

SHARED INTEREST, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

**SHARED INTEREST, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

TABLE OF CONTENTS

	Page(s)
INDEPENDENT AUDITORS' REPORT	3
 FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
 NOTES TO FINANCIAL STATEMENTS	 10 - 20

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Shared Interest, Inc.
New York, New York 10001

We have audited the accompanying financial statements of Shared Interest, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities and changes in net assets, 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

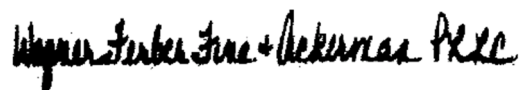
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 auditors' judgment, including the assessment of the risk 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 Shared Interest, Inc. as of December 31, 2020 and 2019, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Floral Park, New York
May 14, 2021

**SHARED INTEREST, INC.
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	December, 31	
	2020	2019
Assets		
Cash and cash equivalents	\$ 369,939	\$ 491,639
Investments at fair value	14,671,956	16,482,375
Accrued interest receivable	101,632	129,305
Contributions and grant income receivable	41,200	54,725
Other receivables	36,450	22,565
Prepaid expenses	113,956	90,214
Property and equipment, net	7,769	6,215
Other assets	9,788	9,516
Total assets	\$ 15,352,690	\$ 17,286,554

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 89,951	\$ 120,065
Accrued interest payable to note holders	40,902	56,259
PPP loan payable	101,700	0
Promissory notes payable	11,955,500	14,340,500
Total liabilities	12,188,053	14,516,824
Commitments and Contingencies		
Net Assets		
Without donor restrictions	3,153,937	2,754,030
With donor restrictions	10,700	15,700
Total net assets	3,164,637	2,769,730
Total liabilities and net assets	\$ 15,352,690	\$ 17,286,554

See independent auditors' report and accompanying notes to financial statements.

SHARED INTEREST, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 938,989	\$ -	\$ 938,989
Special events revenue, net of direct donor benefit of \$1,261	240,606	-	240,606
In-kind contributions	133,385	-	133,385
Interest and dividend income	105,775	-	105,775
Miscellaneous income	17,419	-	17,419
Net assets released from restrictions	5,000	(5,000)	-
Sub-total	1,441,174	(5,000)	1,436,174
Net realized gain on investments	8,003	-	8,003
Net unrealized gains on investments	280,680	-	280,680
Total support and revenue	1,729,857	(5,000)	1,724,857
Expenses			
Program services			
Grant to TIGF and others	224,058	-	224,058
Other program services	793,790	-	793,790
Fundraising	248,388	-	248,388
General and administrative expenses	63,714	-	63,714
Total expenses	1,329,950	-	1,329,950
Change in net assets	399,907	(5,000)	394,907
Net assets - beginning	2,754,030	15,700	2,769,730
Net assets - ending	\$ 3,153,937	\$ 10,700	\$ 3,164,637

See independent auditors' report and accompanying notes to financial statements.

SHARED INTEREST, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 870,514	\$ 626	\$ 871,140
Special events revenue, net of direct donor benefit of \$141,524	267,217	-	267,217
In-kind contributions	52,736	-	52,736
Interest and dividend income	194,476	-	194,476
Miscellaneous income	17,815	-	17,815
Net assets released from restrictions	55,815	(55,815)	-
Sub-total	1,458,573	(55,189)	1,403,384
Net realized gain on investments	13,594	-	13,594
Net unrealized loss on investments	380,250	-	380,250
Total support and revenue	1,852,417	(55,189)	1,797,228
Expenses			
Program services			
Grant to TIGF and others	190,812	-	190,812
Other program services	1,190,173	-	1,190,173
Fundraising	263,094	-	263,094
General and administrative expenses	59,391	-	59,391
Total expenses	1,703,470	-	1,703,470
Change in net assets	148,947	(55,189)	93,758
Net assets - beginning	2,605,083	70,889	2,675,972
Net assets - ending	\$ 2,754,030	\$ 15,700	\$ 2,769,730

See independent auditors' report and accompanying notes to financial statements.

SHARED INTEREST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Fund Raising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salary, payroll taxes and employee benefits	\$ 457,392	\$ 78,559	\$ 33,827	\$ 569,778
Rent and utilities	48,914	8,401	3,618	60,933
Telephone, facsimile and postage	12,692	2,180	938	15,810
Office expenses and insurance	7,771	1,335	575	9,681
Equipment rental and repairs	4,649	798	344	5,791
Professional fees	206,744	173	5,938	212,855
Audit services	7,250	-	7,250	14,500
Public relations	6,164	3,274	-	9,438
Special event expense	-	149,577	-	149,577
Printing and publications	11,856	2,964	-	14,820
Bank service charges and management fees	8,339	-	5,107	13,446
Board travel expenses	917	-	-	917
Staff travel expenses	6,836	62	-	6,898
Dues and subscriptions	12,329	1,993	5,975	20,297
Grant payment to TIGF	224,058	-	-	224,058
Miscellaneous	338	58	25	421
Depreciation	1,599	275	117	1,991
	<u>1,017,848</u>	<u>249,649</u>	<u>63,714</u>	<u>1,331,211</u>
Less: direct donor benefit	<u>-</u>	<u>(1,261)</u>	<u>-</u>	<u>(1,261)</u>
	<u>\$ 1,017,848</u>	<u>\$ 248,388</u>	<u>\$ 63,714</u>	<u>\$ 1,329,950</u>

See independent auditors' report and accompanying notes to financial statements.

SHARED INTEREST, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Fund Raising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salary, payroll taxes and employee benefits	\$ 470,225	\$ 73,725	\$ 33,360	\$ 577,310
Defaulted loan expenses	487,197	-	-	487,197
Rent and utilities	47,853	7,503	3,395	58,751
Telephone, facsimile and postage	14,919	2,339	1,058	18,316
Office expenses and insurance	7,086	1,111	502	8,699
Equipment rental and repairs	4,777	749	339	5,865
Professional fees	68,082	4,152	235	72,469
Audit services	7,000	-	7,000	14,000
Public relations	6,361	22,278	-	28,639
Special event expense	-	287,786	-	287,786
Printing and publications	13,947	3,487	-	17,434
Bank service charges and management fees	16,405	-	6,894	23,299
Board travel expenses	2,491	-	-	2,491
Staff travel expenses	29,563	738	81	30,382
Dues and subscriptions	12,797	520	6,422	19,739
Grant payment to TIGF	190,812	-	-	190,812
Miscellaneous	402	63	29	494
Depreciation	1,068	167	76	1,311
	<u>1,380,985</u>	<u>404,618</u>	<u>59,391</u>	<u>1,844,994</u>
Less: direct donor benefit	<u>-</u>	<u>(141,524)</u>	<u>-</u>	<u>(141,524)</u>
	<u>\$ 1,380,985</u>	<u>\$ 263,094</u>	<u>\$ 59,391</u>	<u>\$ 1,703,470</u>

**SHARED INTEREST, INC.
STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 394,907	\$ 93,758
Adjustments to reconcile increase in net assets to net cash used in operating activities		
Depreciation	1,991	1,311
Net unrealized (gain) loss on investments	(280,680)	(380,250)
(Gain) on sale of investments	(8,003)	(13,594)
Changes in operating assets and liabilities		
Promissory notes payable	(2,385,000)	238,000
Interest receivable	27,673	20,541
Contributions and grant income receivable	13,525	96,227
Prepaid expenses	(23,742)	(19,290)
Other receivables	(13,885)	44,297
Other assets	(272)	(265)
Accounts payable and accrued expenses	(30,114)	16,021
Loan payable	101,700	
Accrued interest payable to note holders	(15,357)	4,237
	(2,217,257)	100,993
Net cash used in operating activities		
Cash Flows from Investing Activities		
Proceeds from sale of investments	2,593,361	863,607
Purchase of investments	(494,258)	(968,589)
Acquisition of equipment	(3,545)	(4,863)
	2,589,816	(109,845)
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	(121,700)	(8,852)
Cash and cash equivalents - beginning	491,639	500,491
Cash and cash equivalents - ending	\$ 369,939	\$ 491,639
Supplemental Disclosures of Cash Flow Information		
Income taxes	\$ -	\$ -
Interest	\$ 219,405	\$ 221,802

See independent auditors' report and accompanying notes to financial statements.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - NATURE OF BUSINESS

Shared Interest, Inc. (“Shared Interest” or the “Organization”) is a not-for-profit entity supported by individuals and institutions committed to helping to strengthen the financial and community organizations needed to shape Southern Africa’s equitable and democratic development.

The mission of the Organization is, through the use of guarantee capital provided by outside investors, to partially collateralize Southern African commercial loans to community development financial institutions, social enterprises and emerging farmers engaged in Southern Africa’s development process. Shared Interest relies on Third Party Advisors in Southern Africa to place and monitor the guarantees and ensure that the beneficiary organizations and lenders receive necessary technical support.

The Organization receives investments from individual and institutional investors that serve as collateral for loans made in South Africa, eSwatini, Mozambique, and Malawi. The Organization invests amounts received in high-quality, socially screened debt securities and deposits in U.S financial institutions, and it acknowledges through the issuance of promissory notes the obligation to return these funds to the investors at a future date.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization’s financial statements have been prepared in conformity with accounting policies generally accepted in the United States of America, which involves the application of the accrual method of accounting; accordingly, the financial statements reflect all material receivables, payables and other liabilities.

Basis of Presentation

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued new rules for nonprofits which apply to annual financial statements issued for fiscal years beginning after December 15, 2017. ASU 2016-14, Not-For-Profit Entities (Topic 958):

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Presentation *(Continued)*

Presentation of Financial Statements of Not-For-Profit Entities simplifies and improves how not-for-profit entities classify net assets as well as the information presented in the financial statements and notes about liquidity, financial performance, and cash flows.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, "Revenue Recognition", contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

The financial statement presentation is in conformity with FASB ASC 958, "Not-for-Profit Entities" which requires the Organization to report information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- 1) Net assets without donor restrictions include assets, revenues, and gains that are available for support of the Organization's general operations. Included in net assets without donor restrictions are board designated guarantee loss reserves in the amounts of \$3,153,937 and \$2,754,030 at December 31, 2020 and 2019, respectively.
- 2) Net assets with donor restrictions include contributions that are donor restricted for uses which have not yet been fulfilled whether by the passage of time or by purpose. When a time restriction ends or a purpose restriction is accomplished, they are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. The Organization has \$10,700 and \$15,700 in net assets with donor restrictions at December 31, 2020 and 2019, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits at banks and other short-term highly liquid investments with original maturities of three months or less.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in marketable securities are classified and accounted for as available-for-sale and accordingly, carried at fair value based on market quotes, with unrealized and realized gains and/or losses included in earnings along with charges for impairments that are other than temporary. All other investments are carried at fair value based on management's estimate.

Contributions and Grant Income Receivable

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk-free rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period.

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of unconditional promises to give. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. At December 31, 2020 and 2019, no allowance for uncollectible unconditional promises to give was deemed necessary.

Contributions and grant income receivable from various sources are as follows:

	<u>2020</u>	<u>2019</u>
In less than one year	<u>\$41,200</u>	<u>\$ 54,725</u>

Property and Equipment, Net

Property and equipment, consisting of computer equipment and leasehold improvements, are stated at cost less accumulated depreciation and amortization. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in statement of activities. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives over five years of the assets.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of Long-Lived Assets

In accordance with FASB ASC 360, long-lived assets, including property and equipment and intangible assets subject to amortization, if any, are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future undiscounted cash flows. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No impairment has been recognized for the years ending December 31, 2020 and 2019.

Contributions

Contributions are recorded as income upon receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Individual and institutional investors are encouraged to donate a portion of their investment income to the Organization to help cover the transaction costs of its guarantees and maintain its operations. For the years ended December 31, 2020 and 2019, investment income attributable to promissory agreements amounted to \$404,048 and \$220,801, respectively of which \$41,642 and \$45,175 was contributed by the investors to the Organization. The latter amounts were included in Contribution Revenue of \$938,989 and \$871,140.

In-kind Contributions

In-kind contributions consist of donated services and are recognized as contributions in accordance with FASB ASC 958 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by the people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Intermediary Transactions

Interest earned on investments is returned to investors who loaned funds to the Organization, and accordingly, is not reflected as earnings of Shared Interest. These investors may donate all or a portion of their investment income to the Organization and such income is reflected as contribution revenue in the accompanying financial statements.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3). The Organization is also exempt from state and local income taxes. Accordingly, no provision for income taxes is made in the financial statements.

The Organization has concluded that there are no uncertain tax positions requiring recognition in the financial statements. If the Organization was to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The Organization's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state, and local authorities may examine the Organization's tax returns for three years from the date of filing; consequently, the respective tax returns for years prior to 2017 are no longer subject to examination by tax authorities

Functional Allocation of Expenses

The costs of providing the program 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 in ratios determined by management.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events or transactions through May 14, 2021, the date on which the financial statements are available to be issued and has determined that there were no material events.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3 - GUARANTEE LOSS RESERVE FUND

The Guarantee Loss Reserve Fund was created by the Board of Shared Interest out of its unrestricted net assets for the purpose of maintaining funds to cover potential defaults by borrowers on loans guaranteed by Shared Interest.

In the event that a loss on a loan guarantee exceeds Shared Interest's risk coverage provisions, including the additional loss provisions described in Note 4, that loss may be drawn from the Shared Interest unrestricted net assets and/or lenders' outstanding principal.

Recognizing that the guarantees carry considerable risk of non-repayment, Shared Interest has refined its system for assessing and monitoring outstanding guarantees and providing for potential losses. Shared Interest's Third Party Advisors monitor its outstanding guarantees and reports to Shared Interest on the risk of each outstanding guarantee on a quarterly basis. Shared Interest's policy is to maintain a guarantee loss reserve fund equal to at least 7% of the outstanding guarantees it backs (see Note 11) with its securities and to increase that amount if quarterly risk assessments indicate the need.

The Organization invests a considerable portion of its Guarantee Loss Reserve Fund into rand-based investments to minimize the risk of currency fluctuation on rand denominated calls, should the rand appreciate against the-dollar.

During 2020, there were no calls.

NOTE 4 - INVESTMENTS

Investment assets held by the Organization are stated at quoted market value. Shared Interest's investment policy requires that investments for the Guarantee or Guarantee Loss Reserve Funds be fixed income securities or deposits that are investment quality and meet requirements of the bank issuing letters of credit. The Organization interprets investment quality to include bonds rated BBB and stocks rated

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 - INVESTMENTS *(Continued)*

Moody's and Standard and Poor's. In 2020, no investments were defaulted upon. Gains and losses from these investments, if any, are reported in the statement of activities. Since the investments are held to maturity, any change in value is of a temporary nature. For the year ended December 31, 2020 and 2019 net unrealized gain (loss) on investments totaled \$280,680 and \$380,250. At December 31, 2020 and 2019 investments consist of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents held in brokerage accounts	\$ 2,389,318	\$ 3,528,299
U.S. Government Agency Mutual Fund	1,013,501	976,114
Corporate bonds	10,463,277	9,962,890
South African sovereign bonds	688,007	2,007,775
Listed equities	107,612	7,297
Mutual funds	10,241	-
	<u>\$ 14,671,956</u>	<u>\$ 16,482,375</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Major classes of property and equipment for years ended December 31, are as follows:

	<u>2020</u>	<u>2019</u>
Computer and office equipment	\$ 65,575	\$62,029
Leasehold improvements	<u>7,791</u>	<u>7,791</u>
	73,366	69,820
Less: accumulated depreciation and amortization	<u>65,597</u>	<u>63,605</u>
	<u>\$ 7,769</u>	<u>\$ 6,215</u>

Related depreciation and amortization expense for the years ended December 31, 2020 and 2019 was \$1,991 and \$1,310, respectively.

**SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 - PROMISSORY NOTES

Promissory notes issued mature as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 3,593,500
2022	2,631,000
2023	2,327,000
2024	1,255,000
2025	963,000
Thereafter	<u>1,186,000</u>
	<u>\$ 11,955,500</u>

The promissory notes are stated at their face amounts. All of the notes used to back guarantees carry a provision evidencing the fact that the underlying principal of their promissory note may be used to satisfy the guarantee of a failed loan in South Africa.

Interest is paid semi-annually in arrears on March 31 and September 30 of each year. The rate of interest paid to note holders is set at the date a note is issued and in accordance with prevailing rates for U.S. Treasury Notes. Currently, rates on outstanding notes range from 0% to 3.75%. As discussed in Note 2, investors are encouraged to donate a portion of their investment earnings to the Organization.

NOTE 7 - PAYROLL PROTECTION PROGRAM LOAN

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to have financial impact. To assist those affected by this pandemic the United States Congress passed a stimulus bill called the CARES Act. One of the programs established by the CARES Act is the Payroll Protection Program (“PPP”), which is designed to provide an incentive for small businesses to keep employees on the payroll. The Company filed an application under the PPP and on April 20, 2020, the Company received \$101,700 of loan proceeds. The program provides that the loan will be forgiven if the funds are used for payroll, mortgage interest, rent or utilities (with separate amount used for payroll). It was possible that all, none or a portion of the loan will be forgiven. This loan, which matures in two years, is subject to an interest rate of 1% per annum with payments deferred for a period of time and is guaranteed by the Small Business Administration. On January 4, 2021, the loan and accrued interest was entirely forgiven and will be reflected as a Government Grant on the Statement of Activities and Changes In Net Asset. Related interest expense for the year ended December 31, 2020 aggregated \$1,701 which was also forgiven.

SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8 - INTEREST AND DIVIDEND INCOME

Interest and dividend income for the years ended December 31, 2020 and 2019 totaled \$105,775 and \$194,476, respectively. This represents interest and dividends earned on all of the Organization's investments except for those supported by promissory notes. The income earned on the investments supported by promissory notes that is donated back to the Organization is included in contribution income.

NOTE 9 - RELATED PARTIES

The Organization paid grants of \$224,058 and \$190,812 to TIGF, for the years ended December 31, 2020 and 2019, respectively.

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At December 31, 2020 and 2019, the Organization had cash deposits with one bank and two brokerage firms that were in excess of federally insured amounts by approximately \$2,389,000 and \$3,528,000, respectively. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related to cash.

NOTE 11 - FAIR VALUE MEASUREMENTS

The Organization accounts for marketable securities in accordance with FASB ASC 820, "Fair Value Measurements and Disclosures". FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted observable 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 below:

Basis of Fair Value Measurement

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
Level 2	Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

**SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 11 - FAIR VALUE MEASUREMENTS *(Continued)*

Basis of Fair Value Measurement *(Continued)*

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table presents by level, within the fair value hierarchy the Company investment assets at fair value, as of December 31, 2020 and 2019. As required by FASB ASC 820, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

<u>Description</u>	<u>12/31/20</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate Bonds, Municipal Bonds, Mutual Funds and Listed Equities	<u>\$ 12,282,638</u>	<u>\$1,131,354</u>	<u>\$ 11,151,284</u>	<u>\$ -</u>
	<u>12/31/19</u>			
Corporate Bonds, Municipal Bonds, Mutual Funds and Listed Equities	<u>\$ 12,954,076</u>	<u>\$ 983,411</u>	<u>\$ 11,970,665</u>	<u>\$ -</u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Guarantee

At December 31, 2020 and 2019, the outstanding Shared Interest guarantees issued through TIGF amounted to \$3,829,559 and \$5,468,770, respectively. As of December 31, 2020, guarantees approved but not issued totaled \$390,000. There were no guarantees approved but not issued as of December 31, 2019

Operating Lease

The Organization is obligated under a lease for its office space which expired on July 31, 2018. The Organization entered into a modification and extension agreement with

**SHARED INTEREST, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 12 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Operating Lease *(Continued)*

its landlord to extend its current lease for an additional five-year period. The modification commenced on August 1, 2018 and will expire on July 31, 2023. The annual minimum future lease payments are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ 56,888
2022	58,594
2023	<u>34,771</u>
	 <u>\$150,253</u>

Rent expense for the year ending December 31, 2020 and 2019 totaled \$58,310 and \$54,402, respectively.