

PRIESTS FOR LIFE, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Priests for Life, Inc.
5211 S Washington Avenue
Titusville, FL 32780

We have audited the accompanying financial statements of Priests for Life, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards 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 auditor's 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 auditor considers 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 Priests for Life, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - COVID-19

As more fully described in Note 12 to the financial statements, Priests for Life, Inc. may be negatively impacted by the outbreak of the coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on Priests for Life, Inc.'s financial condition, liquidity, and future results of operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

The Dickey-Brooks Group

Certified Public Accountants
Largo, MD 20774
May 13, 2022

PRIESTS FOR LIFE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

ASSETS

Cash		\$ 408,399
Investments (Note 3)		3,894
Accounts Receivable		
Contributions	\$ 657,929	
Pledges (Note 4)	<u>1,068,000</u>	1,725,929
Employee Loans		<u>100,942</u>
Total Current Assets		2,239,164
Property and Equipment Net (Note 5)		2,969,152
Religious Articles (Note 2)		<u>54,850</u>
Total Assets		<u>\$ 5,263,166</u>

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

PRIESTS FOR LIFE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 803,571
Loan Payable - Current Portion (Note 6)	3,803
Mortgage Payable - Current Portion (Note 7)	<u>26,568</u>
Total Current Liabilities	833,942

Long-Term Liabilities

Mortgage Payable-Net of Current Portion (Note 7)	<u>1,240,499</u>
Total Liabilities	2,074,441

Net Assets:

Without Donor Restrictions	\$ 2,120,725
With Donor Restrictions (Note 10)	<u>1,068,000</u>
Total Net Assets	<u>3,188,725</u>
Total Liabilities and Net Assets	<u>\$ 5,263,166</u>

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

PRIESTS FOR LIFE, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Support, Revenue and Gains</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Contributions and Grants	\$ 7,713,188	\$ 1,068,000	\$ 8,781,188
Investment Income (Note 3)	6,428	-	6,428
Net Assets Released from Restriction: Expiration of Time Restrictions (Note 8)	<u>1,021,000</u>	<u>(1,021,000)</u>	<u>-</u>
Total Support, Revenue and Gains	<u>8,740,616</u>	<u>47,000</u>	<u>8,787,616</u>
Expenses			
Program Services-Education	6,589,555	-	6,589,555
Management and General	1,477,479	-	1,477,479
Fundraising	<u>619,093</u>	<u>-</u>	<u>619,093</u>
Total Expenses	<u>8,686,127</u>	<u>-</u>	<u>8,686,127</u>
Change in Net Assets	54,489	47,000	101,489
Net Assets - Beginning of Year	<u>2,066,236</u>	<u>1,021,000</u>	<u>3,087,236</u>
Net Assets - End of Year	<u>\$ 2,120,725</u>	<u>\$ 1,068,000</u>	<u>\$ 3,188,725</u>

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

PRIESTS FOR LIFE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,439,719	\$ 482,240		\$ 1,921,959
Payroll Taxes	105,252	35,084		140,337
Fringe Benefits	386,001	128,667		514,669
Professional Fundraising Fees			\$ 210,000	210,000
Accounting/Auditing Fees	34,613	11,538		46,150
IT Systems	178,189	59,396		237,586
Legal Fees	164,883	54,961		219,843
International Development	213,193	71,064		284,258
Strategic Planning	111,328	37,109		148,438
Management Advisory	299,356	99,785		399,141
Grants	279,462			279,462
Office Supplies	47,644	15,881		63,526
Communications	63,283	21,094		84,378
Postage and Shipping	774,513	33,044	256,397	1,063,954
Occupancy	71,073	23,691		94,764
Interest	66,114	22,038		88,152
Maintenance and Repairs	68,914	22,971		91,885
Travel	352,638	117,546		470,185
Insurance	46,429	15,476		61,905
Advertising and Marketing	59,762	19,921		79,682
Printing and Publications	1,108,688		123,188	1,231,876
Credit Card/Bank Charges	44,121	132,363		176,484
Conferences and Meetings	56,666	12,206		68,872
Dues and Subscriptions	35,759	11,920		47,679
List Acquisition	9,836		29,509	39,345
Media Campaign	293,158			293,158
Clergy Fax/E-Mail Blasts	130,512			130,512
Depreciation and Amortization	148,446	49,482		197,928
Total Expenses	\$ 6,589,555	\$ 1,477,479	\$ 619,093	\$ 8,686,127

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

PRIESTS FOR LIFE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets		\$ 101,489
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and Amortization	\$	197,928
Net Realized and Unrealized (Gain) on Investments		598
<u>(Increase) in Assets:</u>		
Contributions Receivable		(119,636)
Pledges Receivable		(47,000)
<u>Increase in Liabilities:</u>		
Accounts Payable and Accrued Expenses		<u>61,223</u>
Total Adjustments		<u>93,113</u>
Net Cash Provided by Operating Activities		194,602

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from Sale of Donated Stock		2,525
Acquisition of Property and Equipment		(149,406)
(Increase) in Employee Loans		<u>(5,713)</u>
Net Cash (Used) by Investing Activities		(152,594)

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal Payments – Loan Payable		(5,943)
Principal Payments – Mortgage Payable		<u>(25,024)</u>
Net Cash (Used) by Financing Activities		<u>(30,967)</u>
Net Increase in Cash and Cash Equivalents		11,041

Cash and Cash Equivalents - Beginning of Year		<u>397,358</u>
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<u>CASH AND CASH EQUIVALENTS – END OF YEAR</u>		\$ <u>408,399</u>
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Supplemental Disclosures:

Interest Paid		\$ <u>88,152</u>
Taxes Paid		\$ <u>-</u>

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

PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 1 ORGANIZATION AND PURPOSE

Priests for Life, Inc. was originally formed on December 21, 1990, exclusively for charitable and education purposes, in order to end abortion in the United States. More specifically, Priests for Life, Inc. was formed to educate, support, and encourage Roman Catholic clergy in their teaching about the intrinsic value of each and every human life, and to assist them in the role of preaching about the protection of human life from abortion and euthanasia, in the context of a consistent ethic of life. Priests for Life, Inc. also functions in a spirit of ecumenical and inter-religious collaboration, willingly assisting clergy and laity of all religions in their efforts to defend human life.

Priests for Life, Inc. is supported primarily through donor contributions.

Effective October 25, 2017, Priests for Life, Inc. moved its operations from Staten Island, New York to Titusville, Florida.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

Priests for Life, Inc. prepares its financial statements in accordance with accounting principles accepted in the United States of America, which involves the application of accrual basis accounting. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation:

Priests for Life, Inc. reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Priests for Life, Inc. These net assets may be used at the discretion of Priests for Life Inc.'s Management and Board of Directors.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Priests for Life, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in the perpetuity.

PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Public Support and Revenue:

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to years in which the promises are received to discount the amounts. Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When restrictions expire (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 are released from restrictions.

Dividend and interest income on investments are recognized when earned.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles 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 contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Priests for life, Inc. considers all short-term investments purchased with a maturity of three (3) months or less to be cash equivalents.

PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments:

Investments in marketable securities with readily determinable fair values are reported at fair value based on quoted market prices for identical securities in active markets. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law.

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 at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect management's judgement about the assumptions that market participants would use in pricing the asset or liability. (See also Note 3).

Religious Articles:

Priests for Life, Inc. capitalizes acquisitions of valuable religious articles. Accessions are capitalized at cost if purchased and at appraised or fair value at date of accession if received by donation. In accordance with FASB ASC 360-958, "Recognition of Depreciation by Not-for-profit Organizations," (formerly Financial Accounting Standards (SFAS) No. 93), Priests for Life, Inc. has not recorded depreciation on its acquired religious articles.

PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property & Equipment:

Acquisitions of property and equipment in excess of \$1,000 are capitalized and recorded at cost. Donated assets are recorded at fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Donated Services:

No amounts have been reflected in the accompanying financial statements for donated services. Priests for Life, Inc. generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Priests for Life, Inc. with specific programs, campaign solicitations and various committee assignments.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Priests for Life, Inc. allocates certain expenses based on specific identification. Allocation of remaining expenses to program services, management and general and fundraising are based on activity as determined by Management.

Income Taxes:

Priests for Life, Inc. is exempt from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and, therefore, has made no provision for Federal income taxes in the accompanying financial statements. In addition, Priests for Life, Inc. qualifies for the charitable contribution deduction under Section 170(b) (1) (A) (vi) and has been determined by the Internal Revenue Service not to be "private foundation" within the meaning of Section 509(a) (1) of the Internal Revenue Code.

Priests for Life, Inc. regularly reviews and evaluates its tax positions taken in previously filed information returns with regards to issues affecting its tax-exempt status, unrelated business income and other related matters. All significant tax positions have been considered by Management. It has been determined that it is more likely than not that all tax positions previously taken would be sustained upon examination by a taxing authority.

PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Accordingly, Priests for Life, Inc. has concluded that no tax benefits or liabilities are required to be recognized in the accompanying financial statements.

Priests for Life, Inc. files Federal Form 990, "Return of Organization Exempt from Income Taxes," which is an information return and is subject to examination by the Internal Revenue Services ("IRS") generally for three (3) years after the return is filed.

As of the report date, Federal Form 990 for the years ended December 31, 2016, through 2018 are open to examination by the IRS. No returns are currently under examination by the IRS.

New Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenues from Contract with Customers*. This standard, along with its related amendments, requires Organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This update was effective for Priests for Life, Inc., beginning January 1, 2019. The adoption of this standard did not have a material effect on Priests for Life Inc.'s financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets is a contribution or exchange transaction. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of promisor's obligation to transfer assets. Priests for Life, Inc. adopted the update effective January 1, 2019.

Date of Management's Review:

Priests for Life, Inc.'s management has evaluated events and transactions for potential recognition or disclosure in the accompanying financial statements through May 13, 2022 the date these financial statements were available to be issued. (See also Note 12).

PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 3 **INVESTMENTS**

Investments are reported at fair value based upon quoted market values. On December 31, 2019, investments are comprised of:

Mutual Funds	\$ 3,015
Money Market	<u>879</u>
	<u>\$ 3,894</u>

Investment income for the year ended December 31, 2019, is comprised of:

Interest, dividends, and other investment income	\$ 5,830
Total net realized and unrealized gains (losses) on investments	<u>598</u>
	<u><u>\$ 6,428</u></u>

Generally accepted accounting principles include a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

On December 31, 2019, the fair values of investments are based on Level 1 measurements.

NOTE 4 **PLEDGES RECEIVABLE**

As of December 31, 2019, pledges receivable consists of unconditional promises to give by individual donors for the period through December 31, 2020, and total \$1,068,000.

Priests for Life, Inc. has recognized these promises as contributions with donor restrictions in the accompanying financial statements. (See also Note 8).

PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 5 **PROPERTY AND EQUIPMENT**

As of December 31, 2019, property and equipment consists of the following:

Land	\$ 234,000
Building and Improvements	2,291,458
Computer Equipment and Software	1,224,666
Furniture and Fixtures	292,003
Office Equipment	45,424
Telephone and Video Equipment	57,903
Automobiles	<u>48,748</u>
	4,194,202
Less: Accumulated Depreciation and Amortization	<u>(1,225,050)</u>
	<u>\$ 2,969,152</u>

Depreciation and amortization expense totaled \$197,928 for the year ended December 31, 2019.

NOTE 6 **LOAN PAYABLE**

Loan payable consists of a loan for the purchase of a vehicle. The loan matures in July 2020 and has a fixed interest rate of 5.84%. The loan is secured by the vehicle. Principal maturities of the loan as of December 31, 2019, are as follows:

Year ending December 31, 2020	\$ <u>3,803</u>
	3,803
Less: Current Portion	<u>(3,803)</u>
Long Term Portion	<u>\$ - 0 -</u>

Interest expense for the year ended December 31, 2019, totaled \$448.

NOTE 7 **MORTGAGE PAYABLE**

On June 29, 2016, Priests for Life, Inc. purchased the land and building (“Property”) located at 5211 South Washington Avenue, Titusville, Florida.

PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 7 **MORTGAGE PAYABLE (continued)**

Priests for Life, Inc. acquired the Property by signing a promissory note (“Note”) to the Seller in the amount of \$1,450,000.

The term of the Note is sixty (60) months from the closing date with consecutive monthly installments of principal and interest, some of which will be deferred during the initial eighteen (18) months of the loan and some of which shall be accompanied by principal curtailment payments.

Payments under the Note shall be amortized over 300 months at the rate of six percent (6%) per annum with the first payment due on August 1, 2016, and monthly thereafter until June 1, 2021 (“Maturity Date”) at which time all unpaid principal, accrued interest, cost and expenses under the terms of the Note shall be paid in full.

The Note is secured by a mortgage lien on the Property, improvements (hereafter situated in whole or in part on the Property), appurtenances and tangible property owned by Priests for Life, Inc.

Principal payments on the mortgage note are due as follows:

Year ending December 31, 2020	\$	26,568
2021		<u>1,240,499</u>
		1,267,067
Less: Current Portion		<u>(26,568)</u>
Long Term Portion	\$	<u><u>1,240,499</u></u>

Mortgage interest for the year ended December 31, 2019, totaled \$76,844.
(See also Note 12)

NOTE 8 **NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2019, Net Assets with Donor Restrictions are available for the following purpose:

Time Restrictions	\$ <u>1,068,000</u>
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PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 8 **NET ASSETS WITH DONOR RESTRICTIONS (continued)**

For the year ended December 31, 2019, net assets released from donor restrictions are as follows:

Time Restrictions Expired **\$ 1,021,000**

(See also Note 4)

NOTE 9 **EMPLOYEE BENEFIT PLAN**

Priests for Life, Inc. has a tax deferred annuity plan (“Plan”) which qualifies under Section 401(k) of the Internal Revenue Code. The Plan covers all full-time employees. Employees can make contributions to the Plan up to the maximum amount allowed under the law. In addition, Priests for Life, Inc. matches 25% of employee contributions made to the Plan. Total pension expense for the year ended December 31, 2019, was \$27,531.

NOTE 10 **RELATED PARTY TRANSACTIONS**

One (1) of the officers of the Board of Directors of Priests for Life, Inc. is also an officer of the Board of Directors of Rachel’s Vineyard Ministries and Gospel of Life Ministries, Inc.

During the year ended December 31, 2019, Priests for Life, Inc. donated \$268,076 to Rachel’s Vineyard Ministries and \$1,886 to Gospel of Life Ministries, Inc.

NOTE 11 **LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following represents Priests for Life, Inc.’s financial assets at December 31, 2019:

Financial assets at year-end:

Cash	\$ 408,399
Investments	3,894
Contributions Receivable	657,929
Pledges Receivable	1,068,000
Employee Loans Receivable	<u>100,942</u>
Total Financial Assets	\$2,239,164

PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 11 **LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)**

Less amounts not available to be used within one year -0-

**Financial assets available to meet cash needs for
general expenditures within one year** **\$ 2,239,164**

The above reflects the Priests for Life, Inc.'s financial assets as of December 31, 2019.

Since there are no restrictions on these funds, they are all available along with additional funds collected, to meet future financial needs during the next calendar year. As part of Priests for Life, Inc.'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.

NOTE 12 **SUBSEQUENT EVENTS**

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on Priests for Life, Inc.'s financial condition, liquidity, and future results of operations.

Priests for Life, Inc.'s operations are heavily dependent on private and public donations from individuals, foundations, and corporations. The outbreak may have a continued adverse impact on economic and market conditions, triggering a period of global, national, and regional economic slowdown. This situation is expected to depress donations during future calendar years. As such, this may hinder Priests for Life, Inc.'s ability to advance its mission. It may also require Priests for Life, Inc. to

PRIESTS FOR LIFE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

NOTE 12 **SUBSEQUENT EVENTS (Continued)**

consider debt restructuring. As such, Priests for Life, Inc.'s financial condition and liquidity may be negatively impacted in future calendar years.

Paycheck Protection Program ("PPP") Loan

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief and Economic Security (the "CARES Act"), which, outlines the provisions of the Paycheck Protection Program (the "PPP"). Priests for Life determined that it met the criteria to be eligible to obtain a loan under the PPP because, in light of COVID-19 outbreak and the uncertainty of related economic conditions, the loan was necessary to support Priests for Life, Inc.'s ongoing operations. On April 30, 2020, Priests for Life, Inc. was able to obtain a U.S. Small Business Administration loan in the amount of \$443,837. This amount is equal to the average of its monthly payroll costs (as defined under the PPP) for calendar 2019 multiplied by 2.5 months (approximately 10 weeks of payroll costs). Section 1106 of the CARES Act contains provisions for the forgiveness of all or a portion of a PPP loan, subject to the satisfaction of certain requirements. The amount eligible for forgiveness is, subject to certain limitations, the sum of the Organization's payroll costs, rent and utilities paid during the eight-week period beginning on the funding date of the PPP loan.

Subsequently, on June 2, 2021, Priests for Life, Inc. was notified by the SBA that the entire PPP loan proceeds of \$443,837 and accrued interest of \$4,779 had been forgiven.

Mortgage Payable

As more fully discussed in Note 7 to these financial statements, on June 29, 2016, Priests for Life, Inc. purchased the land and building (Property) located at 5211 South Washington Avenue, Titusville, Florida. Priests for Life, Inc. acquired the Property by signing a promissory note to the seller in the initial amount of \$1,450,000.

On June 29, 2021, the then unpaid principal balance of \$1,226,607 was paid to fully satisfy the promissory note.