

HIGHER PURPOSE CO.
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

HIGHER PURPOSE CO.
December 31, 2021

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BROWN, EWING & CO.
P. A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Higher Purpose Co.
Clarksdale, Mississippi

Opinion

We have audited the accompanying financial statements of Higher Purpose Co. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Higher Purpose Co. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Higher Purpose Co. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Higher Purpose Co.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 Higher Purpose Co.'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 Higher Purpose Co.'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.

Brown, Eric Co.

Ridgeland, Mississippi
March 9, 2023

HIGHER PURPOSE CO.
Statement of Financial Position
December 31, 2021

ASSETS	<u>2021</u>
Current Assets:	
Cash and cash equivalents	\$ 1,573,029
Due from others	438
Prepaid expenses	7,490
Grants and pledges receivable	<u>250,000</u>
Total current assets	<u>1,830,957</u>
Property and Equipment	
Land	28,000
Buildings	152,300
Accumulated depreciation	<u>(10,588)</u>
Net Property and Equipment	<u>169,712</u>
TOTAL ASSETS	<u>\$ 2,000,669</u>
LIABILITIES AND NETS ASSETS	
Current Liabilities:	
Accounts payables	\$ <u>25,570</u>
Total Current Liabilities:	<u>25,570</u>
NET ASSETS	
Without Donor Restrictions	
Undesignated	996,055
Net Invested in property and equipment	<u>169,712</u>
Total Without Donor Restrictions	<u>1,165,767</u>
With Donor Restrictions	<u>809,332</u>
Total net assets	<u>1,975,099</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,000,669</u>

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

EXHIBIT II

HIGHER PURPOSE CO.
Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
	Operations	Property and Equipment	Private Foundations
			2021 Total
REVENUES AND SUPPORT			
Contributions	\$ 108,277	-	1,407,500
Other revenue	2,591	-	-
Total Revenues and Support	<u>110,868</u>	<u>-</u>	<u>1,407,500</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>1,156,256</u>	<u>-</u>	<u>(1,156,256)</u>
TOTAL SUPPORT AND REVENUE	<u>1,267,124</u>	<u>-</u>	<u>251,244</u>
EXPENSES			
Program services			
Education and training	<u>932,792</u>	<u>5,077</u>	<u>-</u>
Total Program Services	<u>932,792</u>	<u>5,077</u>	<u>-</u>
Supportive service			
General and administrative	<u>227,965</u>	<u>-</u>	<u>-</u>
Total Supportive Services	<u>227,965</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>1,160,757</u>	<u>5,077</u>	<u>-</u>
Changes in Net Assets	106,367	(5,077)	251,244
Net Asset Beginning of Year	<u>889,688</u>	<u>174,789</u>	<u>558,088</u>
NET ASSETS END OF YEAR	<u>\$ 996,055</u>	<u>169,712</u>	<u>809,332</u>

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

EXHIBIT III

HIGHER PURPOSE CO.
Statement of Functional Expenses
For the Years Ended December 31, 2021

	Program Services	General and Administrative	2021 Total
<u>EXPENSES</u>			
Business grant awards	\$ 257,270	-	\$ 257,270
Salaries, benefits, taxes	456,739	-	456,739
Contract services	174,601	-	174,601
Speaker fees	29,750	-	29,750
Office expense	-	4,264	4,264
Advertising & marketing	-	75,768	75,768
Travel	-	14,437	14,437
Dues & subscriptions	-	28,514	28,514
Insurance	-	7,832	7,832
Supplies	-	20,404	20,404
Equipment expense	-	7,911	7,911
Staff development and training	-	30,617	30,617
Hotel & lodging	-	10,235	10,235
Meals	-	11,328	11,328
Utilities	-	9,735	9,735
Repair and maintenance of building	-	2,763	2,763
Bank service charges	-	377	377
Interest and finance charges	-	8	8
Member benefit services	9,805	-	9,805
Stipends	4,627	-	4,627
Business taxes & license	-	3,402	3,402
Miscellaneous	-	370	370
Total Expenses Before Depreciation	<u>932,792</u>	<u>227,965</u>	<u>1,160,757</u>
Depreciation Expense	<u>5,077</u>	<u>-</u>	<u>5,077</u>
TOTAL EXPENSES	<u>\$ 937,869</u>	<u>227,965</u>	<u>\$ 1,165,834</u>

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

HIGHER PURPOSE CO.
Statement of Cash Flows
For the Year Ended December 31, 2021

	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 352,534
<i>Adjustment to reconcile increase or decrease in net assets to net cash provided by (used in) operating activities:</i>	
Depreciation and amortization	5,077
(Increase) decrease in operating assets:	
Grants receivable	(250,000)
Prepaid expense	(1,000)
Other assets	(437)
<i>Increase (decrease) in operating liabilities:</i>	
Accounts payable	<u>25,569</u>
Net cash provided by (used in) operating activities	<u>131,743</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
Net increase (decrease) in cash and cash equivalents	131,743
Cash and cash equivalents at January 1	<u>1,441,286</u>
Cash and cash equivalents at December 31	<u>\$ 1,573,029</u>

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

HIGHER PURPOSE CO.
Notes to the Financial Statements
December 31, 2021

NOTE 1 - ORGANIZATION'S HISTORY AND OPERATING STRUCTURE

Higher Purpose Co., a non-profit organization, was incorporated July 1, 2016 under the laws of the State of Mississippi. This corporation was established exclusively for educational and charitable purposes.

The Organization's main objective is to build community wealth with Black residents in Mississippi by supporting the ownership of financial, cultural, and political power. Our theory of change is anchored by an integrated model: asset building, narrative change, and advocacy.

The fiscal year of Higher Purpose Co. is January 1 through December 31, 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of Higher Purpose Co. have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

B. Basis of Financial Statement Presentation

Net assets, revenues, expenses, gain and losses are classified on the existence or absence of donor-imposed restrictions. Accordingly, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions and, net assets with donor restrictions.

In addition, the Organization is required to present a statement of functional expenses and a statement of cash flows.

C. Cash and Cash Equivalents

For reporting purposes, the Organization considers all demand deposits and unrestricted highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents are reported as either unrestricted or restricted cash and cash equivalent balances.

D. Cash and Cash Equivalents, Restricted

Restricted cash and cash equivalents are held for specific purposes.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HIGHER PURPOSE CO.
Notes to the Financial Statements
December 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Concentrations of Credit Risk

The Organization maintains its cash and cash equivalents at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor. The uninsured balance at December 31, 2021 was \$1,323,028.

G. Contributions Receivable

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 the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

As of December 31, 2021, Higher Purpose Co.'s contribution receivable consisted of unconditional promises to give in the amount of \$250,000, all of which is expected to be collected within one year.

H. Promises to Give

The Unconditional promises to give are recognized as revenues in the period received and as assets, decreases 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. The organization records unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

I. Property and Equipment

The Organization owns and operates a facility in the City of Clarksdale. It is the Organization's policy to capitalize property and equipment over \$2,500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

HIGHER PURPOSE CO.
Notes to the Financial Statements
December 31, 2021

I. Property and Equipment (Continued)

Property and Equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	<u>YEARS</u>
Building	25-40
Furniture & Fixtures	10
Equipment	5 - 15
Vehicles	5

J. Net Assets

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

- a) **Net Assets Without Donor Restrictions** - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.
- b) **Net Assets With Donor Restrictions** - Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by action of the Center. Certain restrictions may need to be maintained in perpetuity.

K. Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions with donor restrictions are reported as contributions without donor restrictions if released in the year received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When restrictions expires (that is, when stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

L. In-Kind Contributions

Volunteers may contribute significant amounts of time to the organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect these values contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received if the services (a) creates or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would

HIGHER PURPOSE CO.
Notes to the Financial Statements
December 31, 2021

L. In-Kind Contributions (Continued)

otherwise be purchased by the Organization. No significant contributions of such goods or services were received during the year ended December 31, 2021.

M. Deferred Revenue

Revenue received for future benefit is deferred and recognized in the periods to which it relates.

N. Income Taxes

Higher Purpose Co. is a nonprofit organization that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, no provision has been made for federal or Mississippi corporate income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Organization's federal and state income tax returns for 2021, 2020, and 2019 are subject to examination by the federal, state, and local taxing authorities, generally for three years after they are filed.

O. Employees' Annual Leave

The Organization does not charge annual leave earned by employees to the period that it is earned. Instead accrued leave is charged to the period when it is paid.

P. New Accounting Pronouncements

In June 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2020-5, Revenue from Contracts with Customers (Topic 606) and Lease (Topic 842): Effective Dates for Certain Entities, which, among other things, provided entities with an additional year to implement ASU 2016-02, Leases (Topic 842). As a result, for nonpublic companies the effective date for ASU 2016-02 has been extended to be effective for annual reporting periods beginning after December 15, 2021, and interim reporting periods beginning after December 15, 2022. Early application of the amendments in this ASU is permitted.

In September 2020, the FASB issued Accounting Standard Update ("ASU") 2020-7, Not-for-profit (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets. The objective of this ASU is to increase transparency of contributed nonfinancial assets for not-for-profit ("NFP") entities through enhancements to presentation and disclosure. The amendments in this ASU apply to NFP's that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gift-in-kind, donated services, or other terms.)

HIGHER PURPOSE CO.
Notes to the Financial Statements
December 31, 2021

P. New Accounting Pronouncements (Continued)

The term nonfinancial assets includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments in this ASU will improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requires. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021 and interim reporting periods beginning after June 15, 2022. Early application of the amendments in this ASU is permitted.

In February, 2016, the FASB issued ASU 2016-02, Lease (Topic 842): Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessor primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP - which require only capital leases to be recognized on the statements of financial position - the new ASU will require both types of leases to be recognized on the statement of financial position. Various subsequent accounting standards have been issued by the FASB that clarify, modify, or expand the guidance for Topic 842. ASU 2016-02 is effective for the years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Early application is permitted.

The organization is currently assessing the impact these recent accounting pronouncements will have on its financial statements.

NOTE 3 - FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses based on various methods including square footage and percent of time dedicated to each function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 4 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's investments are measured at fair value in the Statement of Financial Position. The Organization estimates that the fair value of all financial instruments at December 31, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. Realized and unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

HIGHER PURPOSE CO.
Notes to the Financial Statements
December 31, 2021

NOTE 4 - FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

Level 1 - Quoted prices in active markets for identical assets

Level 2 - Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables

Level 3 - Unobservable inputs that reflect management's assumptions and best estimates based on available data

The organization uses Level 1 measurements whenever possible, as they result in the most reliable measure of fair value.

The carrying amounts of cash and cash equivalents and the portion of unconditional promises to give receivable in less than one year approximate fair values because of the short maturities of those instruments. The fair value of unconditional promises to give receivable in more than one year is estimated by discounting the future cash flows using a risk-free rate of return.

NOTE 5 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents consisted of the following at year end:

<u>Type of Account</u>	<u>Interest Rate</u>	<u>Balance at Dec. 31, 2021</u>
Checking Account	Variable	\$ 1,222,810
Savings Account	Variable	350,219
Total cash and cash equivalent		<u>\$ 1,573,029</u>

NOTE 6 - CONTRIBUTIONS RECEIVABLE

Grants and pledges receivable are temporarily restricted at December 31, 2021, and consisted of the following:

	<u>Amount</u>
Grants and pledges expected to be collected in:	
Less than one year	\$ 250,000
One to five years	-
Less: Allowance for uncollectible grants and pledges	-
Less: Unamortized discount	-
Net Grants and Pledges Receivable	<u>\$ 250,000</u>

The annual discount rate was 1.08179% for 2021

HIGHER PURPOSE CO.
Notes to the Financial Statements
December 31, 2021

NOTE 7 - LIQUIDITY AND AVAILABILITY

Higher Purpose Co. regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safety of its available funds.

Higher Purpose Co.'s primary sources of liquidity are cash and cash equivalents and unexpended grant funds available for withdrawal. See Note 5 for information regarding the Higher Purpose Co's cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Higher Purpose Co. considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures. In-kind donations are not included.

In addition to financial assets available to meet general expenditures over the next 12 months, Higher Purpose Co. operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by grant funds. As a non-profit, the Organization receives significant grant funds from private foundations with restrictions to be used in accordance with grant requirements.

Refer to the statement of cash flows which identifies the sources and uses of the Higher Purpose Co.'s cash.

At December 31, 2021, the following tables show the total financial assets held by the Organization and the amounts of those financial assets that could be made readily available within one year of the balance sheet date to meet general expenditures:

Financial assets at year-end	2021
Cash and cash equivalents	\$ 1,573,029
Grants receivable	<u>250,000</u>
Total financial assets at year end	<u>\$ 1,823,029</u>

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021:

<u>Class of Property and Equipment</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-Depreciable Assets				
Land	\$ 28,000	-	-	\$ 28,000
Depreciable Assets				
Buildings	152,300	-	-	152,300
Office furniture and equipment	-	-	-	-
Total Depreciable Assets	<u>152,300</u>	<u>-</u>	<u>-</u>	<u>152,300</u>
Accumulated Depreciation				
Buildings	5,511	5,077	-	10,588
Office furniture and equipment	-	-	-	-
Total Accumulated Depreciation	<u>5,511</u>	<u>5,077</u>	<u>-</u>	<u>10,588</u>
Net Property and Equipment	<u>\$ 174,789</u>	<u>(5,077)</u>	<u>-</u>	<u>\$ 169,712</u>

HIGHER PURPOSE CO.
Notes to the Financial Statements
December 31, 2021

NOTE 9 - PROPERTY AND EQUIPMENT (Continued)

Depreciation expense for the year ended December 31, 2021, totaled \$5,077 for all depreciable fixed assets.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

Subject to expenditures for specific purpose:

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Program/Funding Purpose	Source	2021 Amount
Program	Higher Purpose Co. Reserve	\$ 350,000
Black-owned business in Jackson, MS	Rockefeller Foundation	250,000
General Operations	Reflection Fund	147,663
Program	Threshold Foundation	20,000
Program	Impact Assets	18,669
Capital Campaign	Commonplace Fund	10,000
Social Finance	Commonplace Fund	13,000
	Total Donor Restricted Net Assets	<u>\$ 809,332</u>

NOTE 12 - SUBSEQUENT EVENTS

Events that occur after the Statement of Financial Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Financial Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Financial Position date require disclosure in the accompanying notes. Management of Higher Purpose Co, evaluated the activity of the Organization through August 5, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 13 - COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's, employees, and vendors, all of which at present, cannot be determined.

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Notes to the Financial Statements
December 31, 2021

NOTE 13 - COVID-19 FINANCIAL STATEMENT IMPACTS (Continued)

Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.