

# **KIND, Inc.**

Financial Report  
December 31, 2020

## Contents

---

Independent auditor's report	1
<hr/>	
Financial statements	
Statements of financial position	2
Statements of activities	3-4
Statements of functional expenses	5-6
Statements of cash flows	7
Notes to financial statements	8-14

---



## Independent Auditor's Report

RSM US LLP

Board of Directors  
KIND, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of KIND, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KIND, Inc. 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.

*RSM US LLP*

Washington, D.C.  
November 9, 2021

KIND, Inc.

**Statements of Financial Position**  
**December 31, 2020 and 2019**

	2020	2019
<b>Assets</b>		
Cash	\$ 19,660,690	\$ 21,359,132
Investments	170,376	67,278
Accounts receivable	4,190,114	4,605,643
Grants and contributions receivable	1,474,163	1,448,392
Prepaid expenses and deposits	1,509,289	714,643
Property and equipment, net	1,757,437	656,728
	<u>28,762,069</u>	<u>28,851,816</u>
<b>Total assets</b>	<b>\$ 28,762,069</b>	<b>\$ 28,851,816</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,888,343	\$ 1,291,924
Accrued vacation	1,521,159	816,643
Paycheck protection program loan	2,845,197	-
Deferred revenue	218,320	222,000
Refundable advances	387,771	27,500
Capital lease obligation	6,226	30,187
Deferred rent	2,802,522	1,362,348
Security deposit payable	-	2,839
	<u>9,669,538</u>	<u>3,753,441</u>
<b>Total liabilities</b>	<b>9,669,538</b>	<b>3,753,441</b>
Commitments and contingencies (Notes 8 and 9)		
Net assets:		
Without donor restrictions:		
Undesignated	5,105,581	10,720,923
Designated operating reserve	12,169,389	11,678,250
	<u>17,274,970</u>	<u>22,399,173</u>
<b>Total without donor restrictions</b>	<b>17,274,970</b>	<b>22,399,173</b>
With donor restrictions	1,817,561	2,699,202
	<u>19,092,531</u>	<u>25,098,375</u>
<b>Total net assets</b>	<b>19,092,531</b>	<b>25,098,375</b>
	<u>28,762,069</u>	<u>28,851,816</u>
<b>Total liabilities and net assets</b>	<b>\$ 28,762,069</b>	<b>\$ 28,851,816</b>

See notes to financial statements.

KIND, Inc.

**Statement of Activities**  
**Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Donated legal services	\$ 97,538,351	\$ -	\$ 97,538,351
Government contracts	13,916,152	-	13,916,152
Government grants	339,567	-	339,567
Contributions	4,644,448	-	4,644,448
Foundation and private grants	2,937,491	2,183,820	5,121,311
Special events	689,040	-	689,040
Fellowship	440,662	-	440,662
Interest income	104,338	-	104,338
Other income	115,015	-	115,015
Net assets released from restrictions	3,065,461	(3,065,461)	-
<b>Total revenue and support</b>	<b>123,790,525</b>	<b>(881,641)</b>	<b>122,908,884</b>
Expenses:			
Program services:			
Legal services	119,914,336	-	119,914,336
Regional and international work	2,577,179	-	2,577,179
Advocacy and communications	1,772,494	-	1,772,494
<b>Total program services</b>	<b>124,264,009</b>	<b>-</b>	<b>124,264,009</b>
Supporting services:			
General and administrative	3,706,599	-	3,706,599
Fundraising	944,120	-	944,120
<b>Total supporting services</b>	<b>4,650,719</b>	<b>-</b>	<b>4,650,719</b>
<b>Total expenses</b>	<b>128,914,728</b>	<b>-</b>	<b>128,914,728</b>
<b>Change in net assets</b>	<b>(5,124,203)</b>	<b>(881,641)</b>	<b>(6,005,844)</b>
Net assets:			
Beginning	22,399,173	2,699,202	25,098,375
Ending	<b>\$ 17,274,970</b>	<b>\$ 1,817,561</b>	<b>\$ 19,092,531</b>

See notes to financial statements.

**KIND, Inc.**

**Statement of Activities  
Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Donated legal services	\$ 103,629,761	\$ -	\$ 103,629,761
Government contracts	12,231,843	-	12,231,843
Government grants	178,637	-	178,637
Contributions	4,724,228	-	4,724,228
Foundation and private grants	3,956,720	2,450,670	6,407,390
Special events	912,098	-	912,098
Fellowship	310,930	-	310,930
Interest income	213,828	-	213,828
Other income	116,002	-	116,002
Net assets released from restrictions	3,964,524	(3,964,524)	-
<b>Total revenue and support</b>	<b>130,238,571</b>	<b>(1,513,854)</b>	<b>128,724,717</b>
<b>Expenses:</b>			
<b>Program services:</b>			
Legal services	120,306,884	-	120,306,884
Regional and international work	1,467,181	-	1,467,181
Advocacy and communications	1,453,258	-	1,453,258
<b>Total program services</b>	<b>123,227,323</b>	<b>-</b>	<b>123,227,323</b>
<b>Supporting services:</b>			
General and administrative	2,761,930	-	2,761,930
Fundraising	1,101,616	-	1,101,616
<b>Total supporting services</b>	<b>3,863,546</b>	<b>-</b>	<b>3,863,546</b>
<b>Total expenses</b>	<b>127,090,869</b>	<b>-</b>	<b>127,090,869</b>
<b>Change in net assets</b>	<b>3,147,702</b>	<b>(1,513,854)</b>	<b>1,633,848</b>
<b>Net assets:</b>			
Beginning	19,251,471	4,213,056	23,464,527
Ending	<b>\$ 22,399,173</b>	<b>\$ 2,699,202</b>	<b>\$ 25,098,375</b>

See notes to financial statements.

KIND, Inc.

Statement of Functional Expenses  
Year Ended December 31, 2020

	Program Services				Supporting Services			Total
	Legal Services	Regional and International Work	Advocacy and Communications	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Donated legal services	\$ 97,538,351	\$ -	\$ -	\$ 97,538,351	\$ -	\$ -	\$ -	\$ 97,538,351
Salaries and benefits	17,645,736	1,527,585	1,328,278	20,501,599	2,591,731	628,889	3,220,620	23,722,219
Staff development and training	193,411	4,262	5,244	202,917	10,970	1,991	12,961	215,878
Rent	2,319,852	-	66,891	2,386,743	178,764	44,594	223,358	2,610,101
Facilities	512,602	143,769	14,566	670,937	22,140	6,244	28,384	699,321
Communications and technology	192,988	5,881	127,861	326,730	65,938	-	65,938	392,668
Case management fees	336,539	1,736	-	338,275	25,839	-	25,839	364,114
Insurance and taxes	159,396	11,142	5,433	175,971	9,498	-	9,498	185,469
Dues and subscriptions	151,776	1,160	11,709	164,645	18,979	29,319	48,298	212,943
Travel, meals and meetings	74,931	36,479	5,275	116,685	17,999	1,586	19,585	136,270
Accounting fees	-	3,236	-	3,236	162,974	-	162,974	166,210
Consulting	23,858	149,974	199,665	373,497	36,542	9,560	46,102	419,599
Grants and subcontractors	-	672,904	-	672,904	-	-	-	672,904
Professional fees	316,968	11,625	77	328,670	210,242	-	210,242	538,912
Events	23,222	-	-	23,222	-	103,297	103,297	126,519
Office expenses	206,500	2,697	4,582	213,779	13,392	18,017	31,409	245,188
Other operating expenses	218,206	4,729	2,913	225,848	341,591	100,623	442,214	668,062
<b>Total</b>	<b>\$ 119,914,336</b>	<b>\$ 2,577,179</b>	<b>\$ 1,772,494</b>	<b>\$ 124,264,009</b>	<b>\$ 3,706,599</b>	<b>\$ 944,120</b>	<b>\$ 4,650,719</b>	<b>\$ 128,914,728</b>

See notes to financial statements.

**KIND, Inc.**

**Statement of Functional Expenses  
Year Ended December 31, 2019**

	Program Services			Supporting Services				Total
	Legal Services	Regional and International Work	Advocacy and Communications	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Donated legal services	\$ 103,629,761	\$ -	\$ -	\$ 103,629,761	\$ -	\$ -	\$ -	\$ 103,629,761
Salaries and benefits	12,849,683	652,503	917,837	14,420,023	1,484,478	574,361	2,058,839	16,478,862
Staff development and training	122,288	1,550	7,172	131,010	14,387	2,314	16,701	147,711
Rent	1,286,661	1,298	-	1,287,959	354,338	141,736	496,074	1,784,033
Facilities	728,808	3,585	4,374	736,767	12,578	5,874	18,452	755,219
Communications and technology	102	14,000	156,150	170,252	-	397	397	170,649
Case management fees	156,270	1,845	38	158,153	-	-	-	158,153
Insurance and taxes	91,853	5,631	3,131	100,615	4,175	2,088	6,263	106,878
Dues and subscriptions	120,174	3,023	10,766	133,963	2,278	57,120	59,398	193,361
Travel, meals and meetings	348,282	171,264	56,370	575,916	95,463	24,061	119,524	695,440
Accounting fees	-	-	-	-	257,306	-	257,306	257,306
Consulting	128,183	161,076	216,399	505,658	157,265	-	157,265	662,923
Grants and subcontractors	-	433,624	-	433,624	-	-	-	433,624
Professsional fees	260,963	8,427	23,165	292,555	120,716	5,618	126,334	418,889
Events	4,218	-	1,058	5,276	-	274,698	274,698	279,974
Office expenses	288,562	3,507	4,705	296,774	45,525	8,435	53,960	350,734
Other operating expenses	291,076	5,848	52,093	349,017	213,421	4,914	218,335	567,352
<b>Total</b>	<b>\$ 120,306,884</b>	<b>\$ 1,467,181</b>	<b>\$ 1,453,258</b>	<b>\$ 123,227,323</b>	<b>\$ 2,761,930</b>	<b>\$ 1,101,616</b>	<b>\$ 3,863,546</b>	<b>\$ 127,090,869</b>

See notes to financial statements.



**KIND, Inc.**

**Statements of Cash Flows  
Years Ended December 31, 2020 and 2019**

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (6,005,844)	\$ 1,633,848
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Amortization and depreciation	229,140	166,008
Loss on disposal of property and equipment	-	8,518
Deferred rent	431,770	611,777
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	415,529	(2,312,743)
Grants and contributions receivable	(25,771)	501,849
Prepaid expenses and deposits	(794,646)	(244,225)
Increase (decrease) in:		
Accounts payable and accrued expenses	596,419	378,379
Accrued vacation	704,516	131,602
Deferred revenue	(3,680)	177,000
Refundable advances	360,271	27,500
Security deposit payable	(2,839)	(2,620)
<b>Net cash (used in) provided by operating activities</b>	<b>(4,095,135)</b>	<b>1,076,893</b>
Cash flows from investing activities:		
Purchases of property and equipment	(321,445)	(15,702)
Purchases of investments	(104,338)	(42,748)
Proceeds from sale of investments	1,240	176
<b>Net cash used in investing activities</b>	<b>(424,543)</b>	<b>(58,274)</b>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	2,845,197	-
Principal payments on capital lease obligation	(23,961)	(17,322)
<b>Net cash provided by (used in) financing activities</b>	<b>2,821,236</b>	<b>(17,322)</b>
<b>Net (decrease) increase in cash</b>	<b>(1,698,442)</b>	<b>1,001,297</b>
Cash:		
Beginning	21,359,132	20,357,835
Ending	<b>\$ 19,660,690</b>	<b>\$ 21,359,132</b>
Supplemental cash flow information:		
Cash paid for interest	\$ 2,724	\$ 5,390
Supplemental disclosure of noncash investing and financing transactions:		
Leasehold improvements acquired via tenant allowance	<b>\$ 1,008,404</b>	<b>\$ 615,284</b>

See notes to financial statements.

**KIND, Inc.**

**Notes to Financial Statements**

---

**Note 1. Nature of Activities and Significant Accounting Policies**

**Nature of activities:** KIND, Inc. (the Organization) is a nonprofit corporation organized under the laws of the District of Columbia on May 7, 2008. The Organization serves children who face the immigration system alone and works to ensure that these children are treated fairly and that their rights are protected and respected. The Organization has a nimble infrastructure of pro-bono coordinators that assign, monitor, mentor and coordinate legal representation provided by law firms and corporate legal departments in targeted cities. The Organization funds its programs and supporting services primarily through pro-bono legal services, government contracts, corporate and foundation grants, and contributions.

Effective March 3, 2020, KIND Global LLC was created as a limited liability company and a nonprofit corporation in the District of Columbia. The Organization serves as the sole member and manager of KIND Global LLC and signed a limited liability company agreement with KIND Global LLC effective May 18, 2020. KIND Global LLC was established to help with the creation of Asociacion Para la Defensa Legal de Ninos Migrantes – KIND (A.C.), a nonprofit entity associated with KIND Global LLC that is based in Mexico City, Mexico. During the year ended December 31, 2020, KIND Global LLC and Asociacion Para la Defensa Legal de Ninos Migrantes – KIND (A.C.) had no financial activity.

A summary of the Organization's significant accounting policies follows:

**Basis of presentation:** The Organization follows the accounting requirements of the Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under FASB ASC, the Organization is required to report information regarding its net assets and its activities according to two categories: 1) net assets without donor restrictions and 2) net assets with donor restrictions.

**Without donor restrictions:** Net assets without donor restrictions include those net assets whose use is not restricted by donors even though their use may be limited in other respects, such as by board designation. During the year ended December 31, 2016, the Board of Directors created the Operating Reserve Fund (the Reserve Fund) as a designated component of net assets without donor restrictions. The Reserve Fund is targeted at six months of average operating costs (excluding donated services and depreciation). The Reserve Fund is intended to provide an internal source of funds for situations such as sudden increases in expenses, unanticipated loss in funding, a financial downturn or uninsured losses.

**With donor restrictions:** Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has passed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets with donor-imposed restrictions whose restrictions are fulfilled in the same year that the contributions are received are reported in the statements of activities as net assets released from restrictions.

**Cash and cash equivalents:** For purposes of reporting cash flows, the Organization considers all short-term, highly liquid investments with original maturities of three months or less to be cash and cash equivalents, except for the money market funds included in the investment accounts.

**Investments:** Investments with readily determinable fair values are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is reported in the statements of activities as part of other income. The Organization's investments consist of publicly traded common stock and mutual funds.

**Notes to Financial Statements**

---

**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Financial risk:** The Organization maintains cash deposits with various financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of these accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization.

The Organization invests funds in a portfolio that contains various types of marketable securities. Such investments are exposed to market and credit risks and may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

**Accounts receivable:** Accounts receivable represent amounts due from various contracting entities. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Based on these reviews, management deemed all receivables fully collectible and consequently no allowance for uncollectible receivables was recorded at December 31, 2020 and 2019.

**Grants and contributions receivable:** Grants and contributions receivable consist of amounts due under private grants, contributions, and certain government grants. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Based on these reviews, management deemed all receivables fully collectible and consequently, no allowance for uncollectible receivables has been recorded at December 31, 2020 and 2019. In addition, a discount for grants and contributions receivable due in over one year has not been recorded due to immateriality at December 31, 2020 and 2019.

**Property and equipment:** Property and equipment over \$750 with a projected useful life exceeding one year are capitalized and recorded at cost. Amortization and depreciation are computed using the straight-line method over the estimated useful life of the related assets, ranging from three to seven years. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expense.

**Valuation of long-lived assets:** Long-lived property, such as leasehold improvements, that suffers a permanent impairment will be written down to fair value and an impairment loss equal to the difference between the property's carrying amount and fair value would be included as a reduction in the change in net assets.

**Deferred rent:** The Organization recognizes the minimum rents required under a lease as rent expense on a straight-line basis over the term of the lease. Differences between amounts recorded as expense and amounts actually paid are reported as deferred rent in the statements of financial position along with the unamortized amount of landlord-provided tenant improvement allowance (see Note 8).

**Revenue:** Revenue from contracts with customers includes performance obligations that are satisfied either at a point in time or over time and most contracts have initial terms of one year or less. The Organization performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if the Organization is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. Output methods and input methods are used to measure progress for goods and services for which control has been transferred to the customer. If the certain criteria are not met, then revenue is recognized at a point in time.

**Notes to Financial Statements**

---

**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

Prices are specific to a distinct performance obligation, and contracts do not have multiple performance obligations. Economic factors driven by consumer confidence, employment, inflation and other world events impact the timing and level of revenue recognized in the financial statements. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of the Organization or can have a positive impact on cash flows in favorable economic conditions.

Government contracts are considered revenue from contracts from customers. Revenue from such arrangements include performance obligations that are satisfied over time using the input method to measure progress for goods and services for which control has been transferred to the customer. Input is generally based on employee effort and expenditures incurred against the contract or number of cases which the Organization has taken.

Conditional contributions received are accounted for as a liability or are unrecognized initially, that is until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

Government grants that the Organization considers conditional are recognized as revenue as qualifying expenses are incurred. Qualified expenses incurred in excess of cash received are included in grants and contracts receivable while cash received in advance of expenditures incurred is recorded as refundable advances in the accompanying statement of financial position.

Unconditional private grants and contributions are recorded as revenue when received or promised. Gifts of cash and other assets are reported as donor-restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to one of the Organization's programs or to a future year. When a donor restriction has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated services are recognized as contributions if the services: (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value, as provided by the donor, at the date of receipt. The Organization received \$97,538,351 and \$103,629,761 of donated legal services during the years ended December 31, 2020 and 2019, respectively.

**Functional allocation of expenses:** The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of activities. The statements of functional expenses presents expenses by function and natural classification. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on either financial or nonfinancial data, such as distribution of labor or estimates of time and effort incurred by personnel. The expenses that are allocated include: salaries and benefits, staff development and training, professional fees, amortization and depreciation, dues and subscriptions, insurance, equipment and furniture, and other operating expenses.

**Use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

**Notes to Financial Statements**

---

**Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Income taxes:** The Organization is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is not classified as a private foundation. No provision for income taxes is required as the Organization earned no net unrelated business income for the years ended December 31, 2020 and 2019.

**Recent accounting pronouncement (adopted):** In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The Organization adopted the standard for contributions received effective for the year ended December 31, 2019. The Organization adopted the standard for contributions made effective for the year ended December 31, 2020 using the modified prospective method. Based on the Organization's review of the contributions it makes, the timing and amount of expense recognized previously is consistent with how expense is recognized under this new standard. The adoption had no impact on the statements of financial position and the statements of activities.

**Recent accounting pronouncements (not adopted):** In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization's year ending December 31, 2022. A modified, retrospective transition approach is required for lessees for capital and operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization anticipates adopting the new standard during the year ending December 31, 2022 and is currently evaluating the impact of the adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Organization for the year ending December 31, 2022. The Organization is currently evaluating the impact of this new guidance on its financial statements.

**Subsequent events:** Subsequent events have been evaluated through November 9, 2021, which is the date the financial statements were available to be issued.

**KIND, Inc.****Notes to Financial Statements****Note 2. Liquidity and Availability of Resources**

The following schedule reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of this date:

	2020	2019
Cash	\$ 19,660,690	\$ 21,359,132
Investments	170,376	67,278
Accounts receivable	4,190,114	4,605,643
Grants and contributions receivable	1,474,163	1,448,392
Total financial assets	<u>25,495,343</u>	<u>27,480,445</u>
Less those unavailable for general expenditures within one year due to:		
Board-designated net assets	(12,169,389)	(11,678,250)
Donor-restricted net assets	<u>(1,817,561)</u>	<u>(2,699,202)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,508,393</u>	<u>\$ 13,102,993</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization seeks to operate with a balanced budget on a cash-flow basis and without any short- or long-term non-operating debt.

**Note 3. Grants and Contributions Receivable**

Grants and contributions receivable is comprised of unconditional promises to give and is receivable as follows at December 31, 2020 and 2019:

	2020	2019
Receivable in less than one year	\$ 1,154,163	\$ 1,128,392
Receivable in one to five years	320,000	320,000
Total grants and contributions receivable	<u>\$ 1,474,163</u>	<u>\$ 1,448,392</u>

**Note 4. Property and Equipment**

The Organization held the following property and equipment at December 31, 2020 and 2019:

	2020	2019
Furniture and equipment	\$ 434,562	\$ 271,387
Computer software	118,400	62,450
Website	13,940	13,940
Equipment under capital leases	143,804	143,804
Leasehold improvements	1,726,008	615,284
Total property and equipment	<u>2,436,714</u>	<u>1,106,865</u>
Less accumulated amortization and depreciation	<u>(679,277)</u>	<u>(450,137)</u>
Property and equipment, net	<u>\$ 1,757,437</u>	<u>\$ 656,728</u>

**KIND, Inc.****Notes to Financial Statements**

---

**Note 5. Net Assets with Donor Restrictions**

Net assets with donor restrictions were restricted for the following at December 31, 2020 and 2019:

	2020	2019
Subject to the passage of time	\$ 35,000	\$ 40,000
Subject to expenditures for specific purposes:		
Legal services	1,287,274	1,515,421
Regional and international work	484,573	1,119,221
Advocacy, education and fellow	10,714	24,560
Total net assets with donor restrictions	<u>\$ 1,817,561</u>	<u>\$ 2,699,202</u>

During the years ended December 31, 2020 and 2019, releases from net assets with donor restrictions were for the following:

	2020	2019
Subject to the passage of time	\$ 15,000	\$ 5,000
Subject to expenditures for specific purposes:		
Legal services	1,652,647	2,548,639
Regional and international work	1,358,970	1,287,944
Advocacy, education and fellow	38,844	122,941
Total net assets with donor restrictions	<u>\$ 3,065,461</u>	<u>\$ 3,964,524</u>

**Note 6. Note payable**

As part of its response to the coronavirus (COVID-19) pandemic (see Note 9), the Organization applied for a Paycheck Protection Program (PPP) loan administered by the Small Business Administration (SBA). The Organization's application was approved, and a PPP loan of \$2,845,197 carrying an interest rate of 1% per annum and a two-year maturity, was funded on April 28, 2020. The Organization has elected to account for the loan as a financial liability in accordance with ASC 470 until the time forgiveness is received. The Organization did not incur any significant interest expense under the PPP loan. On August 26, 2021, the Organization received notification from the SBA that its PPP loan, and all accrued interest, was fully forgiven.

**Note 7. Retirement Plan**

The Organization currently has a Section 403(b) defined contribution plan for its employees. Eligible employees may contribute a percentage of their annual compensation, subject to certain limitations, to the 403(b) defined contribution plan. Employer matching contributions are at the Organization's discretion. During the years ended December 31, 2020 and 2019, the total amount contributed by the Organization to the plan was \$357,620 and \$224,339, respectively, which is included in salaries and benefits expenses in the accompanying statement of functional expenses.

**KIND, Inc.**

**Notes to Financial Statements**

---

**Note 8. Commitments and Contingencies**

**Leases:** The Organization has non-cancellable lease agreements for office spaces and various equipment operating leases which expire through February 2031. The Organization records monthly rent expense on a straight-line basis equal to the total rent due over the lease term. Differences between rent expense recorded and the amount paid, including the unamortized portion of landlord-provided improvement allowances, are included in deferred rent in the accompanying financial statements.

At December 31, 2020, the minimum future lease payments under these leases are as follows:

Years ending December 31:	
2021	\$ 2,986,300
2022	2,844,369
2023	2,848,182
2024	2,928,433
2025	3,007,027
Thereafter	10,794,293
	<u>\$ 25,408,604</u>

In addition, the Organization entered into various capital lease agreements for office copiers and phone systems which expire through July 2022. Equipment under these capital leases are included in property and equipment in the accompanying financial statements.

**Event space commitment:** The Organization is committed under agreements for event space through the year 2022. In the event that the Organization cancels these agreements, the Organization would forfeit any amounts paid to date.

**Legal matters:** During 2021, KIND became involved in legal proceedings related to various business matters. In the opinion of management, the outcome of these proceedings will not have a material impact on KIND.

**Note 9. COVID-19**

Subsequent to the COVID-19 outbreak in 2020 in the United States, there has been substantial volatility in financial markets and the economy. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate the spread of it have had and may continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long the adverse conditions associated with COVID-19 will last and what the complete financial effect will be to the Organization.

Management will continue to review and adjust planned operations should it be determined the COVID-19 outbreak will have a significant impact on the Organization's financial condition.