

Tergar International
(a nonprofit Minnesota corporation)
and subsidiaries
Minneapolis, Minnesota

Consolidated Financial Statements

December 31, 2021 and 2020



Tergar International and subsidiaries

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Independent Auditors' Report

To the Board of Directors
Tergar International and subsidiaries
Minneapolis, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of Tergar International (a nonprofit organization) and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tergar International and subsidiaries as of December 31, 2021, 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. The consolidated financial statements of Tergar International as of December 31, 2020 were audited by other auditors whose report dated September 17, 2021 expressed an unmodified opinion on those statements.

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 Auditors' Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of Tergar International and subsidiaries 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tergar International and subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Tergar International and subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tergar International and subsidiaries' 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.

Altruic Advisors, CPAs

Certified Public Accountants

Minneapolis, Minnesota
January 3, 2023

Tergar International and subsidiaries

Consolidated Statements of Financial Position

December 31	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,316,817	\$ 1,523,414
Grants receivable	-	52,000
Prepaid expenses	121,880	99,905
Total current assets	<u>2,438,697</u>	<u>1,675,319</u>
Property and Equipment, net	544,368	406,782
Other Assets		
Security deposits	<u>7,801</u>	<u>7,801</u>
Total assets	<u>\$ 2,990,866</u>	<u>\$ 2,089,902</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 170,747	\$ 161,278
Accrued payroll and expenses	28,965	52,959
Grants payable	5,459	206
Deferred revenue	11,119	665
Total current liabilities	<u>216,290</u>	<u>215,108</u>
Net Assets		
Without donor restrictions		
Undesignated	2,024,576	1,261,794
Board designated	750,000	570,000
Total without donor restrictions	<u>2,774,576</u>	<u>1,831,794</u>
With donor restrictions	<u>-</u>	<u>43,000</u>
Total net assets	<u>2,774,576</u>	<u>1,874,794</u>
Total liabilities and net assets	<u>\$ 2,990,866</u>	<u>\$ 2,089,902</u>

The accompanying Notes are an integral part of these financial statements

Tergar International and subsidiaries

Consolidated Statement of Activities

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 1,092,116	\$ -	\$ 1,092,116
Net assets released from restrictions			
Satisfaction of purpose restrictions	43,000	(43,000)	-
Total operating support	<u>1,135,116</u>	<u>(43,000)</u>	<u>1,092,116</u>
Operating Revenue			
Program fees	<u>2,951,402</u>	<u>-</u>	<u>2,951,402</u>
Total operating support and revenue	<u>4,086,518</u>	<u>(43,000)</u>	<u>4,043,518</u>
Operating Expenses			
Program services	2,419,598	-	2,419,598
Supporting services			
General and administrative	578,639	-	578,639
Fundraising	147,185	-	147,185
Total supporting services	<u>725,824</u>	<u>-</u>	<u>725,824</u>
Total operating expenses	<u>3,145,422</u>	<u>-</u>	<u>3,145,422</u>
Total operating support and revenue in excess (deficit) of operating expenses	<u>941,096</u>	<u>(43,000)</u>	<u>898,096</u>
Other Changes			
Miscellaneous income	1,351	-	1,351
Interest income	335	-	335
Total other changes	<u>1,686</u>	<u>-</u>	<u>1,686</u>
Change in Net Assets	942,782	(43,000)	899,782
Net Assets, Beginning of Year	<u>1,831,794</u>	<u>43,000</u>	<u>1,874,794</u>
Net Assets, End of Year	<u>\$ 2,774,576</u>	<u>\$ -</u>	<u>\$ 2,774,576</u>

The accompanying Notes are an integral part of these financial statements

Tergar International and subsidiaries

Consolidated Statement of Activities

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Operating Support			
Contributions and grants	\$ 1,253,619	\$ 38,000	\$ 1,291,619
Net assets released from restrictions			
Satisfaction of purpose restrictions	45,000	(45,000)	-
Total operating support	<u>1,298,619</u>	<u>(7,000)</u>	<u>1,291,619</u>
Operating Revenue			
Program fees	<u>1,824,114</u>	<u>-</u>	<u>1,824,114</u>
Total operating support and revenue	<u>3,122,733</u>	<u>(7,000)</u>	<u>3,115,733</u>
Operating Expenses			
Program services	1,538,925	-	1,538,925
Supporting services			
General and administrative	620,637	-	620,637
Fundraising	200,488	-	200,488
Total supporting services	<u>821,125</u>	<u>-</u>	<u>821,125</u>
Total operating expenses	<u>2,360,050</u>	<u>-</u>	<u>2,360,050</u>
Total operating support and revenue in excess (deficit) of operating expenses	<u>762,683</u>	<u>(7,000)</u>	<u>755,683</u>
Other Changes			
Miscellaneous income	1,208	-	1,208
Interest income	2,121	-	2,121
Total other changes	<u>3,329</u>	<u>-</u>	<u>3,329</u>
Change in Net Assets	766,012	(7,000)	759,012
Net Assets, Beginning of Year	<u>1,065,782</u>	<u>50,000</u>	<u>1,115,782</u>
Net Assets, End of Year	<u>\$ 1,831,794</u>	<u>\$ 43,000</u>	<u>\$ 1,874,794</u>

The accompanying Notes are an integral
part of these financial statements

Tergar International and subsidiaries

Consolidated Statement of Functional Expenses

Year ended December 31, 2021

	<u>Supporting Services</u>				Total Expenses
	Program Services	General and Administrative	Fundraising	Total	
Salaries and wages	\$ 502,210	\$ 281,081	\$ 64,239	\$ 345,320	\$ 847,530
Employee benefits	81,576	45,749	10,473	56,222	137,798
Payroll taxes	45,433	25,479	5,833	31,312	76,745
Total personnel costs	<u>629,219</u>	<u>352,309</u>	<u>80,545</u>	<u>432,854</u>	<u>1,062,073</u>
Consulting fees	865,695	49,680	18,889	68,569	934,264
Grants awarded	245,000	-	-	-	245,000
Information technology	124,511	31,411	8,829	40,240	164,751
Depreciation and amortization	120,153	23,990	-	23,990	144,143
Occupancy	126,075	16,384	-	16,384	142,459
Bank and merchant fees	90,076	17,568	13,035	30,603	120,679
Advertising and promotions	117,798	2,271	-	2,271	120,069
Subscriptions	55,619	-	-	-	55,619
Professional fees	-	51,483	-	51,483	51,483
Dues and fees	1,372	3,414	15,899	19,313	20,685
Program expenses	19,211	-	-	-	19,211
Miscellaneous expense	4,024	8,830	-	8,830	12,854
Printing and postage	5,605	301	6,725	7,026	12,631
Office expenses and supplies	2,599	9,429	-	9,429	12,028
Insurance	-	9,031	-	9,031	9,031
Professional development	8,473	-	-	-	8,473
Fundraising expenses	-	-	3,084	3,084	3,084
Repairs and maintenance	2,012	895	-	895	2,907
Conferences and meetings	2,156	547	179	726	2,882
Travel	-	1,096	-	1,096	1,096
Total expenses	<u>\$ 2,419,598</u>	<u>\$ 578,639</u>	<u>\$ 147,185</u>	<u>\$ 725,824</u>	<u>\$ 3,145,422</u>

The accompanying Notes are an integral part of these financial statements

Tergar International and subsidiaries

Consolidated Statement of Functional Expenses

Year ended December 31, 2020

	Supporting Services				Total Expenses
	Program Services	General and Administrative	Fundraising	Total	
Salaries and wages	\$ 424,121	\$ 163,124	\$ 65,249	\$ 228,373	\$ 652,494
Employee benefits	103,044	39,632	15,853	55,485	158,529
Payroll taxes	36,467	14,026	5,610	19,636	56,103
Total personnel costs	563,632	216,782	86,712	303,494	867,126
Consulting fees	406,771	156,450	62,580	219,030	625,801
Grants awarded	225,000	-	-	-	225,000
Information technology	88,936	34,206	13,682	47,888	136,824
Occupancy	88,010	33,850	13,540	47,390	135,400
Bank and merchant fees	-	94,613	-	94,613	94,613
Depreciation and amortization	83,637	9,293	-	9,293	92,930
Advertising and promotions	35,799	-	11,933	11,933	47,732
Conferences and meetings	-	33,388	-	33,388	33,388
Travel	17,310	1,154	4,616	5,770	23,080
Legal fees	-	19,124	-	19,124	19,124
Program supplies	13,110	-	-	-	13,110
Dues and fees	6,118	1,224	4,895	6,119	12,237
Printing and postage	5,497	2,749	916	3,665	9,162
Insurance	2,557	5,967	-	5,967	8,524
Professional development	-	5,240	-	5,240	5,240
Office expenses and supplies	1,929	1,929	965	2,894	4,823
Subscriptions	-	3,183	-	3,183	3,183
Miscellaneous expense	619	1,485	371	1,856	2,475
Repairs and maintenance	-	-	186	186	186
Fundraising expenses	-	-	92	92	92
Total expenses	\$ 1,538,925	\$ 620,637	\$ 200,488	\$ 821,125	\$ 2,360,050

The accompanying Notes are an integral part of these financial statements

Tergar International and subsidiaries

Consolidated Statements of Cash Flows

Increase in Cash and Cash Equivalents

Years ended December 31	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ 899,782	\$ 759,012
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	144,143	92,930
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	-	23,402
Grants receivable	52,000	(2,000)
Prepaid expenses	(21,975)	29,297
Accounts payable and accrued expenses	9,469	154,201
Accrued payroll and expenses	(23,994)	27,602
Grants payable	5,253	-
Deferred revenue	10,454	(56,671)
Net cash provided by operating activities	<u>1,075,132</u>	<u>1,027,773</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	<u>(281,729)</u>	<u>(197,045)</u>
Net cash used by investing activities	<u>(281,729)</u>	<u>(197,045)</u>
Net Increase in Cash and Cash Equivalents	793,403	830,728
Cash and Cash Equivalents, Beginning of Year	<u>1,523,414</u>	<u>692,686</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,316,817</u>	<u>\$ 1,523,414</u>

The accompanying Notes are an integral
part of these financial statements

Tergar International and subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Operations. Tergar International was founded in 2004 and was incorporated under the laws of the State of Minnesota. Tergar International's mission is to promote, aid, and advance the teachings and practice of meditation and contemplation that arise from the world's great spiritual traditions through lectures, seminars, publications, retreats, and other forms of media. For centuries, the practice of meditation has been used by countless individuals to transform suffering into joy and confusion into wisdom. Tergar International's meditation and study programs are designed to facilitate this transformation. Under the guidance of Yongey Mingyur Rinpoche, a remarkable teacher celebrated for his ability to make the practice of meditation accessible to people of all backgrounds, Tergar International fulfills its mission to make the ancient practice of meditation accessible to the modern world by providing comprehensive course of meditation training and study, with programs for Buddhist and non-Buddhist alike. Primary sources of support and revenue are from grants and contributions from interested parties and program fees.

Description of Consolidated Entities:

Tergar International is the sole member of three limited liability companies: A Joyful Mind, LLC, Tergar Madison, LLC, and Tergar Oregon, LLC, the activities of which are consolidated in the accompanying consolidated financial statements. For purposes of these consolidated financial statements, all four entities are collectively referred to as "the Organization".

A Joyful Mind, LLC ("A Joyful Mind") was organized as a limited liability company in 2012. A Joyful Mind was created to operate a documentary film project featuring Yongey Mingyur Rinpoche and his teachings. A Joyful Mind is wholly owned by Tergar International and is treated as a disregarded entity for income tax purposes.

Tergar Madison, LLC ("Tergar Madison") and Tergar Oregon, LLC ("Tergar Oregon") were both organized as limited liability companies in 2013 and created so that they could operate more effectively within their respective communities. Both Tergar Madison and Tergar Oregon are wholly owned by Tergar International and are treated as disregarded entities for income tax purposes.

Description of Program Services:

Joy of Living. Joy of Living is where the Tergar journey begins and is a series of three seminars that present practical advice on how meditation can be used to calm the mind, open the heart, and develop insight.

Path of Liberation. Path of Liberation builds on the foundation teachings of the Joy of Living, presenting a series of meditative practices designed to strip away the causes of suffering and uncover the radiant awareness that underlies all experiences.

Exploring Buddhism. Exploring Buddhism is a multi-year study program that covers the core teachings of Buddhism and addresses the full spectrum of Buddhist thought and practice.

Tergar International and subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Description of Supporting Services:

General and Administrative. Includes the functions necessary to provide support to the Organization's program activities. General and administrative activities include those that provide governance, oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising. Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

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

Basis of Accounting. The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents. The Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Grants Receivable. Grants are recognized as support in the period the award is communicated to the Organization as assets or decrease of liabilities depending on the form of the benefits received. Conditional grants are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management has determined that all grants receivable are fully collectible at December 31, 2021 and 2020.

Property and Equipment. It is the Organization's policy to capitalize property and equipment at cost for purchases over \$1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value on the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which are currently calculated at three to ten years for office equipment, furniture and fixtures, and leasehold improvements.

Intangible Assets. Intangible assets consist of the Organization's website and personal device application. Definite-lived intangible assets are stated at cost if purchased, or at fair value, if donated. The website is amortized using the straight-line method over the estimated useful life of the asset, which is 60 months. If the Organization were to determine that a change in the remaining estimated useful life of an intangible asset was necessary, then the remaining carrying amount of the intangible asset would be amortized prospectively over the revised remaining useful life.

Tergar International and subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Depreciation and amortization expense for the Organization's property, equipment and intangible assets was \$144,143 and \$92,930, for the years ended December 31, 2021 and 2020, respectively.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2021 and 2020.

Basis of Net Asset Presentation. 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 resulting from revenues generated, receiving contributions that have no donor stipulations, providing services, receiving rents, and receiving interest and other income, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated net assets, until the donor restriction expires, that is, until the stipulated time restriction ends or the purpose restriction is accomplished.

Revenue Recognition.

Revenues are from program fees and are recorded as the services are rendered. Prepaid amounts are recorded as deferred revenue liabilities when payments are received. As the services are rendered, revenue is then recorded. Program fees are the Organization's primary revenue stream that constitutes revenue from contracts with customers.

Auxiliary revenue may include other minor services and occasional sales of merchandise. The Organization generally satisfies its performance obligations upon immediate occurrence of the sale or service.

Transaction Price. The transaction price of a contract with a customer is the amount of consideration to which the Organization expects to be entitled in exchange for transferring promised services to the customer.

Contract Balances. The following table provides information about the Organization's contract liabilities from contracts with customers at December 31:

	<u>2021</u>	<u>2020</u>
Contract liabilities, beginning of year	\$ 665	\$ 57,336
Contract liabilities, end of year	\$ 11,119	\$ 665

Tergar International and subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Accounting Policies and Practical Expedients Elected. The Organization has elected to use the right to invoice practical expedient, which allows an entity to recognize revenue in the amount of consideration to which the entity has the right to invoice when the amount that the entity has the right to invoice corresponds directly to the value transferred to the customer. Therefore, the Organization will apply the invoice practical expedient to performance obligations satisfied over time. These performance obligations generally relate to revenue received for future events.

The Organization's contracts do not include significant financing components.

Contributions and Grants. Contributions and grants are recognized as support in the period received and as assets or decreases of liabilities depending on the form of the benefits received. Restricted contributions and grants are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized.

Contributed Services. The Organization records the fair value of contributed services in the consolidated financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills that are provided by persons possessing those skills and would typically need to be purchased if not provided by donation. Certain other volunteer services are not recorded in these consolidated financial statements as they do not meet the criteria for recognition.

Advertising. The Organization expenses advertising costs, including donated advertising, as incurred. Advertising expense for the years ended December 31, 2021 and 2020 was \$120,069 and \$47,732, respectively.

Income Taxes. Tergar International is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made. As A Joyful Mind, Tergar Madison, and Tergar Oregon are single-member LLCs, they are considered disregarded entities under current IRS regulations. Therefore, the activities of these three LLCs are combined with the activities of Tergar International in the annual Form 990 filing with the IRS.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Reclassifications. Certain amounts from the prior year consolidated financial statements have been reclassified to conform to the current year presentation without affecting net assets as of December 31, 2020.

Tergar International and subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through January 3, 2023, the date at which the consolidated financial statements were available for release.

Note 2 – Property and Equipment

Property and equipment, including intangible assets, consisted of the following at December 31:

	2021	2020
Website and personal device application	\$ 751,790	\$ 482,918
Leasehold improvements	102,039	102,039
Office equipment	43,957	37,700
Furniture and fixtures	25,820	25,820
	<u>923,606</u>	<u>648,477</u>
Less accumulated depreciation and amortization	(379,238)	(241,695)
Net property and equipment	<u>\$ 544,368</u>	<u>\$ 406,782</u>

Note 3 – Board Designated Net Assets

As of December 31, 2021 and 2020, respectively, the board of directors designated \$750,000 and \$570,000 as a reserve for future operations. It is the Organization's policy to reserve approximately three months of cash expenditures. These funds are internally imposed designations and are recorded as net assets without donor restrictions.

Note 4 – Net Assets With Donor Restrictions

The balances of net assets with donor restrictions for the year ended December 31, 2021 are as follows:

	Jan 1, 2021 Balance	Additions	Releases	Dec 31, 2021 Balance
Joy of Living Program Expansion	\$ 18,000	\$ -	\$ 18,000	\$ -
App Development	15,000	-	15,000	-
Ethics Program	10,000	-	10,000	-
	<u>\$ 43,000</u>	<u>\$ -</u>	<u>\$ 43,000</u>	<u>\$ -</u>

Tergar International and subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 4 – Net Assets With Donor Restrictions (continued)

The balances of net assets with donor restrictions for the year ended December 31, 2020 are as follows:

	Jan 1, 2020			Dec 31, 2020
	Balance	Additions	Releases	Balance
Joy of Living Program Expansion	\$ 50,000	\$ 13,000	\$ 45,000	\$ 18,000
App Development	-	15,000	-	15,000
Ethics Program	-	10,000	-	10,000
	<u>\$ 50,000</u>	<u>\$ 38,000</u>	<u>\$ 45,000</u>	<u>\$ 43,000</u>

Note 5 – Commitments

Operating Leases. The Organization leases office spaces under operating lease agreements that expire in February 2024 and September 2024, with current monthly rent payments of \$3,401 and \$5,410, respectively. Total rent expense, including maintenance charges, under these lease agreements was \$135,828 and \$132,238 for the years ended December 31, 2021 and 2020, respectively.

Future annual minimum lease payments under operating leases are as follows at December 31, 2021:

Year Ended	Total
December 31	
2022	\$ 106,023
2023	109,212
2024	58,666
Total	<u>\$ 273,901</u>

Note 6 – Liquidity and Availability of Resources

The Organization has financial assets of \$2,316,817 and \$1,575,414, that are available within one year of the consolidated statement of financial position as of December 31, 2021 and 2020, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the statement of financial position. In addition, the Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of three months budgeted operating expenses. To achieve this target, the Organization forecasts its future cash flows and monitors its liquidity and reserves quarterly. During the years ended December 31, 2021 and 2020, the levels of liquidity and reserves were managed with the policy requirements.

Tergar International and subsidiaries

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Note 6 – Liquidity and Availability of Resources (continued)

The Organization's financial assets available for general expenditures within one year are as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,316,817	\$ 1,523,414
Grants receivable	-	52,000
	<u> </u>	<u> </u>
Financial assets available for general expenditures within one year	<u>\$ 2,316,817</u>	<u>\$ 1,575,414</u>

Substantially all of the Organization's net asset restrictions are generally released within the next fiscal year. The Organization anticipates that all net asset restrictions as of December 31, 2021 will be fully released during the next fiscal year.

Note 7 – Concentration and Credit Risk

Bank Deposits. At certain times during the years ended December 31, 2021 and 2020, the Organization maintained cash balances in excess of federally insured limits. Management believes the risk of loss on these amounts is minimal.