

THE GREEN CHAIR PROJECT

Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Board of Directors
The Green Chair Project:

We have audited the accompanying financial statements of The Green Chair Project (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Green Chair Project as of December 31, 2019 and 2018, 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.

New Accounting Standards

As discussed in note 1, The Green Chair Project adopted the Financial Accounting Standards Board's Accounting Standards Updates ("ASU") 2014-09, *Revenue From Contracts With Customers* and 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as of and for the year ended December 31, 2019. The requirements of these ASU's have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Batchelor, Juley + Roberts, LLP

August 3, 2020

THE GREEN CHAIR PROJECT

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 502,008	881,031
Accounts receivable	100,444	8,125
Pledges receivable	40,720	97,486
Inventory	598,723	293,525
Prepaid expenses	<u>2,721</u>	<u>2,009</u>
Total current assets	1,244,616	1,282,176
Property and equipment, net	4,328,639	2,779,702
Pledges receivable, net of reserve and discount	<u>51,226</u>	<u>56,525</u>
Total assets	\$ <u>5,624,481</u>	<u>4,118,403</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	17,816	25,188
Accrued expenses	10,638	9,834
Current portion of long-term debt	<u>81,207</u>	<u>45,990</u>
Total current liabilities	109,661	81,012
Long-term debt	<u>1,450,634</u>	<u>1,456,391</u>
Total liabilities	1,560,295	1,537,403
Net assets:		
Without donor restrictions	4,008,591	1,904,882
With donor restrictions	<u>55,595</u>	<u>676,118</u>
Total net assets	<u>4,064,186</u>	<u>2,581,000</u>
Total liabilities and net assets	\$ <u>5,624,481</u>	<u>4,118,403</u>

See accompanying notes to financial statements.

THE GREEN CHAIR PROJECT

Statement of Activities

Year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Grants	\$ 139,500	-	139,500
Contributions	510,086	29,000	539,086
Program fees	976,540	-	976,540
Fundraising:			
Cash contributions	495,701	-	495,701
Non-cash contributions	275,040	-	275,040
Capital campaign -			
cash contributions	892,859	-	892,859
Non-cash contributions - other	1,904,437	-	1,904,437
Interest income	1,494	-	1,494
Other revenue	4,790	-	4,790
Net assets released from restrictions- restrictions satisfied by costs incurred and expiration of time	<u>676,118</u>	<u>(676,118)</u>	<u>-</u>
Total revenue and support	<u>5,876,565</u>	<u>(647,118)</u>	<u>5,229,447</u>
Expenses:			
Program services	3,186,319	-	3,186,319
Fundraising	303,789	-	303,789
Management and general	256,153	-	256,153
Total expenses	<u>3,746,261</u>	<u>-</u>	<u>3,746,261</u>
Change in net assets	2,130,304	(647,118)	1,483,186
Net assets, beginning of year	<u>1,904,882</u>	<u>676,118</u>	<u>2,581,000</u>
Net assets, end of year	\$ <u>4,035,186</u>	<u>29,000</u>	<u>4,064,186</u>

See accompanying notes to financial statements.

THE GREEN CHAIR PROJECT

Statement of Activities

Year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Grants	\$ 13,800	-	13,800
Contributions	474,198	-	474,198
Program fees	108,880	-	108,880
Fundraising:			
Cash contributions	414,262	-	414,262
Non-cash contributions	116,218	-	116,218
Capital campaign -			
cash contributions	380,222	301,800	682,022
Non-cash contributions - other	689,107	-	689,107
Interest income	3,127	-	3,127
Other revenue	20	-	20
Net assets released from restrictions- restrictions satisfied by costs incurred and expiration of time	<u>11,811</u>	<u>(11,811)</u>	<u>-</u>
Total revenue and support	<u>2,211,645</u>	<u>289,989</u>	<u>2,501,634</u>
Expenses:			
Program services	1,608,292	-	1,608,292
Fundraising	246,197	-	246,197
Management and general	208,234	-	208,234
Total expenses	<u>2,062,723</u>	<u>-</u>	<u>2,062,723</u>
Change in net assets	148,922	289,989	438,911
Net assets, beginning of year	<u>1,755,960</u>	<u>386,129</u>	<u>2,142,089</u>
Net assets, end of year	\$ <u>1,904,882</u>	<u>676,118</u>	<u>2,581,000</u>

See accompanying notes to financial statements.

THE GREEN CHAIR PROJECT

Statement of Functional Expenses

Year ended December 31, 2019

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
Furnishings assistance	\$ 1,833,514	-	-	1,833,514
Bedding assistance	106,319	-	-	106,319
Disaster expense	524,016	-	-	524,016
Utilities	23,999	766	766	25,531
Maintenance	16,327	521	521	17,369
Salaries expense	411,283	187,293	173,420	771,996
Retirement	2,070	-	-	2,070
Professional fees	-	-	16,595	16,595
Travel	7,919	-	-	7,919
Transportation	81,691	-	-	81,691
Software/online services	18,111	-	-	18,111
Special events	-	74,197	-	74,197
Capital campaign costs	-	36,755	-	36,755
Bank fees	-	-	15,818	15,818
Marketing	-	-	17,068	17,068
Miscellaneous	35,480	254	6,853	42,587
Telephone and internet	-	-	4,037	4,037
Office expense	-	-	17,072	17,072
Interest expense	49,947	1,594	1,594	53,135
Dues and memberships	160	-	-	160
Insurance	17,988	574	574	19,136
Depreciation and amortization	57,495	1,835	1,835	61,165
	\$ <u>3,186,319</u>	<u>303,789</u>	<u>256,153</u>	<u>3,746,261</u>

See accompanying notes to financial statements.

THE GREEN CHAIR PROJECT

Statement of Functional Expenses

Year ended December 31, 2018

	Program Services	Supporting Services		Total
		Fundraising	Management and General	
Furnishings assistance	\$ 922,715	-	-	922,715
Bedding assistance	71,075	-	-	71,075
Disaster expense	17,660	-	-	17,660
Utilities	25,097	801	801	26,699
Maintenance	23,556	752	752	25,060
Salaries expense	303,969	138,292	128,048	570,309
Retirement	3,013	-	-	3,013
Professional fees	-	-	30,093	30,093
Travel	7,759	-	-	7,759
Transportation	96,921	-	-	96,921
Software/online services	14,124	-	-	14,124
Special events	-	68,975	-	68,975
Capital campaign costs	-	33,904	-	33,904
Bank fees	-	-	14,924	14,924
Marketing	-	-	13,748	13,748
Miscellaneous	25,167	374	374	25,915
Telephone and internet	-	-	3,442	3,442
Office expense	-	-	12,953	12,953
Interest expense	45,505	1,452	1,452	48,409
Dues and memberships	121	-	-	121
Insurance	12,876	411	411	13,698
Depreciation and amortization	38,734	1,236	1,236	41,206
	\$ <u>1,608,292</u>	<u>246,197</u>	<u>208,234</u>	<u>2,062,723</u>

See accompanying notes to financial statements.

THE GREEN CHAIR PROJECT

Statements of Cash Flows

Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,483,186	438,911
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	61,165	41,206
Changes in operating assets and liabilities:		
Accounts receivable	(92,319)	4,375
Pledges receivable	62,065	34,594
Inventory	(305,198)	170,697
Prepaid expenses	(712)	(1,079)
Accounts payable	(7,372)	20,310
Accrued expenses	804	440
Net cash provided by operating activities	<u>1,201,619</u>	<u>709,454</u>
Cash flows used in investing activities - purchases of property and equipment	<u>(1,610,102)</u>	<u>(387,357)</u>
Cash flows from financing activities:		
Payments on line of credit	(320,550)	-
Payments on note payable	(45,990)	(194,573)
Proceeds from line of credit	<u>396,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>29,460</u>	<u>(194,573)</u>
Net (decrease) increase in cash and cash equivalents	(379,023)	127,524
Cash and cash equivalents, beginning of year	<u>881,031</u>	<u>753,507</u>
Cash and cash equivalents, end of year	\$ <u><u>502,008</u></u>	<u><u>881,031</u></u>
Supplemental disclosure of cash flow information:		
Interest paid during year	\$ <u>53,135</u>	<u>48,409</u>

See accompanying notes to financial statements.

THE GREEN CHAIR PROJECT

Notes to Financial Statements

December 31, 2019 and 2018

(1) Summary of Significant Accounting Policies

The Green Chair Project ("TGCP" or "Organization") is a North Carolina not-for-profit organization established and incorporated in 2010. The Organization operates from a single location in Raleigh, North Carolina. The Green Chair Project collects donated furnishings for people transitioning from homelessness, crisis, or disaster, partnering with over ninety agencies, shelters, and nonprofits to provide essential furnishings for referred clients to live sustainably in their new homes.

Basis of Accounting and Revenue Recognition

TGCP's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Donor-restricted support is reported as an increase in net assets without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions with donor-imposed restrictions that expire in the same time period as received are reported as an increase in net assets without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions.

A portion of TGCP's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when TGCP has incurred expenditures in compliance with specific grant provisions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, TGCP considers all checking, savings and money market accounts to be cash equivalents. At any given time, amounts in the accounts may exceed the \$250,000 federally insured limit.

Accounts Receivable

TGCP writes off doubtful receivables in amounts equal to the estimated collection losses that will be incurred. The allowance for doubtful accounts was \$0 for both 2019 and 2018.

Pledges Receivable

Pledges receivable are recognized when the donor makes a promise to give to TGCP that is, in substance, unconditional. Pledges to be received after one year are discounted. Management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the status of individual accounts. Any accounts deemed uncollectible are written off through this valuation allowance during the year. The allowance for doubtful pledges was \$2,074 and \$1,268 in 2019 and 2018, respectively.

THE GREEN CHAIR PROJECT

Notes to Financial Statements, Continued

December 31, 2019 and 2018

(1) Summary of Significant Accounting Policies, Continued

Property and Equipment

Purchased assets are recorded at cost. Donated items are recorded at estimated fair market value at time of receipt.

Depreciation is computed using the straight-line method over estimated useful lives of 39 years for building and improvements and 5 to 7 years for furniture and equipment.

Donated Goods Inventory

Donated goods inventory is recorded at fair value. The fair value is the estimated donation value of the donated goods inventory.

Donated Services and Goods

TGCP receives a significant amount of donated services from unpaid volunteers who assist in fund-raising, program activities, and special events. No amounts have been recognized in the statements of activities because the criteria for recognition, as defined below, have not been satisfied.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values, as provided by the donor, in the period received.

Donated goods are reflected as contributions in the accompanying statements at their estimated fair values with an offsetting charge to expense or recording of an asset (inventory or property).

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts and pledges receivable, accounts payable, amounts included in accruals, and notes payable meeting the definition of a financial instrument under U.S. GAAP approximate fair value due to their short-term nature.

For determining fair value measurements, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Management follows an established framework for measuring fair value. That framework provides a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority.

A financial asset or liability's classification is determined based on the lowest level input that is significant to the fair value measurement. Cash and cash equivalents include cash accounts and money market funds and, as such, are categorized as Level 1.

THE GREEN CHAIR PROJECT

Notes to Financial Statements, Continued

December 31, 2019 and 2018

(1) Summary of Significant Accounting Policies, Continued

Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Functional Allocation of Expenses

Management estimates the costs of providing the various programs and other activities on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenditures not directly attributable to specific programs or supporting services are allocated to programs or supporting services by management based on what is considered to be the best available objective criteria, such as hours worked or relative benefit.

Adoption of New Accounting Pronouncements

For the year ended December 31, 2019, TGCP adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09 – *Revenue From Contracts With Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The application of the provisions does not have a material effect on the amounts presented or disclosed.

Also for the year ended December 31, 2019, TGCP adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) with the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. The application of the provisions does not have a material effect on the amounts presented or disclosed.

Selected Recent Accounting Pronouncements

The FASB has issued ASU 2016-02, *Leases*, which, among other things, requires the recognition of lease assets and lease liabilities by lessees, including for those leases classified as operating leases under previous GAAP, along with the disclosure of key information about leasing arrangements. ASU 2016-02 is effective for TGCP for 2022. Management is in the process of assessing the impact of this new accounting standard.

THE GREEN CHAIR PROJECT

Notes to Financial Statements, Continued

December 31, 2019 and 2018

(2) Property and Equipment

TGCP's property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 49,800	17,352
Computers	6,016	6,016
Vehicles	38,386	-
Building	1,506,566	1,506,566
Building improvements	1,919,491	380,222
Land	<u>964,000</u>	<u>964,000</u>
	4,484,259	2,874,156
Less accumulated depreciation and amortization	<u>(155,620)</u>	<u>(94,454)</u>
Property and equipment, net	\$ <u>4,328,639</u>	<u>2,779,702</u>

(3) Concentration of Credit Risk

Cash and cash equivalents consist of accounts held with two North Carolina banks. As of December 31, 2019 and 2018, the amount held in the bank accounts exceeded the federally insured limit of \$250,000 by \$10,722 and \$380,392, respectively.

(4) Income Taxes

TGCP is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state statutes. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code, and contributions to TGCP are tax deductible by donors.

(5) Donated Services and Goods

The fair market value of contributed goods and services is reported as non-cash contributions revenue and as expense (or property and equipment) in the period received as follows:

	<u>2019</u>	<u>2018</u>
Program inventory	\$ 1,904,437	689,107
Fundraising	<u>275,040</u>	<u>116,218</u>
Total non-cash contributions	\$ <u>2,179,477</u>	<u>805,325</u>

(6) Capital Campaign and Building Acquisition

In 2016, TGCP was approached by their landlord to negotiate terms for the acquisition of their leased facility on Capital Boulevard in Raleigh, North Carolina. The facility had been leased and occupied by TGCP since 2011. After a long due diligence period, and with the generosity of the seller and a large individual cash donation, TGCP decided to initiate a capital campaign to acquire the facility.

THE GREEN CHAIR PROJECT

Notes to Financial Statements, Continued

December 31, 2019 and 2018

(6) Capital Campaign and Building Acquisition, Continued

On October 21, 2016, the land and building were acquired by TGCP at a bargain sales price significantly below market value. The difference between fair market value and the selling price was recognized as an in-kind contribution to TGCP.

TGCP borrowed \$1,600,000 from a financial institution and \$150,000 from one of the sellers of the building. The \$150,000 note payable was paid in full on January 31, 2018. In September, 2019, TGCP obtained a \$500,000 line of credit from a financial institution which was paid off in June, 2020, with funds from the capital campaign. It is currently modifying its commercial loan for an extended term now that the renovation project has been completed. See Note 7.

TGCP completed its building renovation and concluded its capital campaign on December 31, 2019, having exceeded its \$3,000,000 goal. A total of \$3,200,000 was raised to purchase and renovate its building to increase efficiencies and enable it to serve additional families and individuals. Residual multi-year pledge payments will continue through 2023.

(7) Notes Payable

Notes payable consist of the following:

	<u>2019</u>	<u>2018</u>
Note payable to a financial institution, secured by a building on Capital Boulevard, with monthly payments of \$7,700 including interest at 3.09% beginning November 21, 2016, and maturing on October 21, 2023.	\$ 1,456,391	1,502,381
Line of credit of \$500,000 payable to a financial institution, secured by a building on Capital Boulevard, with monthly payments of \$3,002 including interest at 3.85%, beginning October 9, 2019. Balance due on November 9, 2023. Paid in full June 30, 2020.	<u>75,450</u>	<u>-</u>
	1,531,841	1,502,381
Less current portion	<u>(81,207)</u>	<u>(45,990)</u>
	<u>\$ 1,450,634</u>	<u>1,456,391</u>

THE GREEN CHAIR PROJECT

Notes to Financial Statements, Continued

December 31, 2019 and 2018

(7) Notes Payable, Continued

Repayments required by loan agreements are as follows:

<u>Years ending December 31,</u>		
2020	\$	81,207
2021		83,990
2022		57,044
2023		<u>1,309,600</u>
	\$	<u>1,531,841</u>

(8) Information Regarding Liquidity and Availability of Resources

TGCP regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, TGCP considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

TGCP's financial assets as of December 31, 2019 consist of cash and accounts and pledges receivable, resulting in net financial assets of \$653,678, all of which are available to meet general expenditures within one year of the financial statement date.

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 502,008	881,031
Accounts receivable	100,444	8,125
Pledges receivable	91,946	154,011
less amounts due in > 1 year	<u>(51,226)</u>	<u>(56,525)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>643,172</u>	<u>986,642</u>

In addition to financial assets available to meet general expenditures over the next 12 months, TGCP operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

(9) Net Assets

Net assets with donor restrictions reported in the statements of financial position as of December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose - Capital projects and reserves	\$ <u>55,595</u>	<u>676,118</u>

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Notes to Financial Statements, Continued

December 31, 2019 and 2018

(9) Net Assets, Continued

Net assets were released from donor restrictions by incurring expenses satisfying the following purpose restrictions specified by donors:

	<u>2019</u>	<u>2018</u>
Programs and services	\$ <u>676,118</u>	<u>11,811</u>

(10) Pledges Receivable

As of December 31, donors to TGCP have made promises to give consisting of the following:

	<u>2019</u>	<u>2018</u>
Unconditional promises - restricted to Capital Campaign:		
Due in less than one year	\$ 40,720	97,486
Due in one to five years	<u>56,930</u>	<u>63,425</u>
Gross promises to give	97,650	160,911
Less allowance for doubtful pledges	(2,074)	(1,268)
Less unamortized discount at 3.5%	<u>(3,630)</u>	<u>(5,632)</u>
Net promises to give	\$ <u>91,946</u>	<u>154,011</u>

(11) Retirement Plan

During 2018, TGCP adopted a retirement plan qualified under Section 401(k) of the Internal Revenue Code. All full-time and part-time permanent employees who are at least 21 years old and have completed 90 days of employment are eligible to participate. Participants are allowed to make voluntary contributions up to the maximum percentage allowable, not to exceed the limit presented by the IRC. TGCP may make matching contribution determined annually by the Board of Directors. Participants do not vest with respect to TGCP's contributions during the first year of service, and vest 20%, 40%, 60%, 80% and 100% through the next five years of service, respectively. Employer contributions to the 401(k) Plan for 2019 and 2018 totaled \$2,070 and \$3,013, respectively.

(12) Subsequent Events

The date to which events occurring after December 31, 2019, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is August 3, 2020, the date the financial statements were available to be issued.

In March, 2020, the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic. The extent of COVID-19's effect on TGCP's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on TGCP's operations. However, the pandemic could have a material adverse effect on TGCP's results of operations, financial condition and cash flows.

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Notes to Financial Statements, Continued

December 31, 2019 and 2018

(12) Subsequent Events, Continued

In April 2020, TGCP received approval for a loan from the Small Business Administration under the Paycheck Protection Program, which authorizes forgivable loans to small businesses to pay their employees during the COVID-19 crisis. This loan, in the amount of \$134,000, will be forgiven as long as the loan proceeds are used to cover payroll and certain other allowed costs over the 24-week period after the loan is made and certain other conditions are met.

TGCP also received an EIDL grant of \$10,000 in April, 2020, as well as an EIDL loan in the amount of \$149,900 in June, 2020. Payments on the loan are deferred for one year at an interest rate of 3.75% for a loan term of 30 years.

(13) Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation. These reclassifications had no impact on changes in net assets or net assets as previously reported.