THE CHILDREN'S PLACE, INC.

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

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MARR AND COMPANY, P.C.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Children's Place, Inc.
Kansas City, Missouri

We have audited the accompanying financial statements of The Children's Place, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 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 audit. We conducted our audit 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Children's Place, Inc. as of December 31, 2020, 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.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

December 7, 2021

THE CHILDREN'S PLACE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

Cash and cash equivalents	$ 1,038,258
Investments (Notes 1 and 3)	20,600
Accounts receivable:	
Governmental agencies (Note 6)	15,173
Grants	116,113
Other	24,703
Accrued investment income, board-designated endowment	3,688
Prepaid expenses	33,021
Current portion of unconditional promises to give (Note 7)	904,319
Investments, board-designated endowment (Notes 1 and 3)	1,588,321
Unconditional promises to give, net of current portion (Note 7)	530,620
Property and equipment, less accumulated depreciation (Note 5)	11,423,880
Total assets	$ 15,698,696

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	$ 481,776
Advances	91,480
Accrued interest payable	26,619
Accrued vacation pay	73,420
Long-term debt (Note 12)	1,873,702
Total liabilities	2,546,997
Net assets:	
Without donor restrictions:	
Undesignated	11,094,231
Board-designated endowment	1,592,009
Total without donor restrictions	12,686,240
With donor restrictions	465,459
Total net assets	13,151,699
Total liabilities and net assets	$ 15,698,696

See the accompanying notes.

THE CHILDREN'S PLACE, INC.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Support:			
Contributions (Note 1)	$ 577,806	$ -	$ 577,806
Special events (Note 1):			
Revenue	422,738	-	422,738
Less direct donor benefits	(95,428)	-	(95,428)
Restricted grants and contributions	-	3,738,496	3,738,496
Total support	905,116	3,738,496	4,643,612
Revenue:			
Fees and grants from governmental and other agencies (Note 6)	502,589	-	502,589
Client fees and other	1,057	-	1,057
Net investment return	137,279	-	137,279
Total revenue	640,925	-	640,925
Net assets released from restrictions:			
Satisfaction of usage restrictions	11,045,191	(11,045,191)	-
Satisfaction of time restrictions	60,936	(60,936)	-
Total net assets released from restrictions	11,106,127	(11,106,127)	-
Total support and revenue	12,652,168	(7,367,631)	5,284,537
Expenses:			
Program services:			
Day Treatment Services	1,681,568	-	1,681,568
Parenting Support Services	152,974	-	152,974
Counseling Services	707,624	-	707,624
Total program services	2,542,166	-	2,542,166
Supporting services:			
Management and general	471,366	-	471,366
Resource development	327,200	-	327,200
Total supporting services	798,566	-	798,566
Total expenses	3,340,732	-	3,340,732
Change in net assets	9,311,436	(7,367,631)	1,943,805
Net assets, beginning of year	3,374,804	7,833,090	11,207,894
Net assets, end of year	$ 12,686,240	$ 465,459	$ 13,151,699

See the accompanying notes.

THE CHILDREN'S PLACE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	Program Services				Supporting Services			
	Day Treatment Services	Parenting Support Services	Counseling Services	Total Program Services	Management and General	Resource Development	Total Supporting Services	Total
Salaries	$ 947,217	$ 116,590	$ 502,501	$ 1,566,308	$ 218,472	$ 197,244	$ 415,716	$ 1,982,024
Employee benefits	94,769	11,962	49,921	156,652	19,779	18,345	38,124	194,776
Payroll taxes	70,347	8,761	37,290	116,398	16,833	14,652	31,485	147,883
Total personnel	1,112,333	137,313	589,712	1,839,358	255,084	230,241	485,325	2,324,683
Occupancy	109,296	4,033	14,716	128,045	18,020	6,423	24,443	152,488
Use of facilities	179,989	3,051	22,997	206,037	17,835	10,795	28,630	234,667
Professional and contract fees	12,719	570	43,049	56,338	90,390	51,076	141,466	197,804
Equipment rental and repair	3,693	10	75	3,778	5,719	35	5,754	9,532
Food	26,561	-	-	26,561	-	-	-	26,561
Insurance	33,139	2,151	10,468	45,758	9,221	4,069	13,290	59,048
Printing	283	-	-	283	1,819	4,777	6,596	6,879
Postage	57	-	-	57	1,787	266	2,053	2,110
Staff development and recruiting	7,724	-	2,621	10,345	12,230	3,617	15,847	26,192
Technology and training	24,616	2,812	12,720	40,148	29,813	5,530	35,343	75,491
Supplies	41,187	1,142	6,660	48,989	17,365	5,558	22,923	71,912
Transportation	98,214	-	-	98,214	50	-	50	98,264
Public relations	-	-	-	-	229	2,469	2,698	2,698
Personnel and travel expenses	2,362	763	120	3,245	2,737	497	3,234	6,479
Interest	-	-	-	-	3,865	-	3,865	3,865
Depreciation	29,395	1,129	4,486	35,010	5,202	1,847	7,049	42,059
Total functional expenses	$ 1,681,568	$ 152,974	$ 707,624	$ 2,542,166	$ 471,366	327,200	$ 798,566	3,340,732
Special events - direct donor benefits:								
Facilities, catering and entertainment						95,428		95,428
Total expenses						$ 422,628		$ 3,436,160

See the accompanying notes.

THE CHILDREN'S PLACE, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	$ 1,943,805
Adjustments to reconcile the change in net assets to net cash used by operating activities:	
Depreciation	42,059
Contributions restricted for long-term purposes	(2,254,992)
Bond premium amortization	1,025
Realized and unrealized gain on investments	(100,501)
(Increase) decrease in operating assets:	
Unconditional promises to give	132,891
Accounts receivable	(36,377)
Prepaid expenses	11,330
Increase (decrease) in operating liabilities:	
Accounts payable and advances	84,600
Accrued vacation pay	28,055
Net cash used by operating activities	(148,105)
Cash flows from investing activities:	
Purchase of property and equipment	(8,187,672)
Purchase of investment securities	(568,496)
Proceeds from the sale of investment securities	510,627
Net cash used by investing activities	(8,245,541)
Cash flows from financing activities:	
Proceeds from long-term debt	1,173,702
Proceeds from contributions restricted for building project	5,292,786
Net cash provided by financing activities	6,466,488
Decrease in cash and cash equivalents	(1,927,158)
Cash, cash equivalents, and restricted cash at beginning of year	2,965,416
Cash and cash equivalents at end of year	$ 1,038,258

Supplemental disclosures of non-cash investing and financing activity:	
Accounts payable for property and equipment	$ 365,135
Capitalized interest	15,523
Unrealized gain on investments	60,238
Interest paid	5,388

See the accompanying notes.

1. Organization and Summary of Significant Accounting Policies

Organization and nature of activities

The Children's Place, Inc. (the Organization) is a Missouri not-for-profit corporation. The Organization provides a continuum of trauma-responsive services for young children and families and is supported primarily through fees from government and other agencies, donor contributions and the United Way. The Organization's current programs are as follows:

Day Treatment Services - provides comprehensive, multi-disciplinary therapeutic services to children ages birth through 6 years in order to remediate severe development delays or behavior/emotional problems typically resulting from abuse, neglect, or prenatal substance abuse.

Parenting Support Services - provides educational opportunities to help adults improve their parenting skills by offering the knowledge and support they need to create a healthy, safe and nurturing environment for children in their care.

Counseling Services - provides quality, comprehensive mental health treatment services to young children and their families in order to improve individual and/or family functioning.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (US GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met either by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions and promises to give

Contributions, including unconditional promises to give, are recognized in the period received in the appropriate net asset class in accordance with donor restrictions. Conditional promises to give, that is, those with measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend are substantially met. At December 31, 2020 there are $250,000 of conditional capital related promises to give that have not been recognized as the performance obligations have not been met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, using an appropriate risk adjusted discount rate applicable to the years in which the promises are to be received, with the amortization of the discount included in contribution revenue. No discount has been recognized as it is insignificant.

Grants and contracts

The Organization receives funding under grants and contracts from governmental, public, and private grantors. This funding is subject to contractual restrictions, which must be met by providing qualified services or incurring qualifying expenses for the related program.

Revenue from grants and contracts is recognized only when funds are utilized, or services are provided by the Organization to carry out the activity stipulated in the grant or contract agreement. Grants receivable represent amounts due from funding organizations for qualified services provided or reimbursable expenses incurred. Cash received under grants in advance of incurring the related expenses is reported as advances.

In 2020, ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) became effective. The ASU revised the revenue recognition standards from an industry-specific guidance approach to a principles-based approach to recognize revenue based on the performance obligations in a contract. The adoption of this ASU did not require any change on the Organization's method of recognizing revenue and, therefore, had no impact on the 2020 financial statements.

Cash, cash equivalents and restricted cash

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except for those included in long-term investments which are designated for endowment use.

Allowance for uncollectible receivables

Accounts, promises to give and grants receivable are based on the amounts management expects to collect, and are charged off as they are deemed uncollectible based on a periodic review of the accounts. At December 31, 2020, no allowance was deemed necessary.

1. Organization and Summary of Significant Accounting Policies (continued)

Investments

Investments are reported at fair value in the statement of financial position, and donated investments are recorded at fair value on the date of donation. Net investment return is reported in the statement of activities and consists of interest and dividend income, and realized and unrealized gains and losses, net of investment fees.

Property and equipment

Purchased property and equipment is recorded at cost. Donations of property and equipment are recorded at their estimated fair value at the date of donation and are reported within net assets without donor restrictions 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 net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service by reclassifying net assets with donor restrictions to net assets without donor restrictions. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	Years
Building and improvements	15-50
Transportation equipment	5
Other equipment	5-20

Advances

Advances consist of unspent amounts received on governmental grants.

Compensated absences

Annual vacation time earned is based on the length of employment and ranges from 15 to 20 days. Depending on their length of service, employees can accumulate 80 to 120 hours of vacation which may be carried over into the following year. The liability for earned but unused vacation time at December 31, 2020 is recorded in the financial statements. Sick leave does not accumulate, and no accrual is required.

Income taxes and accounting for tax positions

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3).

US GAAP prescribes the standards for the recognition, measurement and disclosure of tax positions. For not-for-profit organizations, tax positions include an entity's status as tax exempt, and whether it is subject to tax on unrelated business income. Management does not believe there are any uncertain tax positions that would affect its exempt status or result in any tax on unrelated business income.

1. Organization and Summary of Significant Accounting Policies (continued)

Functional expenses

The Organization allocates its costs on a functional basis among its various programs and supporting services. Costs that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Other costs common to several functions are allocated by management.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Occupancy	Square footage
Insurance	Square footage
Information technology	Usage
Depreciation	Square footage

Donated services and gifts-in-kind

US GAAP provides for the recording of contributions of donated services at their fair values in the period received if they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Although a substantial number of volunteers have donated a significant amount of their time to the Organization's programs, no amount has been recorded as they do not meet the preceding criteria under US GAAP.

Gifts-in-kind are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized.

Special events

Direct donor benefits are displayed as reductions of related revenue on the accompanying statement of activities. Direct donor benefits consist primarily of facilities rental, catering and entertainment provided to attendees.

Fair value measurements

In accordance with US GAAP, the Organization determines the fair value of investments and other assets using FASB ASC 820, *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value. That framework provides 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). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.

1. Organization and Summary of Significant Accounting Policies (continued)

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Concentrations

The Organization receives a significant amount of its revenues from the State of Missouri and other governmental agencies under contracts to provide treatment and other services to children. Given the nature of these agencies, collateralization of the receivables from this group is not possible.

Cash deposits and investments are maintained with a major financial institution. At December 31, 2020, cash deposits exceeded FDIC insurance coverage by $744,914.

At December 31, 2020, five capital campaign donors accounted for 54% of promises to give.

Subsequent events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 7, 2021, the date the financial statements were authorized to be issued. See Note 15 for events that met the criteria for disclosure.

2. Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2020:

Financial assets at year end:	
Cash and cash equivalents	$ 1,038,258
Accounts receivable	159,677
Promises to give	1,434,939
Investments	1,608,921
Total financial assets	4,241,795
Less amounts not available to be used within one year for general expenditures:	
Promises to give due in more that one year	(530,620)
Net assets with donor restrictions	(290,338)
Quasi-endowment established by the Board	(1,592,009)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,828,828

2. Availability and Liquidity (continued)

As part of its liquidity management practices, the Organization structures the timing of its fundraising activities to supplement revenue received from program activities to ensure that sufficient cash is available to meet its normal operating expense needs during the year. Excess cash is invested in short-term investments, including money market accounts and certificates of deposit. In its annual budget, the Organization anticipates needing no appropriation of financial assets from the quasi-endowment fund discussed in Note 9 beyond the current year's investment return. However, amounts from the fund could be made available for general operating expenses, if necessary, in the event of an unanticipated liquidity needs. Also, the Organization can draw on the $200,000 bank line of credit discussed in Note 12.

At December 31, 2020, the Organization has considered $175,121 of financial assets with donor restrictions for its primary programs and activities to be available to meet general expenditures within one year.

3. Investments

The following table sets forth information about the level within the fair value hierarchy at which the Organization's financial assets are measured on a recurring basis at December 31, 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds	$ 785,524	$ 785,524	$ -	$ -
Fixed income mutual funds	271,629	271,629	-	-
U.S. government securities	212,064	-	212,064	-
Corporate bonds	240,313	-	240,313	-
Money market funds	99,391	99,391	-	-
	$ 1,608,921	$ 1,156,544	$ 452,377	$ -

At December 31, 2020, $1,588,321 of investments were for the board-designated endowment fund and $20,600 were undesignated.

4. Retirement Plan

The Organization maintains a defined contribution retirement plan which covers substantially all employees. Contributions are made at the discretion of the Board of Directors. Retirement plan expense was $12,274 in 2020 and consists of employer matching contributions.

5. Property and Equipment

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

Transportation equipment	$ 102,787
Other equipment	824,452
Land	1,062,676
Building	9,632,705
	11,622,620
Less accumulated depreciation	(198,740)
	$ 11,423,880

Depreciation expense in 2020 totaled $42,059.

6. Fees and Grants from Governmental and Other Agencies

The Organization has entered into various grants and reimbursement arrangements for child treatment, food and other related services it provides under its programs. Accounts receivable from governmental and other agencies represent reimbursements due under these programs. The amounts earned in 2020 and due at December 31, 2020 are as follows:

Program	Earned	Receivable
Child Treatment Services	$ 144,152	$ 1,339
Medicaid	206,886	6,776
Child Care Food Program	19,314	788
Jackson County Mental Health	121,089	-
Other	11,148	6,270
	$ 502,589	$ 15,173

7. Promises to Give

Unconditional promises to give at December 31, 2020 are as follows:

Due in less than one year	$ 904,319
Due in one to five years	530,620
	$1,434,939
Consisting of:	
Capital campaign	$1,113,375
United Way allocation for 2021	18,062
Restricted for clinical services	165,676
Restricted for day treatment	127,826
Unrestricted	10,000
	$1,434,939

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

Program activities	$ 420,397
United Way allocation for 2021	18,062
Unrestricted use in 2021	27,000
Total net assets with donor restrictions	$ 465,459

Net assets released from restrictions by satisfying the purpose or time restrictions specified by donors were as follows:

Program uses from restricted contributions and grants	$ 1,429,904
Building acquisition and construction	9,339,966
Facility use for 2020	234,667
Unrestricted use in 2020	35,000
Equipment and building improvements	5,654
Time restriction on United Way allocation for 2020	60,936
	$11,106,127

9. Designated Endowment Fund

The Organization maintains a board-designated endowment fund for the purpose of generating an investment return to support its programs and operations, and to maintain a reserve of approximately three to six months of normal operating expenses. The investment objectives are to provide a reasonable rate of return while prioritizing the preservation of capital consistent with a prudent level of risk. To accomplish these objectives, the Organization has established a range and maximum allocation for equity securities and mutual funds, fixed income investments, and cash equivalents. All assets of the board-designated endowment fund are invested in marketable securities that can readily be converted into cash.

The amount appropriated for spending is based on the amount budgeted and is subject to various guidelines, primarily a limitation of 100% of the investment return. These guidelines also provide for the utilization of up to 10% of the principal of the fund, subject to approval by two-thirds of the Board of Directors. However, all assets of the endowment fund could be made available for general operating expenses in the event of an unanticipated liquidity need.

The changes in the net assets of the fund for the year ended December 31, 2020 are as follows:

Net assets, beginning of year	$	1,454,733
Investment income, net of fees		36,775
Realized gains		40,263
Unrealized gains		60,238
Net assets, end of year	$	1,592,009

10. Building Acquisition and Capital Campaign

On February 5, 2019, the Organization purchased a new building and sold its existing building. The existing building was sold for $1,500,000, and the purchase price of the new building was $2,107,700. As discussed in Note 12, in connection with the purchase of the new building, the buyer of the existing building agreed to provide the Organization a $700,000 two-year interim loan at 2% to finance its acquisition. The buyer also provided the Organization the rent-free use of the existing building for a two-year period while the newly acquired one was being renovated. The rent-free period ended in November 2020 upon completion of the project.

To fund the estimated cost of the acquisition, renovation and equipping of the new building, the Organization initiated a capital campaign in 2019. Through December 31, 2020, $11,480,447 of cash and pledges (including the $1,497,849 of net proceeds from the sale of the building), have been received. The new building was placed in service in December 2020, and accordingly, all net assets with donor restrictions were released.

11. Donated Goods and Services

The Organization recognized the following in-kind contributions of both goods and services in released from restrictions and special event income, and a corresponding expense on the accompanying statement of activities:

Use of facilities	$	234,667
Released from restrictions		234,667
Special event auction items		56,165
Total	$	290,832

12. Long-Term Debt, Construction Loan and Line of Credit

Interim loan

In connection with the acquisition of the Organization's new building, the buyer of its former building agreed to provide a $700,000 two-year interim loan to finance the acquisition. The interim loan carries an interest rate of 2%, with interest due annually and the principal due February 28, 2021. The terms of the interim loan grant the buyer a deed of trust interest in the new building, which is subordinated to any first mortgage construction lender, and is also collateralized by the fixtures, equipment and machinery acquired for the new building. Interest expense was $14,000, of which $12,833 was capitalized in 2020.

Construction loan

The Organization has received a $6,000,000 first mortgage construction loan commitment dated September 26, 2019, from UMB Bank to finance the costs of improvements to the new building. The loan has an interest rate of 3.61% and matures on September 26, 2024. This loan is secured by the new building and the assignment of the capital campaign pledges. As of December 31, 2020, there have been $1,173,702 of borrowings under the loan. Interest expense was $5,388, of which $2,690 was capitalized in 2020.

Line of credit

The Organization has also received a $200,000 line of credit from UMB Bank dated September 26, 2019, with interest at .5% under the bank's prime rate of 3.25% at December 31, 2020, is secured by the endowment fund investment account, and matures June 30, 2021. As of December 31, 2020, there have been no borrowings under the line of credit.

13. Related Party Transactions

The $7,521,175 contract for the construction and renovation of the new building, as well as other related contracts, were awarded in 2019 to an entity in which a Board member has a financial interest. The contract award was subject to the Organization's conflict of interest procedures, competitively bid, and approved by the Board of Directors. $7,200,752 was paid in 2020 on these contracts and $320,423 was due at December 31, 2020.

14. Paycheck Protection Loan Program Grant

The Organization obtained $446,100 in loan funding at 1% from UMB Bank on April 12, 2020, with an original maturity date of April 12, 2022. This loan was available through the Paycheck Protection Program (the “PPP”) administered by the Small Business Administration (SBA) pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) that offered cash-flow assistance to nonprofit and small business employers through guaranteed loans for certain expenses. The PPP loan did not require collateral and offers the ability to have all, or substantially all, of the principal amount forgiven when the proceeds are used for eligible costs. Payments of principal and interest for any amount not forgiven were deferred for the first six months of the loan term, with the balance to be repaid over the remaining eighteen months.

During 2020, the Organization used the loan proceeds for eligible costs in accordance with the CARES Act and was notified by the SBA of the loan forgiveness on January 25, 2021. As permitted under ASC Subtopic 958-605, Not-for-Profit Entities-Revenue Recognition, the forgiveness was accounted for as a conditional grant and has been recognized as restricted grants and contributions revenue in the statement of activities for the year ended December 31, 2020, the period in which the eligible expenses were incurred, and the conditions were met.

15. Subsequent Events

The Organization obtained a $442,500 1**%** PPP Second Draw loan dated January 30, 2021 from UMB Bank, with a maturity date of January 31, 2026. This PPP loan also offers the ability to have all, or substantially all, of the principal amount forgiven when the proceeds are used for eligible costs. The Organization believes that they will also meet the eligibility requirements to have this PPP loan forgiven.