

THE INDEPENDENCE FUND, INC.
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
AND
INDEPENDENT AUDITOR'S REPORT

FRANKLIN & FRANKLIN, PA
CERTIFIED PUBLIC ACCOUNTANTS

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THE INDEPENDENCE FUND, INC.

YEARS ENDED JUNE 30, 2021 AND 2020

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FRANKLIN & FRANKLIN, PA

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Independence Fund, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of The Independence Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 of 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 The Independence Fund, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Franklin & Franklin, PA
Matthews, North Carolina

November 23, 2021

THE INDEPENDENCE FUND, INC.

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2021 AND 2020

	June 30, 2021	June 30, 2020
ASSETS		
Current assets:		
Cash	\$ 4,338,376	\$ 2,754,384
Accounts receivable	4,754	-
Sales tax receivable	12,621	12,429
Prepaid expenses and other current assets	12,148	30,186
Total current assets	<u>4,367,899</u>	<u>2,796,999</u>
Non-current assets:		
Cash held for long-term purposes	83,298	54,292
Investments	3,692,257	2,709,679
Property and equipment, net of accumulated depreciation	44,687	48,586
Total non-current assets	<u>3,820,242</u>	<u>2,812,557</u>
TOTAL ASSETS	<u><u>\$ 8,188,141</u></u>	<u><u>\$ 5,609,556</u></u>
LIABILITIES & NET ASSETS		
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 313,268	\$ 209,497
Payroll liabilities	51,567	99,809
Current portion of long-term debt	282	178,578
Total current liabilities	<u>365,117</u>	<u>487,884</u>
Long-Term Debt	<u>154,149</u>	<u>376,622</u>
TOTAL LIABILITIES	<u>519,266</u>	<u>864,506</u>
NET ASSETS		
Without donor restrictions	7,668,875	4,745,050
With donor restrictions	-	-
TOTAL NET ASSETS	<u>7,668,875</u>	<u>4,745,050</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 8,188,141</u></u>	<u><u>\$ 5,609,556</u></u>

THE INDEPENDENCE FUND, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 4,771,594	\$ 2,498,125	\$ 7,269,719
Conditional contributions	-	-	-
Contributions in-kind: services	8,293,570	-	8,293,570
Contributions in-kind: goods	14,325	-	14,325
Investment gain, net fees	834,609	-	834,609
Forgiveness of debt	405,300	-	405,300
All other	10,526	-	10,526
	<u>14,329,924</u>	<u>2,498,125</u>	<u>16,828,049</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>2,498,125</u>	<u>(2,498,125)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	16,828,049	-	16,828,049
EXPENSES			
Program services	12,726,986	-	12,726,986
Management and general	654,579	-	654,579
Fundraising	522,659	-	522,659
	<u>13,904,224</u>	<u>-</u>	<u>13,904,224</u>
TOTAL EXPENSES	13,904,224	-	13,904,224
CHANGE IN NET ASSETS	2,923,825	-	2,923,825
NET ASSETS, BEGINNING OF YEAR	<u>4,745,050</u>	<u>-</u>	<u>4,745,050</u>
NET ASSETS, END OF YEAR	<u>\$ 7,668,875</u>	<u>\$ -</u>	<u>\$ 7,668,875</u>

THE INDEPENDENCE FUND, INC.

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 3,132,657	\$ 2,418,598	\$ 5,551,255
Conditional contributions	10,000	-	10,000
Contributions in-kind: services	21,581,982	-	21,581,982
Contributions in-kind: goods	469	-	469
Investment loss, net fees	(59,704)	-	(59,704)
All other	2,882	-	2,882
	<u>24,668,286</u>	<u>2,418,598</u>	<u>27,086,884</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>2,418,598</u>	<u>(2,418,598)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	27,086,884	-	27,086,884
EXPENSES			
Program services	25,407,369	-	25,407,369
Management and general	650,084	-	650,084
Fundraising	478,130	-	478,130
	<u>26,535,583</u>	<u>-</u>	<u>26,535,583</u>
TOTAL EXPENSES	26,535,583	-	26,535,583
CHANGE IN NET ASSETS	551,301	-	551,301
NET ASSETS, BEGINNING OF YEAR	<u>4,193,749</u>	<u>-</u>	<u>4,193,749</u>
NET ASSETS, END OF YEAR	<u>\$ 4,745,050</u>	<u>\$ -</u>	<u>\$ 4,745,050</u>

THE INDEPENDENCE FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
SALARIES AND BENEFITS				
Salaries	\$ 1,142,504	\$ 274,073	\$ 176,873	1,593,450
Payroll taxes	83,061	19,925	12,859	115,845
Employee benefits	137,336	32,947	21,261	191,544
TOTAL SALARIES AND BENEFITS	1,362,901	326,945	210,993	1,900,839
OTHER EXPENSES				
Grants and direct assistance	1,436,184	-	-	1,436,184
Contracted services	170,937	131,961	12,232	315,130
Travel and meetings	133,959	14,856	17,357	166,172
Advertising and marketing	146,299	-	146,299	292,598
Facilities and equipment	197,807	22,100	7,131	227,038
Client-specific assistance	919,951	-	5,611	925,562
Office and communications	114,299	128,360	60,298	302,957
Banking fees	-	3,178	61,327	64,505
Insurance	-	18,728	-	18,728
All other expenses	10,632	8,451	1,411	20,494
TOTAL OTHER EXPENSES	3,130,068	327,634	311,666	3,769,368
SUBTOTAL BEFORE DONATED SERVICES	4,492,969	654,579	522,659	5,670,207
DONATED SERVICES				
Public service announcements	8,234,017	-	-	8,234,017
TOTAL EXPENSES	\$ 12,726,986	\$ 654,579	\$ 522,659	\$ 13,904,224

THE INDEPENDENCE FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services Management and General	Fundraising	Total Expenses
SALARIES AND BENEFITS				
Salaries	\$ 1,124,197	\$ 300,248	\$ 117,663	1,542,108
Payroll taxes	107,792	28,789	11,282	147,863
Employee benefits	136,861	36,552	14,324	187,737
TOTAL SALARIES AND BENEFITS	1,368,850	365,589	143,269	1,877,708
OTHER EXPENSES				
Grants and direct assistance	944,516	-	-	944,516
Contracted services	98,803	110,995	9,208	219,006
Travel and meetings	341,499	36,330	40,107	417,936
Advertising and marketing	174,161	-	186,251	360,412
Facilities and equipment	230,234	30,059	8,415	268,708
Client-specific assistance	594,205	-	1,605	595,810
Office and communications	64,525	82,145	33,986	180,656
Banking fees	-	2,261	53,956	56,217
Insurance	-	20,224	-	20,224
All other expenses	8,594	2,481	1,333	12,408
TOTAL OTHER EXPENSES	2,456,537	284,495	334,861	3,075,893
SUBTOTAL BEFORE DONATED SERVICES	3,825,387	650,084	478,130	4,953,601
DONATED SERVICES				
Public service announcements	21,581,982	-	-	21,581,982
TOTAL EXPENSES	\$ 25,407,369	\$ 650,084	\$ 478,130	\$ 26,535,583

THE INDEPENDENCE FUND, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,923,825	\$ 551,301
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Gain on forgiveness of debt	(405,300)	-
Accrual of interest on EIDL	4,531	-
Realized and unrealized (gain)/loss on investments	(731,026)	170,666
Conditional contribution	-	(10,000)
Contribution of marketable securities	(304,550)	(324,354)
Depreciation expense	34,940	52,019
Changes in:		
Accounts receivable	(4,754)	-
Promises to give	-	156,350
Sales tax receivable	(192)	(7,743)
Prepaid expenses and other current assets	18,038	30,723
Accounts payable	103,771	45,254
Payroll liabilities	(48,242)	1,394
Other short-term liabilities	-	(56,808)
Net Cash Flows From Operating Activities	<u>1,591,041</u>	<u>608,802</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(31,041)	(15,654)
Purchase of investments	(1,135,047)	(456,220)
Proceeds from the sale of investments	1,188,045	1,094,644
Net Cash Flows From Investing Activities	<u>21,957</u>	<u>622,770</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of long-term debt	-	565,200
Principal payments on long-term debt	-	-
Net Cash Flows From Financing Activities	<u>-</u>	<u>565,200</u>
Net Change in Cash	1,612,998	1,796,772
CASH, BEGINNING OF YEAR	<u>2,808,676</u>	<u>1,011,904</u>
CASH, END OF YEAR	<u><u>\$ 4,421,674</u></u>	<u><u>\$ 2,808,676</u></u>
Non-cash financing activities:		
Forgiveness of debt	\$ 405,300	\$ -
Accrued interest on EIDL	\$ 4,531	\$ -

THE INDEPENDENCE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. ORGANIZATION AND THE NATURE OF ACTIVITIES

Organization

The Independence Fund, Inc., (“the Fund”) is a North Carolina-based, national, not-for-profit corporation under the Internal Revenue Code section 501(c)(3), which was formed in 2007. The purpose of the Fund is to empower our nation’s severely wounded, injured, or ill Veterans to overcome physical, mental, and emotional wounds incurred in the line of duty.

Purpose and Programs

The Fund operates the following programs to further its mission:

Mobility Program – Many severely wounded Veterans have lost the ability to experience activities they previously enjoyed. Wounded Veterans that use our all-terrain mobility devices regain the ability to do the things they love, transforming their lives toward a better future. During the year ended June 30, 2020, the Fund provided 75 chairs to Veterans and 83 during the year ended June 30, 2021, and we have provided more than 2,500 mobility devices since our founding.

Caregiver Program – The Fund serves the heroes behind the heroes; the Caregivers that work tirelessly to support the wounded Veterans day-in and day-out. The Fund provides Caregivers the means to build strong networks and receive the emotional and physical support they need. During the years ended June 30, 2021 and 2020, the Fund conducted two, in-person Caregiver Retreats each year, serving 29 and 26 Caregivers, respectively. The Fund transitioned to a virtual model to support our Caregivers and we were able to support more than 213 Caregivers through virtual peer support, training, and comradery.

Family Program – Open to families of catastrophically wounded Veterans, the Family Program focuses on art therapy, respite, and comprehensive individual aftercare. With the understanding that true independence can only be reached through total family care, the Independence Fund tailors its Family Program to provide aftercare that is specifically created for each family. While we were unable to conduct in-person retreats this year, we were able to provide virtual programming for more than 200 families.

Operation Resiliency – The Fund and the Veterans Health Administration Office of Mental Health and Suicide Prevention (OMHSP) have partnered together in order to make an immediate impact on the lives of our Veterans and their families. The structure is a mutually beneficial manner that advances and improves Veterans’ mental health and wellbeing and expands and promotes community collaboration to increase access to mental health resources for all Veterans and their families and prevent suicide in the Veteran community. Through virtual suicide prevention training and support, The Independence Fund was able to support 36 Veterans this year. Like the Caregiver Program, virtual programming has been the cornerstone of Operation Resiliency as we travel through the COVID period. 276 Veterans have been assisted during this time via virtual programming in addition to those we were able to serve in person.

Advocacy Program – For Veterans returning with the scars of war, the fight does not end upon their arrival home. Unfortunately, some of the biggest battles are with the very institutions that are supposed to be on their side. Our Advocacy Program assists where the need is greatest right now; giving a voice to Veterans for VA healthcare reform, ensuring the Caregivers of the seriously disabled are properly supported, and addressing the latent problems of toxic exposure. The Fund fights for those who fought for us.

THE INDEPENDENCE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Independence@Home – The COVID-19 pandemic had a disproportional effect on our Veterans, Caregivers, and their families. In order to address the immediate needs of these Heroes, The Independence Fund showed flexibility in developing a new program called Independence@Home. This program was able to provide more than 687 and 913 families with financial and disaster support during their time of need in the years ended June 30, 2021 and 2020, respectively.

Funding Sources

The Fund is supported primarily by voluntary contributions and grants that are received primarily from individuals, companies, and foundations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Fund have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absences of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are those currently available for use in the operations of the Fund under the direction of the Board. Net assets without donor restriction can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in day-to-day operations of the Fund and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives. Such amounts, if any, are reflected as Net Assets Without Donor Restriction – Designated in the accompanying Statement of Financial Position.

Net assets with donor restrictions consist of net assets that have been designated by donors for specific purposes and those net assets that are not currently available for use until commitments regarding their use have been fulfilled.

Support

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported on the Statement of Activities as net assets released from restrictions.

Property and Equipment

Furniture and equipment with a value of \$1,000 or more is recorded at cost, if purchased, or fair value, if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation expense is recorded using the straight-line method of depreciation over the estimated useful lives of the assets, which range from three to seven years.

Depreciation expense was \$34,940 and \$52,019 for the years ended June 30, 2021 and 2020, respectively.

THE INDEPENDENCE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Donated Service and Goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by the contribution, require specialized skills, and are provided by individuals possessing those skills. Donated facilities, equipment, or materials, if significant, are included in support at fair value. During the year ended June 30, 2021, the Fund received public service announcements valued at \$8,234,017. The fund also received information technology goods and services valued at \$73,878.

During the year ended June 30, 2020, the Fund recorded donated public service announcements valued at \$21,569,892 and donated airline miles valued at \$12,090.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Fund with program services, management and general expenses, and fundraising efforts. The Fund does not record the value of other donated services in its financial statements because they do not meet the criteria for recognition under ASC No. 605, *Accounting for Contributions Received and Contributions Made*.

Federal Income Tax Status

The Fund is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Fund is classified as other than a private foundation, as defined by Section 509(a) of the Internal Revenue Code.

Functional Allocation of Expenses

Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. Facility costs are allocated based on the estimated square footage utilized by that function. Donated public service announcements are shown as program services expense. Salaries, payroll taxes, and benefit expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent by each employee.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Advertising expense is expensed as incurred. Advertising and marketing expense incurred by the Fund during the years ended June 30, 2021 and 2020 was \$292,598 and \$360,412, respectively.

Reclassifications

Certain 2020 amounts have been reclassified to conform with the 2021 financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

THE INDEPENDENCE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	June 30, 2021	June 30, 2020
Financial assets, at year end	\$ 8,131,306	\$ 5,530,784
Less those unavailable for general expenditures within one year:		
Financial assets restricted by donors	<u>-0-</u>	<u>-0-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,131,306</u>	<u>\$ 5,530,784</u>

As of June 30, 2021, the Fund has \$8,131,306 of financial assets available to meet cash needs for general operating expenditures, consisting of cash of \$4,421,674, receivables of \$17,375 and investments of \$3,692,257. The Fund has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$560,000. The Fund has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Fund invests cash in excess of daily requirements in various short-term and long-term investments, including equity exchange-traded funds, bond mutual funds and equity mutual funds.

4. INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued in the Statement of Financial Position at their fair value. Fair value is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value of securities is estimated using quoted market prices. The change in the fair value of securities is reflected as investment gains or losses in the accompanying Statement of Activities. The fair value of investments was as follows on June 30, 2021:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Equity funds	\$ 1,808,600	\$ 1,317,350
Bond funds	675,793	769,800
Exchange traded funds	1,150,000	564,538
Other assets	<u>57,864</u>	<u>57,991</u>
Total investments	<u>\$ 3,692,257</u>	<u>\$ 2,709,679</u>

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based on observable and unobservable inputs, as follows:

THE INDEPENDENCE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Level 1 – Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

All of the Fund's investments as of June 30, 2021 and 2020 are classified as Level 1 assets.

5. FURNITURE AND EQUIPMENT

Furniture and equipment as of June 30, 2021 and 2020 is comprised of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Computer equipment	\$ 133,838	\$ 131,739
Furniture and fixtures	141,292	135,850
Leasehold and other improvements	20,946	20,946
Vehicles and trailers	<u>232,787</u>	<u>209,287</u>
Less: accumulated depreciation	<u>(484,176)</u>	<u>(449,236)</u>
Furniture and equipment, net of depreciation	<u>\$ 44,687</u>	<u>\$ 48,586</u>

6. LONG-TERM DEBT

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Note payable to Towne Bank for \$405,300, commencing with the first payment due on November 15, 2020. Terms of the 2-year promissory note call for 18 monthly payments of \$22,813, including principal and interest at a rate of 1% per year. The final payment is due on April 15, 2022.	\$ -0-	\$ 405,300
Note payable to Bank of America for \$149,900, commencing with the first payment due on June 6, 2022. Terms of the 30-year promissory note call for monthly payments of \$641, including principal and interest at 2.75% per year. The principal amortizes fully over 30 years.	<u>154,431</u>	<u>149,900</u>
Total	<u>\$ 154,431</u>	<u>\$ 555,200</u>

THE INDEPENDENCE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

The estimated future principal payments are as follows for the years ended June 30:

2022	\$	282
2023		3,439
2024		3,535
2025		3,633
2026		3,734
2027 and thereafter		<u>139,808</u>
Total	\$	<u>154,431</u>

The promissory note payable to Towne Bank was received under the Paycheck Protection Program of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. During the year ended June 30, 2021, the Fund received full forgiveness of the loan and is reflected on page 3 of the financial statements.

The note payable to Bank of America was issued via the COVID-19 Economic Injury Disaster Loan (EIDL) during the year ended June 30, 2020. Initially, payments were deferred a year under the program, but subsequent to the initial issuance, the United States Small Business Administration (SBA) deferred payments for an additional 12 months. Interest continues to accrue, but payments are not required for the Fund until June 6, 2022.

7. CONCENTRATION OF RISKS

Cash

The Fund maintains cash balances at financial institutions in excess of FDIC insured limits. The balance of uninsured cash as of June 30, 2021 was \$4,081,885. However, management believes that the risk related to the accounts is minimal because of the strong credit rating of the financial institutions.

Investments

The investments held by the Fund are insured by the Securities Investor Protection Corporation up to \$500,000. The Fund invests in a variety of investments, which are subject to fluctuations in market values and expose the Fund to a certain degree of investment risk.

8. OPERATING LEASE

The Fund leases office space under a non-cancelable operating lease agreement. Total rental expense under this operating lease for the year ended June 30, 2021 was \$91,556 and \$88,868 for the year ended June 30, 2020.

Future minimum lease payments are as follows:

2022	\$	46,230
2023		43,035
2024		44,350
2025		3,705
2026 and thereafter		<u>-0-</u>
Total	\$	<u>137,320</u>

THE INDEPENDENCE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

9. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2020, the Fund paid \$23,259 to a hypnotherapy center, which is owned and operated by a family member of the Chief Executive Officer. The hypnotherapy center provided services for the Caregiver Program and were pre-approved by the Board and the CEO was not involved in the decision to use the service.

During the year ended June 30, 2021, there were no related party transactions.

10. PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2021, an invoice for expenses incurred in the year ended June 30, 2020 and 2019 was discovered. The accounts payable on June 30, 2020 was understated by \$56,929 and understated on June 30, 2019 by \$45,453. Within the financial statements presented herein, net assets were reduced by \$56,929 as of June 30, 2020 and marketing expense during the year ended June 30, 2020 was increased by \$11,386.

During the year ended June 30, 2021, management identified that the asset life assigned to leasehold improvements was too long, as generally accepted accounting principals limit the asset life of a leasehold improvement to the ending date of the lease. The correction of the depreciation estimate related to these assets was adjusted, resulting in a decrease in net assets as of June 30, 2020 of \$7,323 and an increase in depreciation expense for the year ended June 30, 2020 of \$2,029.

11. SUBSEQUENT EVENTS

The Fund has evaluated for disclosure any subsequent events from the June 30, 2021 through November 23, 2021, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.