

CULTURAL SURVIVAL, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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CULTURAL SURVIVAL, INC.

AUGUST 31, 2020 AND 2019

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Independent Auditor's Report

To the Board of Directors
Cultural Survival Inc.
Cambridge, Massachusetts

I have audited the accompanying financial statements of the Cultural Survival, Inc. (a non-profit organization) which comprise the statement of financial position as of August 31, 2020 and 2019, and the related statement of Revenues, Expenses and changes in net assets, cash flows and functional expenses 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 of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion of these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cultural Survival, Inc. as of August 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.

Medford, Massachusetts
June 21, 2021

CULTURAL SURVIVAL, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2020 AND 2019

	2020				2019				
	Without Donor Restrictions		With Donor Restrictions		Without Donor Restrictions		With Donor Restrictions		Total
	Undesignated	Total	Purpose Restricted	Endowment Fund	Undesignated	Purpose Restricted	Endowment Fund		
ASSETS									
CURRENT ASSETS:									
Cash and Cash Equivalents	\$ 559,398	\$ 607,982	\$ 48,584	\$ -	\$ 67,020	\$ 193,092	\$ -	\$ -	\$ 260,112
Investments	-	276,156	236,563	39,593	19,558	-	33,474	-	53,032
Pledges Receivable	-	-	-	-	177,350	-	-	-	177,350
Other Assets	4,120	4,120	-	-	4,120	-	-	-	4,120
Total Assets	<u>\$ 563,518</u>	<u>\$ 888,258</u>	<u>\$ 285,147</u>	<u>\$ 39,593</u>	<u>\$ 268,048</u>	<u>\$ 193,092</u>	<u>\$ 33,474</u>	<u>\$ -</u>	<u>\$ 494,614</u>
PROPERTY AND EQUIPMENT:									
Equipment and Furniture	23,752	23,752	-	-	23,752	-	-	-	23,752
Software	19,720	19,720	-	-	19,720	-	-	-	19,720
	43,472	43,472	-	-	43,472	-	-	-	43,472
Less: Accumulated Depreciation	43,472	43,472	-	-	43,472	-	-	-	43,472
	<u>\$ 563,518</u>	<u>\$ 888,258</u>	<u>\$ 285,147</u>	<u>\$ 39,593</u>	<u>\$ 268,048</u>	<u>\$ 193,092</u>	<u>\$ 33,474</u>	<u>\$ -</u>	<u>\$ 494,614</u>
LIABILITIES AND NET ASSETS									
LIABILITIES									
Accounts Payable and Accrued Expenses	41,891	41,891	-	-	79,285	-	-	-	79,285
Paycheck Protection Note Payable	132,650	132,650	-	-	-	-	-	-	-
Total Current Liabilities	<u>\$ 174,541</u>	<u>\$ 174,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,285</u>
NET ASSETS									
Without Donor Restrictions	388,977	388,977	-	-	188,763	-	-	-	188,763
With Donor Restrictions	-	285,147	285,147	39,593	-	193,092	33,474	-	193,092
Total Net Assets	<u>\$ 388,977</u>	<u>\$ 713,717</u>	<u>\$ 285,147</u>	<u>\$ 39,593</u>	<u>\$ 188,763</u>	<u>\$ 193,092</u>	<u>\$ 33,474</u>	<u>\$ -</u>	<u>\$ 415,329</u>
Total Liabilities and Net Assets	<u>\$ 563,518</u>	<u>\$ 888,258</u>	<u>\$ 285,147</u>	<u>\$ 39,593</u>	<u>\$ 268,048</u>	<u>\$ 193,092</u>	<u>\$ 33,474</u>	<u>\$ -</u>	<u>\$ 494,614</u>

The accompanying notes are an integral part of these financial statements

**CULTURAL SURVIVAL INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2020**

	<u>Programs and Publications</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Direct Support, including Grants	\$ 683,762	\$ -	\$ -	\$ 683,762
Indigenous Crafts Bazaar	410,571	-	-	410,571
Payroll	383,342	89,617	57,796	530,755
Payroll Taxes and Benefits	84,240	19,890	12,870	117,000
Consultants	244,120	42,936	5,600	292,656
Postages and Shipping	7,725	3,294	2,134	13,153
Printing and Copying	10,705	10,217	1,210	22,132
Bank and Credit Card Fees	1,755	6,919	268	8,942
Dues and Subscriptions	-	3,755	-	3,755
Office Expenses	22,382	5,285	3,419	31,086
Professional Fees	2,233	527	341	3,101
Equipment Lease Expense	2,365	558	361	3,285
Repairs and Maintenance	9,765	2,306	1,492	13,563
Telephone	4,553	1,075	696	6,324
Marketing Expenses	161	4,250	-	4,411
Travel, Meals and Entertainment	28,125	11,074	17,421	56,620
Utilities and Internet	2,043	482	312	2,838
Insurance	9,762	2,305	1,491	13,559
Rent expense	40,476	9,557	6,184	56,217
	<u>\$ 1,948,086</u>	<u>\$ 214,048</u>	<u>\$ 111,596</u>	<u>\$ 2,273,730</u>
Percentage of Total Expenses	<u>85.68%</u>	<u>9.41%</u>	<u>4.91%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these financial statements

**CULTURAL SURVIVAL INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2019**

	<u>Programs and Publications</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Direct Support, including Grants	\$ 683,644	\$ -	-	\$ 683,644
Indigenous Crafts Bazaar	633,854	-	-	633,854
Payroll	424,691	100,274	64,883	589,848
Payroll Taxes and Benefits	131,788	31,117	20,134	183,039
Consultants	207,477	7,195	14,173	228,845
Postages and Shipping	5,991	1,522	2,020	9,533
Printing and Copying	14,402	8,280	872	23,554
Bank and Credit Card Fees	8,056	1,902	1,231	11,189
Dues and Subscriptions	2,632	622	402	3,656
Office Expenses	20,421	4,822	3,120	28,362
Professional Fees	34,158	8,065	5,219	47,442
Equipment Lease Expense	6,338	1,497	968	8,803
Repairs and Maintenance	4,333	1,023	662	6,018
Telephone	10,006	2,362	1,529	13,897
Marketing Expenses	-	2,980	21	3,001
Travel, Meals and Entertainment	66,786	40,129	3,844	110,759
Utilities and Internet	2,491	588	381	3,460
Insurance	8,826	2,084	1,348	12,259
Rent expense	43,244	10,210	6,607	60,061
	<u>\$ 2,309,138</u>	<u>\$ 224,672</u>	<u>\$ 127,414</u>	<u>\$ 2,661,224</u>
Percentage of Total Expenses	<u>86.77%</u>	<u>8.44%</u>	<u>4.79%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these financial statements

CULTURAL SURVIVAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING ACTIVITIES		
Decrease in Net Assets	\$ 298,388	\$ 5,114
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Unrealized (Gain) Loss on Investments	(9,231)	(2,871)
Increase (Decrease) in:		
Pledges Receivable	177,350	(127,350)
Accrued Expenses	(37,394)	35,103
Net Cash Used In Operating Activities:	<u>429,113</u>	<u>(90,004)</u>
INVESTING ACTIVITIES		
Purchases of Investments	(213,893)	(16,455)
Net Cash Provided by Investing Activities	<u>(213,893)</u>	<u>(16,455)</u>
FINANCING ACTIVITIES		
Paycheck Protection Check Loan Proceeds	132,650	-
Net Cash Provided from Financing Activities	<u>132,650</u>	<u>-</u>
DECREASE IN NET ASSETS	347,870	(106,459)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	260,112	366,571
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 607,982</u>	<u>\$ 260,112</u>

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

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 1 - Organization and Nature of Activities

Cultural Survival, Inc., (the "Organization") is a non-profit 501(c) (3) non-governmental organization that was founded in 1972 to promote the rights, voices, and visions of Indigenous Peoples around the world. Through education forums, cutting-edge and widely read publications, research, projects, advocacy, partnerships and an interactive web site. The Organization works towards a world in which Indigenous Peoples are able to determine their own futures on their own lands. It further works as a medium through which Indigenous Peoples can network with other groups facing similar problems and with other organizations that can help to ensure that their human rights, including their right to self-determination, are protected and promoted.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Basis of Presentation

As required by the FASB Accounting Standards CodificationTM, the classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statements of Financial Position and that the amounts of changes in each of those classes of net assets be displayed in the Statement of Activities.

In accordance, the Organization reports 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 general use to support operations. The only limits on the use of the net assets without donor restrictions are broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its corporate documents.

Net Assets with Donor Restrictions – net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

those that will be met by the passage of time or programmatic purposes specified by the donor. Net Assets with donor restrictions are further classified as follows:

- *Purpose Restricted Funds* represent net assets subject to donor-imposed restrictions that will be met by the passage of events specified by the donor.
- *Perpetual in Nature* represent net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments with an initial maturity of three months or less to be cash equivalents.

Investments

Short-term investments in marketable securities with readily determinable fair values are carried at their fair value in the statement of financial position based on quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Accounts Receivable

Accounts receivables are stated at the amount management expect to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Accounts are considered collectible. Interest is not charged on overdue accounts. The organization does not reflect multi-year pledges in accounts receivable beyond the current year.

The outstanding balance of Pledges Receivable as of August 31, 2020 and 2019 was \$-0- and \$177,350, respectively.

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified below.

Administrative - includes all activities related to the Organization's internal management and accounting for program services.

Fundraising - includes all activities related to maintain contributor information, writing grant proposals, stewardship events and activities, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Income Tax Exempt Status

The Organization is a not-for-profit corporation as described in Section 501 (c) (3) of the United States Internal Revenue Code and is determined to be an Organization which is not a private foundation and, accordingly, does not provide for state and federal income taxes. The Internal Revenue Service classifies the organization as a public charity.

Recognition of Donor Restrictions

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, purpose restricted or endowment fund, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. Major additions are capitalized, while repairs and maintenance are charged to expense as incurred. Depreciation expense for the years ending August 31, 2020 and 2019 was \$-0-.

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

The estimated useful lives for purposes of computing depreciation are as follows:

<u>Assets</u>	<u>Life in Years</u>
Furniture and equipment	5 years
Software	3 years

Use of Estimates and Assumptions

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Contributed Goods and Services

The Organization records various types of in-kind support including professional services, volunteer labor, and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. Additionally, the Organization received a significant amount of skilled, contributed time, which does not meet the two (2) recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Note 3 - Investments

Investments consisted of the following at August 31, 2020:

	<u>Fair</u> <u>Value</u>	<u>Cost</u>	<u>Unrealized</u> <u>Gain (Loss)</u>
Marketable Securities	<u>\$ 276,156</u>	<u>\$268,981</u>	<u>\$ 7,175</u>

Investments consisted of the following at August 31, 2019:

	<u>Fair</u> <u>Value</u>	<u>Cost</u>	<u>Unrealized</u> <u>Gain (Loss)</u>
Marketable Securities	<u>\$ 53,032</u>	<u>\$ 46,084</u>	<u>\$ 6,948</u>

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 3 – Investments (continued)

Investment return is summarized as follows:

	<u>2020</u>	<u>2019</u>
Dividend and interest income	\$ 691	\$ 767
Realized gains on investments	8,637	-0-
Net unrealized gain (loss)	<u>227</u>	<u>2,871</u>
Total unrestricted investment income	<u>\$9,555</u>	<u>\$ 3,638</u>

Marketable Securities are subject to market fluctuations.

Note 4 - Donated Services, Goods, and Facilities

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization with administering its indigenous advocacy programs. During the years ended August 31, 2020 and 2019 there were approximately 3,630 and 5,350 total volunteer hours, which the Organization valued at \$54,450 and \$80,250, respectively. None of this has been recognized in the accompanying statement of activities because the volunteer activities do not meet the criteria for recognition of such volunteer effort under auditing standards generally accepted in the United States of America.

Note 5 – Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 607,982	\$ 260,112
Investments	276,156	53,032
Pledges Receivable	-	177,350
Other Assets	<u>4,120</u>	<u>4,120</u>
Total Financial Assets	<u>888,258</u>	<u>494,614</u>
Less: Endowment Fund	<u>39,593</u>	<u>33,474</u>
Financial Assets available within one year to meet cash needs for general expenditure within one year	<u>\$ 848,665</u>	<u>\$ 461,140</u>

As part of the liquidity management plan, the Organization invests cash in excess of daily requirements in short term investments and money market funds.

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 6 – Net Assets With Donor Restrictions

As of August 31, 2020, and 2019, the Organization had the following endowment and purpose restricted funds:

	2020			
	Beginning of Year	Additions	Releases	Ending Balance
Purpose Restricted				
Community Media	\$ 49,868	\$ 732,112	\$ (576,608)	\$ 205,372
Indigenous Rights Radio	-	97,000	(83,462)	13,538
Special Projects	38,046	79,178	(106,167)	11,059
Advocacy	105,177	208,000	(300,999)	12,178
Endangered Languages	-	43,000	-	43,000
	<u>\$ 193,092</u>	<u>\$ 1,159,290</u>	<u>\$ (1,067,236)</u>	<u>\$ 285,147</u>
Perpetual in Nature				
Endowment Fund	\$ 30,300	\$ 5,000	\$ -	\$ 35,300
Investment Income	3,174	1,119	-	4,293
	<u>\$ 33,474</u>	<u>\$ 6,119</u>	<u>\$ -</u>	<u>\$ 39,593</u>
Total Net Assets With Donor Restrictions	<u>\$ 226,566</u>	<u>\$ 1,165,409</u>	<u>\$ (1,067,236)</u>	<u>\$ 324,740</u>
	2019			
	Beginning of Year	Additions	Releases	Ending Balance
Purpose Restricted				
Community Media	\$ 100,095	\$ 578,674	\$ (628,900)	\$ 49,869
Indigenous Rights Radio	-	25,000	(25,000)	-
Special Projects	-	85,761	(47,715)	38,046
Advocacy	214,907	161,931	(271,661)	105,177
Environment	57,921	-	(57,921)	-
	<u>\$ 372,923</u>	<u>\$ 851,366</u>	<u>\$ (1,031,197)</u>	<u>\$ 193,092</u>
Perpetual in Nature				
Endowment Fund	\$ 25,300	\$ 5,000	\$ -	\$ 30,300
Investment Income	986	2,188	-	3,174
	<u>\$ 26,286</u>	<u>\$ 7,188</u>	<u>\$ -</u>	<u>\$ 33,474</u>
Total Net Assets With Donor Restrictions	<u>\$ 399,209</u>	<u>\$ 858,554</u>	<u>\$ (1,031,197)</u>	<u>\$ 226,566</u>

Note 7 – Endowment Fund

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

The Organization's endowment fund consists of donations with donor restrictions that are perpetual in nature. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of perpetual donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") 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 Organization classified as permanently restricted net assets (a) the original value gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated 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 accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a) The duration and preservation of the fund
- b) The purposes of the Organization and the donor-restricted endowment fund
- c) General economic conditions
- d) The possible effect of inflation and deflation
- e) The expected total return from income and the appreciation of investments
- f) Other resources of the organization
- g) The investment policies of the Organization

For the fiscal years ended August 31, 2020 and 2019, the Board of Directors has adopted a policy to allow this fund to grow and decided not to use the endowment income (interest, dividends, realized gains and losses and changes in unrealized appreciation) for the years ended August 31, 2020 and 2019. Appropriations for expenditure from this fund will be subject to Board approval.

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 8 - Retirement Arrangement with Staff Employees

The Organization offers staff employees the opportunity for participation in a Simple IRA contributory retirement plan approved by the Internal Revenue Service. The Organization matches employees' contributions at 3% of their regular salary, up to the amount of their contribution. The expense to the Organization under this Plan for the year ended August 31, 2020 and 2019 was \$16,054 and \$13,412, respectively.

Note 9 - Concentration of Credit Risk

Financial Instruments that potentially subject the Organization to significant concentrations of credit risk consists primarily of cash, cash equivalents and short-term investments.

The Organization maintains its cash and cash equivalents in banks and investment brokerage deposit and money market accounts which, at times, may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 10 - Line of Credit

As of August 31, 2020, and 2019, the Organization had available unsecured line of credit with American Express Company to be drawn down upon as needed, with interest rates of 13.24% and 21.24% for purchases and cash advances, respectively. At August 31, 2020 and 2019, no amount has been drawn down. Credit available August 31, 2020 and 2019 was \$38,000.

The organization also had available a \$20,000 unsecured line of credit with Capital One, with an interest rate of 13.9% and 24.9% for purchases and cash advances, respectively. The outstanding balance as of August 31, 2020 was \$380, which is disclosed in the accompanying statement of financial position as accounts payable.

Note 11 - Commitments

The organization currently leases some of its office equipment. Equipment lease expense under these leases is \$3,060 and \$8,803 for the years ended August 31, 2020 and 2019, respectively.

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 11 – Commitments (continued)

Future minimum lease payments required as of August 31, 2020:

Year ended August 31,	Amount:
2021	\$ 3,060
2022	3,060
2024	3,060
2025	<u>1,275</u>
	<u>\$ 10,455</u>

Note 12 - Leases

On April 27, 2018, the Organization signed a new lease for its office in Cambridge with expiration date December 31, 2021. The current annual basic rent is \$45,900, payable in monthly installments of \$3,825.

On February 1st, 2015, the Organization signed a new lease for its storage space with expiration date April 30, 2023. The lease includes annual base rent plus Common Area Maintenance (CAM) escalator of \$1,099 a month.

Minimum rental payments for both leases are as follows:

<u>Year ended Aug 31,</u>	<u>Amount</u>
2021	\$59,088
2022	28,884
2023	<u>9,056</u>
Total	<u>\$97,028</u>

For the years ended August 31, 2020 and 2019, the total rent expense was \$56,217 and \$60,061, respectively.

Note 13 - Assets Measured at Fair Value on a Recurring Basis

In accordance with the Fair Value Measurement and Disclosure topic of the FASB Accounting Standards Codification, the Organization is required to disclose, for its assets and liabilities measured at fair value on a recurring basis, the sources and types of information, known as inputs, used to determine those fair value measurements.

CULTURAL SURVIVAL, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 13 - Assets Measured at Fair Value on a Recurring Basis (continued)

The guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into levels 1, 2, and 3.

Level 1: Level 1 inputs are quoted prices in active markets for identical assets and liabilities that an entity has the ability to access at a measurement date.

Level 2: Level 2 inputs are inputs other than quoted prices that are observable for the specific asset or liability, either directly or indirectly.

Level 3: Level 3 inputs are unobservable inputs for the assets or liabilities in which little or no market activity is available for the asset or liability at the measurement date.

For purposes of financial reporting, the Organization has determined that the fair values of its financial instruments, which include cash and cash equivalents, publicly traded domestic mutual funds, approximate the carrying values under Level 1 at August 31, 2020 and 2019, based on their short maturities and/or the terms available to the Organization in financial market.

Note 14 - Paycheck Protection Program Note Payable

On May 5, 2020, the Organization received loan proceeds in the amount of \$132,650 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying Organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

On November 24, 2020, the Organization applied and got full forgiveness from the Small Business Administration (SBA) for this loan.

Note 15 - Uncertain Tax Positions

Management has evaluated the tax positions taken on returns for open years and those expected to be taken on returns for the year ended August 31, 2020. It is management's belief that such tax positions are more likely than not to be

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Note 15 - Uncertain Tax Positions (continued)

sustained upon examination by tax authorities. Accordingly, no liability for uncertain tax positions has been reflected in these financial statements. Returns for tax years beginning with those filed for the year ended August 31, 2017 are open to examination.

Note 16 – Subsequent Events

The Organization evaluated subsequent events through June 20, 2021, which is the date the financial statements were available to be issued.

On February 12, 2021, the Organization applied for and received second loan proceeds in the amount of \$132,650 in Paycheck Protection Program (PPP) Loan from the Small Business Administration. The Loan has the identical terms and forgiveness requirements as the previous PPP loan received in 2020 (See Note 14). Management anticipates this loan will be fully forgiven in fiscal year ended August 31, 2021.