

**TAPFOUND, INC.  
D/B/A TAPROOT FOUNDATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



**SOBEL & CO. LLC**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**

DECEMBER 31, 2021 AND 2020

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Tapfound, Inc. d/b/a Taproot Foundation  
New York, New York

### **Opinion**

We have audited the accompanying financial statements of Tapfound, Inc. d/b/a Taproot Foundation, a nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tapfound, Inc. d/b/a Taproot Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tapfound, Inc. d/b/a Taproot Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 Tapfound, Inc. d/b/a Taproot Foundation'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 Tapfound, Inc. d/b/a Taproot Foundation'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 audits, significant audit findings, and certain internal-control related matters that we identified during the audits.



Certified Public Accountants

Livingston, New Jersey  
July 21, 2022

**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,226,352	\$ 2,606,689
Contracts receivable	306,332	328,080
Grants receivable	211,000	190,000
Other receivables	19,598	5,251
Prepaid expenses	51,326	36,970
Total Current Assets	<u>4,814,608</u>	<u>3,166,990</u>
OTHER ASSETS:		
Security deposits	37,320	33,378
Property and equipment, net	-	5,170
Intangible assets, net	81,950	-
Total Other Assets	<u>119,270</u>	<u>38,548</u>
	<u>\$ 4,933,878</u>	<u>\$ 3,205,538</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 167,615	\$ 82,168
Accrued vacation pay	134,855	126,516
Refundable advance	-	550,255
Deferred rent, current	29,766	26,292
Deferred program revenue	1,801,814	1,668,993
Total Current Liabilities	<u>2,134,050</u>	<u>2,454,224</u>
LONG-TERM LIABILITIES:		
Deferred rent, long-term	3,769	9,724
Total Liabilities	<u>2,137,819</u>	<u>2,463,948</u>
NET ASSETS:		
Without donor restrictions	2,254,141	486,922
With donor restrictions	541,918	254,668
Total Net Assets	<u>2,796,059</u>	<u>741,590</u>
	<u>\$ 4,933,878</u>	<u>\$ 3,205,538</u>

**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT:</b>						
In-kind support	\$ 5,218,783	\$ -	\$ 5,218,783	\$ 5,421,168	\$ -	\$ 5,421,168
Corporate and foundation grants	36,998	915,500	952,498	165,500	270,000	435,500
Individual contributions	31,361	-	31,361	21,953	-	21,953
Government contributions	550,255	-	550,255	-	-	-
Net assets released from restrictions	628,250	(628,250)	-	587,502	(587,502)	-
<b>Total Support</b>	<b>6,465,647</b>	<b>287,250</b>	<b>6,752,897</b>	<b>6,196,123</b>	<b>(317,502)</b>	<b>5,878,621</b>
<b>REVENUE:</b>						
Fees for services	5,086,609	-	5,086,609	3,401,882	-	3,401,882
Membership dues	429,282	-	429,282	487,390	-	487,390
Other	3,614	-	3,614	5	-	5
<b>Total Revenue</b>	<b>5,519,505</b>	<b>-</b>	<b>5,519,505</b>	<b>3,889,277</b>	<b>-</b>	<b>3,889,277</b>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>11,985,152</b>	<b>287,250</b>	<b>12,272,402</b>	<b>10,085,400</b>	<b>(317,502)</b>	<b>9,767,898</b>
<b>EXPENSES:</b>						
Program services	9,025,349	-	9,025,349	8,123,620	-	8,123,620
Management and general	820,912	-	820,912	825,811	-	825,811
Fundraising	371,672	-	371,672	353,182	-	353,182
<b>Total Expenses</b>	<b>10,217,933</b>	<b>-</b>	<b>10,217,933</b>	<b>9,302,613</b>	<b>-</b>	<b>9,302,613</b>
<b>CHANGES IN NET ASSETS</b>	<b>1,767,219</b>	<b>287,250</b>	<b>2,054,469</b>	<b>782,787</b>	<b>(317,502)</b>	<b>465,285</b>
<b>NET ASSETS - Beginning of year</b>	<b>486,922</b>	<b>254,668</b>	<b>741,590</b>	<b>(295,865)</b>	<b>572,170</b>	<b>276,305</b>
<b>NET ASSETS - End of year</b>	<b>\$ 2,254,141</b>	<b>\$ 541,918</b>	<b>\$ 2,796,059</b>	<b>\$ 486,922</b>	<b>\$ 254,668</b>	<b>\$ 741,590</b>

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

**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	<b>Supporting Services</b>				<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	
Salaries	\$ 2,786,835	\$ 279,139	\$ 278,527	\$ 557,666	\$ 3,344,501
Benefits	213,822	17,601	23,532	41,133	254,955
Payroll taxes	239,712	24,044	24,094	48,138	287,850
Outside services	287,947	385,865	28,580	414,445	702,392
Advertising/marketing	5,139,840	48,159	-	48,159	5,187,999
Office expenses	41,695	8,012	5,280	13,292	54,987
Information technology	96,902	11,184	6,516	17,700	114,602
Occupancy	166,090	33,648	-	33,648	199,738
Travel and conferences	40	55	-	55	95
Depreciation and amortization	5,170	-	-	-	5,170
Insurance	14,720	1,773	1,241	3,014	17,734
Other expenses	32,576	11,432	3,902	15,334	47,910
<b>Total Expenses</b>	<b>\$ 9,025,349</b>	<b>\$ 820,912</b>	<b>\$ 371,672</b>	<b>\$ 1,192,584</b>	<b>\$ 10,217,933</b>

**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Supporting Services</u>				<b>Total</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	
Salaries	\$ 2,089,901	\$ 268,425	\$ 280,052	\$ 548,477	\$ 2,638,378
Benefits	175,180	16,764	18,976	35,740	210,920
Payroll taxes	172,093	19,586	21,558	41,144	213,237
Outside services	195,768	421,715	-	421,715	617,483
Advertising/marketing	5,110,500	2,653	-	2,653	5,113,153
Office expenses	24,958	6,467	2,765	9,232	34,190
Information technology	66,078	9,867	3,465	13,332	79,410
Occupancy	226,765	58,091	21,050	79,141	305,906
Travel	8,123	2,437	367	2,804	10,927
Conferences	270	1,740	-	1,740	2,010
Event expense	5,164	-	-	-	5,164
Depreciation/amortization	4,648	675	337	1,012	5,660
Insurance	15,253	2,214	1,107	3,321	18,574
Other expenses	28,919	15,177	3,505	18,682	47,601
<b>Total Expenses</b>	<b>\$ 8,123,620</b>	<b>\$ 825,811</b>	<b>\$ 353,182</b>	<b>\$ 1,178,993</b>	<b>\$ 9,302,613</b>



**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**  
**STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS PROVIDED BY:</b>		
<b>OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 2,054,469	\$ 465,285
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	5,170	5,660
Changes in certain assets and liabilities:		
Contracts receivable	(64,002)	(285,311)
Grants receivable	(21,000)	86,000
Other receivables	(14,347)	(1,214)
Prepaid expenses	(14,356)	12,057
Security deposits	(3,942)	8,709
Accounts payable and accrued expenses	85,447	18,869
Accrued vacation pay	8,339	15,579
Refundable advance	(550,255)	550,255
Deferred rent	(2,481)	(29,590)
Deferred program revenue	218,571	(54,452)
Net Cash Provided by Operating Activities	<u>1,701,613</u>	<u>791,847</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of intangible asset	(81,950)	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>1,619,663</u>	<u>791,847</u>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>2,606,689</u>	<u>1,814,842</u>
End of year	<u>\$ 4,226,352</u>	<u>\$ 2,606,689</u>

**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 1 - NATURE OF ORGANIZATION:**

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Tapfound, Inc. d/b/a Taproot Foundation, (“Taproot” or “Organization”) is a national nonprofit organization that connects nonprofits and social change organizations with passionate, skilled volunteers who share their expertise pro bono. Taproot is creating a world where organizations dedicated to social change have full access to the marketing, strategy, HR, and IT resources they need to be most effective. Taproot estimates that, since 2001, it has facilitated over 1.9 million hours of skilled volunteer service to more than 10,000 social change organizations, worth over \$280 million in value. Taproot also partnered to co-found a network of global pro bono providers in over 30 countries around the world.

Taproot's program services include the following major components:

**Corporate Advisory Services** advises and works with companies in developing and running high-impact pro bono programs that connect their employee talent to the needs of social good organizations.

**Speed Consulting and Pro Bono Marathons** are Done-in-a-Day events where nonprofit participants are paired with pro bono consultants for the purpose of consultations or to tackle a scoped project. Speed Consulting connects nonprofits with pro bono consultants for a half-day, round-robin workshop to gain insights and support on a few key challenges across multiple areas. Pro Bono Marathons match nonprofits with teams of two to four pro bono consultants to address a critical, scoped challenge - from assessment to deliverable - in one day.

**Taproot Plus** is an online matching platform that connects nonprofit users with one to two pro bono consultants for the purpose of one-hour virtual consultation sessions or tackling small-scale projects. Taproot Plus is free for all users - nonprofits and volunteers - and offers nonprofits in the U.S. and around the world on-demand access to virtual pro bono support. With the onset of the COVID-19 pandemic in 2020, Taproot Plus further expanded its reach, offering support to small businesses.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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***Basis of Accounting:***

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

**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Financial Statement Presentation:***

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

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also included in this classification are net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

***Cash and Cash Equivalents:***

The balance of cash and cash equivalents includes deposits held in bank checking and savings accounts, as well as money market funds held with an investment brokerage firm.

***Receivables:***

Receivables are reported at the amount management expects to collect on balances outstanding at year-end. The Organization utilizes the reserve method of accounting for doubtful accounts. The reserves are based on historical experience and management's evaluation of outstanding receivable balances at the end of each year. At December 31, 2021 and 2020, no allowance was deemed necessary.

Amounts due within one year of the statement of financial position date are stated at face value, while amounts due beyond one year are discounted to present value only when such discounts would be material to the financial statements. Currently, there are no long-term receivables or present value discounts reflected in the accompanying financial statements.

***Property and Equipment:***

Property and equipment are recorded at cost on the date of acquisition or at the fair market value of the asset based on values of comparable assets at the date of gift for donations. Depreciation is computed using the straight-line method over estimated useful lives ranging from 7 to 10.5 years. When assets are retired or otherwise disposed of, the costs and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the change in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments greater than \$2,500 that extend the useful lives of the assets are capitalized.

**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Intangible Assets:***

The Organization has incurred costs for the design, development and implementation of its website. Costs relating to the development of the site's infrastructure have been capitalized as intangible assets. Amortization is computed using the straight-line method over a three-year period.

***Deferred Rent:***

The Organization rents office space under various operating leases that contain a rent abatement and/or staggered payment schedule. In accordance with generally accepted accounting principles, the Organization recognizes the associated rent expense on a straight-line basis over the course of the lease term. The difference between payments made and expense recognized to date is reflected as deferred rent liability, which shall be amortized over the course of the leases.

***In-kind Support:***

Contributed services and gifts in-kind are recorded as contributions and expenses at fair value as of the date of donation. Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and that would typically be purchased if not provided by donation.

In-kind contributions consist of online advertising and legal services provided to the Organization free of charge. These contributions are reflected in the financial statements at their estimated fair market value as of the date of receipt.

Professional volunteer services that are facilitated by the Organization, but received by other nonprofit organizations, are not recorded on the books because they are considered to be agency transactions.

***Revenue Recognition – Grants and Contributions:***

The Organization recognizes grants and contributions as revenue when they are received or unconditionally pledged. Conditional contributions are not recognized until conditions are substantially met or explicitly waived by the donor or grantor. Contribution revenues are recorded as support with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, the net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and changes in net assets as net assets released from restrictions.

Revenue from government grants is recognized in the period when the expenditures have been incurred in compliance with the grantor's restrictions. The Organization's policy is to record the proceeds from government grants as a conditional government grant through refundable advance. Once the conditions of release have been substantially met or explicitly waived, the conditions of this grant will have been satisfied and the Organization will recognize the grant revenue.

**TAPFOUND, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Revenue Recognition – Fees for Services and Membership Dues:***

The Organization derives a portion of its revenues from fees for services and membership dues.

Fees for services include amounts charged to corporate clients for contracted services described in Note 1. The transaction price outlined in each contract is allocated among the various underlying performance obligations. Revenue is then recognized at the point in time when each performance obligation is met. There are no significant financing components or variable considerations in determining performance obligations.

Membership dues represent amounts charged for subscriptions to the Taproot Plus online volunteer matchmaking platform. These dues are recognized over the membership period, which is typically one year from the date on which the customer receives access to the platform.

During the years ended December 31, 2021 and 2020, the Organization's customers typically paid contract fees prior to the satisfaction of performance obligations. As such, amounts received but not yet recognized as revenue are recorded to a deferred revenue liability account. The outstanding balance of contract assets that were invoiced but not collected was approximately \$86,000 and \$770,000 as of December 31, 2021 and 2020, respectively. These amounts are excluded from assets and liabilities on the accompanying statements of financial position.

***Advertising:***

All advertising costs are expensed in the year they are incurred.

***Income Taxes:***

The Organization is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended December 31, 2021 and 2020. At December 31, 2021 and 2020, there were no significant income tax uncertainties.

***Use of Estimates:***

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TAPFOUND, INC.**  
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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**Recent Accounting Pronouncements – Leases:**

In February 2016, the Financial Accounting Standards Board issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach or a cumulative-effect adjustment transition approach may be used, and the new standard is applied to all leases existing at the date of initial application. An organization may choose (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statement as its date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. Early adoption is permitted subject to certain limitations. The Organization is currently evaluating the effect the provisions of this standard will have on the financial statements.

**Subsequent Events:**

The Organization has evaluated its subsequent events and transactions occurring after December 31, 2021 through July 21, 2022, the date the financial statements were available to be issued.

NOTE 3 - PROPERTY AND EQUIPMENT:

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Property and equipment comprise the following:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Leasehold improvements	\$ 65,459	\$ 65,459
Office furniture and equipment	25,520	25,520
	<u>90,979</u>	<u>90,979</u>
Less: Accumulated depreciation	90,979	85,809
Property and Equipment, Net	<u>\$ -</u>	<u>\$ 5,170</u>

NOTE 4 - INTANGIBLE ASSETS:

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Intangible assets compromise the following:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Capitalized website costs	\$599,096	\$517,146
Less: Accumulated depreciation	(517,146)	(517,146)
Intangible Assets, Net	<u>\$ 81,950</u>	<u>\$ -</u>

**TAPFOUND, INC.**  
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**NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN:**

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The Organization obtained a Paycheck Protection Program (“PPP”) loan under the Coronavirus Aid, Relief and Economic Security Act in May 2020 for \$550,255. The Organization recorded the PPP funds received as a conditional government grant and recognized the revenue as the conditions set forth by the U.S. Small Business Administration (“SBA”) were satisfied. At December 31, 2021, all amounts received under the PPP loan program were expended and recognized as revenue from government contributions on the statements of activities and changes in net assets. The loan is uncollateralized and guaranteed by the Small Business Administration. The Organization received full forgiveness on the loan in May 2021. The SBA reserves the right to audit loan forgiveness up to six years from the date forgiveness was awarded.

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:**

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

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Pro Bono programming	\$ 456,418	\$ 164,668
Event sponsorship	10,000	-
Other activities	75,500	90,000
Total Net Assets with Donor Restrictions	<u>\$ 541,918</u>	<u>\$ 254,668</u>

**NOTE 7 - IN-KIND CONTRIBUTIONS:**

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In-kind contributions consist of the following:

	<b>For the Years Ended</b>	
	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
LinkedIn marketing for Taproot Plus program	\$ 5,100,000	\$ 5,100,000
Legal services	102,700	306,166
Other services	16,083	15,002
Total In-kind Contributions	<u>\$ 5,218,783</u>	<u>\$ 5,421,168</u>

**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 - OPERATING LEASE:**

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The Organization rents office space in various locations under operating leases with expiration dates through September 2026 with monthly payments ranging between \$675 and \$18,044. Rental expense for the years ended December 31, 2021 and 2020, was \$183,572 and \$182,657, respectively, and is recorded to occupancy costs on the statements of functional expenses. Future minimum lease payments are as follows:

<b>Year Ending December 31,</b>	
2022	\$ 235,306
2023	253,486
2024	211,961
2025	213,344
2026	162,396
	<u>\$ 1,076,493</u>

**NOTE 9 - FUNCTIONAL EXPENSES:**

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The costs of providing various programs and other activities have been summarized on a functional basis on the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefits. Management and general expenses are those not directly identifiable with any specific function, but which provide for the overall support and direction of the Organization.

Expenses that pertain to a single function are charged directly to the respective cost center in the general ledger based on the underlying nature of the transaction (according to the definitions above). This is performed on a transaction-by-transaction basis.

Expenses that are allocated include: salaries, payroll taxes, and benefits, which are allocated on time and use studies; occupancy, which is allocated according to the number of full-time employees in each function at the respective office location; and insurance and information technology, which are allocated among functions according to the total number of full-time employees in each function across the Organization. All other expenses are direct costs.

**NOTE 10 - LETTER OF CREDIT:**

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The Organization has a letter of credit with a bank in the amount of \$28,000 as of December 31, 2021, which serves as a security deposit for Taproot's Chicago office. The letter of credit will automatically extend without an amendment upon each anniversary date beginning on February 21, 2017, and finally expire on July 31, 2023.



**TAPFOUND, INC.**  
**D/B/A TAPROOT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

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**NOTE 11 - SIGNIFICANT RISKS AND UNCERTAINTIES:**

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Financial instruments that potentially expose the Organization to concentrations of credit risk and market risk consist of cash and cash equivalents. The Organization maintains its cash and cash equivalents in accounts with federally insured institutions. At times, the balances in these accounts may be in excess of federally insured limits.

The Organization is actively monitoring the COVID-19 outbreak and the potential impact on its employees, clients, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

**NOTE 12 - LIQUIDITY AND AVAILABILITY:**

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The following represents the Organization's financial assets, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions, or internal designations. Amounts available include donor-restricted amounts that are available for general expenditures in the following year.

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 4,226,352	\$ 2,606,689
Contracts receivable	306,332	328,080
Grants receivable	211,000	190,000
Other receivables	19,598	5,251
	<u>4,763,282</u>	<u>3,130,020</u>
Less restricted net assets	(541,918)	(254,668)
Total	<u>\$ 4,221,364</u>	<u>\$ 2,875,352</u>

The Organization reviews its cash flow on a monthly basis by reviewing projected incoming cash and overlaying that with projected outgoing cash. The report is presented as part of the monthly financial statements to the Board Finance Committee and, quarterly, as part of the report, to the Board of Directors as a whole. To support responsible planning and management, the Organization has established triggers related to its cash flow. The Organization considers projecting cash levels at or below 30 days of total projected expenses within the next three months to be a trigger that would require immediate expense cutting action by management. The majority of the Organization's receivables are based on contracts or grants from corporate partners. Contracts generally have payment schedules outlined in the contract. Grants often get paid as lump sums at or near time of commitment.