



AMERICAN BIRDING ASSOCIATION, INC.

Financial Statements

For the Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Birding Association, Inc.
Delaware City, Delaware

We have audited the accompanying financial statements of American Birding Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Report on 2018 Financial Statements

The 2018 financial statements were reviewed by us. We performed procedures to obtain limited assurance as a basis for reporting whether we were aware of any material modifications. Based on our review we were not aware of any material modifications that should have been made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America as noted in our report dated November 8, 2019. We have not performed any auditing procedures since that date.

Emphasis of Matters

As described in Note A to the financial statements, American Birding Association, Inc. adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers*, and ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Our opinion is not modified with respect to these matters.

The accompanying financial statements have been prepared assuming that the Association will continue as a going concern. As discussed in Note I to the financial statements, in prior years, the Association had suffered net losses and has a net deficiency in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note I. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
November 9, 2020

AMERICAN BIRDING ASSOCIATION, INC.
Statement of Financial Position
December 31, 2019
(With Comparative Amounts for 2018)

	(Audited) <u>2019</u>	(Reviewed) <u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 77,241	\$ 115,120
Accounts receivable, net	85,234	20,762
Contributions receivable		7,972
Prepaid expenses	16,771	25,135
Inventory	<u>52,769</u>	<u>50,150</u>
Total current assets	232,015	219,139
LONG TERM INVESTMENTS		9,600
PROPERTY AND EQUIPMENT, net	<u>10,856</u>	<u>18,063</u>
TOTAL ASSETS	<u>\$ 242,871</u>	<u>\$ 246,802</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 120,707	\$ 153,783
Short term notes payable	30,000	
Current portion of deferred revenue	<u>305,744</u>	<u>281,081</u>
Total current liabilities	456,451	434,864
LONG TERM LIABILITIES:		
Long term portion of deferred revenue	<u>35,330</u>	<u>39,087</u>
TOTAL LIABILITIES	491,781	473,951
NET ASSETS:		
Net assets without donor restrictions	(263,649)	(244,434)
Net assets with donor restrictions	<u>14,739</u>	<u>17,285</u>
Total net assets	<u>(248,910)</u>	<u>(227,149)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 242,871</u>	<u>\$ 246,802</u>

See Notes to Financial Statements

AMERICAN BIRDING ASSOCIATION, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restricted	(Audited) 2019 Totals	(Reviewed) 2018 Totals
REVENUE:				
Conferences and meetings	\$ 293,492	\$	\$ 293,492	\$ 359,943
Membership contributions	250,583		250,583	278,058
Advertising	225,995		225,995	269,505
Membership dues	220,621		220,621	225,510
Other contributions, grants and contracts	151,664		151,664	164,631
Publications production	49,615		49,615	72,716
Endorsements and royalties	54,506		54,506	37,081
Other income	29,038		29,038	29,135
Loss on disposal of assets	(243)		(243)	
In-kind donation				9,600
Satisfied program restrictions	<u>2,546</u>	<u>(2,546)</u>		
Total revenue	1,277,817	(2,546)	1,275,271	1,446,179
EXPENSES:				
Program services:				
Conservation and community	568,299		568,299	703,125
Member services	<u>505,178</u>		<u>505,178</u>	<u>522,844</u>
Total program services	1,073,477		1,073,477	1,225,969
Supporting services:				
General and administrative	198,877		198,877	216,555
Membership development and fundraising	<u>24,678</u>		<u>24,678</u>	<u>20,797</u>
Total supporting services	<u>223,555</u>		<u>223,555</u>	<u>237,352</u>
Total expenses	<u>1,297,032</u>		<u>1,297,032</u>	<u>1,463,321</u>
CHANGE IN NET ASSETS	(19,215)	(2,546)	(21,761)	(17,142)
NET ASSETS, beginning of year	<u>(244,434)</u>	<u>17,285</u>	<u>(227,149)</u>	<u>(210,008)</u>
NET ASSETS, end of year	<u>\$ (263,649)</u>	<u>\$ 14,739</u>	<u>\$ (248,910)</u>	<u>\$ (227,150)</u>

See Notes to Financial Statements

AMERICAN BIRDING ASSOCIATION, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for 2018)

	<u>Program Services</u>			<u>Supporting Services</u>		(Audited)	(Reviewed)
	<u>Conservation and Community</u>	<u>Member Services</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Membership Development & Fundraising</u>	<u>2019 Totals</u>	<u>2018 Totals</u>
Salaries and wages	\$ 161,279	\$ 162,551	\$ 323,830	\$ 55,552	\$ 10,202	\$ 389,584	\$ 413,207
Conferences and meetings	183,206		183,206			183,206	224,281
Professional fees	92,140	74,286	166,426	13,194	2,003	181,623	196,052
Printing and mailing	20,628	140,789	161,417		8,485	169,902	235,180
Occupancy		31	31	64,023		64,054	69,318
Publications production	12,195	31,990	44,185			44,185	70,198
Employee benefits	18,095	8,700	26,795	8,827	1,911	37,533	31,960
Payroll taxes	12,997	13,314	26,311	4,438	951	31,700	34,142
Bank charges		27,058	27,058	3,584	15	30,657	21,497
Travel	23,349	1,067	24,416		244	24,660	52,526
Repairs and maintenance		9,614	9,614	9,750		19,364	23,713
Bad debt	21,263		21,263			21,263	
Telephone		1,809	1,809	16,233		18,042	14,158
Equipment rental		13,772	13,772			13,772	11,538
Supplies	7,129	18,604	25,733	213		25,946	23,524
Depreciation				8,463		8,463	8,327
Insurance				7,884		7,884	10,665
Cost of sales	7,634		7,634			7,634	11,167
Miscellaneous	505		505	6,409		6,914	4,738
Contributions	3,958		3,958			3,958	1,750
Marketing and promotion	1,928	563	2,491		867	3,358	3,975
Awards and grants	1,972		1,972	170		2,142	1,405
Dues and subscriptions	21	1,030	1,051			1,051	
Interest expense				137		137	
	<u>\$ 568,299</u>	<u>\$ 505,178</u>	<u>\$ 1,073,477</u>	<u>\$ 198,877</u>	<u>\$ 24,678</u>	<u>\$ 1,297,032</u>	<u>\$ 1,463,321</u>

See Notes to Financial Statements

AMERICAN BIRDING ASSOCIATION, INC.
Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Amounts for 2018)

	(Audited) <u>2019</u>	(Reviewed) <u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (21,761)	\$ (17,141)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	8,463	8,327
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable, net	(64,472)	41,858
Contributions receivable	7,972	7,972
Prepaid expenses	8,364	3,338
Inventory	(2,619)	(2,720)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(33,076)	(2,474)
Short term loan liability	30,000	
Deferred revenue	<u>20,906</u>	<u>(58,026)</u>
Total adjustments	<u>(24,462)</u>	<u>(1,725)</u>
Net cash used by operating activities	(46,223)	(18,866)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	9,600	
Donation of investments		(9,600)
Acquisition of property and equipment	<u>(1,256)</u>	<u>(2,446)</u>
Net cash used by investing activities	<u>8,344</u>	<u>(12,046)</u>
NET DECREASE IN CASH	(37,879)	(30,912)
CASH AND CASH EQUIVALENTS, beginning of year	<u>115,120</u>	<u>146,032</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 77,241</u>	<u>\$ 115,120</u>

See Notes to Financial Statements

AMERICAN BIRDING ASSOCIATION, INC.

Notes to Financial Statements

For the Year Ended December 31, 2019

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

American Birding Association, Inc. (the Association) is a not-for-profit corporation, organized under the laws of the State of Texas that works to grow and strengthen the birding community and to increase support for enhanced birding opportunities and habitat conservation. The Association provides leadership to field birders, increasing their knowledge, skills, and enjoyment of birding, promoting adoption of the ABA Code of Birding Ethics, and by contributions to bird conservation. The Association supports the interests of birders of all ages and experience. They promote field birding skills through meetings, workshops, publications, equipment, and guided involvement in birding; develop and disseminate information about birds, birders and birding; and promote national and international birder networks. The Association actively encourages the conservation of birds and their habitats. The majority of the Association's revenues are derived from membership dues, other charitable contributions, and publication revenues. The Association's members are located in every state, province and territory in the United States and Canada, as well as throughout North America and numerous countries worldwide.

Accounting Standards Update

On January 1, 2019, the Association adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) and ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). These two ASUs were adopted together as of January 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively for all periods presented. Accordingly, there is no effect on net assets in connection with implementation of the two ASUs.

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

On January 1, 2019, the Association also adopted FASB ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of changes in net assets. The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

Cash and Cash Equivalents

The Association considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2019 and 2018, cash and cash equivalents consisted of the Association's checking and petty cash accounts.

Accounts and Contributions Receivable

Accounts and contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. As of December 31, 2019 and 2018, receivables were recorded net of an allowance for doubtful accounts of \$20,000 each year.

Inventory

Inventory consists of various publications and apparel for sale to both members and non-members. Inventory is valued at the lower of first-in, first-out cost or net realizable value.

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued

Property and Equipment

Property and equipment are recorded at cost when purchased or fair value at date of gift. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or the estimated useful lives. Depreciation is recorded using the straight-line method over estimated useful lives as follows:

Computer equipment and software	3 years
Leasehold improvements	5-10 years
Office equipment	3-5 years

Depreciation expense for the years ended December 31, 2019 and 2018 was \$8,463 and \$8,327, respectively. The Association capitalizes property and equipment with an initial cost in excess of \$1,000.

Contributions

Contributions are recorded when received as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions.

Donated Items & Services

The Association at times may receive donated items or securities. These items are valued at the estimated fair value and are recorded as in-kind donations and in-kind expense or asset, as appropriate, in the Association's financial statements.

Revenue from Contracts with Customers

Events - The Corporation receives revenue from sales related to various birding events. The revenue is recognized at the time of the event, which recognizes the completion of the Association's performance obligations.

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers - Continued

Membership Revenue - During 2012, the Association restructured membership dues, allowing a portion of the dues collected to qualify for tax deductible charitable contributions. The Association began reporting the deductible contribution portion separately from the non-deductible dues on its financial statements, with the contributions recorded as revenue upon receipt, and the non-deductible dues deferred and recognized as revenue over the corresponding period of membership.

Sales revenue - The Association receives revenue from the sale of merchandise and publications. The revenue is recognized upon sale when the performance obligations have been satisfied.

Royalties - The Association receives royalties on merchandise sold through ABA Sales. This revenue is recognized upon receipt as the performance obligations have been satisfied.

Advertising - The Association recognizes revenue from advertising contracts with sponsors and suppliers. Performance obligations in such contracts are satisfied as the publications are released, and revenue is recognized at that time.

Income Taxes

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Association's forms 990, Return of Organization Exempt from Income Tax, are subject to examination by various taxing authorities, generally for three years after the date they were filed. Management of the Association believes that it does not have any uncertain tax positions that are material to the financial statements.

Supplemental Cash Flow Disclosures

Cash flows from operating activities did not include any amounts paid for interest or income tax expense during the years ended December 31, 2019 and 2018.

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

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

Prior-Year Comparisons

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 9, 2020, the date that the financial statements were available to be issued.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to one or more program or supporting services of the Association. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include grants which are allocated fully to the related programs, as well as salaries and benefits, professional fees, rent, insurance, and other operating expenses, which are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY

The following table reflects the Association's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of December 31, 2019 and 2018 because of contractual restrictions or internal board designations. Amounts not available include net assets with donor restrictions.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 77,241	\$ 115,120
Accounts receivable, net	85,234	20,762
Contributions receivable		7,972
Long-term investments		<u>9,600</u>
Total financial assets	162,475	153,454
Less amounts with donor restrictions	<u>(14,739)</u>	<u>(17,285)</u>
Financial assets available within one year	<u>\$ 147,736</u>	<u>\$ 136,169</u>

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Association manages their cash flow through regular monthly analysis of budgeted expenses compared to cash and cash equivalents.

C. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018, consists of the following:

	<u>2019</u>	<u>2018</u>
Computer equipment and software	\$ 43,833	\$ 79,740
Office equipment	<u>5,407</u>	<u>5,407</u>
	49,240	85,147
Less accumulated depreciation	<u>(38,384)</u>	<u>(67,084)</u>
	<u>\$ 10,856</u>	<u>\$ 18,063</u>

Notes to Financial Statements

D. DEFERRED REVENUE

Deferred revenue at December 31, 2019 and 2018, consists of the following:

	<u>2019</u>	<u>2018</u>
Membership dues	\$ 210,067	\$ 231,348
Subscriptions	37,278	60,881
Registration revenue	70,729	83,615
Sponsor revenue	23,000	
Exhibiter/artist		2,350
	<u>341,074</u>	<u>378,194</u>
Less current portion of deferred revenue	<u>(305,744)</u>	<u>(334,855)</u>
Long-term portion of deferred revenue	<u>\$ 35,330</u>	<u>\$ 43,339</u>

E. OPERATING LEASES

The Association leases office space in Delaware City, Delaware under an operating lease that began September 15, 2014, with an initial term of 5 years. This lease was renewed for two years in 2019 and requires base rent monthly payments of \$4,050 with increases of \$50 per month each subsequent year. In addition to the base rent payments, the Association will be responsible for its share of common area maintenance charges. This lease offers the Association the option to renew the lease for two additional terms of five years each.

The Association is also leasing a copier for 36 months beginning in January 2020, which requires monthly payments of \$513 and a postage machine through March 2023, which requires minimum quarterly payments of \$259.

Future minimum payments under these operating leases are as follows:

2020	\$ 55,943
2021	56,393

Rent expense for all operating leases for the years ended December 31, 2019 and 2018 was \$50,712 and \$52,507, respectively. The Association is in the process of renegotiating the office lease and future minimum payments may be reduced as a result.

Notes to Financial Statements

F. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY

Temporarily restricted net assets at December 31, 2019 are available for the following purposes:

Birders Exchange Program	<u>\$ 14,739</u>
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Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose or by satisfying the time restrictions. During the year ended December 31, 2019, temporarily restricted net assets were released in the amount of \$2,546 for the Birders Exchange Program.

G. EMPLOYEE BENEFIT PLAN

The Association has a SIMPLE retirement plan covering substantially all employees. Employee voluntary contributions are matched by the Association up to 3% of annual compensation. Pension expense was \$13,895 and \$9,758 for each of the years ended December 31, 2019 and 2018, respectively.

H. LICENSING AGREEMENTS

The Association has entered into agreements with various vendors for which it receives royalty payments on all products they sell through ABA Sales. For the years ending December 31, 2019 and 2018, the Association earned \$9,641 and \$14,031, respectively, under these licensing agreements.

I. DEFICIENCY IN NET ASSETS

As reflected in the accompanying statement of financial position, the Association has a deficiency of net assets at December 31, 2019, of \$248,910. The Association has been successful in generating a net income in the past two out of the last five years. In order to continue to reduce this deficiency, the Association is taking the following actions:

- Closely monitoring the budget and financial forecasts approved by the Board of Directors in comparison to actual expenditures and taking steps to prevent cost overruns.
- Reducing program, administration, and overhead expenses.
- Increasing membership revenue through an ambitious campaign that focuses on incentives and strategies for member recruitment and retention that have proved successful in recent years.

Notes to Financial Statements

I. DEFICIENCY IN NET ASSETS - Continued

- Increasing donations and other funding by reorganizing ongoing and novel Conservation and Community programs and presenting a more compelling case for support.
- Developing a strategic plan to help the Association focus on building sustainable programs for the future.

J. SUBSEQUENT EVENTS

In March 2020, the outbreak of COVID-19 (coronavirus) was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 (coronavirus) outbreak will affect the operations or financial results of the American Birding Association, Inc. is uncertain.

Significant events scheduled in 2020, such as trips to Oaxaca and Minnesota-North Dakota as well as all bird camps, have been postponed until 2021. It is unknown how this will financially affect the Association. Additionally, due to the closures of many businesses and their reduced income, we expect donations to be significantly less in 2020.

In 2020, the Association received a \$81,436 loan through the Small Business Administration's Paycheck Protection Program. A portion or all of loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of up to five years and an interest rate of 1%. Loan payments are deferred for ten months.