

CANVASBACK MISSIONS, INC. AND AFFILIATE
Consolidated Audited Financial Statements
December 31, 2021 and 2020

**CANVASBACK MISSIONS, INC. AND AFFILIATE
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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Canvasback Missions, Inc. and Affiliate

Opinion

We have audited the accompanying financial statements of Canvasback Missions, Inc. and Affiliate (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, 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 Canvasback Missions, Inc. and Affiliate 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Canvasback Missions, Inc. and Affiliate 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 Canvasback Missions, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Canvasback Missions, Inc. and Affiliate'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 Canvasback Missions, Inc. and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

The Walls Group PC

The Walls Group, PC
Chattanooga, Tennessee
January 31, 2024

CANVASBACK MISSIONS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

		Restated
ASSETS	2021	2020
	2021	2020
Current assets:		
Cash and cash equivalents	\$ 173,783	\$ 149,475
Cash - restricted	63,359	21,759
Investments	89,474	73,879
Grant receivable	-	24,998
Employer retention credit	117,268	-
Interest receivable	4,882	-
In-kind for sale inventory	5,840	10,083
	454,605	280,194
 Total current assets	 454,605	 280,194
Other receivables	12,728	4,744
Property and equipment, net	63,428	82,875
	63,428	82,875
 Total assets	\$ 530,761	\$ 367,813
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 40,788	\$ 30,795
	40,788	30,795
 Total Liabilities	 40,788	 30,795
Net assets:		
With donor restrictions	63,359	4,561
Without donor restrictions	426,614	332,457
	426,614	332,457
 Total net assets	489,973	337,018
 Total liabilities and net assets	\$ 530,761	\$ 367,813

See accompanying notes and independent accountants' audit report.

CANVASBACK MISSIONS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2021 and 2020

	Year Ended December 31, 2021			Restated Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Total
	Support and revenue:					
Donations direct	\$ 385,204	\$ -	\$ 385,204	\$ 385,671	\$ -	\$ 385,671
In-kind donations	49,591	-	49,591	73,374	-	73,374
Grants	115,382	251,757	367,139	70,995	326,913	397,908
Diabetes Wellness Meals program	-	143,357	143,357	-	119,422	119,422
Interest/dividend income	9,085	-	9,085	4,061	-	4,061
Unrealized gain (loss) on investments	11,411	-	11,411	(230)	-	(230)
Gain on sale of assets	28,628	-	28,628	2,442	-	2,442
COVID Relief Funds	43,236	-	43,236	53,235	-	53,235
Employer Retention Credit	117,268	-	117,268	-	-	-
Other income	-	-	-	8,005	-	8,005
Net assets released from restrictions	336,316	(336,316)	-	455,748	(455,748)	-
Total support and revenue	1,096,121	58,798	1,154,919	1,053,301	(9,413)	1,043,888
Expenses:						
Program services	776,915	-	776,915	863,296	-	863,296
General and administrative	137,544	-	137,544	163,604	-	163,604
Fundraising	87,505	-	87,505	54,272	-	54,272
Total expenses	1,001,964	-	1,001,964	1,081,172	-	1,081,172
Change in net assets	94,157	58,798	152,955	(27,871)	(9,413)	(37,284)
Net assets, beginning of year	332,457	4,561	337,018	360,328	13,974	374,302
Net assets, end of year	<u>\$ 426,614</u>	<u>\$ 63,359</u>	<u>\$ 489,973</u>	<u>\$ 332,457</u>	<u>\$ 4,561</u>	<u>\$ 337,018</u>

See accompanying notes and independent accountants' audit report.

CANVASBACK MISSIONS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	2021 Total
Salaries	\$ 148,369	\$ 63,239	\$ 31,620	\$ 243,228
Employee benefits	20,982	8,943	4,472	34,397
Payroll taxes	11,560	4,927	2,464	18,951
Professional fees	2,400	2,370	-	4,770
Medical Supplies	22,308	-	-	22,308
Travel & lodging	8,124	732	212	9,068
Storage unit rental	14,153	-	-	14,153
Automotive repairs	1,034	11,875	5,849	18,758
Moral Welfare Rejuvenation	2,294	978	489	3,760
Membership dues	390	4,873	-	5,263
Postage	838	1,316	648	2,802
Other expenses	1,228	-	-	1,228
Depreciation	30,777	-	-	30,777
Promotion	-	7,778	24,502	32,280
Telephone and communications	-	6,602	3,252	9,854
Occupancy	-	5,147	1,727	6,874
Office Supplies	-	5,109	2,516	7,625
Bank fees and finance charges	-	-	6,685	6,685
Online support/program subscriptions	-	3,974	1,957	5,932
Insurance office	-	5,806	-	5,806
Taxes and licenses	-	2,056	1,013	3,068
Repairs and maintenance	-	1,618	-	1,618
Printing	-	201	99	300
Diabetes Wellness Center	512,458	-	-	512,458
Total expenses	<u>\$ 776,915</u>	<u>\$ 137,544</u>	<u>\$ 87,505</u>	<u>\$ 1,001,964</u>

CANVASBACK MISSIONS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising	2020	Total
Salaries	\$ 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
Total expenses	\$ 863,296	\$ 163,604	\$ 54,272	\$	1,081,172

CANVASBACK MISSIONS, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 152,955	\$ (37,284)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,777	30,423
Net realized and unrealized gains on investments	(15,595)	(3,821)
Gain on sale of fixed assets	-	(2,442)
Bad debt expense	-	-
Decrease in grant receivable	24,998	(3,998)
Increase on employer retention credit receivable (IRS)	(117,268)	-
Increase on Interest receivable	(4,882)	-
Increase on other receivables	(7,984)	(344)
Decrease on In-kind inventory for sale	4,243	5,582
Increase in accounts payable and accrued expenses	9,993	15,519
Net cash provided by operating activities	77,238	3,635
Cash flows from investing activities:		
Purchase of fixed assets	(11,330)	(2,738)
Proceeds from sale of fixed assets	-	9,000
Net cash provided by investing activities	(11,330)	6,262
Change in cash, cash equivalents, and restricted cash	65,908	9,897
Cash, cash equivalents, and restricted cash, beginning of year	171,234	161,337
Cash, cash equivalents, and restricted cash, end of year	\$ 237,142	\$ 171,234
Ending cash includes the following accounts:		
Cash and cash equivalents	173,783	149,475
Restricted cash:		
Donor restricted funding	63,359	4,561
	\$ 237,142	\$ 154,036

See accompanying notes and independent accountants' audit report.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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 explain 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 the receivables are collectable; accordingly, no allowance for doubtful accounts has been established. Receivables are determined to be past due based on contractual terms. Grant receivables 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 \$49,591 and \$73,374 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020

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, 2021 and 2020

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 January 31, 2024, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 170,694	\$ 149,475
Cash - restricted	66,448	21,759
Investments	89,474	73,879
Grant receivable	<u>122,150</u>	<u>24,998</u>
Financial assets available to meet cash need for expenditures within one year	<u>\$ 448,766</u>	<u>\$ 270,111</u>

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

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, 2021 and 2020.

NOTE 5: INVESTMENTS

The following is a summary of investments as of December 31, 2021 and 2020

	2021		
	Cost	Unrealized Holding Gain (Loss)	Fair Value at Quoted Market Price
Exchange traded funds	\$ 52,270	\$ 18,980	\$ 71,250
Mutual Funds	10,597	2,965	13,562
Cash and Equivalents	4,662	0	4,662
	<u>\$ 62,867</u>	<u>\$ 21,945</u>	<u>\$ 89,474</u>
	2020		
	Cost	Unrealized Holding Gain (Loss)	Fair Value at Quoted Market Price
Exchange traded funds	\$ 52,203	\$ 10,498	\$ 62,701
Mutual Funds	10,515	(17)	10,498
Cash and Equivalents	680	-	680
	<u>\$ 63,398</u>	<u>\$ 10,481</u>	<u>\$ 73,879</u>

CANVASBACK MISSIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

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, 2021 and 2020:

	2021			Total
	Level 1	Level 2	Level 3	
Exchange Traded Funds	\$ 71,250	\$ -	\$ -	\$ 71,250
Mutual Funds	13,562	-	-	13,562
Total	\$ 84,812	\$ -	\$ -	\$ 84,812

	2020			Total
	Level 1	Level 2	Level 3	
Exchange Traded Funds	\$ 63,381	\$ -	\$ -	\$ 63,381
Mutual Funds	10,498	-	-	10,498
Total	\$ 73,879	\$ -	\$ -	\$ 73,879

CANVASBACK MISSIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 7: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>	<u>Useful Life</u>
Land	\$ 10,000	\$ 10,000	
Equipment		36,360	5-10 years
Automobiles		136,394	5-7 years
Furniture and Fixtures		68,982	3-7 years
		<u>251,736</u>	
Total Property and Equipment	10,000	251,736	
Less Accumulated Depreciaton		<u>(168,861)</u>	
Property and Equipment, net	<u>\$ 10,000</u>	<u>\$ 82,875</u>	

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Subject to expenditure for specified purpose:		
For the Implementation of the Global Climate Change Alliance	\$ 58,543	\$ 67
Pacific Islander Diabete Prevention Program	<u>4,816</u>	<u>4,494</u>
Total Net Assets with Donor Restrictions	<u>\$ 63,359</u>	<u>\$ 4,561</u>

NOTE 9: 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 \$14,152 and \$14,782 for the years ended December 31, 2021 and 2020, respectively.

NOTE 10: RELATED PARTY TRANSACTIONS

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.. There were no transactions with NCD Coalition during 2020.

CANVASBACK MISSIONS, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 11: 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 2021 or 2020.

NOTE 12: 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 13: 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.

CANVASBACK MISSIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

SUPPLEMENTARY INFORMATION

CANVASBACK MISSIONS, INC. AND AFFILIATE
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
December 31, 2021 (with Comparative Totals for 2020)

	ASSETS			<u>Restated</u>
	Canvasback Missions, Inc.	Canvasback Wellness (RMI), Inc.	2021 Total	2020 Total
Current assets:				
Cash and cash equivalents	\$ 172,816	\$ 967	\$ 173,783	\$ 149,475
Cash - restricted	63,359	-	63,359	21,759
Investments	89,474	-	89,474	73,879
Grant receivable	-	-	-	24,998
Employer retention credit	117,268	-	117,268	-
Interest receivable	4,882	-	4,882	-
In-kind for sale inventory	5,840	-	5,840	10,083
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	453,638	967	454,605	280,194
Other receivables:	12,728	-	12,728	4,744
Property and equipment, net	46,973	16,455	63,428	82,875
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 513,339</u>	<u>\$ 17,422</u>	<u>\$ 530,761</u>	<u>\$ 367,813</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	\$ 40,778	\$ 10	\$ 40,788	\$ 30,795
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	40,778	10	40,788	30,795
Net assets:				
With donor restrictions	63,359	-	63,359	4,561
Without donor restrictions	409,202	17,412	426,614	332,457
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	472,561	17,412	489,973	337,018
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 513,339</u>	<u>\$ 17,422</u>	<u>\$ 530,761</u>	<u>\$ 367,813</u>

See accompanying notes and independent accountants' audit report.

CANVASBACK MISSIONS, INC. AND AFFILIATE
CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2021 (With Comparative Totals for the Year Ended December 31, 2020)

	Canvasback Missions, Inc.			Canvasback Wellness (RMI), Inc.			2021 Total	2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
	Support and revenue:							
Donations direct	\$ 385,204	\$ -	\$ 385,204	\$ -	\$ -	\$ -	\$ 385,204	\$ 385,671
In-kind donations	49,591	-	49,591	-	-	-	49,591	73,374
Grants	115,382	251,757	367,139	-	-	-	367,139	70,995
Diabetes Wellness Meals program	-	143,357	143,357	-	-	-	143,357	
Interest/dividend income	9,085	-	9,085	-	-	-	9,085	4,061
Unrealized gai (loss) on investment	11,411	-	11,411	-	-	-	11,411	(230)
Gain on sale of assets	28,628	-	28,628	-	-	-	28,628	2,442
COVID Relief Funds	43,236	-	43,236	-	-	-	43,236	53,235
Employer Retention Credit	117,268	-	117,268	-	-	-	117,268	-
Other income	-	-	-	-	-	-	-	8,005
Net assets released from restrictio	336,316	(336,316)	-	-	-	-	-	446,335
Total support and revenue	1,096,121	58,798	1,154,919	-	-	-	1,154,919	1,043,888
Expenses:								
Program services	758,303	-	758,303	18,612	-	18,612	776,915	863,296
General and administrative	137,544	-	137,544	-	-	-	137,544	163,604
Fundraising	87,479	-	87,479	26	-	26	87,505	54,272
Total expenses	983,326	-	983,326	18,638	-	18,638	1,001,964	1,081,172
Change in net assets	112,795	58,798	171,593	(18,638)	-	(18,638)	152,955	(37,284)
Net assets, beginning of year	296,407	4,561	300,968	36,050	-	36,050	337,018	374,302
Net assets, end of year	<u>\$ 409,202</u>	<u>\$ 63,359</u>	<u>\$ 472,561</u>	<u>\$ 17,412</u>	<u>\$ -</u>	<u>\$ 17,412</u>	<u>\$ 489,973</u>	<u>\$ 337,018</u>

CANVASBACK MISSIONS, INC. AND AFFILIATE
CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021 (With Comparative Totals for the Year Ended December 31, 2020)

	Program Services			General and Administrative			Fundraising			2021 Total	2020 Total
	Canvasback		Total	Canvasback		Total	Canvasback		Total		
	Canvasback Missions, Inc.	Wellness (RMI), Inc.		Canvasback Missions, Inc.	Wellness (RMI), Inc.		Canvasback Missions, Inc.	Wellness (RMI), Inc.			
Salaries	\$ 148,369	\$ -	\$ 148,369	\$ 63,239	\$ -	\$ 63,239	\$ 31,620	\$ -	\$ 31,620	\$ 243,228	\$ 220,664
Employee benefits	20,982	-	20,982	8,943	-	8,943	4,472	-	4,472	34,397	32,538
Payroll Taxes	11,560	-	11,560	4,927	-	4,927	2,464	-	2,464	18,951	18,055
Professional fees	2,400	-	2,400	2,370	-	2,370	-	-	-	4,770	6,500
Medical supplies	22,308	-	22,308	-	-	-	-	-	-	22,308	57,571
Travel & lodging	8,124	-	8,124	732	-	732	212	-	212	9,068	111,998
Storage unit	14,153	-	14,153	-	-	-	-	-	-	14,153	14,782
Automotive repairs	1,034	-	1,034	11,875	-	11,875	5,849	-	5,849	18,758	18,805
Moral Welfare Rejuvenation	2,294	-	2,294	978	-	978	489	-	489	3,760	1,487
Membership dues	390	-	390	4,873	-	4,873	-	-	-	5,263	4,078
Postage	838	-	838	1,316	-	1,316	648	-	648	2,802	2,507
Other expenses	1,228	-	1,228	-	-	-	-	-	-	1,228	2,243
Depreciation	19,777	11,000	30,777	-	-	-	-	-	-	30,777	30,423
Promotion	-	-	-	7,778	-	7,778	24,502	-	24,502	32,280	40,420
Telephone and communications	-	-	-	6,602	-	6,602	3,252	-	3,252	9,854	9,443
Occupancy	-	-	-	5,147	-	5,147	1,727	-	1,727	6,874	5,280
Office supplies	-	-	-	5,109	-	5,109	2,516	-	2,516	7,625	10,564
Bank fees and finance charges	-	-	-	-	-	-	6,659	26	6,685	6,685	7,526
Online support & program subscription	-	-	-	3,974	-	3,974	1,957	-	1,957	5,932	-
Insurance	-	-	-	5,806	-	5,806	-	-	-	5,806	4,950
Taxes and licenses	-	-	-	2,056	-	2,056	1,013	-	1,013	3,068	3,392
Repairs and maintenance	-	-	-	1,618	-	1,618	-	-	-	1,618	963
World Diabetes Foundation	-	-	-	-	-	-	-	-	-	-	26,984
Printing	-	-	-	201	-	201	99	-	99	300	356
Diabetes Wellness Center	504,845	7,612	512,458	-	-	-	-	-	-	512,458	449,643
Total expenses	\$ 758,303	\$ 18,612	\$ 776,915	\$ 137,544	\$ -	\$ 137,544	\$ 87,479	\$ 26	\$ 87,505	\$ 1,001,964	\$ 1,081,172