

**DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**

**FINANCIAL STATEMENTS**

June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Demos: A Network for Ideas and Action, Ltd.  
New York, New York

### ***Opinion***

We have audited the accompanying financial statements of Demos: A Network for Ideas and Action, Ltd. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Demos: A Network for Ideas and Action, Ltd. as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Demos: A Network for Ideas and Action, Ltd. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Demos: A Network for Ideas and Action, Ltd.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Demos: A Network for Ideas and Action, Ltd.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Demos: A Network for Ideas and Action, Ltd.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited Demos: A Network for Ideas and Action, Ltd.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Wegner CPAs, LLP  
New York, New York  
October 21, 2022

**DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2022 with comparative totals for June 30, 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,565,185	\$ 10,901,577
Contributions receivable, net (Note 3)	1,504,594	2,087,333
Other receivables	43,684	31,522
Prepaid expenses	340,583	167,036
Security deposits	79,979	79,979
Equipment and leasehold improvements, net (Note 5)	<u>393,946</u>	<u>583,734</u>
<b>Total assets</b>	<u><u>\$ 10,927,971</u></u>	<u><u>\$ 13,851,181</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 295,521	\$ 140,841
Accrued expenses	395,576	436,185
Deferred rent	754,516	808,058
Deferred revenue	<u>-</u>	<u>34,666</u>
<b>Total liabilities</b>	1,445,613	1,419,750
<b>NET ASSETS</b>		
Without donor restrictions	3,921,215	3,663,795
With donor restrictions (Note 7)	<u>5,561,143</u>	<u>8,767,636</u>
<b>Total net assets</b>	<u><u>9,482,358</u></u>	<u><u>12,431,431</u></u>
<b>Total liabilities and net assets</b>	<u><u>\$ 10,927,971</u></u>	<u><u>\$ 13,851,181</u></u>

See accompanying notes.

**DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**

STATEMENT OF ACTIVITIES

Year ended June 30, 2022 with comparative totals for the year ended June 30, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES</b>				
Contributions	\$ 4,167,891	\$ 1,941,144	\$ 6,109,035	\$ 13,314,239
Employee Retention Credit	543,238	-	543,238	-
Program revenue	493,868	-	493,868	73,666
Honorarium and book sales	4,752	-	4,752	8,150
Investment income, net	6,254	-	6,254	7,945
Gain on Paycheck Protection Program loan forgiveness	-	-	-	964,000
Other income	-	-	-	13,423
<b>Total revenues</b>	<b>5,216,003</b>	<b>1,941,144</b>	<b>7,157,147</b>	<b>14,381,423</b>
<b>EXPENSES</b>				
Program services				
Democracy Reform	2,693,318	-	2,693,318	2,769,119
Power and Movement Building	1,794,042	-	1,794,042	3,661,342
Economic Democracy and Justice	1,449,074	-	1,449,074	2,025,049
<b>Total program services</b>	<b>5,936,434</b>	<b>-</b>	<b>5,936,434</b>	<b>8,455,510</b>
Supporting activities				
Management and general	2,395,569	-	2,395,569	2,412,675
Fundraising	1,774,217	-	1,774,217	1,477,435
<b>Total expenses</b>	<b>10,106,220</b>	<b>-</b>	<b>10,106,220</b>	<b>12,345,620</b>
Net assets released from restrictions				
Satisfaction of purpose restrictions	702,637	(702,637)	-	-
Satisfaction of time restrictions	4,445,000	(4,445,000)	-	-
<b>Total releases from restrictions</b>	<b>5,147,637</b>	<b>(5,147,637)</b>	<b>-</b>	<b>-</b>
<b>Change in net assets</b>	<b>257,420</b>	<b>(3,206,493)</b>	<b>(2,949,073)</b>	<b>2,035,803</b>
Net assets at beginning of year	3,663,795	8,767,636	12,431,431	10,395,628
<b>Net assets at end of year</b>	<b>\$ 3,921,215</b>	<b>\$ 5,561,143</b>	<b>\$ 9,482,358</b>	<b>\$ 12,431,431</b>

See accompanying notes.

**DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2022 with comparative totals for the year ended June 30, 2021

	<u>Program Services</u>				<u>Supporting Activities</u>		2022 Total	2021 Total
	Democracy Reform	Power and Movement Building	Economic Democracy and Justice	Total Program Services	Management and General	Fundraising		
Salaries and wages	\$ 1,034,670	\$ 639,933	\$ 705,880	\$ 2,380,483	\$ 975,402	\$ 877,303	\$ 4,233,188	\$ 5,433,261
Payroll taxes and employee benefits	271,389	173,335	237,208	681,932	409,589	326,093	1,417,614	2,036,019
Collaborations - publications and research	-	158,250	-	158,250	-	-	158,250	1,546,221
Professional and consulting fees	936,669	369,723	213,582	1,519,974	234,896	150,816	1,905,686	1,449,670
Occupancy	261,660	161,834	178,512	602,006	243,984	221,864	1,067,854	1,074,462
Travel	8,862	37,547	10,046	56,455	30,517	25,434	112,406	10,752
Supplies and office expense	1,228	1,675	963	3,866	3,826	1,021	8,713	11,207
Meetings and conferences	1,053	140,786	2,097	143,936	37,684	806	182,426	3,083
Depreciation and amortization	48,068	29,730	32,794	110,592	48,183	40,758	199,533	242,156
Telecommunications	22,176	13,976	15,051	51,203	22,016	18,550	91,769	90,297
Utilities	4,729	2,925	3,226	10,880	4,409	4,010	19,299	16,377
Printing and reproduction	2,680	1,861	1,828	6,369	2,497	6,122	14,988	24,278
Postage and delivery	1,996	1,853	700	4,549	5,722	2,067	12,338	10,865
Dues and subscriptions	20,855	3,758	2,148	26,761	7,046	4,683	38,490	62,022
Computer expense	47,239	30,441	29,491	107,171	29,517	36,462	173,150	120,563
Repairs and maintenance	5,124	3,169	3,495	11,788	5,035	4,344	21,167	9,368
Events	-	-	-	-	-	33,349	33,349	172
Other	\$24,920	\$23,246	\$12,053	60,219	\$335,246	\$20,535	416,000	204,847
<b>Total expenses</b>	<b>\$ 2,693,318</b>	<b>\$ 1,794,042</b>	<b>\$ 1,449,074</b>	<b>\$ 5,936,434</b>	<b>\$ 2,395,569</b>	<b>\$ 1,774,217</b>	<b>\$ 10,106,220</b>	<b>\$ 12,345,620</b>

See accompanying notes.

**DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**STATEMENT OF CASH FLOWS**  
Year ended June 30, 2022 with comparative totals for June 30, 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,949,073)	\$ 2,035,803
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	199,533	242,156
Gain on debt extinguishment	-	(964,000)
Amortization of discount on contributions receivable	-	(84,820)
(Increase) decrease in assets		
Contributions receivable	582,739	2,625,985
Other receivables	(12,162)	16,336
Prepaid expenses	(173,547)	105,151
Increase (decrease) in liabilities		
Accounts payable	154,680	(141,380)
Accrued expenses	(40,609)	225,113
Deferred rent	(53,542)	(1,740)
Deferred revenue	(34,666)	34,666
	<u>(2,326,647)</u>	<u>4,093,270</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment and leasehold improvements	(9,745)	(18,166)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on note payable	-	(283,334)
<b>Net change in cash and cash equivalents</b>	<u>(2,336,392)</u>	<u>3,791,770</u>
Cash and cash equivalents at beginning of year	<u>10,901,577</u>	<u>7,109,807</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 8,565,185</u>	<u>\$ 10,901,577</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ -	\$ 5,278
Forgiveness of Paycheck Protection Program loan	-	(964,000)

See accompanying notes.



**DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 with comparative totals for June 30, 2021

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Dēmos: A Network for Ideas and Action, Ltd. (“Dēmos”) is a not-for-profit organization, incorporated in February 2000 under the laws of the State of New York. Dēmos is a public policy organization working for an America where we all have an equal say in our democracy and an equal chance in our economy. Our name means “the people.” It is the root word of democracy, and it reminds us that in America, the true source of our greatness is the diversity of our people. Our nation’s highest challenge is to create a democracy that truly empowers people of all backgrounds, so that we all have a say in setting the policies that shape opportunity and provide for our common future. To help America meet that challenge, Dēmos is working to reduce both political and economic inequality, deploying original research, advocacy, litigation, and strategic communications to create the America the people deserve. Dēmos is primarily funded by contributions from individuals, foundations, and program revenue.

**Cash and Cash Equivalents**

For financial presentation purposes, Dēmos considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents.

**Contributions Receivable**

Contributions are recorded as support upon the receipt of cash or unconditional pledges. Contributions are considered available for use without donor restriction, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met. Contributions to be received over periods longer than one year are discounted at an interest rate commensurate with risk involved if material to the financial statements.

**Other Receivables**

Dēmos considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is recorded. If receivables become uncollectible, they will be charged to operations when that determination is made.

**Equipment and Leasehold Improvements**

Equipment and leasehold improvements are stated at their original costs or, if donated, at their fair values on the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of 3 to 10 years. Expenditures for leasehold improvements are capitalized and depreciated using the straight-line method over the shorter of the estimated useful life of the specific asset or the term of the lease. Costs incurred during the development of the website to be used internally are capitalized and amortized using the straight-line method.

**Deferred Rent**

Rent expense is recognized using the straight-line method over the terms of the lease. The difference between rent expense incurred and the amount paid, which is attributable to scheduled rent increases and rent abatement periods, is reported as deferred rent in the accompanying statement of financial position.

**DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 with comparative totals for June 30, 2021

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the 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 restrictions.

**Revenue Recognition**

Dēmos contracts with numerous organizations to provide various consulting services. This program revenue consists of consulting and legal assistance with single performance obligations that are satisfied at a point in time (when deliverables are provided), as well as over time within the designated contract period.

Honorarium and book sales are recognized based upon services rendered in accordance with contractual provisions. Amounts received in advance of the period to which the services are delivered are reported as deferred revenue.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses incurred by Dēmos that benefits a specific program or supportive service is treated as a direct expense of that program or supportive service and recorded as such. Accordingly, certain categories of expenses cannot be directly attributed to a specific program or benefit the organization as a whole; those expenses are allocated based on an estimate of the time and effort each employee devotes to Dēmos' programs and supportive activity. Those expenses include salaries and wages, payroll taxes and employee benefits, certain professional and consulting fees, certain travel expenses, occupancy, supplies and office expense, depreciation and amortization, telecommunications, utilities, certain meetings and conferences, printing and reproduction, postage and delivery, dues and subscriptions, computer expense, repairs and maintenance, and other. The time and effort estimates used to allocate these expenses are reviewed and updated every quarter. The following program services and supporting activities are included in the accompanying financial statements:

*Democracy Reform* – Dēmos is committed to creating an inclusive democracy by protecting our freedom to vote and ensuring the democratic process reflects our diverse electorate. We analyze policies, practices, and power dynamics that maintain racial inequality and exclude Americans from full participation in our democracy and generate bold solutions.

*Power and Movement Building* – Dēmos works to connect the ideas of Dēmos with strategies to support grassroots organizations. Our inclusive democracy project works with grassroots partners around the country to ensure that racial equity is at the center of advocacy campaigns for democracy reform. We employ research and policy expertise, communications strategies, and litigation capacities in partnership with movement organizations to work for a more equitable economy and democracy.

**DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 with comparative totals for June 30, 2021

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Economic Democracy and Justice* – Dēmos is working to combat the inequality of our current economic system. This includes in-depth analysis, narrative development, and policy proposals to build economic power for black and brown people, improve job quality and access, advance worker rights, and seek reform in our flawed credit system.

*Management and general* – Includes the activities necessary to ensure proper administrative functioning of the board of trustees, manage the financial and budgetary responsibilities, and perform other administrative functions.

*Fundraising* – Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and others.

**Income Tax Status**

Dēmos is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Dēmos qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

**Date of Management’s Review**

Management has evaluated subsequent events through October 21, 2022, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT AND DONOR RISK

Dēmos maintains its cash and cash equivalent balances in two financial institutions. At June 30, 2022 and 2021, Dēmos’ cash and cash equivalent balances exceeded federally insured limits by \$6,296,046 and \$6,931,344. Of these amounts, \$3,463,446 and \$3,440,526, respectively, was invested in broker/dealer money market accounts.

For the year ended June 30, 2021, approximately 40% of Dēmos’ revenue came from one donor.

**DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 with comparative totals for June 30, 2021

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Unconditional contributions receivable at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Contributions receivable in less than one year	\$ 1,268,731	\$ 2,027,333
Contributions receivable in one to five years	<u>250,000</u>	<u>60,000</u>
Total contributions receivable	1,518,731	2,087,333
Less discount to net present value	<u>(14,137)</u>	<u>-</u>
Contributions receivable, net	<u>\$ 1,504,594</u>	<u>\$ 2,087,333</u>

Contributions receivable in one to five years were discounted at an effective rate of 3.73% at June 30, 2022.

**NOTE 4 – LINE OF CREDIT**

Dēmos has a \$2,000,000 line of credit with a bank. The line is secured by Dēmos' general business assets, carries interest at 5.75%, and expires on January 7, 2023. There was no outstanding balance at June 30, 2022 and 2021.

**NOTE 5 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 124,802	\$ 377,756
Leasehold improvements	556,643	556,643
Website	335,505	335,505
Furniture and fixtures	<u>352,918</u>	<u>352,918</u>
Equipment and leasehold improvements	1,369,868	1,622,822
Less accumulated depreciation and amortization	<u>(975,922)</u>	<u>(1,039,088)</u>
Equipment and leasehold improvements, net	<u>\$ 393,946</u>	<u>\$ 583,734</u>

**NOTE 6 – RETIREMENT PLAN**

Dēmos maintains a contributory, defined-contribution 403(b) plan covering all employees who meet specific eligibility requirements. The plan is an elective, deferred-salary arrangement. Dēmos may contribute to the 403(b) plan on behalf of the employees, at the discretion of the board of trustees. Dēmos' contributions to the plan during the years ended June 30, 2022 and 2021, on behalf of active employees, totaled \$212,728 and \$247,967.

**DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 with comparative totals for June 30, 2021

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**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, 2022 and 2021 were available for the following purposes or periods:

	2022	2021
Subsequent years	\$ 4,605,862	\$ 8,065,000
Capacity Building	-	250,000
Visionary Opposition on Voting	-	289,136
Democracy Project	335,000	153,500
Democracy Reform	570,281	-
Race Forward Economic Agenda	50,000	10,000
Net assets with donor restrictions	\$ 5,561,143	\$ 8,767,636

**NOTE 8 – OPERATING LEASES**

Dēmos has leases for the use of office facilities which will expire May 2027 and September 2027. Certain leases are subject to escalations for increases in real estate taxes and other operating expenses. Future minimum obligations under the leases for the years ending June 30 are as follows:

2023	\$ 1,149,664
2024	1,174,004
2025	1,198,864
2026	1,224,255
2027	1,170,119
Thereafter	150,430
Total	\$ 6,067,336

Rent expense for the years ended June 30, 2022 and 2021 was \$1,067,854 and \$1,074,462.

If Dēmos were to default on the lease payments in the first five years of the lease, Dēmos would be liable for a maximum of \$624,911 in abatement repayments. In lieu of providing the security deposit of \$247,500 for the new office space, the landlord required Dēmos to establish a letter of credit with the bank to hold the security deposit amount. The letter of credit has an annual interest rate of 1%.

**DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 with comparative totals for June 30, 2021

NOTE 9 – LIQUIDITY AND AVAILABILITY

The following reflects Dēmos’ financial assets as of the dates of the statements of financial position, reduced by amounts not available for general use within one year of the dates of the statements of financial position due to contractual or donor-imposed restrictions.

	2022	2021
Cash and cash equivalents	\$ 8,565,185	\$ 10,901,577
Contributions receivable, net	1,504,594	2,087,333
Other receivables	43,684	31,522
 Total financial assets at year end	 10,113,463	 13,020,432
 Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Contributions receivable scheduled to be collected in more than one year, net	(235,863)	(60,000)
Restricted by donor with purpose restrictions	(955,281)	(702,636)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 8,922,319	 \$ 12,257,796

Dēmos has a goal to maintain financial assets on hand to meet three months of normal operating expenses. Financial assets in excess of the amount on hand to cover normal operating expenses are invested in money market mutual funds and other cash equivalents. Dēmos also has a \$2,000,000 line of credit which it could draw upon in the event of an unanticipated liquidity need.

NOTE 10 – PAYCHECK PROTECTION PROGRAM

On April 13, 2020, Dēmos received a \$964,000 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrued interest at 1%, but payments were deferred until a determination of the amount of forgiveness was made. The amount of forgiveness depended, in part, on the total amount of eligible expenses paid by Dēmos during the covered period. Eligible expenses included payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion was payable over two years. On December 8, 2020, the SBA approved forgiveness of the loan and accrued interest. Dēmos must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review Dēmos’ good-faith certification concerning the necessity of its loan request, whether Dēmos calculated the loan amount correctly, whether Dēmos used loan proceeds for the allowable uses specified in the CARES Act, and whether Dēmos is entitled to loan forgiveness in the amount claimed on its application. If SBA determines Dēmos was ineligible for the loan or for forgiveness in whole or in part, SBA may seek repayment of the outstanding loan balance.