

# **JULIETTE'S HOUSE**

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Financial Statements

For the Year Ended June 30, 2021

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Independent Auditor's Report

**To the Board of Directors**  
**Juliette's House**  
McMinnville, Oregon

**Report on the Financial Statements**

We have audited the accompanying financial statements of Juliette's House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Juliette's House as of June 30, 2021, 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.

*Richard Winkel, CPA*

November 17, 2021

JULIETTE'S HOUSE  
STATEMENT OF FINANCIAL POSITION  
June 30, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 620,845
Investments	298,394
Accounts receivable	15,855
Grants receivable	<u>149,521</u>
Total current assets	1,084,615
Beneficial interest in assets held by community fund	12,552
Property and equipment, net of depreciation	<u>478,008</u>
Total assets	<u><u>\$ 1,575,175</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 2,289
Accrued payroll	20,574
Accrued vacation	41,657
Government note payable, current portion	3,623
Government Paycheck Protection Program loans	<u>330,785</u>
Total current liabilities	398,928
Government note payable, long-term portion	<u>145,980</u>
Total liabilities	<u>544,908</u>
NET ASSETS	
Net assets without donor restrictions	792,715
Net assets with donor restrictions	<u>237,552</u>
Total net assets	<u>1,030,267</u>
Total liabilities and net assets	<u><u>\$ 1,575,175</u></u>

The accompanying notes are an integral part of these financial statements

JULIETTE'S HOUSE  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
For the Year Ended June 30, 2021

	2021		Total
	Without Restrictions	With Restrictions	
Support:			
Grants and contracts	\$ 708,547	\$ -	\$ 708,547
Contributions	179,782	-	179,782
Fundraising event	70,422	-	70,422
In-kind donations	12,567	-	12,567
	<hr/>	<hr/>	<hr/>
Total support	971,318	-	971,318
Other revenue:			
Program services fees	307,087	-	307,087
Other program revenues	5,182	-	5,182
Investment income	38,665	1,549	40,214
	<hr/>	<hr/>	<hr/>
Total other revenue	350,933	1,549	352,483
	<hr/>	<hr/>	<hr/>
Total revenues	1,322,252	1,549	1,323,801
Expenses:			
Program services	1,089,796	-	1,089,796
Management and general	100,434	-	100,434
Fundraising	104,766	-	104,766
	<hr/>	<hr/>	<hr/>
Total expenses	1,294,996	-	1,294,996
	<hr/>	<hr/>	<hr/>
Change in net assets	27,256	1,549	28,805
Net assets, beginning of year	765,459	236,003	1,001,462
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 792,715	\$ 237,552	\$ 1,030,267
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The accompanying notes are an integral part of these financial statements

JULIETTE'S HOUSE  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2021

	2021			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	838,055	48,521	64,639	951,215
Payroll taxes	67,741	3,922	5,235	76,898
Employee benefits	36,809	10,070	5,450	52,329
Professional services	446	12,719	-	13,165
Contractors	34,595	4,314	3,208	42,117
Occupancy	8,246	3,782	507	12,535
Dues and subscriptions	16,934	1,881	2,404	21,219
Equipment rent and maintenance	13,956	741	1,027	15,724
Insurance	16,609	2,643	1,283	20,535
Marketing and promotion	2,618	127	897	3,642
Fundraising events	-	-	15,423	15,423
Office expenses	25,531	9,115	1,475	36,121
Program expenses	1,025	290	48	1,363
Telecommunications	8,116	449	650	9,215
Travel and meetings	3,613	618	1,324	5,555
Depreciation	15,502	898	1,196	17,596
Interest	-	344	-	344
	<u>\$ 1,089,796</u>	<u>\$ 100,434</u>	<u>\$ 104,766</u>	<u>\$ 1,294,996</u>
Total expenses	<u>\$ 1,089,796</u>	<u>\$ 100,434</u>	<u>\$ 104,766</u>	<u>\$ 1,294,996</u>

The accompanying notes are an integral part of these financial statements

JULIETTE'S HOUSE  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2021

Cash flows from operating activities:	
Cash received from contributions	\$ 908,464
Cash received from program services	310,062
Cash received from interest	396
Cash paid to employees and suppliers	<u>(1,258,479)</u>
Net cash used in operating activities	<u>(39,557)</u>
Cash flows from investing activities:	
Purchase of capital assets	(7,948)
Purchase of investments	<u>(150,000)</u>
Net cash used in investing activities	<u>(157,948)</u>
Cash flows from financing activities:	
Proceeds from government loans	167,485
Principal payments on note payable	<u>(297)</u>
Net cash provided by financing activities	<u>167,188</u>
Net change in cash and cash equivalents	(30,317)
Cash and cash equivalents, beginning of year	<u>651,162</u>
Cash and cash equivalents, end of year	<u><u>\$ 620,845</u></u>

The accompanying notes are an integral part of these financial statements

JULIETTE'S HOUSE  
Notes to Financial Statements  
June 30, 2021

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NOTE A – ORGANIZATION

Juliette's House Child Abuse Intervention Center (the "Juliette's House") is a nonprofit organization incorporated in the state of Oregon in 1997. Juliette's House performs medical and forensic assessments of children ages 0-18 and developmentally delayed adults in Yamhill, Polk and surrounding counties for suspected child abuse, physical abuse, serious neglect, exposure to drug endangerment, or witness to domestic violence. These children are referred by law enforcement and/or child protective services. Juliette's House offers treatment recommendations and referrals, as well as follow-up support to help families access needed community services. Juliette's House is an independent 501(c)(3) organization, but works collaboratively with law enforcement, child protective services, school districts and other stakeholder agencies involved in or concerned with child safety and well-being. Juliette's Houses brings agencies and personnel to the child in a home-like, child-focused setting so there is less trauma to the child and family. Likewise, the treatment and follow-up process is less frightening and helps provide a more successful outcome for all involved.

The services from Juliette's House are offered free of charge to all children and non-offending family members, so socio-economic status or inability to pay are not a barrier to receiving assistance.

Juliette's House strives to deliver culturally appropriate services for children and their families by providing bilingual staff and interns, as well as certified interpreters for children and families with special needs (e.g., non-English speaking, hearing impaired, etc.) to assist our clients. We do not discriminate on the basis of age, race, color, religion, national origin, ancestry, gender, gender identity, marital status, sexual orientation, physical or mental disabilities, or socio-economic status.

In addition to assessments, Juliette's House has been providing child abuse prevention education since soon after its beginning. While several child-focused agencies throughout Oregon include various efforts to education children and adults about child abuse and staying safe, Juliette's House is among a very few organizations in the state providing research-informed, structured, in-school, age-appropriate child abuse prevention education to children K through 12<sup>th</sup> grades, as well as formal prevention education and workshops to parents/caregivers, school personnel, and other concerned adults. Again, while working in collaboration with other agencies, Juliette's House strives to held create a safer, healthier, thriving community for all.

Lastly, Juliette's House is accredited by the National Children's Alliance (NCA) and adheres to the NCA's 10 standards for child abuse intervention enters, is a member of the Oregon Child Abuse Solutions and follows the Oregon Medical and Interviewing Guidelines and protocols for medical diagnosis of child abuse.

Juliette's House is funded mainly through contributions and grants and medical billings.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

Juliette's House reports information regarding its financial position and activities according to the following net asset classifications:

JULIETTE'S HOUSE  
Notes to Financial Statements  
June 30, 2021

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NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Juliette's House's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Juliette's House or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or law.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Juliette's House considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject Juliette's House to concentrations of credit risk consist principally of cash and cash equivalents and investments. Juliette's House maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. At June 30, 2021, Juliette's House had cash in excess of federally issued limits of \$205,137. Juliette's House cash and cash equivalent accounts have been placed with high credit quality financial institutions. Juliette's House has not experienced, nor does it anticipate, any losses with respect to such accounts.

Revenues

Juliette's House is supported primarily through grants from governmental agencies and private foundations, and private donor contributions. Grant revenues are recognized when received or when allowable costs are incurred, subject to contract limitations. Unconditional support from contributors is recorded upon receipt of an unconditional promise to give. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of receipt.

JULIETTE'S HOUSE  
Notes to Financial Statements  
June 30, 2021

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NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivables

Accounts receivables are made up primarily of billed services pending payment from health insurance companies. These receivables are reported net of any contractual adjustments from health insurance companies. Management uses the allowance method to account for uncollectible accounts. Management reviews outstanding accounts and determines collectability based on past experience. Receivables are written off in cases when management has deemed amounts uncollectible after all collection efforts have been exhausted. Management has determined that no allowance is necessary at June 30, 2021.

Grants Receivables

Grants receivables are billings for services provided to residents of the counties Juliette's House serves and then billed directly to each county. There is also a State of Oregon Victims of Crime Act (VOCA) grant that is billed after services are provided. Management uses the allowance method to account for uncollectible accounts. Management reviews outstanding accounts and determines collectability based on past experience. Management has determined that no allowance is necessary at June 30, 2021.

Investments

Investments are reflected on the statement of financial position at fair value with changes in unrealized gains and losses resulting from changes in fair value reflected in the statement of activities. Interest income is reported as earned.

Property and Equipment

Property and equipment are recorded at historical cost. Acquisitions, renovations and repairs in excess of \$5,000 and which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed property is recorded at its fair market value on the date of contribution. Contributed services which extend the useful life or increase the value of assets are recorded at fair value.

Juliette's House depreciates property and equipment over its estimated useful life using the straight-line method for financial reporting purposes. Juliette's House generally uses the following estimated useful lives:

Buildings	30-40 years
Furniture and equipment	5 – 10 years

Income Taxes

Juliette's House is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related state law. It is management's opinion that none of Juliette's House's present activities are subject to unrelated business income taxes. Therefore, no provision for income taxes has been recorded in the accompanying financial statements. Juliette's House's federal information returns are generally subject to examination by authorities for a period of three years after filing.

JULIETTE'S HOUSE  
Notes to Financial Statements  
June 30, 2021

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NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, receivables, prepaid expenses and other assets, accounts payable, and accrued liabilities, their fair value approximates carrying value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

In-Kind Contributions

Significant services received which create or enhance a non-financial asset or require specialized skills that Juliette's House would have purchased if not donated are recognized in the statement of activities as contribution revenues and expenses. During the year ended June 30, 2021 Juliette's House recognized \$10,647 in donated supplies and materials and \$1,920 in donated services as in-kind contributions.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

NOTE C – AVAILABILITY AND LIQUIDITY

Juliette's House manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Juliette's House's cash needs are expected to be met on a monthly basis from regular revenue sources. In general, Juliette's House maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

JULIETTE'S HOUSE  
Notes to Financial Statements  
June 30, 2021

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NOTE C – AVAILABILITY AND LIQUIDITY (Continued)

The following represents Juliette's House's financial assets at June 30, 2021:

Financial assets at year end:	
Cash and cash equivalents	\$ 620,845
Investments	298,394
Accounts and grants receivable	<u>165,376</u>
 Total financial assets available	 \$ <u><u>1,084,615</u></u>

NOTE D – PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following at June 30, 2021:

Land	\$ 235,000
Building and improvements	469,798
Furniture and office equipment	48,990
Medical equipment	<u>85,270</u>
	839,058
 Less accumulated depreciation	 <u>(361,050)</u>
	\$ <u><u>478,008</u></u>

Depreciation expense for the year ended June 30, 2021 was \$17,596.

NOTE E – FAIR VALUE MEASUREMENTS

GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or the transfer of a liability occurs in the principal market for the asset or liability; or, in the absence of the principal market, the most advantageous market.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level I: Observable inputs such as quoted prices in active markets
- Level II: Inputs other than quoted prices that are observable, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets.
- Level III: Unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

JULIETTE'S HOUSE  
Notes to Financial Statements  
June 30, 2021

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NOTE E – FAIR VALUE MEASUREMENTS (Continued)

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Juliette's House's investments consist of mutual funds which are quoted at market prices for identical assets in active markets. These investments are valued using level 1 inputs according to their fair value hierarchy. Juliette's House also holds a beneficial interest in assets held by the McMinnville Area Community Foundation which is valued using Level 3 inputs.

NOTE F – INVESTMENTS

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of net position. Unrealized gains and losses are included in the change in net assets. Investment revenues are reported net of related expenses charged for the year.

As of June 30, 2021, investments at fair value comprised the following:

Mutual funds	\$ <u>298,394</u>
	\$ <u>298,394</u>

NOTE G – BENEFICIAL INTEREST IN ASSETS

Juliette's House is in an Endowment Partners Program with the McMinnville Area Community Foundation (MACF), an Oregon not-for-profit corporation. Endowment Partners Program endowments are MACF funds established by charitable organizations in Oregon to serve as their endowments. MACF maintains variance power and legal ownership of the endowments and reports the funds as assets. The funds are subject to MACF's investment and spending policies.

In accordance with GAAP, a liability is established on the financial statements of MACF for the fair market value of the endowments. Juliette's House reports a beneficial interest in assets held by MACF as an asset at fair value in its financial statements. The funds are included in net assets without donor restrictions.

Juliette's House began a relationship with MACF by depositing \$10,000 in 2018. Distributions are normally made at least annually based on a percentage determined by the MACF Board of Directors under its grant percentage payout. No distributions were made during the year ended June 30, 2021.

The pooled fund is invested in a diversified portfolio of mutual funds and other investments. The fair value of the beneficial interest in assets held by MACF was \$12,552 at June 30, 2021.

JULIETTE'S HOUSE  
Notes to Financial Statements  
June 30, 2021

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NOTE G – BENEFICIAL INTEREST IN ASSETS (Continued)

The following summarizes the activity of the funds reported at fair value for the year ended June 30, 2021:

Balance at beginning of year	\$ 11,003
Unrealized gain	<u>1,549</u>
Balance at end of year	\$ <u><u>12,552</u></u>

NOTE H – RETIREMENT PLAN

Juliette's House has a SIMPLE IRA retirement plan which covers all eligible employees. Juliette's House matches employee contributions up to the lesser of 3% of employee compensation or employee contributions. Employer contributions to the plan during the year ended June 30, 2021 were \$14,530.

NOTE I – LONG-TERM DEBT

In May 2020, Juliette's House was granted a loan from Umpqua Bank in the aggregate amount of \$163,300, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. In February 2021 Juliette's House was granted a second PPP loan in the amount of \$167,485.

The proceeds of the PPP Loans have been and are expected to be used for payroll costs but may also be used for other permitted purposes under the CARES Act, including rent or utility costs. Under the terms of the CARES Act, each borrower can apply for forgiveness for all or a portion of the PPP Loan and, as described below, the Organization intends to apply for forgiveness. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds in accordance with the terms of the CARES Act during the 24-week period after loan origination and the maintenance or achievement of certain employee levels. While the Organization believes that the proceeds of the PPP Loans have been or will be used only for qualifying expenses in accordance with the terms of the CARES Act, any forgiveness of a PPP Loan will be subject to approval by Key Bank and the U.S. Small Business Administration, which is administering the PPP under the CARES Act, and there can be no assurance that any or all of the PPP Loans will be forgiven in whole or in part. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

Subsequent to year end Juliette's House was notified by Umpqua Bank that both PPP loans had been forgiven by the SBA.

In June 2020 Juliette's House was awarded an SBA Emergency Disaster Injury Loan (EIDL) in the amount of \$150,000. The loan amount was reduced by \$100 for the SBA fee. The loan accrues interest at 2.75% per annum and calls for monthly principal and interest payments of \$641 which began in June 2021. The loan matures in June 2050 and is secured by all tangible and intangible personal property including equipment, accounts receivable and deposit accounts.

JULIETTE'S HOUSE  
Notes to Financial Statements  
June 30, 2021

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NOTE I – LONG-TERM DEBT (Continued)

The future amounts of principal payments required for the SBA EIDL are as follows:

Year Ending June 30,	
2022	\$ 3,623
2023	3,724
2024	3,828
2025	3,935
2026	4,044
Thereafter	<u>130,449</u>
Total	\$ <u>149,603</u>

NOTE J – CONCENTRATION OF RISK

Juliette's House operates in the state of Oregon. Juliette's House received 28% of its funding through federal, state and local agencies. If this revenue were discontinued or reduced it would have a significant adverse effect on Juliette's House.

At June 30, 2021 grants from federal, state and local agencies accounted for 80% of total grants receivables.

NOTE K – NET ASSETS WITH DONOR RESTRICTION

The land that Juliette's House facilities are built upon was donated to Juliette's House in 1965 for the use and benefit of the youth of Yamhill County, Oregon. If at any time Juliette's House were to change the nature of its operations or cease to exist, ownership of the land would transfer to the Oregon Community Foundation to be added to a fund dedicated for the benefit of the youth of Yamhill County, Oregon. The original value of the land of \$235,000 is reflected in the accompanying financial statements as net assets with perpetual donor restrictions.

The unrealized gains on the beneficial interest in assets held by MACF are reported as net assets with restriction until those amounts are distributed to Juliette's House and spent. As of June 30, 2021 the accumulated gains restricted for future use was \$2,552.

NOTE L – SUBSEQUENT EVENTS

Juliette's House has evaluated subsequent events through November 17, 2021, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2021.

In September 2021 Juliette's House was notified that both PPP loans had been forgiven by the SBA.