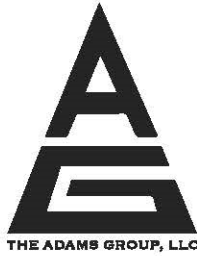


CROSSPURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
CrossPurpose
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of CrossPurpose (a Colorado nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' 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 CrossPurpose as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 4 to the financial statements, CrossPurpose owns privately-held investments. The fair value of these investments is a significant management estimate. Our opinion is not modified with respect to this matter.

The Adams Group, LLC

April 26, 2021
Denver, Colorado

CROSSPURPOSE
STATEMENTS OF FINANCIAL POSITION

December 31,	2020	2019
<u>Assets</u>		
Cash and cash equivalents	\$ 2,224,179	\$ 2,094,243
Investments	369,301	194,875
Accounts receivable	119,575	18,244
Agency funds receivable	11,645	18,723
Promises to give	0	10,000
Property and equipment, net of accumulated depreciation	2,190,918	2,510,968
Total Assets	\$ 4,915,618	\$ 4,847,053
<u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 99,643	\$ 852,925
Agency funds payable	40,406	6,236
Accrued liabilities	71,421	109,129
Refundable advance	0	35,161
Paycheck Protection Program loan	342,141	0
Note payable	193,392	200,000
Total liabilities	747,003	1,203,451
<u>Net Assets</u>		
Without donor restriction	4,012,701	3,594,900
With donor restriction	155,914	48,702
Total net assets	4,168,615	3,643,602
Total Liabilities and Net Assets	\$ 4,915,618	\$ 4,847,053

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
STATEMENTS OF ACTIVITIES

For the Year Ended December 31,	2020	2019
Changes in net assets without donor restriction:		
<u>Contributions, program income and other income</u>		
Contributions	\$ 3,481,049	\$ 3,956,715
Net assets released from restrictions	104,078	1,846,488
Government grants	486,666	96,554
Program income	273,565	215,142
Other income	8,446	15,097
	4,353,804	6,129,996
 <u>Expenses</u>		
Program services	2,932,479	3,703,518
General and administrative	461,890	476,038
Fundraising	541,634	470,578
Total supporting services	1,003,524	946,616
	3,936,003	4,650,134
Changes in net assets without donor restrictions	417,801	1,479,862
Changes in net assets with donor restrictions		
Contributions	211,290	1,329,739
Net assets released from restrictions	(104,078)	(1,846,488)
Changes in net assets with donor restrictions	107,212	(516,749)
Changes in net assets	525,013	963,113
Net assets, beginning of year	3,643,602	2,680,489
Net assets, end of year	\$ 4,168,615	\$ 3,643,602

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

2020

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>		
Salaries and wages	\$ 1,286,981	\$ 241,956	\$ 374,837	\$ 616,793	\$ 1,903,774
Employee benefits	119,467	40,197	36,479	76,676	196,143
Payroll taxes	96,639	16,919	17,671	34,590	131,229
Subtotal	<u>1,503,087</u>	<u>299,072</u>	<u>428,987</u>	<u>728,059</u>	<u>2,231,146</u>
Audit and tax services	0	14,058	0	14,058	14,058
Contractors	10,064	0	0	0	10,064
Insurance	27,955	2,565	2,924	5,489	33,444
Programs	569,240	860	0	860	570,100
Marketing	83,887	0	36,908	36,908	120,795
In-kind donations	165,754	11,174	9,312	20,486	186,240
Occupancy	378,239	26,032	21,225	47,257	425,496
Professional and other fees	125,327	21,804	23,382	45,186	170,513
Office supplies	1,098	4,184	1,133	5,317	6,415
Printing and copying	12,868	3,687	467	4,154	17,022
Technology	27,080	20,428	10,973	31,401	58,481
Other	27,880	58,026	6,323	64,349	92,229
Total Expenses	<u>\$ 2,932,479</u>	<u>\$ 461,890</u>	<u>\$ 541,634</u>	<u>\$ 1,003,524</u>	<u>\$ 3,936,003</u>

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

2019

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>		
Salaries and wages	\$ 1,118,747	\$ 187,924	\$ 266,623	\$ 454,547	\$ 1,573,294
Employee benefits	74,041	33,792	34,151	67,943	141,984
Payroll taxes	83,806	14,167	13,282	27,449	111,255
Subtotal	<u>1,276,594</u>	<u>235,883</u>	<u>314,056</u>	<u>549,939</u>	<u>1,826,533</u>
Audit and tax services	0	17,639	0	17,639	17,639
Contractors	19,349	0	0	0	19,349
Insurance	25,895	3,983	3,670	7,653	33,548
Programs	719,664	144	0	144	719,808
Marketing	95,257	0	44,248	44,248	139,505
In-kind donations	146,198	21,418	18,624	40,042	186,240
Occupancy	349,441	51,688	44,955	96,643	446,084
Professional and other fees	47,500	27,467	20,000	47,467	94,967
Office supplies	0	14,376	0	14,376	14,376
Printing and copying	13,998	3,667	749	4,416	18,414
Technology	88,983	22,434	20,203	42,637	131,620
Other organization support	899,085	0	0	0	899,085
Other	21,554	77,339	4,073	81,412	102,966
Total Expenses	<u>\$ 3,703,518</u>	<u>\$ 476,038</u>	<u>\$ 470,578</u>	<u>\$ 946,616</u>	<u>\$ 4,650,134</u>

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
STATEMENTS OF CASH FLOWS

<u>For the Years Ended December 31,</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Received from contributions	\$ 3,305,464	\$ 5,277,242
Received from government grants	332,983	115,991
Interest and dividends received	5,292	1,805
Other receipts	280,221	228,510
Cash paid to suppliers and employees	<u>(4,158,805)</u>	<u>(3,910,828)</u>
Net cash provided by (used for) operating activities	<u>(234,845)</u>	<u>1,712,720</u>
Cash flows from investing activities:		
Purchase of fixed assets	(43,627)	(597,994)
Proceeds from sale of investments	72,875	0
Proceeds from note receivable	<u>0</u>	<u>5,000</u>
Net cash provided by (used for) investing activities	<u>29,248</u>	<u>(592,994)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	342,141	0
Payments on note payable	<u>(6,608)</u>	<u>(150,000)</u>
Net cash provided by (used for) financing activities	<u>335,533</u>	<u>(150,000)</u>
Net increase in cash and cash equivalents	129,936	969,726
Cash and cash equivalents at beginning of year	<u>2,094,243</u>	<u>1,124,517</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,224,179</u></u>	<u><u>\$ 2,094,243</u></u>
Supplemental disclosure - noncash activity:		
Donated goods & services	\$ 232,290	\$ 195,956
Donated stock	\$ 188,854	\$ 194,875

The accompanying notes are an integral part of these financial statements.

CROSSPURPOSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CrossPurpose (the Organization) was formed in 2013 to assist families living in poverty to remove the barriers in their lives (such as inadequate education, poor support network, inability to navigate the system) that are keeping them from emerging out of poverty and becoming self-sufficient. CrossPurpose provides training, support, and connections to a network of other nonprofit partners (such as educational and employment opportunities) to support program participants in their journey out of poverty. The mission of CrossPurpose is to abolish relational, economic, and spiritual poverty through career and community development.

The Organization’s significant accounting policies are described below.

Basis of Presentation

The Organization’s financial statements have been prepared using the accrual basis of accounting and is presented in accordance with Generally Accepted Accounting Principles (GAAP).

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions, or the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

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 the Organization or by the passage of time.

Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable State law.

Contributions and Grants

Contributions (a principal source of revenue) are recorded as net assets without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when cash or ownership of donated assets is unconditionally promised to the Organization. Donor restricted contributions whose restrictions are met in the same reporting period are reported as contributions without restriction in the statement of activities.

CROSSPURPOSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants (Continued)

Grants and contributions containing performance-related barriers and a right of return are recorded as revenue when the condition(s) imposed by the grantor or donor have been substantially met. When the timing of payment differs from revenue recognition (payment precedes performance), the Organization records the payment as a refundable advance.

Cash and Cash Equivalents

For the purpose of the accompanying financial statements, the Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates fair value due to the short-term nature of these investments.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of demand deposit accounts considered to be cash and cash equivalents. The Organization places its cash with creditworthy, high-quality financial institutions.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization considers all accounts receivable to be fully collectible; accordingly, an allowance for doubtful accounts was not recorded as of December 31, 2020 and 2019.

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. Depreciation is recorded using the straight-line method over estimated useful life of the property and equipment. The Organization capitalizes all property and equipment whose individual item cost is \$1,000 or more with a useful life of more than one year.

Functional Allocation of Expenses

Costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Costs have been allocated between the various programs and support services on several bases and estimates. Salaries and benefits are allocated based on time and effort. Occupancy expenses are allocated based on square footage. Other expenses are allocated based on the direct benefit to a program or supporting activity. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

CROSSPURPOSE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is recognized as a tax-exempt Organization under Section 501(c)(3) of the U. S. Internal Revenue Code (the Code).

Estimates

Preparation of the Organization’s financial statements in conformity with GAAP requires the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Agency Funds Receivable & Payable

Agency funds receivable represent amounts to be collected for cost sharing services with Providence Bible Church. Agency funds payable represent amounts collected on behalf of and payable to Providence Bible Church.

Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 presentation. The Organization previously classified agency funds receivable within accounts receivable and agency funds payable within accounts payable on the statement of financial position. These reclassifications did not change total assets or total liabilities in 2019.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 26, 2021, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s financial assets available within one year of the balance sheet date for general expenditure are as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,224,179	\$ 2,094,243
Investments (Level 1)	3,146	7,820
Accounts receivable	119,575	18,244
Promises to give	0	10,000
Less: Net assets with donor restriction	<u>(155,914)</u>	<u>(48,702)</u>
Financial assets available for general expenditure	<u>\$ 2,190,986</u>	<u>\$ 2,081,605</u>

The Organization has a goal to raise funding from donors to address liquidity needs and increase reserves. The Organization 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 Organization may invest cash in excess of daily requirements under the oversight of the Investment Committee with priority given to preservation, income, and appreciation of capital.

CROSSPURPOSE
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – PROMISES TO GIVE

	2020	2019
Unconditional promises to give	\$ 0	\$ 10,000
Receivables in less than one year	\$ 0	\$ 10,000
Receivables in one to five years	0	0
Total promises to give	\$ 0	\$ 10,000

The Organization considers all promises to give to be fully collectible; accordingly, an allowance for uncollectible promises to give was not recorded as of December 31, 2019.

NOTE 4 – INVESTMENTS

The Organization values investments at fair value using a valuation hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. Fair value is defined as the exit price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 inputs). The three levels of the fair value hierarchy are as follows:

Level 1 – assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities

Level 2 – assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 – assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of fair value of the assets or liabilities.

During the year ended December 31, 2019, the Organization received donated interests in illiquid limited partnerships that invest in privately-held firms around the globe (privately-held equity). Since observable prices are not available for securities owned by the partnerships, the General Partners use one or more valuation techniques (e.g. the market approach or the income approach) to estimate a fair value of the investments (Level 3). Because of the inherent uncertainty of the valuations, those estimated values may differ from the values that would have been used had a ready market for the securities existed, and the difference could be material. Accordingly, the fair value of the privately-held equity investments is a significant management estimate.

CROSSPURPOSE
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – INVESTMENTS (CONTINUED)

The Organization had the following investments as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Privately-held equity	\$ 0	\$ 0	\$ 180,447	\$ 180,447
Public equities	180,721	0	0	180,721
ETFs & mutual funds	8,033	0	0	8,033
Cash deposits	100	0	0	100
Total	<u>\$ 188,854</u>	<u>\$ 0</u>	<u>\$ 180,447</u>	<u>\$ 369,301</u>

The Organization had the following investments as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Privately-held equity	\$ 0	\$ 0	\$ 187,055	\$ 187,055
Public equities	7,670	0	0	7,670
Cash deposits	150	0	0	150
Total	<u>\$ 7,820</u>	<u>\$ 0</u>	<u>\$ 187,055</u>	<u>\$ 194,875</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 2,180,839	\$ 2,165,158
Furniture & fixtures	359,978	354,580
Technology	251,851	246,105
Equipment	40,914	38,504
Construction in Progress	14,391	0
	<u>2,847,973</u>	<u>2,804,347</u>
Accumulated depreciation	(657,055)	(293,379)
Total property and equipment	<u>\$ 2,190,918</u>	<u>\$ 2,510,968</u>

Depreciation expense for the year ended December 31, 2020 and 2019 was \$363,677 and \$293,379.

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN

On May 1, 2020, the Organization received \$342,141 pursuant to the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act. PPP provides loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll and certain other expenses. The loans and accrued interest are forgivable after twenty-four weeks so long as the borrower uses the loan proceeds for eligible purposes. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. The Organization believes it used all proceeds for eligible purposes and that all loan proceeds received will be forgiven.

CROSSPURPOSE
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – NOTE PAYABLE

	<u>2020</u>	<u>2019</u>
Note payable with Providence Bible Church Inc., dated November 2, 2018 in the amount of \$350,000. Note carries an interest rate of 0% and matures on November 2, 2023.	<u>\$ 193,392</u>	<u>\$ 200,000</u>

Outstanding principal is payable in full upon maturity on November 2, 2023.

NOTE 8 – REVENUE RECOGNITION

Revenue is recognized when the performance of promised goods or services is transferred to customers at an amount that reflects the consideration received for those goods or services. The Organization identifies its contracts with customers and all performance obligations within those contracts. The Organization then determines the transaction price and allocates the transaction price to the performance obligations within the Organization’s contracts with customers, recognizing revenue when, or as, the Organization satisfies its performance obligations. Revenue from contracts with customers earned over time was \$273,565 and 215,142 for the years ended December 31, 2020 and 2019.

The Organization occasionally enters into contracts with its customers which may give rise to contract assets (unbilled revenue) and contract liabilities (deferred revenue). When the timing of revenue recognition differs from the timing of payments made by customers, the Organization recognizes either unbilled revenue (its performance precedes billing date) or deferred revenue (customer payment is received in advance of performance). The Organization did not record any contract assets or liabilities as of December 31, 2020 and 2019.

NOTE 9 – IN-KIND DONATIONS

Approximately one-hundred volunteers have donated time in connection with the Organization’s activities. No amounts have been reflected in the financial statements for these donated services as these services do not meet the criteria for recognition under GAAP.

Non-cash contributions consist of donated rents, stock donations, and limited partnership interests to the Organization in the amounts of \$421,144 and \$390,831, for the years ended December 31, 2020 and 2019.

CROSSPURPOSE
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – NET ASSETS WITH DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Net assets released from restriction		
Building fund	\$ 0	\$ 887,836
Alumni Scholarship fund	8,782	9,022
Covid-19 fund	61,402	0
Aspen Family Prosperity grant	14,997	0
Activity fund	0	900,885
Change agency	18,897	48,745
Total	<u>\$ 104,078</u>	<u>\$ 1,846,488</u>

Net assets with donor restriction are held for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
Net assets with donor restriction		
Alumni Scholarship fund	\$ 415	\$ 9,197
Covid-19 fund	27,475	0
Aspen Family Prosperity grant	47,494	0
Change agency	80,530	39,505
Total net assets released from restriction	<u>\$ 155,914</u>	<u>\$ 48,702</u>

NOTE 11 – CONCENTRATIONS

For the year ended December 31, 2020 21% of total contributions was received from two donors. For the year ended December 31, 2019, 40% of total contributions was received from three donors.

NOTE 12 – LEASE COMMITMENTS

The Organization used leased office space under long-term operating leases, which expire through September 2027. The ten-year lease on Richard Allen Court has annual rent of \$1 subject to various conditions. Operating lease expense totaled \$3,301 and \$1,981 for the years ended December 31, 2020 and 2019. Future minimum lease payments are immaterial.

NOTE 13 – RELATED PARTY TRANSACTIONS

Board members contributed \$47,144 and \$83,921 during the years ended December 31, 2020 and 2019.

CROSSPURPOSE
NOTES TO FINANCIAL STATEMENTS

NOTE 14 – SUBSEQUENT EVENTS

Global COVID-19 Pandemic

The 2020 outbreak of COVID-19 has been declared a pandemic and has spread to multiple global regions. The impact of this pandemic has been extensive in many aspects of society, which has resulted in significant disruptions to the global economy. In an effort to halt the outbreak of COVID-19, many governments around the world have encouraged or required that people only leave their home for essential tasks and many businesses have announced closures. This may have a negative impact on the Organization and its investments, the magnitude and duration of which is uncertain.

Memorandum of Understanding

In 2021, the Organization and another not-for-profit (Partner) entered into a memorandum of understanding whereby the Partner would provide the Organization with a second location in Englewood, Colorado free-of-charge for the Organization to perform program activities. The agreed-upon responsibilities and expectations between the Organization and the Partner are in effect for the period of September 2021 through August 2024.

Paycheck Protection Program Loan

In March 2021, the Organization received \$342,840 pursuant to the second draw of PPP. The Organization believes the proceeds will be used for eligible purposes and that the loan will be forgiven.