

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

CANVASBACK MISSIONS, INC. AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Canvasback Missions, Inc.

We have audited the accompanying consolidated financial statements of Canvasback Missions, Inc. (the "Organization"), including the consolidated entity, Canvasback Wellness (RMI), Inc., which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

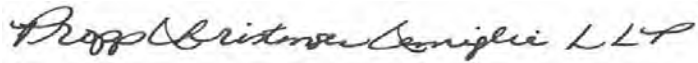
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Canvasback Missions, Inc. and Affiliate as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, and functional expenses on pages 16 - 18, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Proff Britman Seignlie LLP".

November 30, 2021
Roseville, California

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 149,475	\$ 113,142
Cash - restricted	21,759	48,195
Investments	73,879	70,058
Grant receivable	24,998	21,000
In-kind for sale inventory	<u>10,083</u>	<u>15,665</u>
Total current assets	280,194	268,060
Other receivables	4,744	4,400
Property and equipment, net	<u>82,875</u>	<u>117,118</u>
Total assets	<u>\$ 367,813</u>	<u>\$ 389,578</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	<u>\$ 30,795</u>	<u>\$ 15,276</u>
Total liabilities	<u>30,795</u>	<u>15,276</u>
Net assets:		
Without donor restrictions	<u>337,018</u>	<u>374,302</u>
Total net assets	<u>337,018</u>	<u>374,302</u>
Total liabilities and net assets	<u>\$ 367,813</u>	<u>\$ 389,578</u>

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

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Donations direct	\$ 385,671	\$ -	\$ 385,671	\$ 548,577	\$ -	\$ 548,577
In-kind donations	73,374	-	73,374	3,203,371	-	3,203,371
Grants	70,995	326,913	397,908	1,416	526,843	528,259
World Diabetes Foundation grant	-	-	-	-	63,000	63,000
Diabetes Wellness Meals program	-	119,422	119,422	-	150,327	150,327
Interest/dividend income	4,061	-	4,061	4,207	-	4,207
Unrealized gain (loss) on investments	(230)	-	(230)	14,122	-	14,122
Gain on sale of assets	2,442	-	2,442	7,795	-	7,795
COVID Relief Funds	53,235	-	53,235	-	-	-
Other income	8,005	-	8,005	-	-	-
Net assets released from restrictions	446,335	(446,335)	-	740,170	(740,170)	-
Total support and revenue	1,043,888	-	1,043,888	4,519,658	-	4,519,658
Expenses:						
Program services	863,296	-	863,296	4,159,174	-	4,159,174
General and administrative	163,604	-	163,604	173,392	-	173,392
Fundraising	54,272	-	54,272	113,605	-	113,605
Total expenses	1,081,172	-	1,081,172	4,446,171	-	4,446,171
Change in net assets	(37,284)	-	(37,284)	73,487	-	73,487
Net assets, beginning of year	374,302	-	374,302	300,815	-	300,815
Net assets, end of year	\$ 337,018	\$ -	\$ 337,018	\$ 374,302	\$ -	\$ 374,302

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

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2020 and 2019

	Program Services	General and Administrative	Fundraising	2020 Total
Payroll	\$ 116,951	\$ 70,613	\$ 33,100	\$ 220,664
Payroll taxes	9,569	5,778	2,708	18,055
Employee benefits	17,245	10,412	4,881	32,538
Medical supplies	57,571	-	-	57,571
Travel/lodging	111,456	363	179	111,998
Telephone and communications	5,005	3,022	1,416	9,443
Depreciation	30,423	-	-	30,423
Taxes and licenses	1,798	1,085	509	3,392
Stipends	100	-	-	100
Conventions	-	163	-	163
Meetings/dues	-	2,732	1,346	4,078
Occupancy	-	3,537	1,743	5,280
Printing	-	239	117	356
Office supplies	-	6,208	4,356	10,564
Postage	1,329	802	376	2,507
Promotion	-	40,420	-	40,420
Automotive repairs	9,978	6,010	2,817	18,805
Moral Welfare Rejuvenation	-	1,487	-	1,487
Repairs and maintenance	-	740	223	963
Diabetes and Wellness Project	408,156	-	-	408,156
Wellness facility	41,487	-	-	41,487
Community Health Advancement	461	-	-	461
World Diabetes Foundation	26,984	-	-	26,984
Insurance	2,475	2,475	-	4,950
Storage unit	14,782	-	-	14,782
Professional fees	-	6,500	-	6,500
Bank fees	7,526	-	-	7,526
Other administrative costs	-	1,018	501	1,519
	<u>\$ 863,296</u>	<u>\$ 163,604</u>	<u>\$ 54,272</u>	<u>\$ 1,081,172</u>
Total expenses	<u>\$ 863,296</u>	<u>\$ 163,604</u>	<u>\$ 54,272</u>	<u>\$ 1,081,172</u>

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

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

For the Years Ended December 31, 2020 and 2019

	Program Services	General and Administrative	Fundraising	2019 Total
Payroll	\$ 139,336	\$ 55,734	\$ 37,156	\$ 232,226
Payroll taxes	11,554	4,622	3,081	19,257
Employee benefits	22,873	9,149	6,100	38,122
Medical supplies	3,221,506	-	-	3,221,506
Travel/lodging	348,277	5,621	2,896	356,794
Telephone and communications	5,456	2,182	1,455	9,093
Depreciation	32,281	-	-	32,281
Taxes and licenses	1,786	714	476	2,976
Stipends	-	565	-	565
Conventions	-	3,615	3,615	7,230
Meetings/dues	-	1,531	788	2,319
Occupancy	-	2,330	1,201	3,531
Printing	-	1,152	-	1,152
Office supplies	-	10,691	5,507	16,198
Postage	2,020	808	539	3,367
Promotion	-	43,609	43,609	87,218
Automotive repairs	13,643	5,457	3,638	22,738
Moral Welfare Rejuvenation	-	2,913	-	2,913
Repairs and maintenance	-	288	-	288
Diabetes and Wellness Project	295,370	-	-	295,370
Community Health Advancement	4,910	-	-	4,910
World Diabetes Foundation	33,781	-	-	33,781
Insurance	-	1,320	680	2,000
Storage unit	14,512	3,666	1,889	20,067
Professional fees	-	6,644	975	7,619
Bank fees	11,869	-	-	11,869
Other administrative costs	-	10,781	-	10,781
	<u>\$ 4,159,174</u>	<u>\$ 173,392</u>	<u>\$ 113,605</u>	<u>\$ 4,446,171</u>
Total expenses	<u>\$ 4,159,174</u>	<u>\$ 173,392</u>	<u>\$ 113,605</u>	<u>\$ 4,446,171</u>

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

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (37,284)	\$ 73,487
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,423	32,281
Net realized and unrealized gains on investments	(3,821)	(18,320)
Gain on sale of fixed assets	(2,442)	(7,795)
Change in operating assets and liabilities:		
Grant receivable	(3,998)	(21,000)
Other receivables	(344)	(850)
Inventory	5,582	(10,665)
Accounts payable and accrued expenses	15,519	5,820
Net cash provided by operating activities	<u>3,635</u>	<u>52,958</u>
Cash flows from investing activities:		
Purchase of fixed assets	(2,738)	(7,161)
Proceeds from sale of fixed assets	9,000	7,795
Net cash provided by investing activities	<u>6,262</u>	<u>634</u>
Cash flows from financing activities:		
Repayment of related party loan	-	(20,000)
Change in cash, cash equivalents, and restricted cash	9,897	33,592
Cash, cash equivalents, and restricted cash, beginning of year	<u>161,337</u>	<u>127,745</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 171,234</u>	<u>\$ 161,337</u>
Ending cash includes the following accounts:		
Cash and cash equivalents	\$ 149,475	\$ 113,142
Restricted cash:		
Gift annuities	258	258
Donor restricted funding	21,501	47,937
	<u>\$ 171,234</u>	<u>\$ 161,337</u>

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

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1: NATURE OF ORGANIZATION

Canvasback Missions, Inc. (the "Organization") was formed in 1982 as a not-for-profit organization. The Organization's primary activities are to provide medical and dental treatment; training in medical procedures and equipment; diabetes and diet awareness programs, youth ministries and diet education endeavors, primarily in the islands of Micronesia. The Organization is supported by public donations and receives grants to fund this program. The Organization's main office is located in Benicia, California.

Canvasback Wellness (RMI), Inc. ("RMI") was formed April 28, 2014 and is a not-for-profit organization. RMI's financial statements are consolidated into the Organization's financial statements because they meet the criteria for consolidation under Financial Accounting Standards Board Accounting Standards Codification Topic 958, Subtopic 810, *Not-for-Profit entities – Consolidation* (FASB ASC 958-810). FASB ASC 958-810 requires consolidation if the nonprofit organizations are related to one another by means of ownership, control and/or economic interest. The Organization exercises control through common members and appointment of members of the board of directors of RMI and has an economic interest as the sole beneficiary of the assets and resources of RMI.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Organization presents its consolidated financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, Subtopic 210 (FASB ASC 958-210), *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations;

Net assets with donor restrictions - Net assets that are subject to stipulations that will be met by actions or the passage of time.

Revenues and gains and losses on investments are reported as changes in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Donor-restricted contributions are reported as revenues which increase net assets with donor restrictions. Expirations of donor restrictions on contributions whose restrictions are met in the same reporting period have been reported as reclassifications between the applicable classes of net assets.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Functional Expenses

The costs of providing program services have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Costs specifically identified with programs or fundraising are directly allocated to those functions. All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Organization's existence, are included as management and general expenses. Expenses that benefit more than one function of the Organization are allocated among the functions based generally on the amount of time and effort spent by personnel on each function.

Revenue Recognition

In accordance with the provisions of FASB ASC Topic 958-605, *Not-for-Profit Entities – Revenue Recognition* (FASB ASC 958-605), unconditional contributions are generally recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recorded when the conditions have been met.

The Organization has adopted the provisions of FASB *Accounting Standard Update ("ASU") No. 2018-08 "Not-for-Profit Entities (Topic 958)"*. The ASU provides an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization adopted the provisions of FASB ASC Topic 606, *Revenue from Contracts with Customers* (FASB ASC 606) as revised by ASU 2014-09, which was retrospectively adopted as of December 31, 2020 with no change to support and revenue or net assets. The guidelines for recognizing and measuring revenue consist of identifying the contracted services, identifying and separating performance obligations in the contract, determining the transaction price, allocating the transaction price to the separate performance obligations, and recognizing revenue when (or as) each distinct performance obligation is satisfied.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash represents cash associated with gift annuities and donor restricted funding received to support various programs within the mission of the Organization.

The Organization has adopted the provisions of FASB ASC 230 as revised by ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. ASU 2016-18 requires that the statement of cash flows explains the total change in cash and restricted cash during the year.

Grants and Other Receivables

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management believes that all of the receivables are collectable; accordingly, no allowance for doubtful accounts has been established. Receivables are determined to be past due based on contractual terms. Grants receivable are written-off on a case-by-case basis after management has exhausted all collection efforts.

Other receivables are amounts owed from employees and are stated at the amount management expects to collect from outstanding balances. Management believes that all of the receivables are collectable; accordingly, no allowance for doubtful accounts has been established.

In-kind Donations

Contributions in-kind, when received, are recognized at fair market value. Furnishings and fixtures, labor, materials, and supplies donated from individuals and businesses totaled \$73,374 and \$3,203,371 for the years ended December 31, 2020 and 2019, respectively.

Property and Equipment

Property and equipment are stated at cost. If an expenditure results in the acquisition of any asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated using the straight-line method over the estimated useful life, which generally ranges from three to thirty-nine years.

Investments

Investments are recorded at fair market value. Changes in the carrying amounts of investments held are included in the consolidated statement of activities as unrealized gains or losses. Investment income, gains and losses are reported as changes in assets without donor restrictions unless a donor restricts their use.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is recognized as a public charity exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code sections of the California Revenue and Taxation Code, is subject to income tax. The Organization does not have any uncertain tax positions that are material to the financial statements, as management believes all of its activities are related to its tax-exempt purposes. After they are filed, the information returns remain subject to examination by the taxing authorities generally three years for federal returns and four years for state returns.

Fair Value Measurements

The Organization has implemented the provisions of FASB ASC Topic 820, Subtopic 10 (FASB ASC 820-10), which defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements.

FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Foundation determines the fair values of its assets and liabilities based on the fair value hierarchy established in FASB ASC 820-10. The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an on-going basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Foundation's own suppositions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Foundation's own data.

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

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Marketable Securities: Fair values, which are the amounts reported in the consolidated statement of financial position, are based on quoted market prices.

The Organization has adopted the provisions of FASB ASC 820 as revised by ASU 2018-13, *Fair Value Measurement* (Topic 820): Changes to the disclosure requirements for Fair Value Measurement. ASU 2018-13 modifies the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The Organization has retrospectively adopted ASU 2018-13 as of December 31, 2020 with no effect to previously reported change in net assets or net assets.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The new standard will supersede much of the existing authoritative literature for leases. Under ASU 2016-02, a lessee will be required to recognize right-to-use assets and liabilities on their statement of financial position for all leases with lease terms of more than twelve months. The amendments in the update are effective for annual reporting periods beginning after December 15, 2020. Early application is permitted. Management has not determined the impact on the financial statements.

In September 2020, the FASB modified ASC Section 958 by issuing ASU 2020-07, *Not-for-Profit* (Topic 958). The amendments in this update are designed to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profits, including additional disclosure requirements for recognized contributed services. The amendments in the update are effective for annual reporting periods beginning after June 15, 2021. Early application is permitted. Management has not determined the impact on the financial statements.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified, with no effect on net assets, to conform to the 2020 financial statement presentation.

Subsequent Events

Events and transactions have been evaluated for potential recognition and disclosure through November 30, 2021, the date that the consolidated financial statements were available to be issued.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 149,475	\$ 113,142
Cash - restricted	21,759	48,195
Investments	73,879	70,058
Grant receivable	<u>24,998</u>	<u>21,000</u>
Financial assets available to meet cash need for expenditures within one year	<u>\$ 270,111</u>	<u>\$ 252,395</u>

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4: CASH AND CASH EQUIVALENTS

The Organization maintains cash and cash equivalents in various financial institutions and investment company accounts. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There were no uninsured cash balances at December 31, 2020 and 2019.

NOTE 5: INVESTMENTS

The following is a summary of investments as of December 31, 2020 and 2019:

	<u>2020</u>		
	<u>Cost</u>	<u>Unrealized Holding Gain (Loss)</u>	<u>Fair Value at Quoted Market Price</u>
Exchange traded funds	\$ 52,883	\$ 10,498	\$ 63,381
Mutual funds	10,515	(17)	10,498
	<u>\$ 63,398</u>	<u>\$ 10,481</u>	<u>\$ 73,879</u>
	<u>2019</u>		
	<u>Cost</u>	<u>Unrealized Holding Gain (Loss)</u>	<u>Fair Value at Quoted Market Price</u>
Exchange traded funds	<u>\$ 59,514</u>	<u>\$ 10,544</u>	<u>\$ 70,058</u>

NOTE 6: FAIR VALUE MEASUREMENTS

All investments held by the Organization are in exchange traded funds and mutual funds.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets that are measured at fair value on a recurring basis as of December 31, 2020 and 2019:

	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 63,381	\$ -	\$ -	\$ 63,381
Mutual funds	10,498	-	-	10,498
	<u>\$ 73,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,879</u>
	<u>2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	<u>\$ 70,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,058</u>

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 10,000	\$ 10,000
Equipment	36,360	33,622
Automobiles	136,394	152,894
Furniture and fixtures	<u>68,982</u>	<u>68,982</u>
Total property and equipment at cost	251,736	265,498
Less accumulated depreciation	<u>(168,861)</u>	<u>(148,380)</u>
Property and equipment, net	<u>\$ 82,875</u>	<u>\$ 117,118</u>

NOTE 8: OPERATING LEASE

The Organization is on a month-to-month lease for a warehouse under an operating lease with a monthly base rent of \$1,170. Rent expense totaled \$14,782 and \$14,512 for the years ended December 31, 2020 and 2019, respectively.

The minimum future lease payments under these arrangements at December 31, 2020 are as follows:

Year Ending December 31:

2021	\$ 14,040
2022	14,040
2023	14,040
2024	14,040
2025	<u>14,040</u>
 Total	 <u>\$ 70,200</u>

NOTE 9: RELATED PARTY TRANSACTIONS

During 2018, \$20,000 was loaned to the Organization by its founders and was to be paid by October 2019. The loan was noninterest bearing and was to be used for general assistance to the Organization. The loan was repaid in October 2019.

A member of management served as the treasurer on the Board of Directors for the Noncommunicable Diseases Coalition (the "NCD Coalition") from 2019 through 2020. The NCD Coalition is an organization that helps rehabilitate and treat people with noncommunicable diseases such as diabetes and hypertension. During 2019, the Organization received \$12,158 from the NCD Coalition to purchase electronic supplies. There were no transactions with NCD Coalition during 2020.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 10: RETIREMENT BENEFITS

The Organization has a defined contribution plan available to all of its full-time employees employed 10 years or more and makes discretionary matching contributions. No matching contributions were made during 2020 and 2019.

NOTE 11: COMMITMENTS AND CONTINGENCIES

The COVID-19 outbreak throughout the world has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. The Organization expects this matter to negatively impact its operating environment; however, the related financial impact cannot be reasonably estimated at this time.

NOTE 12: LOANS

Paycheck Protection Program Loan

In April 2020, the Organization was granted a loan from West America Bank in the amount of \$43,235 under the Paycheck Protection Program ("PPP") as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The note and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its employment levels. As of December 31, 2020, the Organization had met the conditions for loan forgiveness and has applied for loan forgiveness. Subsequent to year end, the Organization received notification that the note and accrued interest had been forgiven in full.

Subsequent to year end, the Organization received a second loan from West America Bank in the amount of \$43,235 under the Paycheck Protection Program ("PPP") as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan amount has been forgiven in full during 2021.

SBA Loan

In April 2020, the Organization was granted a loan from West America Bank in the amount of \$10,000 under the Small Business Administration ("SBA") as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The note is forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its employment levels. As of December 31, 2020, the Organization had met the conditions for loan forgiveness and has applied for loan forgiveness. Subsequent to year end, the Organization received notification that the note had been forgiven in full.

SUPPLEMENTARY INFORMATION

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
December 31, 2020 (with Comparative Totals for 2019)

ASSETS

	Canvasback Missions, Inc.	Canvasback Wellness (RMI), Inc.	2020 Total	2019 Total
Current assets:				
Cash and cash equivalents	\$ 148,675	\$ 800	\$ 149,475	\$ 113,142
Cash - restricted	21,759	-	21,759	48,195
Investments	73,879	-	73,879	70,058
Grant receivable	-	24,998	24,998	21,000
In-kind for sale inventory	10,083	-	10,083	15,665
Total current assets	254,396	25,798	280,194	268,060
Other receivables	4,744	-	4,744	4,400
Property and equipment, net	55,420	27,455	82,875	117,118
Total assets	<u>\$ 314,560</u>	<u>\$ 53,253</u>	<u>\$ 367,813</u>	<u>\$ 389,578</u>

LIABILITIES AND NET ASSETS

Current liabilities:				
Accounts payable and accrued expenses	\$ 13,592	\$ 17,203	\$ 30,795	\$ 15,276
Total liabilities	13,592	17,203	30,795	15,276
Net assets:				
Without donor restrictions	300,968	36,050	337,018	374,302
Total net assets	300,968	36,050	337,018	374,302
Total liabilities and net assets	<u>\$ 314,560</u>	<u>\$ 53,253</u>	<u>\$ 367,813</u>	<u>\$ 389,578</u>

See independent auditor's report.

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2020 (With Comparative Totals for the Year Ended December 31, 2019)

	Canvasback Missions, Inc.			Canvasback Wellness (RMI), Inc.			2020 Total	2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Support and revenue:								
Donations direct	\$ 385,671	\$ -	\$ 385,671	\$ -	\$ -	\$ -	\$ 385,671	\$ 548,577
In-kind donations	73,374	-	73,374	-	-	-	73,374	3,203,371
Grants	20,999	326,913	347,912	49,996	-	49,996	397,908	528,259
World Diabetes Foundation grant	-	-	-	-	-	-	-	63,000
Diabetes Wellness Meals program	-	119,422	119,422	-	-	-	119,422	150,327
Interest/dividend income	4,061	-	4,061	-	-	-	4,061	4,207
Unrealized gain (loss) on investments	(230)	-	(230)	-	-	-	(230)	14,122
Gain on sale of assets	2,442	-	2,442	-	-	-	2,442	7,795
COVID Relief Funds	53,235	-	53,235	-	-	-	53,235	-
Other income	8,005	-	8,005	-	-	-	8,005	-
Net assets released from restrictions	446,335	(446,335)	-	-	-	-	-	-
Total support and revenue	993,892	-	993,892	49,996	-	49,996	1,043,888	4,519,658
Expenses:								
Program services	810,309	-	810,309	52,987	-	52,987	863,296	4,159,174
General and administrative	161,004	-	161,004	2,600	-	2,600	163,604	173,392
Fundraising	54,272	-	54,272	-	-	-	54,272	113,605
Total expenses	1,025,585	-	1,025,585	55,587	-	55,587	1,081,172	4,446,171
Change in net assets	(31,693)	-	(31,693)	(5,591)	-	(5,591)	(37,284)	73,487
Net assets, beginning of year	332,661	-	332,661	41,641	-	41,641	374,302	300,815
Net assets, end of year	\$ 300,968	\$ -	\$ 300,968	\$ 36,050	\$ -	\$ 36,050	\$ 337,018	\$ 374,302

See independent auditor's report.

CANVASBACK MISSIONS, INC. AND AFFILIATE

CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020 (With Comparative Totals for the Year Ended December 31, 2019)

	Program Services			General and Administrative			Fundraising			2020 Total	2019 Total
	Canvasback Missions, Inc.	Canvasback Wellness (RMI), Inc.	Total	Canvasback Missions, Inc.	Canvasback Wellness (RMI), Inc.	Total	Canvasback Missions, Inc.	Canvasback Wellness (RMI), Inc.	Total		
Payroll	\$ 116,951	\$ -	\$ 116,951	\$ 70,613	\$ -	\$ 70,613	\$ 33,100	\$ -	\$ 33,100	\$ 220,664	\$ 232,226
Payroll taxes	9,569	-	9,569	5,778	-	5,778	2,708	-	2,708	18,055	19,257
Employee benefits	17,245	-	17,245	10,412	-	10,412	4,881	-	4,881	32,538	38,122
Medical supplies	57,571	-	57,571	-	-	-	-	-	-	57,571	3,221,506
Travel/lodging	111,456	-	111,456	363	-	363	179	-	179	111,998	356,794
Telephone and communications	5,005	-	5,005	3,022	-	3,022	1,416	-	1,416	9,443	9,093
Depreciation	19,423	11,000	30,423	-	-	-	-	-	-	30,423	32,281
Taxes and licenses	1,798	-	1,798	1,085	-	1,085	509	-	509	3,392	2,976
Stipends	100	-	100	-	-	-	-	-	-	100	565
Conventions	-	-	-	163	-	163	-	-	-	163	7,230
Meetings/dues	-	-	-	2,732	-	2,732	1,346	-	1,346	4,078	2,319
Occupancy	-	-	-	3,537	-	3,537	1,743	-	1,743	5,280	3,531
Printing	-	-	-	239	-	239	117	-	117	356	1,152
Office supplies	-	-	-	3,608	2,600	6,208	4,356	-	4,356	10,564	16,198
Postage	1,329	-	1,329	802	-	802	376	-	376	2,507	3,367
Promotion	-	-	-	40,420	-	40,420	-	-	-	40,420	87,218
Automotive repairs	9,978	-	9,978	6,010	-	6,010	2,817	-	2,817	18,805	22,738
Moral Welfare Rejuvenation	-	-	-	1,487	-	1,487	-	-	-	1,487	2,913
Repairs and maintenance	-	-	-	740	-	740	223	-	223	963	288
Diabetes and Wellness Project	408,156	-	408,156	-	-	-	-	-	-	408,156	295,370
Wellness facility	-	41,487	41,487	-	-	-	-	-	-	41,487	-
Community Health Advancement	-	461	461	-	-	-	-	-	-	461	4,910
World Diabetes Foundation	26,984	-	26,984	-	-	-	-	-	-	26,984	33,781
Insurance	2,475	-	2,475	2,475	-	2,475	-	-	-	4,950	2,000
Storage unit	14,782	-	14,782	-	-	-	-	-	-	14,782	20,067
Professional fees	-	-	-	6,500	-	6,500	-	-	-	6,500	7,619
Bank fees	7,487	39	7,526	-	-	-	-	-	-	7,526	11,869
Other administrative costs	-	-	-	1,018	-	1,018	501	-	501	1,519	10,781
Total expenses	\$ 810,309	\$ 52,987	\$ 863,296	\$ 161,004	\$ 2,600	\$ 163,604	\$ 54,272	\$ -	\$ 54,272	\$ 1,081,172	\$ 4,446,171

See independent auditor's report.