

The Fort Worth Public Library Foundation
Fort Worth, Texas

Financial Statements Together With
Independent Auditor's Report

December 31, 2019 and 2018

The Fort Worth Public Library Foundation
Financial Statements
December 31, 2019 and 2018

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Note Disclosures to the Financial Statements	7 - 15



Ratloff & Associates, P.C.
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors of
The Fort Worth Public Library Foundation
Fort Worth, Texas

We have audited the accompanying financial statements of The Fort Worth Public Library Foundation (a Texas nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Page 2 of 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Fort Worth Public Library Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of The Fort Worth Public Library Foundation as of December 31, 2018, and for the year then ended were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated August 22, 2019. We were not engaged to audit, review, or apply any procedures to the Foundation's 2018 financial statements and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

Ratzliff & Associates, P.C.

June 15, 2020

Fort Worth Public Library Foundation

Statements of Financial Position

December 31, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 488,475	\$ 718,952
Investments	1,637,503	1,599,818
Receivables	1,466	43,845
Prepaid expenses	9,348	14,672
Total current assets	2,136,792	2,377,287
Property and equipment		
Furniture and fixtures	16,995	16,995
Office Equipment	4,794	10,055
Leasehold improvements	16,145	16,145
Less: accumulated depreciation	(32,763)	(33,611)
Net property and equipment	5,171	9,584
Total Assets	\$ 2,141,963	\$ 2,386,871
Liabilities & Net Assets		
Liabilities		
Current liabilities		
Accounts payable	\$ 26,266	\$ 52,143
Deferred revenue	19,100	14,750
Accrued liabilities	12,214	16,083
Total current liabilities	57,580	82,976
Net assets		
Without donor restrictions	479,774	634,865
With donor restrictions	1,604,609	1,669,030
Total net assets	2,084,383	2,303,895
Total Liabilities & Net Assets	\$ 2,141,963	\$ 2,386,871

The accompanying note disclosures are an integral part of these financial statements.

Fort Worth Public Library Foundation
 Statements of Activities
 For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
General contributions and grants	\$ 84,637	\$ 258,599
In-kind donations	20,000	18,000
Special event revenues	178,931	245,927
Investment return, net	42,307	31,655
Total revenues without donor restrictions	<u>325,875</u>	<u>554,181</u>
Net assets released from restrictions		
Satisfaction of program restrictions	171,006	108,989
Total revenues	<u>496,881</u>	<u>663,170</u>
Expenses		
Programs		
Library Support	137,008	114,701
Community Programs	56,191	87,062
Total program expenses	<u>193,199</u>	<u>201,763</u>
Support services		
Fundraising	175,161	207,442
General and administrative	283,612	228,314
Total support services expenses	<u>458,773</u>	<u>435,756</u>
Total expenses	<u>651,972</u>	<u>637,519</u>
Change in net assets without donor restrictions	<u>(155,091)</u>	<u>25,651</u>
Changes in net assets with donor restrictions		
Restricted contributions and grants	106,585	113,474
Net assets released from restriction	(171,006)	(108,989)
Change in net assets with donor restrictions	<u>(64,421)</u>	<u>4,485</u>
Change in total net assets	(219,512)	30,136
Net assets at beginning of year	<u>2,303,895</u>	<u>2,273,759</u>
Net assets at end of year	<u>\$ 2,084,383</u>	<u>\$ 2,303,895</u>

The accompanying note disclosures are an integral part of these financial statements.

Fort Worth Public Library Foundation
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
General and restricted contributions, grants and other income	\$ 238,223	\$ 393,122
Special events contributions and receipts	183,281	212,477
Cash paid for operations and programs	(647,187)	(558,099)
Net cash provided (used) by operating activities	(225,683)	47,500
Cash flows from investing activities		
Purchases of investments	(410,913)	(1,580,465)
Proceeds from sale of investments	410,913	1,564,282
Purchases of property and equipment	(4,794)	-
Net cash provided (used) by investing activities	(4,794)	(16,183)
Net increase (decrease) in cash and cash equivalents	(230,477)	31,317
Cash and cash equivalents at beginning of year	718,952	687,635
Cash and cash equivalents at end of year	\$ 488,475	\$ 718,952
 Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	\$ (219,512)	\$ 30,136
Adjustments		
Net (gain) loss on investments	(37,685)	(10,761)
Depreciation	9,207	1,240
Change in accounts receivable	42,379	155
Change in other current assets	5,324	5,999
Change in accounts payable	(25,877)	42,285
Change in deferred revenue	4,350	(33,450)
Change in accrued liabilities	(3,869)	11,896
Total adjustments	(6,171)	17,364
Net cash provided (used) by operating activities	\$ (225,683)	\$ 47,500

The accompanying note disclosures are an integral part of these financial statements.

Fort Worth Public Library Foundation

Statements of Functional Expenses

For the Years Ended December 31, 2019 and 2018

	Program services				Support services				Total	
	Library Support		Community Programs		Fundraising		General and administrative			
	2019	2018	2019	2018	2019	2018	2019	2018		
Salaries	\$ 13,273	\$ 10,672	\$ 20,598	\$ 17,574	\$ 56,768	\$ 100,316	\$ 106,309	\$ 91,778	\$ 196,948	\$ 220,340
Other fees for services	6,055	17,506	23,761	39,898	38,962	16,102	38,279	245	107,057	73,751
Office expenses	-	20,000	370	7,827	56,644	34,486	35,871	32,127	92,885	94,440
Contributions to Library	89,168	65,756	-	-	-	-	80	-	89,248	65,756
Information technology	28,000	-	729	120	3,061	8,734	14,268	-	46,058	8,854
Accounting fees	-	-	-	-	-	-	43,108	31,447	43,108	31,447
Payroll taxes	512	767	2,355	767	2,355	7,215	9,115	6,601	14,337	15,350
Conferences, conventions, and meetings	-	-	7,000	17,835	2,857	39,640	2,341	9,500	12,198	66,975
Meals and entertainment	-	-	-	-	11,014	799	762	682	11,776	1,481
Depreciation	-	-	-	-	-	-	9,207	1,240	9,207	1,240
Insurance	-	-	-	-	-	-	7,773	5,711	7,773	5,711
Advertising	-	-	-	-	3,500	150	4,079	8,826	7,579	8,976
Other employee benefits	-	-	-	-	-	-	7,118	33,597	7,118	33,597
Dues and subscriptions	-	-	-	-	-	-	3,984	5,486	3,984	5,486
Occupancy	-	-	-	-	-	-	1,318	1,074	1,318	1,074
Travel	-	-	1,378	3,041	-	-	-	-	1,378	3,041
Total expenses	\$ 137,008	\$ 114,701	\$ 56,191	\$ 87,062	\$ 175,161	\$ 207,442	\$ 283,612	\$ 228,314	\$ 651,972	\$ 637,519

The accompanying note disclosures are an integral part of these financial statements.

The Fort Worth Public Library Foundation
Note Disclosures to the Financial Statements
December 31, 2019 and 2018

Note 1, Nature of the Organization

The Fort Worth Public Library Foundation (the “Foundation”) is a 501(c)(3) Texas nonprofit corporation whose mission is to benefit both the Fort Worth Library and the Fort Worth community by providing resources that support educational programming, buildings, and infrastructure improvements.

Note 2, Summary of Significant Accounting Policies

The following is a summary of the Foundation’s significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

Liquidity: The statement of financial position is classified to show subtotals for current assets and current liabilities as part of the Foundation’s enhanced disclosure of liquidity. The Foundation anticipates using current assets and satisfying current liabilities within one year of the statement date. Current assets, excluding inventory and prepaids (as applicable), represent financial assets available for general expenditure within one year of the statement date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

Revenue recognition: Revenues of the Foundation are primarily derived from donor contributions and grants from supporters. A portion of the Foundation revenues is tied to the local economy. All contributions are considered available for the Foundation’s general programs unless specifically restricted by the donor.

Amounts received that are donor restricted by time or purpose are reported as increases in net asset with donor restrictions. When a restriction expires, 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 restriction. However, contributions received with restrictions that are met in the same reporting period are reported as increases in net assets without restrictions.

Receipts that are conditional on the occurrence of a future event, are recorded as deferred revenue until the condition has been met.

Investment income that is limited to specific uses by donor restrictions is also reported as increases in net assets without restrictions if the restrictions are met in the same reporting period as the income is recognized.

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2019 and 2018

Note 2, Summary of Significant Accounting Policies (continued)

Net assets without donor restrictions: The Foundation further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to the Foundation's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Foundation to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

Net assets with donor restriction: The Foundation further disaggregates net assets with donor restriction into two subcategories:

- Temporarily restricted: The Foundation reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt.
- Permanently restricted: The Foundation reports gifts of cash and other assets as with permanent donor restriction if they are received with donor stipulations permanently restricting the contribution to investment but permitting the Foundation to use part or all of the income derived from the investment for general or restricted purposes. As of December 31, 2019 the Foundation has no permanently restricted net assets.

Programs: The Foundation pursues its mission through the execution of the following major programs that are also the reported functional expenses of the Foundation:

- Program activities:
 - Library Support: to raise money to supplement public funding of the library system.
 - Community Programs: to provide resources that support educational programming, buildings, and infrastructure improvements.
- Fundraising: encouraging additional contributions and grants for the Foundation and its programs.
- General and Administrative: providing administrative support to the above functional areas

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are the allocation of certain expenses and the valuation of donated staff services. The allocation of certain expenses is based on management's estimate of staff activities. The valuation of donated staff services is based upon a reasonable market range for an equivalent staff position's compensation.

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2019 and 2018

Note 2, Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: For purposes of the statement of cash flows, the Foundation considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and short-term investments held in a bank money market account are reported as investments instead of cash because the Foundation maintains and invests those funds separately.

Financial instruments that potentially subject the Foundation to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of activities and on both a functional and a natural bases in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, benefited.

Noncash contributions: Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributed services that do not meet these criteria are not recognized as revenue.

For the years ended December 31, 2019 and 2018 in-kind contributions consist of rent and professional services valued at \$20,000 and \$18,000, respectively. This estimate is based upon comparable market values.

A substantial number of volunteers have also donated significant amounts of their time to the Foundation's programs. However, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition.

Donated assets of equipment or supplies that are material are recorded at fair market value as revenue and to the appropriate asset or expense account on the date of receipt. In the absence of donor restrictions, donated assets are reported as unrestricted revenue.

Contributions receivable: Contributions receivable are recognized when a donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions receivable that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. Contributions receivable are reported as increases to temporarily restricted net assets, and then they are reclassified to unrestricted net assets when received and, if applicable, when the donor-restricted purpose is fulfilled.

At December 31, 2019 and 2018, due to a historic high rate of collection, an allowance is not deemed necessary.

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2019 and 2018

Note 2, Summary of Significant Accounting Policies (continued)

Investments: All investments are measured at fair value based upon the exit price model, which is the price that would be received to sell the investment. Investment fees are netted within the investment income. These expenses are not material to these financial statements.

Fair value measurement: Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Income tax status: The Foundation is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities. For the years ended December 31, 2019 and 2018, the Foundation has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax returns of the Foundation are open to examination by the relevant taxing authorities for a period of three year from the date the returns are filed.

Property and equipment: Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Foundation capitalizes assets with a cost greater than \$1,000. Repairs and maintenance are expensed as incurred unless they materially extend the useful life of the related asset, in which case they are capitalized and depreciated. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation are removed, and a gain or loss, if any, is included in operations. Depreciation is computed using a straight-line method over the following estimated useful lives:

Leasehold improvements	5 - 10 years
Furniture and fixtures	3 - 5 years
Office Equipment	3 - 5 years
Computer Equipment	3 - 5 years

Impairment of Long-Lived assets: Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

The Fort Worth Public Library Foundation
 Note Disclosures to the Financial Statements
 December 31, 2019 and 2018

Note 2, Summary of Significant Accounting Policies (continued)

Art collections: Collection of works of art, historical treasures, and similar assets are not capitalized in as much as the items are preserved and cared for continuously. Contributions of collection items are not reported on the financial statements. Proceeds from disposal of and insurance recoveries related to collection items are reported as increases in the appropriate net asset classes.

The Foundation's collections consist of artwork. They are subject to a policy that requires proceeds from the disposition of collection items to be used to further the mission of the Foundation.

There were no collection items sold or removed during 2019 or 2018.

Note 3, Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation on the statement of activities, statement of cash flows, and statement of functional expense to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 4, Investments

For the year ended December 31, 2019, investments are all based upon level 1 inputs which are quoted prices in active markets for identical assets.

Investments by type for the years ended December 31, are as follows:

	<u>2019</u>	<u>2018</u>
Money Market	\$ 529,565	\$ 213,300
US Treasury	<u>1,107,938</u>	<u>1,386,518</u>
Total	<u>\$ 1,637,503</u>	<u>\$ 1,599,818</u>

The Fort Worth Public Library Foundation
 Note Disclosures to the Financial Statements
 December 31, 2019 and 2018

Note 4, Investments (continued)

The change in investments for the years ended December 31, are as follows:

	<u>2019</u>	<u>2018</u>
Investments, beginning of year	\$ 1,599,818	\$ 1,587,781
Investment income, net of fees	33,774	20,894
Realized and unrealized gains/(losses)	3,911	10,761
Purchase of investments	(410,913)	(1,580,465)
Sale of investments	410,913	1,560,847
	<u>410,913</u>	<u>1,560,847</u>
Investments, end of year	<u>\$ 1,637,503</u>	<u>\$ 1,599,818</u>

Note 5, Operating Lease

For the year ended December 31, 2019, the Foundation signed a lease for equipment that expires in years through 2024. Rental expense for this lease was \$544 for one month. Lease payments remaining under this lease for each of the next five years are as follows:

2020	\$ 5,628
2021	5,628
2022	5,628
2024	5,628
2023	5,159
	<u>5,159</u>
Total	<u>\$ 27,671</u>

The Fort Worth Public Library Foundation
 Note Disclosures to the Financial Statements
 December 31, 2019 and 2018

Note 6, Net Assets

Net assets for the years ended December 31, 2019 and 2018, are presented as follows:

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions
	General Unrestricted	Internally Designated	Temporarily Donor Restricted
Balance, January 1, 2018	\$ 356,350	\$ 252,864	\$ 1,664,545
Transfers to (from)	(4,942)	4,942	-
Net change	<u>25,651</u>	<u>-</u>	<u>4,485</u>
Balance, December 31, 2018	377,059	257,806	1,669,030
Transfers to (from)	(3,155)	3,155	-
Net change	<u>(155,091)</u>	<u>-</u>	<u>(64,421)</u>
Balance, December 31, 2019	<u>\$ 218,813</u>	<u>\$ 260,961</u>	<u>\$ 1,604,609</u>

During 2016, the Board of Directors designated \$250,000 of contributions without donor restrictions to establish the FWPLF Endowment to further the Foundation's charitable purpose and mission. Since that amount resulted from an internal designation and is not donor-restricted, it is classified as net assets without donor restrictions.

The Foundation has adopted a policy that seeks to grow the FWPLF Endowment through investment income and additional contributions. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Over the long term, the Foundation expects the policy to allow the FWPLF Endowment to grow to a point where it can diversify the investment portfolio. Additionally, the Foundation's policy includes appropriating a portion of investment earnings from matured investments within the FWPLF Endowment to fund Foundation operations and programming while maintaining the endowment corpus.

To achieve that objective, the Foundation has adopted an investment policy that attempts to minimize the risk. Endowment assets are placed in short-term highly conservative investments. Actual returns in any given year may vary.

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2019 and 2018

Note 6, Net Assets (continued)

The details of the Foundations net assets by categories at December 31 are as follows:

	2019	2018
Net assets without donor restrictions		
General unrestricted	\$ 218,813	\$ 377,059
Internally designated		
Endowment	260,961	257,806
 Total net assets without donor restrictions	 \$ 479,774	 \$ 634,865
Net assets with donor restrictions		
Temporarily restricted		
Central Library programs and improvements	\$ 873,480	\$ 861,880
Hazel Harvey Peace Youth Center programs	327,458	327,458
Branch libraries	43,454	58,910
College counseling/Launchpad	82,070	94,659
Reading literacy programs	254,109	290,085
Technology	16,000	28,000
Collections	8,038	8,038
Total net assets with donor restrictions	1,604,609	1,669,030
 Total net assets	 \$ 2,084,383	 \$ 2,303,895

Note 7, Liquidity and Availability of Financial Assets

The Foundation's financial assets are current assets available for general expenditure within one year of the statement date.

As part of the Foundation's liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- The Foundation maintains general reserves in its unrestricted general net assets.
- The Foundation invests cash in excess of daily requirements in investments to be used as needed.
- If liquidity becomes an ongoing concern, the Foundation may elect to decrease its program budget in order to eliminate excess spending.

The Fort Worth Public Library Foundation

Note Disclosures to the Financial Statements

December 31, 2019 and 2018

Note 7, Liquidity and Availability of Financial Assets (continued)

The Foundation's financial assets are quantified as follows:

	2019	2018
Current assets	\$ 2,136,792	\$ 2,377,287
Less: non-liquid assets	(9,348)	(14,672)
Less: those unavailable for general		
Internally designated:		
Board-designated	(260,961)	(257,806)
Liquidity reserve		-
Donor-imposed restrictions or contractual requirements:		
Donor restrictions	(1,604,609)	(1,669,030)
Financial assets available to meet cash	\$ 261,874	\$ 435,779

Note 8, Concentrations

During 2018, the Foundation received approximately \$105,000 in donations from two donors representing approximately 28% of the Foundation's total revenue. There are no concentrations for 2019.

Note 9, Subsequent Events

The Foundation has evaluated subsequent events through the date of the Independent Auditor's Report on page one, which is the date the financial statements were available to be issued.

Subsequent to December 31, due to a coronavirus global pandemic the Smoker fundraising event scheduled for May 2020 was canceled. As the date of this report, the full financial impact of the pandemic cannot readily be determined. However, if conditions remain unchanged, the Foundation may reschedule or cancel certain other activities. See also the liquidity disclosure.

In April 2020, the Foundation qualified for a Paychecks Protection Program loan for approximately \$58,100 with a fixed interest rate of 1% and a two year term. This loan is administered by the U.S. Small Business Administration and will likely be forgiven in full if used for payroll expenditures.