

4:13 STRONG, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2021 AND 2020

4:13 STRONG, INC.

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December 31, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors
4:13 Strong, Inc.
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of 4:13 Strong, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization'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 report continued on next page)

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 the Organization'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 the Organization'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.



Puryear & Noonan, CPAs

Nashville, Tennessee

June 30, 2022

4:13 STRONG, INC.
Statements of Financial Position
December 31, 2021 and 2020

Assets

Current Assets	<u>2021</u>	<u>2020</u>
Cash and cash equivalents		
Unrestricted	\$ 473,107	\$ 283,049
Restricted	<u>1,899</u>	<u>1,899</u>
	475,006	284,948
Accounts receivable	-	28,049
Other assets	<u>1,698</u>	<u>7,059</u>
Total Current Assets	476,704	320,056
 Property and Equipment, net	 <u>35,923</u>	 <u>58,220</u>
 Total Assets	 <u><u>\$ 512,627</u></u>	 <u><u>\$ 378,276</u></u>

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ -	\$ 19,129
Credit cards payable	3,955	6,379
Deposits	500	50
Other liabilities	<u>149</u>	<u>183</u>
Total Current Liabilities	<u>4,604</u>	<u>25,741</u>
 Net Assets		
Without donor restrictions	476,124	350,636
Without donor restrictions - Board designated	<u>30,000</u>	<u>-</u>
Total without donor restrictions	506,124	350,636
With donor restrictions	<u>1,899</u>	<u>1,899</u>
Total Net Assets	<u>508,023</u>	<u>352,535</u>
 Total Liabilities and Net Assets	 <u><u>\$ 512,627</u></u>	 <u><u>\$ 378,276</u></u>

See independent auditor's report and accompanying notes to financial statements.

4:13 STRONG, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Changes in Net Assets Without Donor Restrictions		
Operating Support and Revenues		
Grants	\$ 52,600	\$ 80,750
Contributions	328,381	231,017
Special events, net of direct cost of \$47,695 and \$35,822 in 2021 and 2020, respectively	298,582	159,667
Rental income	29,270	23,025
Grant revenue - PPP loan forgiveness	-	39,298
Miscellaneous income	8,140	3,442
Intererst income	542	597
Total Operating Support and Revenues Without Donor Restrictions	<u>717,515</u>	<u>537,796</u>
Expenses		
Management and general	35,938	17,493
Program services	523,382	490,929
Fundraising	2,707	1,791
Total Expenses	<u>562,027</u>	<u>510,213</u>
Change in Net Assets	155,488	27,583
Net Assets - Beginning of Year	<u>352,535</u>	<u>324,952</u>
Net Assets - End of Year	<u><u>\$ 508,023</u></u>	<u><u>\$ 352,535</u></u>

See independent auditor's report and accompanying notes to financial statements.

4:13 STRONG, INC.
Statements of Functional Expenses
For the Year Ended December 31, 2021

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ 8,057	\$ -	\$ -	\$ 8,057
Bank fees	85	5,550	-	5,635
Benevolence	-	848	-	848
Contract services	842	50,863	1,463	53,168
Depreciation	-	25,802	-	25,802
Equipment rental and maintenance	-	2,665	-	2,665
Event expenses	-	3,801	-	3,801
Food and beverage	-	16,958	-	16,958
Fieldtrip	-	2,533	-	2,533
Insurance	10,136	6,420	-	16,556
Office expenses	7,795	2,930	364	11,089
Payroll processing	2,111	-	-	2,111
Payroll taxes	-	21,405	-	21,405
Rent	-	49,020	-	49,020
Retirement contributions	-	1,899	-	1,899
Salary	-	276,167	-	276,167
Supplies	254	26,300	-	26,554
Software	4,652	270	880	5,802
Staff development	462	50	-	512
Telephone	-	16,336	-	16,336
Vehicle expenses	104	13,565	-	13,669
Web hosting and support	1,440	-	-	1,440
Total Functional Expenses	<u>\$ 35,938</u>	<u>\$ 523,382</u>	<u>\$ 2,707</u>	<u>\$ 562,027</u>

See independent auditor's report and accompanying notes to financial statements.

4:13 STRONG, INC.
Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2020

	<u>Management and General</u>	<u>Program</u>	<u>Fundraising</u>	<u>Total</u>
Accounting	\$ 7,732	\$ -	\$ -	\$ 7,732
Bank fees	193	4,485	-	4,678
Benevolence	-	438	-	438
Contract services	3,813	38,021	1,530	43,364
Depreciation	-	31,603	-	31,603
Equipment rental and maintenance	-	466	-	466
Event expenses	-	3,146	-	3,146
Food and beverage	-	9,988	-	9,988
Fieldtrip	-	2,813	-	2,813
Insurance	3,931	10,789	-	14,720
Meeting expense	61	165	-	226
Office expenses	200	5,612	42	5,854
Payroll processing	211	1,791	-	2,002
Payroll taxes	-	19,481	-	19,481
Rent	-	53,485	-	53,485
Retirement contributions	118	1,299	-	1,417
Salary	-	251,855	-	251,855
Supplies	9	11,200	-	11,209
Software	518	12,703	219	13,440
Staff development	-	335	-	335
Telephone	-	16,242	-	16,242
Vehicle expenses	171	11,160	-	11,331
Web hosting and support	536	3,852	-	4,388
Total Functional Expenses	<u>\$ 17,493</u>	<u>\$ 490,929</u>	<u>\$ 1,791</u>	<u>\$ 510,213</u>

See independent auditor's report and accompanying notes to financial statements.

4:13 STRONG, INC.
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 155,488	\$ 27,583
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities		
Depreciation expense	25,802	31,603
Write off uncollectible pledges receivable	7,250	-
Gain on sale of property and equipment	-	(600)
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	20,799	(28,049)
(Increase) decrease in other assets	5,361	(5,803)
Increase (decrease) in accounts payable	(19,129)	19,129
Increase (decrease) in credit cards payable	(2,424)	6,068
Increase (decrease) in deposits	450	-
Increase (decrease) in other liabilities	<u>(34)</u>	<u>104</u>
Net Cash Provided by (Used for) Operating Activities	<u>193,563</u>	<u>50,035</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(3,505)	(35,439)
Proceeds from sale of property and equipment	<u>-</u>	<u>2,200</u>
Net Cash Provided by (Used for) Investing Activities	<u>(3,505)</u>	<u>(33,239)</u>
Change in Cash and Cash Equivalents	190,058	16,796
Cash and Cash Equivalents - Beginning of Year	<u>284,948</u>	<u>268,152</u>
Cash and Cash Equivalents - End of Year	<u>\$ 475,006</u>	<u>\$ 284,948</u>

See independent auditor's report and accompanying notes to financial statements.

4:13 STRONG, INC.
Notes to Financial Statements
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies

Organization and Purpose

4:13 Strong, Inc. (the Organization) was incorporated under the laws of the State of Tennessee as a nonprofit organization in 2014. The Organization's mission is to break the cycle of poverty, crime and dependency by providing faith-based educational, vocational and life skills training.

Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting, under which revenues and their related assets are recorded when earned and expenses and their related liabilities are recorded when incurred.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported revenues and expenses. Accordingly, actual results may vary from these estimates.

Financial Statement Presentation

For financial statement presentation, the Organization reports its financial information according to two classes of net assets (net assets with and without restrictions) based on the existence or absence of donor-imposed restrictions.

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. Net assets without donor restrictions may be designated for specific purposes by the Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Measure of Operations

The Statements of Activities and Changes in Net Assets report changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those attributable to the Organization's ongoing activities and interest income. Non-operating activities are limited to resources that generate return from other investments, permanently restricted contributions, net assets released for capital expenditures, and other activities considered to be of a more unusual or

non-recurring nature. There were no non-operating activities for the years ended December 31, 2021 and 2020.

Cash and Cash Equivalents

For the purpose of the Statements of Financial Position and the Statements of Cash Flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents. Restricted cash displayed on the balance sheet at December 31, 2021 and 2020 is for a grant the Organization received that is purpose-restricted in its intended use.

Pledges Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. Fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. Bad debt expense recognized during the year ended December 31, 2021 totaled \$7,250. No bad debt expense was recognized during the year ended December 31, 2020. There were no pledges receivable for the years ended December 31, 2021 and 2020.

Program and Supporting Services - Functional Expenses

The following program and supporting services are included in the accompanying financial statements on the Statements of Functional Expenses.

Program Services - includes activities carried out to fulfill the Organization's mission of breaking the cycle of poverty, crime and dependency by providing faith-based educational, vocational and life skills training.

Supporting Services - Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program, event or fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organizational oversight, business management, record keeping, budgeting, financing, and other administrative activities.

Supporting Services - Fundraising - includes cost of activities directed toward appeals for financial support and the cost of solicitations and creation and distribution of fundraising materials.

Classification of Expenses

Expenses are classified functionally as a measure of service efforts and accomplishments. Direct expenses, incurred for a single function, are allocated entirely to the function. Joint expenses applicable to more than one function are allocated on the basis of objectively summarized information or management's estimates.

Fair Value Measurements

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 820-10, *Fair Value Measurements*, with respect to its financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. United States generally accepted accounting principles (U.S. GAAP) establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are as follows:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

U.S. GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects consideration the Organization expects to be entitled to in exchange for transferring those goods or services.

Revenue is recognized based on the following five step model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price
- Recognition of revenue when, or as, the Organization satisfies a performance obligation

The Organization's revenue and support comes primarily from contributions from individuals, foundations, and businesses, as well as from private grants. Contributions are recognized when received and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are 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.

The Organization licenses cottages to individuals in the program, for \$200 per month, and to graduates of the program, for \$400 per month. License fees are collected using an online application at which point revenue is recognized.

The Organization has the following three major special events each year: spring dinner, fall breakfast, and golf tournament. Revenue is recognized upon completion of the events. Any revenue received in advance is deferred.

Grant Revenue

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). U.S. GAAP provides organizations with several alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; 2) proceeds can be treated as an income grant where they recognize a deferred income liability and derecognize the liability, and recognize income or reduce expenses, as they incur and recognize qualifying payroll and other operating costs that they estimate with reasonable assurance meet the conditions necessary for forgiveness; 3) proceeds can be treated as a conditional contribution where they recognize a

refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived; or 4) proceeds can be recognized as a liability and derecognize the liability, and recognize income, as all conditions for forgiveness are met. The Organization elected to treat the PPP loan proceeds as grant revenue of \$39,298. The Organization's PPP loan was officially forgiven in November 2020.

Property and Equipment

Property and equipment are recorded at cost to the Organization or, if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. Estimated useful lives are between three and seven years for property and equipment. The Organization's capitalization policy is to capitalize any expenditure over \$1,500. Expenditures for repairs and maintenance are charged to operations when incurred.

The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at December 31, 2021 and 2020.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code section 501(c)(3), and accordingly, no provision for income taxes is included in the financial statements. Also, the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*, as it relates to uncertain tax positions. Any interest and penalties recognized associated with a tax position are classified in operating expenses in the Organization's financial statements.

Note 2 - Liquidity and Availability

The Organization's financial assets available within one year of the Statements of Financial Position for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 475,006	\$ 284,948
Accounts receivable	<u>-</u>	<u>-</u>
Total financial assets	475,006	284,948
Less amounts not available to be used within one year		
Net assets with donor restrictions	<u>1,899</u>	<u>1,899</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 473,107</u>	<u>\$ 283,049</u>

As of the date of this report, the Organization does not have a specific policy for how much cash needs to be in reserve at any given point, nor does it have a policy as to what can be done with any surplus funds. The Organization 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. Cash needs of the Organization are expected to be met on a monthly basis from its various sources of support as reported on its Statements of Activities and Changes in Net Assets.

Note 3 - Property and Equipment

A summary of property and equipment at December 31, 2021 and 2020 are as follows:

	<u>Estimated Useful Lives In Years</u>	<u>2021</u>	<u>2020</u>
Furniture and fixtures	7	\$ 69,812	\$ 66,307
Computers and equipment	5	23,208	23,208
Automobiles	5	76,895	76,895
Leasehold improvements	3	<u>35,439</u>	<u>35,439</u>
		205,354	201,849
Less - Accumulated depreciation		<u>(169,431)</u>	<u>(143,629)</u>
		<u>\$ 35,923</u>	<u>\$ 58,220</u>

Depreciation expense totaled \$25,802 and \$31,603, respectively, for the years ended December 31, 2021 and 2020.

Note 4 - Board Designated Restrictions

At December 31, 2021, the Board has designated \$20,000 of cash and cash equivalents for the purchase of a new van and \$10,000 for the purchase of computers, which is included in net assets without donor restrictions. There were no Board designated restrictions at December 31, 2020.

Note 5 - Net Assets with Donor Restrictions

Net assets, with donor restrictions, totaling \$1,899, are available for the purposes of classroom renovations, construction kit training and computer lab upgrades at December 31, 2021 and 2020. No net assets were released from donor restrictions during 2021 and 2020.

Note 6 - Pension Plan

Effective January 2016, the Organization implemented a Simple IRA plan which covers employees receiving at least \$5,000 in eligible compensation during the prior year and is reasonably expected to receive \$5,000 in eligible compensation in the current year. The Plan requires a match equal to 100% of the employee elective deferral up to 3% of eligible compensation. Total matching contributions to the plan totaled \$1,899 and \$1,417 for the years ended December 31, 2021 and 2020, respectively.

Note 7 - Concentration of Credit Risk

The standard Federal Deposit Insurance Corporation insurance amount is \$250,000 per depositor, per insured bank; and, therefore, amounts in excess of this \$250,000 held by the Organization during 2021 and 2020 were uninsured and uncollateralized. The Organization has not experienced, nor does it anticipate, any issues with respect to such amounts.

Note 8 - Concentrations

The majority of the Organization's revenue is derived from special events which are held three times a year. The Organization received 35% of its contributions from the spring dinner event in the year ended December 31, 2021. The Organization received 21% and 15%, respectively, of its contributions from the spring dinner event and the golf tournament event in the year ended December 31, 2020.

Note 9 - Leases

The Organization leases facilities to carry out its programs. The original lease expired in January 2019; however, the lease was subsequently extended until January 2023. Rent expense for the years ended December 31, 2021 and 2020 totaled \$49,020 and \$53,485, respectively. Future minimum rental payments under the operating lease are as follows:

2022	\$ 49,020
2023	<u>4,085</u>
	<u>\$ 53,105</u>

Note 10 - Income Taxes

The Organization recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Organization’s tax positions and has concluded that no tax liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for the open tax years (2018 - 2020), or expected to be taken in the Organization’s tax return for the year ended December 31, 2021. The Organization identifies its major tax jurisdictions as the U.S. Federal and the State of Tennessee. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. The Organization is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change in the next twelve months.

During the years ended December 31, 2021 and 2020, the Organization did not recognize any interest and penalties relating to taxes, nor were any accrued at December 31, 2021 and 2020.

Note 11 - Accounting Standards Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASC 842), which requires lessees to recognize assets and liabilities for most leases. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee is not expected to significantly change under such guidance. The standard as amended, will be effective for annual reporting periods beginning after December 15, 2021. Accordingly, this ASU will be effective for the Organization for the year ending December 31, 2022. The Organization is currently evaluating the impact that adoption of this ASU will have on the Statements of Financial Position and Statements of Activities and Changes in Net Assets.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial*

Assets. The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of the types of nonfinancial assets received and how they are used and recognized by the organization. The standard will be effective for annual reporting periods beginning after June 15, 2021. Accordingly, this ASU will be effective for the Organization for the year ending December 31, 2022. The Organization is currently evaluating the impact that adoption of this ASU will have on the Organization's financial statements and related notes to the financial statements.

Note 12 - Commitments and Contingencies

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include disruptions or restrictions on the Organization's employees' ability to work. Changes in operating environment may increase operating costs. The further effects of these issues are unknown.

Note 13 - Subsequent Events

The Organization has evaluated subsequent events through June 30, 2022, the date which the financial statements were available to be issued. The Organization received an approval letter for a \$25,000 grant on January 18, 2022. This was given by The Memorial Foundation and is to be used for general program support in 2022.