

SOS INTERNATIONAL, INC.

**Financial Statements and
Supplementary Information**

Years Ended June 30, 2021 and 2020

SOS INTERNATIONAL, INC.

Financial Statements and Supplementary Information

Years Ended June 30, 2021 and 2020

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HENDERMAN, JESSEE & COMPANY, PLLC
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
SOS International, Inc.
Louisville, Kentucky

We have audited the accompanying financial statements of SOS International, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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.

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.

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 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 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 SOS International, Inc. as of June 30, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 19 is presented for purposes of additional analysis and is 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.

Henderson Jesse Company LLC

Louisville, Kentucky
February 1, 2022

SOS INTERNATIONAL, INC.

Statements of Financial Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 423,299	\$ 481,731
Donated supplies and equipment inventory	5,011,361	4,894,165
Prepaid expenses and other assets	8,725	8,725
Board restricted investments	637,090	561,647
Beneficial interest in foundation assets	55,664	44,348
Property and equipment, net	<u>727,132</u>	<u>755,759</u>
# Total assets	<u>\$ 6,863,271</u>	<u>\$ 6,746,375</u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 66,042	\$ 55,599
Notes payable	<u>726,729</u>	<u>745,358</u>
Total liabilities	792,771	800,957
 Net assets:		
Without donor restrictions:		
Unrestricted	5,377,746	5,339,423
Board designated for quasi-endowment	<u>637,090</u>	<u>561,647</u>
	6,014,836	5,901,070
With donor restrictions	<u>55,664</u>	<u>44,348</u>
Total net assets	<u>6,070,500</u>	<u>5,945,418</u>
 Total liabilities and net assets	 <u>\$ 6,863,271</u>	 <u>\$ 6,746,375</u>

See accompanying notes to the financial statements.

SOS INTERNATIONAL, INC.

Statements of Activities

Years Ended June 30, 2021 and 2020

	2021			2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, support and gains:						
Contributions	\$ 523,357	\$ 16,650	\$ 540,007	\$ 669,779	\$ 52,510	\$ 722,289
Donated supplies and equipment	4,410,912	--	4,410,912	4,825,853	--	4,825,853
Shipping revenue	53,288	--	53,288	46,370	--	46,370
Recycling revenue	177,496	--	177,496	266,909	--	266,909
Special events, gross	--	--	--	32,803	--	32,803
Less: cost of direct benefits	<u>--</u>	<u>--</u>	<u>--</u>	<u>(15,404)</u>	<u>--</u>	<u>(15,404)</u>
Net special events	--	--	--	17,399	--	17,399
Net investment income	75,442	--	75,442	3,192	--	3,192
Gain on beneficial interest in foundation assets	--	11,316	11,316	--	2,188	2,188
Rental and other income	339	--	339	12,075	--	12,075
Government grants	63,900	--	63,900	--	--	--
Net assets released from restrictions	<u>16,650</u>	<u>(16,650)</u>	<u>--</u>	<u>57,960</u>	<u>(57,960)</u>	<u>--</u>
Total revenues, support and gains	5,321,384	11,316	5,332,700	5,899,537	(3,262)	5,896,275
Expenses:						
Program services	5,009,866	--	5,009,866	5,784,668	--	5,784,668
Fundraising	117,203	--	117,203	110,848	--	110,848
Management and general	<u>80,549</u>	<u>--</u>	<u>80,549</u>	<u>79,221</u>	<u>--</u>	<u>79,221</u>
Total expenses	<u>5,207,618</u>	<u>--</u>	<u>5,207,618</u>	<u>5,974,737</u>	<u>--</u>	<u>5,974,737</u>
Increase (decrease) in net assets	<u>113,766</u>	<u>11,316</u>	<u>125,082</u>	<u>(75,200)</u>	<u>(3,262)</u>	<u>(78,462)</u>
Net assets, beginning of year	<u>5,901,070</u>	<u>44,348</u>	<u>5,945,418</u>	<u>5,976,270</u>	<u>47,610</u>	<u>6,023,880</u>
Net assets, end of year	<u>\$ 6,014,836</u>	<u>\$ 55,664</u>	<u>\$ 6,070,500</u>	<u>\$ 5,901,070</u>	<u>\$ 44,348</u>	<u>\$ 5,945,418</u>

See accompanying notes to the financial statements

SOS INTERNATIONAL, INC.

Statements of Functional Expenses

Years Ended June 30, 2021 and 2020

	2021				2020			
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Supplies and equipment shipped	\$ 4,298,834	\$ --	\$ --	\$ 4,298,834	\$ 5,092,277	\$ --	\$ --	\$ 5,092,277
Personnel	371,571	82,305	41,959	495,835	337,555	74,555	37,926	450,036
Shipping	88,224	--	--	88,224	61,807	--	--	61,807
Contract services	--	16,479	5,494	21,973	--	10,868	3,622	14,490
Donated services	98,200	--	--	98,200	157,258	--	--	157,258
Development and marketing	783	11,743	3,132	15,658	1,232	18,493	4,931	24,656
Depreciation	25,765	1,431	1,431	28,627	32,672	1,815	1,815	36,302
Insurance	12,776	--	1,420	14,196	11,504	--	1,277	12,781
Bio-Medical	7,682	--	--	7,682	3,597	--	--	3,597
Sponsorship	--	--	--	--	300	--	--	300
Travel	11,179	391	586	12,156	13,241	924	1,386	15,551
Office supplies	2,837	377	554	3,768	2,218	292	410	2,920
Professional fees	4,626	616	18,000	23,242	2,218	296	18,231	20,745
Office expense	9,187	1,173	3,402	13,762	7,190	1,022	2,369	10,581
Utilities	21,600	1,200	1,200	24,000	24,899	1,384	1,383	27,666
Repairs and maintenance	10,569	--	--	10,569	8,561	--	--	8,561
Licenses	880	--	293	1,173	580	--	193	773
Project expense	16,568	--	--	16,568	4,100	--	--	4,100
Interest expense	26,776	1,488	1,488	29,752	16,547	919	919	18,385
Other expense	1,809	--	1,590	3,399	6,912	280	4,759	11,951
Total expenses	<u>\$ 5,009,866</u>	<u>\$ 117,203</u>	<u>\$ 80,549</u>	<u>\$ 5,207,618</u>	<u>\$ 5,784,668</u>	<u>\$ 110,848</u>	<u>\$ 79,221</u>	<u>\$ 5,974,737</u>

See accompanying notes to the financial statements

SOS INTERNATIONAL, INC.

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 125,082	\$ (78,462)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gain) loss on investments	(64,573)	6,482
Investment income	(10,869)	(9,978)
Gain on beneficial interest in Foundation assets	(11,316)	(2,188)
Extinguishment of debt	(63,900)	--
Depreciation	28,627	36,302
Change in assets and liabilities:		
Pledges receivable	--	9,500
Inventory	(117,196)	263,155
Prepaid expenses and other assets	--	(399)
Accounts payable and accrued expenses	10,443	23,320
Net cash provided by (used in) operating activities	<u>(103,702)</u>	<u>247,732</u>
Cash flows from investing activities:		
Purchase of building, furniture and equipment	<u>--</u>	<u>(37,475)</u>
Net cash used in investing activities,	<u>--</u>	<u>(37,475)</u>
Cash flows from financing activities:		
Proceeds from note payable	63,985	213,900
Repayment on note payable	<u>(18,715)</u>	<u>(18,006)</u>
Net cash provided by financing activities	<u>45,270</u>	<u>195,894</u>
Net increase (decrease) in cash	(58,432)	406,151
Cash and cash equivalents at beginning of year	<u>481,731</u>	<u>75,580</u>
Cash and cash equivalents at end of year	<u>\$ 423,299</u>	<u>\$ 481,731</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 29,752</u>	<u>\$ 18,385</u>

See accompanying notes to the financial statements.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements

Years Ended June 30, 2021 and 2020

Note A – Summary of Significant Accounting Policies

Nature of Activities

SOS International, Inc. (“SOS”) is a non-profit organization located in Louisville, Kentucky. The company recovers and redistributes surplus medical supplies and equipment to developing countries around the world.

SOS is supported primarily through contributions, grants and investment income.

Classes of Net Assets

The financial statements report amounts by class of net assets.

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 objective of SOS. These net assets may be used at the discretion of SOS’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 SOS or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

The financial statements are prepared on the accrual basis of accounting.

Board Designated Net Assets

The board of directors of SOS has several standing board policies that affect the presentation of board designations on net assets. Bequests without donor restrictions are designated for long-term investment (quasi-endowment). The quasi-endowment fund balance totaled \$637,090 and \$561,647 at June 30, 2021 and 2020, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note A - Summary of Significant Accounting Policies, continued

Donated Supplies and Equipment Inventory

Donated supplies are weighed when they enter the warehouse and are valued at industry standard of \$16 per pound. When the inventory is sorted, they are valued as follows: (1) 75% of retail sales prices located on a publicly available website for medical supplies; and (2) 85% of used sales prices located on a publicly available website for surplus medical equipment. Items for which no comparable price can be obtained are not valued. Inventory donated by SOS to medical providers in developing countries is reported as an expense upon shipment.

Donated Assets

Donated investments are recorded as contributions at their fair values at the date of donation.

Cash and Cash Equivalents

For purposes of the statement of cash flows, SOS's cash consists of cash on deposits with banks. Cash held temporarily by a custodian for investment purposes is included in investments and is not considered to be cash equivalents.

Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, SOS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. SOS reclassifies net assets with donor restrictions as net assets without donor restrictions at that time.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by the passage of time or by use) in the reporting period in which they are recognized.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note A - Summary of Significant Accounting Policies, continued

Pledges Receivable

Contributions are recognized when the donor makes an unconditional promise to give. Unconditional grants due within the next year are reflected as receivables and are recorded at their net realizable value. There were no pledges receivable at June 30, 2021 and 2020.

Accrued Vacation

Employees of SOS are entitled to paid vacation depending on years of employment. Accrued vacation is included in accounts payable and accrued expenses on the Statements of Financial Position. For the years ended June 30, 2021 and 2020, accrued vacation totaled \$36,693 and \$31,396, respectively.

In-kind Contributions

Contributions of surplus medical supplies and equipment received by SOS are recorded as revenue in the Statements of Activities and inventory in the Statements of Financial Position. In-kind contributions of surplus medical supplies and equipment recognized as revenue were \$4,410,912 and \$4,825,853 for the years ended June 30, 2021 and 2020, respectively.

Donated services are recognized as contributions in the accompanying financial statements because the volunteer services are an integral part of SOS's total program activities and SOS would need to purchase the services if they were not donated.

The fair value of donated services included as contributions in the financial statements and the corresponding expenses for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Medical supply sorting	\$ <u>98,200</u>	\$ <u>157,258</u>

For the years ended June 30, 2021 and 2020, the rate used was \$10 per volunteer hour donated.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note A - Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of providing program and other activities are summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among program, fundraising, and management and general expenses. The expenses that are allocated are supplies and equipment shipped, shipping, donated services, bio-medical, sponsorship, repairs and maintenance, which are allocated on the basis of full time equivalent; personnel, contract services, development and marketing, depreciation, insurance, travel, office supplies, professional fees, office expense, utilities, licenses, interest expense and other expense, which are allocated on time and effort.

Income Taxes

SOS is exempt from federal and state income taxes as other than a private foundation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended and, has no unrelated business income for the years ended June 30, 2021 and 2020. Accordingly, no provision for income taxes has been recorded.

Management is not aware of any uncertain tax positions. Accordingly, the financial statements do not include a provision for uncertain tax positions, and no related interest or penalties have been recorded.

Reclassifications

Certain items presented in the prior period have been reclassified to conform to the current year presentation.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note B - Liquidity and Availability of Funds

SOS's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ 1,116,053	\$ 1,087,726
Less those unavailable for general expenditures within one year due to:		
Beneficial interest in foundation assets	55,664	44,348
Board-restricted to maintain as endowment	<u>637,090</u>	<u>561,647</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 423,299</u>	<u>\$ 481,731</u>

As part of SOS'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. SOS invests excess cash in short-term investments, such as money market accounts. Additionally, SOS has board-designated net assets without donor restrictions that, while SOS does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

Note C - Donated Supplies and Equipment Inventory

Inventories at June 30, 2021 and 2020 consist of donated medical supplies and equipment as follows:

	<u>2021</u>	<u>2020</u>
Medical supplies	\$ 2,680,275	\$ 3,272,213
Medical equipment	<u>2,331,086</u>	<u>1,621,952</u>
	<u>\$ 5,011,361</u>	<u>\$ 4,894,165</u>

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note D - Board Designated Quasi-Endowment Fund

SOS has a quasi-endowment fund that has been restricted by its board of directors, rather than by a donor or outside agency, to be invested to provide income over a long-term but unspecified period of time. The board of directors may, upon proper board action, expend the principal of the investment fund. The fund consists of the following at June 30, 2021 and June 30, 2020.

	<u>2021</u>	<u>2020</u>
Money market fund	\$ 63,213	\$ 152,344
Mutual funds:		
Equity	263,838	195,009
Fixed income	<u>310,039</u>	<u>214,294</u>
	<u>\$ 637,090</u>	<u>\$ 561,647</u>

The board of directors has adopted investment and spending policies for the investment assets which attempt to provide a predictable stream of funding to support operations while seeking to maintain the purchasing power of the investments. Under these policies, assets are invested in a manner which is intended to maximize current income as well as stability of principal.

To satisfy its long-term rate-of-return objectives, SOS relies upon a total return strategy where investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SOS targets a diversified asset allocation which places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SOS has adopted a spending policy that is intended to balance current needs for income and reinvestment for the future. The policy generally provides for the distribution of 4.0% to 7.0% of the investment portfolio's average fair value over the prior 12 quarters through the fiscal year end preceding the fiscal year in which the distribution is planned.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note D - Board Designated Quasi-Endowment Fund, continued

Changes in board designated net assets for the periods ended June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Board designated quasi-endowment fund, beginning of year	\$ 561,647	\$ 558,150
Contributions	--	306
Distributions	--	(6,763)
Investment return:		
Interest and dividends	17,093	15,524
Net realized and unrealized gain (loss)	64,573	(6,481)
Gain on securities contribution	--	6,763
Management fees	<u>(6,223)</u>	<u>(5,852)</u>
Board designated quasi-endowment fund, end of year	<u>\$ 637,090</u>	<u>\$ 561,647</u>

Note E - Fair Value Measurements

The *fair value measurement* topic of the FASB Accounting Standards Codification clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires certain additional disclosures about the use of fair value measurements in order to provide more consistent and comparable information. SOS has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis (ASC 820-10).

Fair value measurement defines fair value as the amount that would be received from selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date (an exit price) and establishes a hierarchy that prioritizes inputs to valuation techniques that are used to measure fair value:

Level 1 - unadjusted quoted market prices in active markets for identical assets. SOS's investments in mutual funds are based upon the closing market prices on the exchange where they are traded. Money market accounts consist primarily of commercial paper and other cash management instruments.

Level 2 - other significant observable inputs (including quoted market prices for similar securities, interest rates, credit risk, etc.).

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note E - Fair Value Measurements, continued

Level 3 - significant unobservable inputs (including SOS's own assumptions in determining fair value). The fair value of beneficial interests in trust assets was determined based on pooled assets held by the trusts.

The inputs and methodology used for valuing SOS's financial assets are not necessarily indicators of the risks associated with those assets.

The following table summarizes fair value measurement information for financial assets measured at fair value on a recurring basis at June 30, 2021 and 2020:

	2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 63,213	\$ --	\$ --	\$ 63,213
Mutual funds:				
Equity	263,838	--	--	263,838
Fixed income	310,039	--	--	310,039
Beneficial interests in foundation assets	<u>--</u>	<u>--</u>	<u>55,664</u>	<u>55,664</u>
	<u>\$ 637,090</u>	<u>\$ --</u>	<u>\$ 55,664</u>	<u>\$ 692,754</u>
	2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 152,344	\$ --	\$ --	\$ 152,344
Mutual funds:				
Equity	195,009	--	--	195,009
Fixed income	214,294	--	--	214,294
Beneficial interests in foundation assets	<u>--</u>	<u>--</u>	<u>44,348</u>	<u>44,348</u>
	<u>\$ 561,647</u>	<u>\$ --</u>	<u>\$ 44,348</u>	<u>\$ 605,995</u>

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note F - Beneficial Interest in Foundation Assets

SOS established separate endowment funds with the Community Foundation of Southern Indiana and Community Foundation of Louisville during 2013, on an irrevocable basis with a one-time deposit of \$5,000 and \$25,000, respectively. Distributions from both foundations become available quarterly based upon three percent and four and one-half percent, respectively, of the funds' fair market value as determined on the prior June 30 (based upon the average of the prior twelve quarters) after fees. There were no foundation receivables, representing monies available to SOS but not yet distributed, at June 30, 2021 and 2020. The fair values, as determined by the Foundations, were as follows at June 30, 2021 and 2020:

	<u>Community Foundation of Louisville</u>	<u>Community Foundation of Southern Indiana</u>	<u>Total</u>
Balance, July 1, 2019	\$ 36,164	\$ 5,996	\$ 42,160
Distributions	--	(173)	(173)
Interest and dividends	1,313	134	1,447
Net realized and unrealized gain	1,119	154	1,273
Management fees	<u>(217)</u>	<u>(142)</u>	<u>(359)</u>
Balance, June 30, 2020	<u>\$ 38,379</u>	<u>\$ 5,969</u>	<u>\$ 44,348</u>
Interest and dividends	785	210	995
Net realized and unrealized gain	9,491	1,318	10,809
Management fees	<u>(253)</u>	<u>(235)</u>	<u>(488)</u>
Balance, June 30, 2021	<u>\$ 48,402</u>	<u>\$ 7,262</u>	<u>\$ 55,664</u>

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note G - Property and Equipment

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 225,000	\$ 225,000
Building	552,827	552,827
Equipment and vehicles	161,810	161,810
Software	<u>17,088</u>	<u>17,088</u>
	956,725	956,725
Less: accumulated depreciation and amortization	<u>229,593</u>	<u>200,966</u>
	<u>\$ 727,132</u>	<u>\$ 755,759</u>

Note H - Notes Payable

Notes payable consist of the following:

	<u>2021</u>	<u>2020</u>
1.00%, 18 month note payable to the bank in monthly installments, of \$3,596, including interest, through April 2022, unsecured	\$ --	\$ 63,900
1.00%, 50 month note payable to the bank in monthly installments, of \$1,318, including interest, beginning December 2021 through January 2026, unsecured	63,985	--
2.75%, 30 year note payable to the SBA in monthly installments, of \$641, including interest, beginning June 2021 through June 2050	150,000	150,000
4.45% , 20 year note payable to a bank in monthly installments of \$4,039, including interest, secured by real estate, through May 2025. The outstanding balance at May 2025 will be re-amortized at a rate equal to the U.S. prime rate but not less than 4.00% over the remaining 10 years	<u>512,744</u>	<u>531,458</u>
	<u>\$ 726,729</u>	<u>\$ 745,358</u>

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note H - Notes Payable, continued

Paycheck Protection Program Loan

In April 2020, SOS received a Paycheck Protection Program (“PPP”) loan under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) totaling \$63,900. SOS recorded the PPP proceeds as debt on the Statement of Financial Position for the year ended June 30, 2020. In March 2021, the Small Business Administration (“SBA”) granted forgiveness of the loan in full. The amount of forgiveness has been reported in the Statement of Activities as Extinguishment of Debt.

In January 2021, SOS received a second PPP loan under the CARES Act totaling \$63,985. The loan is unsecured. On December 22, 2021, the Organization was granted forgiveness of the loan in full.

Economic Impact Disaster Loan

In June 2020, SOS received an Economic Impact Disaster Loan (“EIDL”) under the CARES Act totaling \$150,000. This loan is secured by all tangible and intangible personal property SOS.

As of June 30, 2021, the notes payable are due as follows:

2022	\$	37,213
2023		46,215
2024		47,710
2025		49,399
2026		45,786
Thereafter		<u>500,406</u>
	\$	<u>726,729</u>

Note I - Concentration of Credit Risk

SOS maintains cash balances at a Federal Deposit Insurance Corporation institution that is in excess of insured limited. At June 30, 2021 and 2020, SOS’s uninsured cash balances were \$171,265 and \$229,605, respectively.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2021 and 2020

Note J - COVID-19

In March 2020, the World Health Organization declared the global novel coronavirus disease ("COVID-19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States.

As of the date the financial statements were available to be issued, SOS has returned to normal operations after volunteers were not allowed into the building to help sort. Management believes the effects of this reduction in operations did not materially affect SOS's financial statements.

Note K - Subsequent Events

Management has evaluated all subsequent events through February 1, 2022, which is the date the financial statements were available to be issued.

Supplementary Information

SOS INTERNATIONAL, INC.

Schedules of Activities - Before/After Donated Items and Services

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues, support and gains:		
Contributions	\$ 441,807	\$ 565,031
Shipping revenue	53,288	46,370
Recycling revenue	177,609	266,909
Special events, net	(113)	17,399
Investment income, net	75,442	3,192
Gain on beneficial interest in foundation assets	11,316	2,188
Other income	339	12,075
Government grants	<u>63,900</u>	<u>- -</u>
Total revenues, support and gains	823,588	913,164
Expenses:		
Program	612,832	535,133
Fundraising	117,203	110,848
Management and general	<u>80,549</u>	<u>79,221</u>
Total expenses	<u>810,584</u>	<u>725,202</u>
Increase in net assets - before donated items and services	13,004	187,962
Donated items and services:		
Donated supplies and equipment received	4,410,912	4,825,853
Donated supplies and equipment shipped	<u>(4,298,834)</u>	<u>(5,092,277)</u>
Total donated items and services, net	<u>112,078</u>	<u>(266,424)</u>
Increase (decrease) in net assets - after donated items and services	<u>\$ 125,082</u>	<u>\$ (78,462)</u>

See independent accountant's audit report.