

CREATING AN ENVIRONMENT OF SUCCESS, INC.

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
OCTOBER 31, 2019 AND OCTOBER 31, 2018 (RESTATED)**

CREATING AN ENVIRONMENT OF SUCCESS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Creating an Environment of Success, Inc.
Nashville, Tennessee 37218

We have audited the accompanying financial statements of Creating an Environment of Success, Inc. (a not-for-profit organization), which comprise the statements of financial position as of October 31, 2019, and the related statements of activities, cash flows, and functional expenses 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

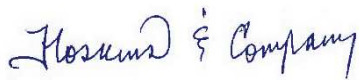
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Creating an Environment of Success, Inc. as of October 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Creating and Environment for Success, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Hoskins & Company". The signature is written in a cursive, flowing style.

Hoskins & Company
Nashville, TN
May 19, 2020

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2019 AND OCTOBER 31, 2018 (RESTATED)

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 137,526	\$ 31,678
Investments (Note 2)	25,841	26,098
Notes and accounts receivable, net (Note 3)	29,695	19,120
Inventory (Note 7)	33,145	44,957
Total current assets	<u>226,207</u>	<u>121,853</u>
Noncurrent assets		
Property and equipment, net (Note 4)	695,364	750,075
Security deposit	17,643	17,643
Other non-current assets (Note 5)	12,175	10,900
Total noncurrent assets	<u>725,182</u>	<u>778,618</u>
Total assets	<u><u>\$ 951,389</u></u>	<u><u>\$ 900,471</u></u>
Liabilities and net assets		
Current liabilities		
Accounts and other payables	\$ 76,172	\$ 65,339
Lines of credit	70,000	44,653
Accrued payables	30,680	39,427
Deferred revenue - rent deposit	6,194	6,194
Current portion of notes payable (Note 8)	23,294	1,286,032
Total current liabilities	<u>206,340</u>	<u>1,441,645</u>
Noncurrent liabilities		
Promissory notes (Note 6)	59,099	92,357
Long term notes payable less current installments (Note 8)	1,276,766	-
Less unamortized debt issuance costs (Note 8)	<u>8,300</u>	<u>408</u>
Long term note less unamortized debt issuance costs	1,268,466	408
Total noncurrent liabilities	<u>1,327,565</u>	<u>91,949</u>
Total liabilities	<u>1,533,905</u>	<u>1,533,594</u>
Net assets		
Net assets without donor restrictions	(582,516)	(633,123)
Total net assets	<u>(582,516)</u>	<u>(633,123)</u>
Total liabilities and net assets	<u><u>\$ 951,389</u></u>	<u><u>\$ 900,471</u></u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Revenues:			
Public support	\$ 564,107	\$ -	\$ 564,107
Special events	27,472	-	27,472
Program Income	731,569	-	731,569
Other income	5,435	-	5,435
Total support and revenues	<u>1,328,583</u>	<u>-</u>	<u>1,328,583</u>
Expenses			
General and Administrative	147,827		147,827
Summer Business Camp	411,477	-	411,477
Training Center	718,672	-	718,672
Total expenses	<u>1,277,976</u>	<u>-</u>	<u>1,277,976</u>
Increase in net assets	<u>50,607</u>	<u>-</u>	<u>50,607</u>
Net assets at beginning of year	<u>(633,123)</u>	<u>-</u>	<u>(633,123)</u>
Net assets at end of year	<u><u>\$ (582,516)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (582,516)</u></u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2018 (RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Revenues:			
Public support	\$ 395,885	\$ -	\$ 395,885
Special events	171,974	-	171,974
Gain on sale of assets	67,692	-	67,692
Program Income	651,671	-	651,671
Other income	15,412	-	15,412
Total support and revenues	<u>1,302,634</u>	<u>-</u>	<u>1,302,634</u>
Expenses			
General and Administrative	114,930		114,930
Summer Business Camp	392,695	-	392,695
Training Center	743,944	-	743,944
Total expenses	<u>1,251,569</u>	<u>-</u>	<u>1,251,569</u>
Increase in net assets	<u>51,065</u>	<u>-</u>	<u>51,065</u>
Net assets at beginning of year	<u>(684,188)</u>	<u>-</u>	<u>(684,188)</u>
Net assets at end of year	<u><u>\$ (633,123)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (633,123)</u></u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2019 AND OCTOBER 31, 2018 (RESTATED)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Increase in net assets	\$ 50,607	\$ 51,065
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	55,511	55,512
(Increase) decrease in unamortized debt issuance costs	(7,892)	4,898
Decrease in inventory	11,812	-
(Increase) in other assets	(1,275)	-
(Increase) decrease in notes and accounts receivable	(10,575)	49,080
Increase (decrease) in accounts payables	10,833	(95,822)
Decrease in accrued payables	(8,747)	(3,227)
Increase in deferred revenue	-	1,000
Net cash provided by operating activities	<u>100,274</u>	<u>62,506</u>
Cash flows from investing activities		
Sale (purchase) of investments	257	(40)
(Purchase) sale of property and equipment	(800)	7,637
Net cash (used in) provided by investing activities	<u>(543)</u>	<u>7,597</u>
Cash flows from financing activities		
Proceeds from (repayment on) line of credit	25,347	(25,347)
Net proceeds from long-term debt	33,968	-
Repayment of long-term debt	(53,198)	(3,735)
Net cash provided by (used in) financing activities	<u>6,117</u>	<u>(29,082)</u>
Increase in cash and cash equivalents	105,848	41,021
Cash and cash equivalents at beginning of year	31,678	(9,343)
Cash and cash equivalents at end of year	<u><u>\$ 137,526</u></u>	<u><u>\$ 31,678</u></u>
 Interest paid	 <u><u>\$ 79,867</u></u>	 <u><u>\$ 81,067</u></u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2019

	GENERAL AND ADMIN	SUMMER BUSINESS CAMP	TRAINING CENTERS	TOTAL
Accounting fees	\$ 900	\$ 18,487	\$ 4,388	\$ 23,775
Advertising	-	2,084	89	2,173
Conferences, conventions, and meetings	3,716	170,931	11,148	185,795
Change in inventory value	11,812	-	-	11,812
Contract labor	9,783	6,380	26,371	42,534
Depreciation	-	-	55,511	55,511
Dues and subscriptions	-	236	401	637
Facilities and equipment other	336	1,681	31,596	33,613
Insurance	1,501	840	3,132	5,473
Interest and amortization of debt issuance costs	-	-	79,867	79,867
Occupancy	9,437	4,719	103,812	117,968
Office expenses	2,596	10,386	51,928	64,910
Other employee benefits	-	-	1,000	1,000
Other expenses	1,027	22,601	10,616	34,244
Other salaries and wages	99,658	1,000	300,714	401,372
Payroll taxes	6,961	-	22,489	29,450
Special events	-	30,785	1,000	31,785
Travel	100	141,347	14,610	156,057
Total expenses	<u>\$ 147,827</u>	<u>\$ 411,477</u>	<u>\$ 718,672</u>	<u>\$ 1,277,976</u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2018 (RESTATED)

	GENERAL AND ADMIN	SUMMER BUSINESS CAMP	TRAINING CENTERS	TOTAL
Accounting fees	\$ -	\$ 11,917	\$ 5,108	\$ 17,025
Advertising	-	387	902	1,289
Conferences, conventions, and meetings	5,432	249,867	16,296	271,595
Contract labor	11,267	7,348	30,372	48,987
Depreciation	-	-	55,512	55,512
Dues and subscriptions	-	253	431	684
Facilities and equipment other	466	2,325	43,707	46,498
Insurance	-	-	8,949	8,949
Interest	762	-	80,305	81,067
Legal fees	200	-	-	200
Occupancy	12,644	6,322	139,087	158,053
Office expenses	2,354	9,413	47,067	58,834
Other employee benefits	47	-	1,532	1,579
Other expenses	969	21,321	10,013	32,303
Other salaries and wages	74,443	-	235,738	310,181
Payroll taxes	6,346	-	20,096	26,442
Special events	-	-	16,341	16,341
Travel	-	83,542	32,488	116,030
Total expenses	<u>\$ 114,930</u>	<u>\$ 392,695</u>	<u>\$ 743,944</u>	<u>\$ 1,251,569</u>

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

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2019 AND OCTOBER 31, 2018(RESTATED)

NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Creating an Environment of Success, Inc. (the “Organization”) was established as a not-for-profit corporation for the purpose of promoting the values of entrepreneurship and self-empowerment in underserved communities. The Organization operates a summer business camp, a youth business program and a retail training center. The Organization opened the retail training center in fiscal year 2004. All items sold in the store are donated by individuals.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities. The financial statement presentation follows the recommendations of the Financial Accounting Standard Board’s Accounting Standard Codification (FASB ASC 958), financial statements of not-for-profit Organizations. Under FASB ASC 958, the Organization is reporting information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets without donor restrictions — Net assets that are not restricted by explicit donor stipulations or by law.

Net Assets with donor restrictions — Net assets, accepted by board actions, subject to donor stipulations that require the asset be invested in perpetuity.

At October 31, 2019 and 2018, the Organization had no net assets with donor restrictions.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 Statement of Activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without restrictions support.

The Organization reports gifts of goods and equipment as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used.

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2019 AND OCTOBER 31, 2018(RESTATED)

NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles. Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Receivables

Contributions and pledges are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recorded when the promises are made. Unconditional promises to give due in the next year are reflected as current pledges/contributions receivable and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term pledges receivable and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are received to discount the amounts. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Receivables also include unpaid rents by tenants owed from leasing office space.

Debt-issuance costs

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. ASC 835-30-45 Interest-Imputation of interest simplifies the Presentation of Debt Issuance Costs. This standard requires that debt issuance costs related to debt, be presented in the Statement of Financial Position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Amortization of the debt issuance costs is included with the interest expense as imputed interest.

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2019 AND OCTOBER 31, 2018(RESTATED)

NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Fixed assets are recorded at cost at the date of purchase or fair value at the date of donation. Capital purchases and donations over \$1,000 with an extended useful life are included as fixed assets. Depreciation is taken on a straight-line basis over the estimated useful life of the assets. The estimated useful lives are as follows:

Building	30
Leasehold improvements	15
Furniture and fixtures	5
Equipment	5
Vehicles	5
Office Machines	3

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments. The fair values of the notes payable and the capitalized lease obligation approximate the carrying amounts and are estimated based on current rates offered to the Organization.

Income Taxes

The Organization is operated as a tax-exempt entity as described under Section 501(c) (3) of the Internal Revenue Code and is therefore exempt from Federal and State income taxes. Accordingly, no provisions for income taxes have been recorded.

Functional Expenses

Management allocates expenses among its various functional areas according to the purpose or function for which they are incurred. Expenses that identifiable with a specific program are assigned directly to the specific program by natural expenditure classification. Other expenses that are common to several programs and supporting activities are allocated based on objective, reasonable, rational and systematic established methodology.

Concentration of Revenues

The Organization receives a considerable portion of its revenues and support from contributions and donations from individuals and corporations. A significant decrease in this support could have an adverse impact on the Organization's operations.

NOTE 2---INVESTMENTS

Investments at October 31, 2019 and October 31, 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Money Market	\$ 5,296	\$ 6,093
BCIG (see Note 10)	20,545	20,005
Total	<u>\$25,841</u>	<u>\$ 26,098</u>

Investments are stated at cost.

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2019 AND OCTOBER 31, 2018(RESTATED)

NOTE 3---NOTES AND ACCOUNTS RECEIVABLE

Notes and accounts receivable at October 31, 2019 and October 31, 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Notes and accounts receivable	\$ 87,212	\$ 76,637
Less: Allowance for doubtful accounts	<u>(57,517)</u>	<u>(57,517)</u>
Net receivable	<u>\$ 29,695</u>	<u>\$ 19,120</u>

NOTE 4---PROPERTY AND EQUIPMENT

Depreciation expense as of October 31, 2019 and October 31, 2018, was \$55,511 and \$55,512 respectively. A summary of Property and Equipment as of October 31, 2019 and October 31, 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Land - Business Training Center	\$ 80,113	\$ 80,113
Business Training Center	1,119,466	1,119,466
Furniture and fixtures	9,106	9,106
Computer	15,349	15,349
Vehicle	84,881	84,881
Building improvements	195,991	195,190
Leaseholds improvements	<u>83,677</u>	<u>83,677</u>
Total	1,588,583	1,587,782
Less: Accumulated depreciation	<u>(893,219)</u>	<u>(837,707)</u>
Property and equipment, net	<u>\$ 695,364</u>	<u>\$ 750,075</u>

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2019 AND OCTOBER 31, 2018(RESTATED)

NOTE 5---OTHER NON-CURRENT ASSETS

Other Non-Current Assets at October 31, 2019 and October 31, 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Investment in timeshare	\$ 10,900	\$ 10,900
Due from employee	675	-
Due from Elpizo fund	600	-
Total	<u>\$ 12,175</u>	<u>\$ 10,900</u>

In 2002, the Organization purchased a timeshare in Orlando, Florida at Westgate Resorts for \$10,900. The outstanding mortgage payable including interest was paid off in total in 2010. There is annual maintenance fee of \$199. The Organization uses this property for senior staff meeting held at the end of summer programming to review outcomes and plan for upcoming year. This is normally held between August and September of every year.

NOTE 6---LINES OF CREDIT AND PROMISSORY NOTES

The Organization established a line of credit with Regions Bank in the amount of \$20,000 on October 31, 2014, with an interest rate of 6.5%, secured by all business assets. As of October 31, 2019, and October 31, 2018, the outstanding balance on this line of credit was \$20,000 and \$20,000 respectively. On July 9, 2014, the organization established a \$50,000 line of credit with Franklin Synergy Bank with an interest rate of 5.25%, secured by all business assets. As of October 31, 2019, and October 31, 2018, the outstanding balance of the line of credit was \$50,000 and \$24,653 respectively.

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2019 AND OCTOBER 31, 2018(RESTATED)

NOTE 6--- LINES OF CREDIT AND PROMISSORY NOTES (CONTINUED)

Promissory notes as of October 31, 2019 and October 31, 2018 include the following:

	<u>2019</u>	<u>2018</u>
On October 10, 2018, the organization entered into a zero (5%) annum with Michael Davis, due payable on January 10,2019.	-	10,000
During the fiscal year, the Organization entered into an unsecured non-interest bearing loan agreement with Lord's House Ministries. (Note 10)	9,099	19,099
During the fiscal year, the Organization entered into a promissory note agreement with The Elpizo Fund, LLC payable on April 27, 2016, with a 7% annual interest rate. The note is still outstanding past the original maturity date. The note with interest is unsecured. (Note 10)	50,000	52,000
On July 20, 2012, the Organization traded in the old 2002 Toyota Camry for a 2011 model, and entered in to a loan agreement with Toyota Motor Credit. The note is payable in monthly installments of \$248, with an interest rate of 4.6% through maturity on August 14, 2018. The note is secured by a vehicle.	-	258
Total promissory notes	<u>\$ 59,099</u>	<u>\$ 92,357</u>

Summaries of the estimated amortization as of October 31, 2019 are as follows:

2020	\$ 963
2021	963
2022	963
2023	963
There after	<u>55,247</u>
Total	<u>\$ 59,099</u>

NOTE 7---INVENTORY

CES operates Youth Business Training Centers which equip trainees with retail operations expertise. Inventories consist of donated items used for resale purposes in the retail training stores. Due to the nature of items, inventory is valued at two months' worth of current year's retail training center store sales . Inventory as of October 31, 2019 and October 31, 2018, was stated at \$33,145 and \$44,957 respectively.

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2019 AND OCTOBER 31, 2018(RESTATED)

NOTE 8--- NOTE PAYABLE

Note payable to Franklin Synergy Bank, with monthly installments of \$9,193 began on November 9, 2014, and an annual interest rate of 5.4% through initial maturity on October 9, 2018. The loan was refinanced on November 27, 2018 at a fixed rate of 6.45%. Monthly installments of \$8,942 began on December 23, 2018. The new maturity date is November 23, 2028. Interest paid on this loan began in December, and a final balloon payment for the remaining balance of loan will be due at maturity date. The note is secured by commercial property.

Summaries of the estimated maturities over the next year are as follows:

2020	\$ 23,294
2021	24,842
2022	26,492
2023	28,252
2024	30,130
Thereafter	<u>1,167,050</u>
Total	<u>\$ 1,300,060</u>

The Organization had a total non-current debt of \$1,276,766 as of October 31st, 2019. Of the total interest expense of \$79,867, \$2,075 is imputed interest as a result as result of amortizing debt issuance cost which totaled \$10,375. The unamortized debt issuance cost is \$8,300 as of October 31st, 2019.

NOTE 9---CAPITAL AND OPERATING LEASES

In fiscal year 2019, the Organization entered into a lease agreement with Swanson Developments, LP., to lease property located at 1647 & 1647 Middle Tennessee Boulevard for an initial term of five (5) years, for monthly payments of \$5,000 at commencement date of March 1, 2019, which ends on June 30, 2019, and monthly payments of \$7,200 after base rate expires through October 31, 2021. Payments from November 1, 2021 through October 31, 2023 will be \$8,000. The Organization also leases office space under lease arrangements classified as operating leases. The lease matures in October of 2023. Total rent expense under the lease was \$49,000 and \$72,000 for the years ended October 31, 2019 and October 31, 2018 respectively.

NOTE 10--- RELATED PARTY TRANSACTIONS

As of October 31, 2019, and October 31, 2018, the organization had investment of \$20,545 and \$20,005 in related party with Bordeaux Community Investment Group (BCIG) (See Note 2). The executive director of the Organization held an ownership position in the entities the Organization invested in. The Organization also owed \$9,099 and \$92,099 to related parties in promissory notes as of October 31, 2019 and October 31, 2018 respectively. (See Note 6)

CREATING AN ENVIRONMENT OF SUCCESS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2019 AND OCTOBER 31, 2018(RESTATED)

NOTE 11--- RESTATEMENT

There was a restatement made to the Organization's accounts receivable in the amount of \$70,100. There was also a restatement made to the Organization's petty cash in the amount of \$8,148, and for accounts payable in the amount of \$48,172. There was a restatement to the inventory balance in the amount of \$167,544.

NOTE 12--- SUBSEQUENT EVENTS

As of May 19, 2020, the date management evaluated such events, there were no subsequent events requiring disclosures. May 19, 2020 is the date the financial statements were available to be issued.