June 28, 2022, the date on which the financial statements were available to be issued.