



NURU INTERNATIONAL

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2020 and 2019



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NURU INTERNATIONAL
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
NURU International
Washington D.C.

We have audited the accompanying financial statements of NURU International (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses 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 Organization'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 NURU International, as of December 31, 2020 and 2019, 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.

Sikich LLP

Brookfield, Wisconsin
March 31, 2021

FINANCIAL STATEMENTS

NURU INTERNATIONAL
STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 651,487	\$ 434,917
Investments	-	4,158
Contributions receivable, current portion	768,177	417,697
Prepaid expenses	63,491	80,644
Total current assets	1,483,155	937,416
Contributions receivable, less current portion, net	292,883	662,188
Property and equipment	18,586	27,019
Less accumulated depreciation	(4,301)	(20,037)
Total fixed assets	14,285	6,982
TOTAL ASSETS	\$ 1,790,323	\$ 1,606,586
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 54,478	\$ 170,455
Accrued liabilities	67,460	93,846
Refundable grant advance	296,152	-
Notes payable - current portion	252,273	250,000
Total current liabilities	670,363	514,301
LONG TERM LIABILITIES		
Notes payable - long term portion	397,727	500,000
Total liabilities	1,068,090	1,014,301
NET ASSETS (DEFICIT)		
Without donor restrictions	(347,564)	(593,634)
With donor restrictions	1,069,797	1,185,919
Total net assets	722,233	592,285
TOTAL LIABILITIES AND NET ASSETS	\$ 1,790,323	\$ 1,606,586

See accompanying notes to the financial statements.

NURU INTERNATIONAL

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND PUBLIC SUPPORT			
Contributions	\$ 3,341,576	\$ 1,496,215	\$ 4,837,791
Net investment return	17,544	-	17,544
Miscellaneous income	2,773	-	2,773
Net assets released from restriction	1,612,337	(1,612,337)	-
	<hr/>		
Total revenues and other support	4,974,230	(116,122)	4,858,108
EXPENSES			
Program services			
International development	3,410,456	-	3,410,456
International awareness	497,296	-	497,296
Management and general	341,557	-	341,557
Fundraising	478,851	-	478,851
	<hr/>		
Total expenses	4,728,160	-	4,728,160
CHANGE IN NET ASSETS	246,070	(116,122)	129,948
NET ASSETS, BEGINNING OF YEAR	(593,634)	1,185,919	592,285
	<hr/>		
NET ASSETS, END OF YEAR	\$ (347,564)	\$ 1,069,797	\$ 722,233

See accompanying notes to the financial statements.

NURU INTERNATIONAL

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND PUBLIC SUPPORT			
Contributions	\$ 3,341,302	\$ 1,310,246	\$ 4,651,548
Net investment return	(5,194)	-	(5,194)
Miscellaneous income	3,086	-	3,086
Net assets released from restriction	2,014,203	(2,014,203)	-
	<hr/>		
Total revenues and other support	5,353,397	(703,957)	4,649,440
EXPENSES			
Program services			
International development	4,592,133	-	4,592,133
International awareness	332,746	-	332,746
Management and general	736,172	-	736,172
Fundraising	256,511	-	256,511
	<hr/>		
Total expenses	5,917,562	-	5,917,562
CHANGE IN NET ASSETS	(564,165)	(703,957)	(1,268,122)
NET ASSETS, BEGINNING OF YEAR	(29,469)	1,889,876	1,860,407
	<hr/>		
NET ASSETS, END OF YEAR	\$ (593,634)	\$ 1,185,919	\$ 592,285

See accompanying notes to the financial statements.

NURU INTERNATIONAL
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 129,948	\$(1,268,122)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	4,338	8,512
Realized gain on investments	-	(62)
Unrealized (gain) loss on investments	(17,417)	5,576
Gain on sale of property and equipment	(1,621)	(600)
(Increase) decrease in:		
Prepaid expenses	17,153	(13,473)
Contributions receivable	18,825	809,991
Increase (decrease) in:		
Accounts payable	(115,977)	49,075
Accrued liabilities	(26,386)	(27,992)
Refundable grant advance	296,152	-
Net cash from operating activities	305,015	(437,095)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(23,290)	(3,995)
Proceeds from sale of property and equipment	13,270	2,265
Noncash contributions	(187,117)	(293,583)
Proceeds from sales of investments	208,692	283,911
Net cash from investing activities	11,555	(11,402)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	150,000	750,000
Payments on note payable	(250,000)	-
Net cash from financing activities	(100,000)	750,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	216,570	301,503
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	434,917	133,414
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 651,487	\$ 434,917
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 18,658	\$ 8,011

See accompanying notes to the financial statements.

NURU INTERNATIONAL

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	Program Services			Supporting Services		
	International Development	International Awareness	Total Program Services	Management and General	Fundraising	Total
Accounting	\$ -	\$ -	\$ -	\$ 9,500	\$ -	\$ 9,500
Books, subscriptions, and references	23,207	-	23,207	1,473	3,212	27,892
Contractual services	495,718	120,000	615,718	13,465	47,419	676,602
Depreciation	2,169	-	2,169	1,183	986	4,338
Equipment rental and maintenance	1,093	-	1,093	223	612	1,928
Health insurance	95,088	-	95,088	29,386	45,872	170,346
Information technology	3,004	-	3,004	5,720	8,822	17,546
Insurance	14,130	-	14,130	9,721	6,423	30,274
Interest	-	-	-	23,250	-	23,250
Legal	-	-	-	29,656	-	29,656
Licenses and fees	1,781	-	1,781	1,321	775	3,877
Grants made	2,437,308	-	2,437,308	-	-	2,437,308
Miscellaneous	13,302	-	13,302	-	13,301	26,603
Payroll taxes	44,474	-	44,474	13,745	21,456	79,675
Postage	3,057	-	3,057	854	2,734	6,645
Printing and copying	8	-	8	78	1,863	1,949
Rent	530	-	530	700	-	1,230
Salaries	230,826	375,975	606,801	187,530	292,734	1,087,065
Supplies	1,118	-	1,118	282	337	1,737
Telecommunications	465	-	465	-	360	825
Training and development	3,704	-	3,704	3,217	1,839	8,760
Travel and meeting	39,474	1,321	40,795	10,253	30,106	81,154
TOTAL FUNCTIONAL EXPENSES	\$ 3,410,456	\$ 497,296	\$ 3,907,752	\$ 341,557	\$ 478,851	\$ 4,728,160

See accompanying notes to the financial statements.

NURU INTERNATIONAL

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	<u>Program Services</u>			<u>Supporting Services</u>		
	<u>International Development</u>	<u>International Awareness</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ -	\$ -	\$ -	\$ 9,500	\$ -	\$ 9,500
Books, subscriptions, and references	27,775	2,225	30,000	4,983	1,579	36,562
Contractual services	532,330	180,000	712,330	98,297	61,394	872,021
Depreciation	6,030	-	6,030	1,773	709	8,512
Equipment rental and maintenance	5,957	-	5,957	-	-	5,957
Health insurance	163,370	-	163,370	62,828	19,750	245,948
Information technology	1,977	-	1,977	11,805	7,845	21,627
Insurance	20,702	-	20,702	5,003	2,440	28,145
Interest	-	-	-	8,011	-	8,011
Legal	6,960	-	6,960	1,323	-	8,283
Licenses and fees	2,601	-	2,601	634	1,352	4,587
Grants made	2,467,515	-	2,467,515	-	-	2,467,515
Miscellaneous	-	-	-	5,011	-	5,011
Payroll taxes	83,630	-	83,630	31,629	10,087	125,346
Postage	756	-	756	3,021	1,297	5,074
Printing and copying	45	-	45	34	2,491	2,570
Rent	458	-	458	460	-	918
Salaries	1,078,141	149,645	1,227,786	407,709	117,596	1,753,091
Supplies	597	-	597	1,307	116	2,020
Telecommunications	3,517	-	3,517	196	170	3,883
Training and development	12,068	-	12,068	515	207	12,790
Travel and meeting	177,704	876	178,580	82,133	29,478	290,191
TOTAL FUNCTIONAL EXPENSES	\$ 4,592,133	\$ 332,746	\$ 4,924,879	\$ 736,172	\$ 256,511	\$ 5,917,562

See accompanying notes to the financial statements.

NURU INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

1. NATURE OF ORGANIZATION

NURU International (the Organization) is a Washington D.C. not-for-profit organization that was incorporated in October 2007. Nuru's vision is to cultivate lasting meaningful choices in the most vulnerable and marginalized communities in the world. The Organization is committed to helping communities and households build resilience in the face of instability and restoring hope and meaning to the lives of those people living in extreme poverty by creating sustainable, measurable solutions that result in significant changes in families and communities. The following is a summary of the Organization's program services:

International Development - Focuses on addressing the areas of hunger, the ability to cope with financial shocks, reduction of preventable disease and death, and improving education opportunities through programs in agriculture, financial inclusion, healthcare, and education. The Organization offers development programs in Kenya, Ethiopia, and Nigeria.

International Awareness - Provides events and presentations throughout the country and publishes videos and educational information through social media. This program builds empathy for people living in extreme poverty by showing glimpses of what people living in extreme poverty experience: chronic hunger, sickness and disease, illiteracy, high child mortality rates, contaminated water, and lack of access to resources, as well as what can be done to improve the lives of our global neighbors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (USGAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restriction

Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those restrictions, or are maintained permanently by the Organization. Generally, the donors of the assets permit the Organization to use all or a part of the income earned on any related investments for general or specific purposes. The Organization does not have any permanently restricted assets as of December 31, 2020 or 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with USGAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments and money market accounts with original maturities of three months or less to be cash equivalents.

The Organization maintains its cash balance in financial institutions, which at times may exceed federally insured limits. At December 31, 2020, the Organization's cash accounts did not exceed FDIC limits. At December 31, 2019, the Organization's cash accounts exceeded federally insured limits by approximately \$41,300. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments

Investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Contributions Receivable

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized and is reported as contribution revenue. The Organization believes that all contributions receivable at December 31, 2020 and 2019 will be fully collected. Accordingly, no allowance for doubtful accounts is necessary.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional. Conditional gifts dependent on raising matching funds were \$202,722 as of December 31, 2020. There were no conditional gifts as of December 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Property and equipment purchases in excess of \$1,000 are recorded at cost. Donated assets are recorded at their estimated fair market value at the date they are received. Depreciation for electronics is recorded on a straight-line basis over an estimated useful life of three years.

Depreciation expense for the years ended December 31, 2020 and 2019 is \$4,338 and \$8,512, respectively.

Revenue Recognition

Contribution and In-Kind Income

The Organization recognizes contributions when an unconditional promise to give cash, securities, other assets, services, or space is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Services and Assets

Donated services are recorded in the financial statements at their estimated fair market value on the date the services are rendered if such services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills. Donated assets are recorded in the financial statements as assets and revenue at their estimated fair market value on the date the assets are contributed. The Organization receives services from volunteers who give significant amounts of their time to the Organization's programs. No amounts have been reflected in the financial statements for these services because they do not meet the criteria for financial statement recognition.

The Organization's policy is to sell any donated securities soon after their receipt. Donated goods and services are recorded as contributions on the statements of activities.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services 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. The majority of expenses are directly allocated to the relevant department. Salaries are allocated to the awareness program based on estimated time spent on awareness functions by staff. Overhead costs such as insurance are allocated based on headcount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is a not-for profit organization which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation.

New Accounting Pronouncement

In September 2020, the FASB issued ASU No. 2020-07, “Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets”, to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The new guidance requires contributed nonfinancial assets be presented as a separate line items in the statement of activities, a disclosure with the disaggregation of the amount of contributed nonfinancial assets by category as well as certain qualitative information. ASU No. 2020-07 is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently assessing the impact of this new standard.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 651,487	\$ 434,917
Investments	-	4,158
Current contributions receivable	767,921	417,577
Total financial assets and liquid resources	1,419,408	856,652
Less donor imposed restrictions:		
Purpose restrictions	(594,886)	(10,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 824,522</u>	<u>\$ 846,652</u>

The Organization manages its liquidity guided by the goal of operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. To maintain adequate cash for operations, the entity forecasts its future cash flows and monitors its liquidity and reserves regularly.

NURU INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 767,921	\$ 417,577
Due in one to five years	317,455	702,998
Subtotal	1,085,376	1,120,575
Less present value discount	(24,572)	(40,690)
TOTAL CONTRIBUTIONS RECEIVABLE	<u><u>\$1,060,804</u></u>	<u><u>\$ 1,079,885</u></u>

Contributions receivable are discounted using a risk adjusted rate of 4.0%.

5. DONATED SERVICES AND ASSETS

During 2020 and 2019, the Organization received the following amounts for donated goods and services:

	<u>2020</u>	<u>2019</u>
Donated goods - investments	\$ 187,115	\$ 93,545
Donated services - legal	29,598	1,079
TOTAL	<u><u>\$ 216,713</u></u>	<u><u>\$ 94,624</u></u>

Donated goods and services are recorded in contributions on the statements of activities.

6. FAIR VALUE MEASUREMENTS

USGAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. USGAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

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

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborate by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

6. FAIR VALUE MEASUREMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended December 31, 2020 and 2019.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended December 31, 2020 and 2019.

Mutual funds: Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year.

Common stock: Valued at the closing quoted price in an active market.

Recurring Measurements

There were no assets measured at fair value on a recurring basis as of December 31, 2020.

Assets measured at fair value on a recurring basis as of December 31, 2019 are as follows:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,096	\$ -	\$ -	\$ 2,096
Common stock	2,056	-	-	2,056
TOTAL	\$ 4,152	\$ -	\$ -	4,152
Money market deposits - at cost				6
				<u>\$ 4,158</u>

NURU INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (Continued)

7. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020 and 2019, there were net assets with donor restrictions of \$1,069,797 and \$1,185,919, respectively. \$677,633 and \$1,175,918 were restricted for time as of December 31, 2020 and 2019, respectively. The remaining \$392,164 of donor restricted funds at December 31, 2020 consists of \$348,171 restricted for Ethiopia projects and the remaining \$43,993 for mental health and wellbeing initiatives. The \$10,000 of donor restricted funds at December 31, 2019 were restricted for various purpose restrictions.

8. NOTES PAYABLE

The Organization has an agreement for borrowings of \$750,000 with a bank dated September 3, 2019. The agreement calls for annual principal payments of \$250,000, plus interest at the bank's prime rate (3.25% as of December 31, 2020), and is due on September 3, 2022. The agreement is secured by an unconditional guaranty of payment from an anonymous donor. Amounts outstanding as of December 31, 2020 and 2019 were \$500,000 and \$750,000, respectively.

The Organization has an agreement for borrowings of \$150,000 with the SBA dated June 5, 2020. The agreement calls for annual principal payments of \$641 beginning twelve months from the date of the note, plus interest at the 2.75%, and is due on May 5, 2050. The amount outstanding as of December 31, 2020 was \$150,000.

The minimum principal maturities of the note payable are as follows:

2021	\$ 252,273
2022	253,757
2023	3,862
2024	3,969
2025	4,080
Thereafter	<u>132,059</u>
TOTAL	<u><u>\$ 650,000</u></u>

9. RELATED PARTIES

In October 2008, Nuru Kenya was established as a separate not-for-profit organization registered in the Republic of Kenya, which conducts agricultural, health care, educational, and economic development projects in rural areas of that country. In August of 2012, an additional organization, Nuru Ethiopia, was put into operation in Ethiopia. In 2017, Nuru Nigeria was launched. For the years ended December 31, 2020 and 2019, the Organization was the primary grantor, shared resources, and collaborated on projects with Nuru Kenya, Nuru Ethiopia, and Nuru Nigeria.

NURU INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS (Continued)

9. RELATED PARTIES (Continued)

For the years ended December 31, 2020 and 2019, the Organization contributed directly, or incurred expenses on behalf of these organizations as follows:

	<u>2020</u>	<u>2019</u>
Nuru Kenya	\$ 791,604	\$ 716,815
Nuru Ethiopia	898,123	1,279,357
Nuru Nigeria	747,581	471,343
TOTAL	<u>\$ 2,437,308</u>	<u>\$ 2,467,515</u>

10. EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution 401(k) plan for all eligible employees. The Organization has made no employer matching contributions to the plan for the years ended December 31, 2020 and 2019.

11. REFUNDABLE GRANT ADVANCE

On May 1, 2020, the Company was granted a loan through the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in the amount of \$296,152. All or a portion of this loan may be forgiven if it was used for qualifying expenses under the terms of the CARES Act. Amounts determined unforgivable will be charged interest at a rate of 1.00% with 18 monthly payments commencing November 1, 2020 and due October 1, 2021. This type of transaction is new and no authoritative guidance for loan forgiveness from a government agency has been issued. As such, the Organization has elected to account for the PPP loan as a government grant. Management believes the proceeds were used for qualifying expenses and will recognize the income as loan forgiveness income in the statement of income once forgiveness is reasonably assured.

12. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including estimates inherent in the process or preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, nonrecognized subsequent events).

The Organization has evaluated subsequent events through March 31, 2021 which was the date that these financial statements were available to be issued.

12. SUBSEQUENT EVENTS (Continued)

The Organization additionally applied for, and was granted, a second PPP loan in the amount of \$253,095, dated February 21, 2021. All or a portion of this loan may be forgiven if it is used for qualifying expenses under the terms of the CARES Act. Amounts determined unforigivable will be charged interest at a rate of 1.00% with 60 monthly payments commencing February 21, 2021 and due February 21, 2026.

13. UNCERTAINTY

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demands across a broad range of industries and countries could be severely impacted for months or beyond, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.