K9s for Warriors, Inc.
K9s for warriors research institute, Inc.

Consolidated Financial Statements
Year Ended December 31, 2019

K9s For Warriors, Inc. and K9s For Warriors Research Institute, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
K9s For Warriors, Inc.
Jacksonville, Florida

We have audited the accompanying consolidated financial statements of K9s For Warriors Inc. and K9s For Warriors Research Institute, Inc., which comprise the consolidated statement of financial position as of December 31, 2019 and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of K9s For Warriors Inc. and K9s For Warriors Research Institute, Inc. as of December 31, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement of 2019 Opening Balances

As discussed in Note 3 to the consolidated financial statements, K9s For Warriors, Inc. restated certain opening balances of its 2019 consolidated financial statements related to costs of procurement, care and training of canines improperly capitalized in prior years. Our opinion is not modified with respect to this matter. The prior year consolidated financial statements, not presented herein, were audited by other auditors.

Pivot CPAs

Ponte Vedra Beach, Florida
June 2, 2020

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Consolidated Financial Statements

K9s For Warriors, Inc. and K9s For Warriors Research Institute, Inc.
Consolidated Statement of Financial Position

December 31, 2019	K9s For Warriors, Inc.	K9s For Warriors Research Institute, Inc.	Elimination	Total
Assets				
Cash and cash equivalents	$ 2,918,930	$ 40,779	$ -	$ 2,959,709
Investments	11,805,303	-	-	11,805,303
Contributions receivable, net	114,402	-	-	114,402
Due from related parties	1,215,994	-	(1,032,920)	183,074
Pledges receivable, net	650,000	-	-	650,000
Inventory	100,749	-	-	100,749
Prepaids	293,514	-	-	293,514
Total Current Assets	17,098,892	40,779	(1,032,920)	16,106,751
Pledges receivable long term, net	1,597,688	-	-	1,597,688
Property and equipment	9,345,306	-	-	9,345,306
Total Assets	$ 28,041,886	$ 40,779	$ (1,032,920)	$ 27,049,745
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$ 660,856	$ 11,710	$ -	$ 672,566
Due to related party	-	1,032,920	(1,032,920)	-
Deferred revenue	42,062	-	-	42,062
Total Current Liabilities	702,918	1,044,630	(1,032,920)	714,628
Net Assets				
With donor restrictions	4,257,291	-	-	4,257,291
Without donor restrictions	23,081,677	(1,003,851)	-	22,077,826
Total Net Assets	27,338,968	(1,003,851)	-	26,335,117
Total Liabilities and Net Assets	$ 28,041,886	$ 40,779	$ (1,032,920)	$ 27,049,745

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

K9s For Warriors, Inc. and K9s For Warriors Research Institute, Inc.

Consolidated Statement of Activities

	K9s For Warriors, Inc.			K9s For Warriors Research Institute, Inc.	
Year ended December 31, 2019	Without donor restrictions	With donor restrictions	Total	Without Donor Restrictions	Total
Revenue and Support					
Contributions	$ 7,593,378	$ 2,059,537	$ 9,652,915	$ 125,040	$ 9,777,955
Contributions in-kind	2,550,290	-	2,550,290	-	2,550,290
Grants	595,840	-	595,840	-	595,840
Interest and investment income	238,314	-	238,314	397	238,711
Miscellaneous income	57,055	-	57,055	-	57,055
Net change in unrealized gain/(loss) on investments	1,160,989	-	1,160,989	-	1,160,989
Assets released from restriction	2,326,526	(2,326,526)	-	-	-
Total Revenue and Support	14,522,392	(266,989)	14,255,403	125,437	14,380,840
Expenses					
Program services	8,039,117	-	8,039,117	-	8,039,117
Management and general	571,652	-	571,652	-	571,652
Fundraising	1,438,127	-	1,438,127	448,471	1,886,598
Total Expenses	10,048,896	-	10,048,896	448,471	10,497,367
Change in net assets	4,473,496	(266,989)	4,206,507	(323,034)	3,883,473
					-
Net assets, beginning of year	23,417,287	4,524,280	27,941,567	(680,817)	27,260,750
					-
Adjustment to beginning balance	(4,809,106)	-	(4,809,106)	-	(4,809,106)
Net assets adjusted, beginning of year	18,608,181	4,524,280	23,132,461	(680,817)	22,451,644
Net assets, end of year	$ 23,081,677	$ 4,257,291	$ 27,338,968	$ (1,003,851)	$ 26,335,117

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

K9s For Warriors, Inc. and K9s For Warriors Research Institute, Inc.
Consolidated Statement of Functional Expenses

Year ended December 31, 2019	K9s For Warriors, Inc.				K9s For Warriors Research Institute, Inc.	
	Program Services	Fundraising	Management and General	Total	Management and General	Total
Personnel Costs						
Salaries	$ 3,514,081	$ 310,890	$ 162,157	$ 3,987,128	$ 263,756	$ 4,250,884
Employee fringe benefits	541,492	77,443	30,811	649,746	16,187	665,933
Payroll taxes	225,378	37,712	10,205	273,295	12,603	285,898
Total Personnel Costs	4,280,951	426,045	203,173	4,910,169	292,546	5,202,715
Professional services	594,965	328,451	182,188	1,105,604	130,770	1,236,374
Business travel	104,896	24,057	83,923	212,876	8,980	221,856
Depreciation	457,922	-	23,611	481,533	-	481,533
Insurance	77,006	872	29,507	107,385	-	107,385
Service canines expense	793,984	-	-	793,984	-	793,984
Warrior expense	201,570	-	-	201,570	16,174	217,744
Operating supplies & expenses	1,527,823	658,703	49,250	2,235,776	-	2,235,776
Total Non-Personnel	3,758,166	1,012,083	368,479	5,138,728	155,924	5,294,652
Total Expenses	$ 8,039,117	$ 1,438,128	$ 571,652	$ 10,048,897	$ 448,470	$ 10,497,367

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

K9s For Warriors, Inc. and K9s For Warriors Research Institute, Inc.
Consolidated Statement of Cash Flows

Year ended December 31, 2019	K9s For Warriors, Inc.	K9s For Warriors Research Institute, Inc.	Eliminating Entries	Total
Cash flows from operating activities:				
Change in net assets	$ 4,206,506	$ (323,034)	$ -	$ 3,883,472
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Net realized gain on investments	(753,247)	-	-	(753,247)
Bad debt expense	6,021	-	-	6,021
Depreciation	481,533	-	-	481,533
Loss on disposal of fixed asset	34,109	-	-	34,109
Net change in:	-			-
Contributions receivable	(120,423)	-	-	(120,423)
Pledges receivable, net	201,336	-	-	201,336
Inventory	(11,369)	-	-	(11,369)
Prepaid expense	(126,265)	1,000	-	(125,265)
Due to related party	-	397,445	(397,445)	-
Due from related party	(441,132)		397,445	(43,687)
Deferred revenue	42,062	-	-	42,062
Accounts payable and accrued expenses	351,904	(34,632)	-	317,272
Net cash provided by operating activities	3,871,035	40,779	-	3,911,814
Cash flows from investing activities:				
Capital expenditures	(3,156,567)	-	-	(3,156,567)
Purchase of investments	(10,693,927)	-	-	(10,693,927)
Proceeds from sale of investments	7,906,280	-	-	7,906,280
Net cash used in investing activities	(5,944,214)	-	-	(5,944,214)
Cash flows from financing activities:				
Payments on capital lease	(49,589)	-	-	(49,589)
Net cash used in financing activities	(49,589)	-	-	(49,589)
Net change in cash and cash equivalents	(2,122,768)	40,779	-	(2,081,989)
Cash and cash equivalents at beginning of year	5,041,697	-	-	5,041,697
Cash and cash equivalents at end of year	$ 2,918,929	$ 40,779	$ -	$ 2,959,708

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

1. Nature of Business:

K9s For Warriors, Inc. ("K9s") is a not-for-profit organization (incorporated) founded in 2011, committed to providing service canines to United States veterans suffering from post-traumatic stress disorder, traumatic brain injury, and/or military sexual trauma as a result of post-September 11, 2001 military service. K9s trains the canines and matches them with warriors, who work with their canines for three weeks. Many of the canines are rescues, but some come from private donors or are purchased.

K9s For Warriors Research Institute, Inc. ("K9RI") is a not-for-profit organization (incorporated) founded in 2016, devoted to work to advance the mission of K9s through dedicated research, to give back hope to the nation's military heroes.

K9s and K9RI are collectively referred to as the Organization.

2. Summary of Significant Accounting Policies:

Basis of Accounting

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with US GAAP. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes thereto are classified and reported as follows:

Net assets without donor restrictions – consists of amounts that are available for use in carrying out the supporting activities of the Organization and are not subject to donor-imposed stipulations.

Net assets with donor restrictions – consists of amounts that are restricted for specific operations of the Organization and pledges that are restricted by time. These amounts are subject to donor-imposed stipulations that will be met by the Organizations actions in the execution of events. When a restriction is satisfied, the associated amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and activities of the Organization and its subsidiary. All material inter-company balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies (Continued):

Use of Estimates

The preparation of the consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses and gains and losses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments. Any liquid financial instruments that have an original maturity of ninety days or less when purchased are considered cash equivalents.

Contributions and Pledges Receivable

Contributions and pledges receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value based on the present value of their estimated future cash flows. Discounts are computed using market rates. Amortization of the discounts is included in contributed income. The Organization evaluates the collectability of receivables and records an allowance for uncollectible receivables when collection is determined to be unlikely. At December 31, 2019 the allowance for uncollectible receivables totaled $129,771.

Investments

Investments are reported at their estimated fair values in the consolidated statements of financial position as described in Note 4. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are reflected in the consolidated statements of activities. Investment advisory and other fees of $85,139 are included in Statement of Functional Expenses for the year ended December 31, 2019.

Property and Equipment

Property and equipment greater than $2,500 are recorded at historical cost or fair value if donated. When items of property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation or amortization accounts are eliminated, and any gain or loss is included in activities.

2. Summary of Significant Accounting Policies (Continued):

Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings	5-39
Vehicles	5-8
Land improvements	15
Furniture and equipment	3-7

Inventories

Inventories are carried at the lower of cost or net realizable value and consists of promotional merchandise for sale. The Organization evaluates inventory annually for indicators of obsolescence.

Contributions and Donor-Imposed Restrictions

The Organization reports gifts of cash and other assets as restricted support 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 the purpose of the restriction is accomplished, donor restricted net assets are reclassified to without donor restriction net assets and reported in the consolidated statements of activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as without donor restrictions.

The Organization reports gifts of land, buildings and equipment as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give are recognized as support in the period received and recorded as assets, reductions of liabilities, or expenses depending on the form of the benefits received.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

2. Summary of Significant Accounting Policies (Continued):

Contributed Services

Contributed services are recognized and recorded at fair value only to the extent they create and enhance nonfinancial assets or require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation. There were contributed services for professional services totaling $12,177 during the year ended December 31, 2019.

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. No amounts have been reflected in the consolidated statements for these contributed services since the contribution of these services did not create or enhance non-financial assets or require specialized skills.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Certain categories of expenses are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include administrative salaries and benefits, which are allocated based on estimates of time and effort by personnel to each program.

Income Taxes

K9s and K9RI are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. As such, only unrelated business income is subject to income tax.

The Organization evaluates its tax positions for any uncertainties based on the technical merits of the positions taken. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities. The Organization has analyzed the tax positions taken and has concluded that as of December 31, 2019, there were no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the consolidated financial statements.

Management is required to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, including federal and certain state taxing authorities. With few exceptions, at December 31, 2019, the Organization was no longer subject to U.S. federal, state or local income tax examinations by taxing authorities for years before 2016. As of and for the year ended December 31, 2019, the Organization did not have a liability for any unrecognized taxes. The Organization has no examinations in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax liabilities will significantly change in the next twelve months.

2. Summary of Significant Accounting Policies (Continued):

New Accounting Standards – Recently Adopted

Effective January 1, 2019, the Organization adopted Accounting Standards Update ("ASU") No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The adoption of ASU 2018-08 had no significant impact on the Organization's consolidated financial statements.

Effective January 1, 2019, the Organization adopted ASU No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 supersedes existing accounting standards and creates a single framework for revenue recognition. The adoption of ASU 2014-09 had no significant impact on the Organization's consolidated financial statements.

Recent Accounting Pronouncements – Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This guidance amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheet. It also makes targeted changes to lessor accounting, including a change to the treatment of initial direct leasing costs, which no longer considers fixed internal leasing salaries as capitalizable costs. The standard is effective for fiscal years beginning after December 15, 2020. The Organization is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

3. Restatement of 2019 Opening Balances:

Prior to 2019, the Organization capitalized the cost of procurement, care and training of canines as a biological asset and depreciated the capitalized cost of the canine over five years. During the year ended December 31, 2019, management determined that it had incorrectly accounted for the procurement, care and training of canines in prior years in accordance with accounting principles generally accepted in the United States of America. Canines are not an asset of the Organization because they do not provide future benefit to the Organization, accordingly all costs related to procurement, care and training of a canine should be expensed as a program service expense in the period incurred. The effect of the correction of this error was a decrease in property and equipment related to the book value of canines of $4,809,106 and a decrease in the net assets of K9s For Warriors, Inc. of $4,809,106 as of January 1, 2019.

4. Fair Value Measurements:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB Accounting Standards Codification 820, Fair Value Measurement, are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for Level 2 assets measured at fair value:

Corporate and municipal bonds: Valued using matrix pricing. Matrix pricing is a mathematical technique used without relying exclusively on quoted prices for the specific investments, but rather on the investments' relationship to other benchmark quoted investments.

4. Fair Value Measurements (Continued):

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value:

December 31, 2019	Cash and cash equivalents	Level 1	Level 2	Total
Corporate bonds	$ -	$ -	$ 872,454	$ 872,454
Municipal bonds	-	-	473,928	473,928
Mutual funds:				
Domestic equity	-	3,747,632	-	3,747,632
Fixed Income	-	2,404,077	-	2,404,077
International equity	-	1,819,412	-	1,819,412
Infrastructure	-	111,718	-	111,718
Reit	-	109,625	-	109,625
Money market funds	2,266,457	-	-	2,266,457
Total	$ 2,266,457	$ 8,192,464	$ 1,346,382	$ 11,805,303

5. Pledges Receivable:

Amounts due from pledges receivable are generated from individual and corporate donors. Pledges receivable are due in future years as follows:

December 31,	2019
Receivable in less than one year	$ 650,000
Receivable between one to five years	1,825,000
	2,475,000
Less allowances and discounts (5% to 8.7%)	(227,312)
Net pledges receivable	$ 2,247,688

Pledges receivable from two donors accounted for approximately 97% of total pledges receivable at December 31, 2019.

6. Property and Equipment:

Property and Equipment consisted of the following:

December 31,		2019
Buildings	$	5,600,181
Work in progress		375,457
Land		2,889,936
Vehicles		725,801
Land improvements		723,919
Furniture and equipment		675,101
Total property and equipment		10,990,395
Less: accumulated depreciation		(1,645,089)
Property and equipment, net	$	9,345,306

Depreciation expense totaled $481,533 for the year ended December 31, 2019.

7. Contributions In-Kind:

The Organization received the following non-cash contributions:

Year ended December 31,		2019
Stock donations	$	230,539
Land		1,771,829
Building		180,000
Goods and services		332,385
Gift cards		5,137
Equipment		30,400
Total in-kind contributions	$	2,550,290

8. Net Assets:

Net assets with donor restrictions

Proceeds from certain contributions are reported as an increase in net assets with donor restrictions. These contributions are restricted for as follows:

December 31,		2019
Pledges receivable	$	2,475,000
Dog sponsorships		1,749,791
Miscellaneous equipment		32,500
Total net assets with donor restrictions	$	4,257,291

8. Net Assets (Continued):

Net assets were released from restrictions as follows:

Year ended December 31,	2019
Capital improvements	$ 473,859
Dogs sponsored	1,439,904
Equipment	25,000
Pledges collected	387,763
Total released	$ 2,326,526

Net assets without donor restrictions

At December 31, 2019, all unrestricted net assets are undesignated as to their use.

9. Liquidity and Availability of Resources:

As of December 31, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and scheduled principal payments on capital lease, were as follows:

December 31,	2019
Financial assets:	
Investments	$11,805,303
Cash	2,959,709
Pledges receivable	650,000
Due from related party	183,074
Total financial assets available within one year	$15,598,086

The Organization maintains its investments in a board-designated reserve fund to be available for operating shortfalls.

10. Related Party Transactions:

At December 31, 2019, K9RI owed K9s $1,032,920 for operating expenses. The amount due is non-interest bearing and is expected to be repaid as funds become available from K9RI.

American Service Dog Access Coalition (“ASDAC”) is a related party to K9s through an economic interest. As of December 31, 2019, ASDAC owed K9s $183,074 for start-up costs paid by K9s.

During 2019, K9s paid $18,570 to Business Intelligence, a vendor of the Organization, owned by a relative of the President of K9s.

11. Retirement Plans:

The Organization sponsors a 401(k) tax-deferred plan allowing for employee elective deferrals and employer matching contributions. Employer contributions for the year ended December 31, 2019 was $83,744.

12. Concentrations:

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2019 the Organization had approximately $2.48 million in excess of FDIC insured limits. The Organization does not believe it is exposed to any significant credit risks on these deposits.

13. Commitments and Contingencies:

Operating Leases

The Organization has operating leases related to various pieces of equipment. Operating lease rent payments totaled $9,224 in 2019. The leases have start dates beginning October 2015 and maturing in December 2023. There are no escalating payment terms.

The following table represents the future minimum payment on leases as of December 31, 2019:

Year ended December 31,		2019
2020	$	7,967
2021		6,781
2022		3,855
2023		1,451
Total minimum lease payments	$	20,054

Litigation

In the ordinary course of business, the Organization may become involved in various legal proceedings. Based upon the Organization's evaluation of the information presently available, management is unaware of any such claims or legal proceedings, in which the ultimate resolution would have a material adverse effect on the Organization's combined financial position, liquidity, or results of operations.

14. Subsequent Events:

Events occurring after December 31, 2019, the date of the most recent consolidated financial statements, have been evaluated for possible adjustments to the consolidated financial statements or disclosures through June 2, 2020, which is the date the consolidated financial statements were available to be issued. No material subsequent events have occurred through that date that require recognition or disclosure in the consolidated financial statements, except as described below.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of Coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, and modifications to the net interest deduction limitations.

On May 11, 2020, the Organization received a $901,624 loan made pursuant to the terms of the Paycheck Protection Program authorized by the CARES Act. The loan has a two-year term and accrues simple interest at a fixed annual rate of 1.00%. Under the terms of the CARES Act guidelines, a portion of the loan up to 100% may be forgiven by the U.S. Small Business Administration if the amount spent is within the timeframe and under the guidelines that have been set for forgiveness.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, the Organization is not able to estimate the effects of the COVID-19 outbreak on the results of operations, financial condition or liquidity of the Organization for 2020.