

BETHLEHEM CENTERS OF NASHVILLE

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

JUNE 30, 2022



BELLENFANT
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

BETHLEHEM CENTERS OF NASHVILLE

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bethlehem Centers of Nashville
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Bethlehem Centers of Nashville (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 Bethlehem Centers of Nashville as of June 30, 2022, 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.

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 Bethlehem Centers of Nashville 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 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.

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 Bethlehem Centers of Nashville'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, including omissions, 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 Bethlehem Centers of Nashville'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 Bethlehem Centers of Nashville'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.

Bellenfant, PLLC

Nashville, Tennessee

February 14, 2023

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 263,430
Accounts Receivable	64,908
Investments	<u>8,341</u>
Total Current Assets	<u>336,679</u>

FIXED ASSETS

Less: Accumulated Depreciation	<u>14,574</u>
Total Fixed Assets	<u>14,574</u>
Total Assets	<u>\$ 351,253</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 37,106
Deferred Grant Revenue	<u>30,000</u>
Total Current Liabilities	<u>67,106</u>
Total Liabilities	<u>67,106</u>

NET ASSETS

Net Assets Without Donor Restrictions	284,147
Net Assets With Donor Restrictions	<u>-</u>
Total Net Assets	<u>284,147</u>
Total Liabilities and Net Assets	<u><u>\$ 351,253</u></u>

See accompanying notes to financial statements

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Support			
Contributions and Grants	\$ 260,558	\$ 22,500	\$ 283,058
Donated Supplies and Services In-Kind	17,053	-	17,053
United Way	204,312	-	204,312
Federal and state awards	150,707	-	150,707
Sponsoring Organization	-	-	-
Endowment Fund, net of fees of \$128	(1,342)	-	(1,342)
Net Assets Released From Restrictions	37,224	(37,224)	-
Total Support	<u>668,512</u>	<u>(14,724)</u>	<u>653,788</u>
Revenue			
Interest Income	208	-	208
Event Income	650	-	650
Rental Income	34,464	-	34,464
Total Revenue	<u>35,322</u>	<u>-</u>	<u>35,322</u>
Total Support and Revenue	<u>703,834</u>	<u>(14,724)</u>	<u>689,110</u>
EXPENSES			
Program Services			
Adult Development	181,953	-	181,953
Youth Development	169,433	-	169,433
Community Outreach	163,138	-	163,138
Total Program Services	<u>514,524</u>	<u>-</u>	<u>514,524</u>
Supporting Services			
Management and General	195,503	-	195,503
Fundraising	5,000	-	5,000
Total Support Services	<u>200,503</u>	<u>-</u>	<u>200,503</u>
Total Expenses	<u>715,027</u>	<u>-</u>	<u>715,027</u>
Change in Net Assets	(11,193)	(14,724)	(25,917)
Net Assets, beginning of year	<u>295,340</u>	<u>14,724</u>	<u>310,064</u>
Net Assets, end of year	<u>\$ 284,147</u>	<u>\$ -</u>	<u>\$ 284,147</u>

See accompanying notes to financial statements

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services		
	Adult Development	Youth Development	Community Outreach	Management and General	Fundraising	Total
Salaries	\$ 39,081	\$ 68,761	\$ 42,279	\$ 30,812	\$ 5,000	\$ 185,933
Payroll Taxes	-	-	-	16,949	-	16,949
Employee Benefits	-	-	-	8,539	-	8,539
Total Salaries and Benefits	39,081	68,761	42,279	56,300	5,000	211,421
Occupancy	11,854	12,898	10,809	11,854	-	47,415
Supplies and Materials	14,032	24,904	65,931	1,970	-	106,837
Contract Labor	35,802	45,499	24,725	17,165	-	123,191
Food	64,575	-	-	-	-	64,575
IT Services	-	-	-	3,089	-	3,089
Building maintenance and repairs	678	3,037	3,187	25,343	-	32,245
Equipment rent and Maintenance	2,933	3,436	2,675	9,690	-	18,734
Professional Fees	-	-	-	35,073	-	35,073
Insurance	-	370	370	16,331	-	17,071
Permits and Licenses	13	93	13	43	-	162
Telephone	3,064	4,189	3,064	3,508	-	13,825
Postage	-	24	232	58	-	314
Travel	2,839	4,214	110	1,782	-	8,945
Bank and Service Charges	-	-	-	1,288	-	1,288
Dues & Subscriptions	308	-	-	2,555	-	2,863
Other	419	90	963	3,008	-	4,480
Donated Materials and Services In Kind:	6,355	1,918	8,780	-	-	17,053
Total Other Expenses	142,872	100,672	120,859	132,757	-	497,160
Total Expenses Before Depreciation	181,953	169,433	163,138	189,057	5,000	708,581
Depreciation	-	-	-	6,446	-	6,446
Total Functional Expenses	\$ 181,953	\$ 169,433	\$ 163,138	\$ 195,503	\$ 5,000	\$ 715,027

See accompanying notes to financial statements

BETHLEHEM CENTERS OF NASHVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (25,917)
Adjustments to reconcile net income to net cash provided (used) by operations:	
Depreciation	6,446
(Increase) Decrease in:	
Accounts Receivable	(50,143)
Prepaid Expenses	2,832
Increase (Decrease) in:	
Accounts Payable	10,562
Deferred Grant Revenue	30,000
	<hr/>
Net Cash Provided (Used) by Operating Activities	<hr/> (26,220) <hr/>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(3,441)
Investment in Mutual Funds	987
	<hr/>
Net Cash Provided (Used) by Investing Activities	<hr/> (2,454) <hr/>
Net Decrease in Cash	(28,674)
Cash and Cash Equivalents, Beginning of Year	<hr/> 292,104 <hr/>
Cash and Cash Equivalents, End of Year	<hr/> \$ 263,430 <hr/>

See accompanying notes to financial statements

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Bethlehem Centers of Nashville (the “Organization”) is a nonprofit corporation established in Nashville, Tennessee in 1971 that provides programs designed to empower at-risk children and adults. The Organization’s activities are funded from various sources. As a United Methodist Mission Agency, the Organization receives church-related funding and support as well as contributions from foundations and individuals. In addition, the Organization receives support from United Way and participates in grants and awards from governmental agencies and other organizations. A brief description of the Organization’s programs are as follows:

Adult Development – Serves adults of at-risk families by providing workforce development, serves homebound and disabled senior adults by providing meals, and serves senior adults with activities that promote health, wellness, and empowerment.

Youth Development – Serves at-risk youth by promoting self-esteem, team and job readiness/development, alcohol and drug prevention, and providing academic support and recreational activities.

Community Outreach –Serves at-risk families by providing emergency food boxes, the Christmas Toy Store, educational programs, family counseling, internships, volunteer opportunities, information, advocacy, referrals, and the Family Resource Center.

Basis of Presentation

The financial statements of Bethlehem Centers of Nashville are presented on the Accrual Basis of Accounting. Revenue is generally recognized when earned. Expenses are generally recognized when incurred.

Classification Net Assets With and Without Restriction

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Associations. Under the FASB Accounting Standards Codification, Bethlehem Centers of Nashville is required to report 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.

Net assets without donor restrictions:

These are net assets that are not subject to donor-imposed stipulations. The Organization had \$284,147 of net assets without donor restrictions as of June 30, 2022.

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification Net Assets With and Without Restriction (Continued)

Net assets with donor restrictions:

These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no net assets with donor restrictions as of June 30, 2022.

The FASB Accounting Standards Codification requires the Organization to report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, either when a stipulated time restriction ends or purposed restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restricted funds received and released from restrictions in the same period are reported as net assets without restrictions.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and include the assets, liabilities, and financial activities of the Organization.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Bethlehem Centers of Nashville considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. As of June 30, 2022, the Organization had no cash equivalents.

Accounts Receivable

Accounts receivable are reported at their estimated collectible amounts. They are periodically evaluated for collectability based on management's assessment of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. When management confirms the uncollectibility of an account receivable, such amount is charged off against the allowance for doubtful accounts. No allowance for doubtful accounts was recorded at June 30, 2022.

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed Assets consists of Buildings and Building Improvements, Furniture and Equipment, and Computers. Purchases above \$500 are recorded at cost. Depreciation is provided in amounts necessary to allocate the cost of assets over their estimated useful lives using the straight-line method. The estimated useful lives of all major classes of fixed assets are as follows:

Buildings and Building Improvements	40 years
Furniture and Equipment	5-15 years
Computers	5 years

Revenue and Revenue Recognition

Revenue Recognition - The Organization's revenue recognition policies are as follows:

Contributions are recognized when received as contributions without restriction if specified for the current period and there are no donor-imposed restrictions. Contributions specified for future periods or with donor-imposed restrictions are recognized in the period received as contributions with restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the year in which the contributions are recognized.

Performance Obligations and Revenue Recognition - A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's revenue within the scope of ASC 606 consists of contributions and campaigns. The contract obligations related to these services are satisfied when the services are rendered.

Practical Expedients and Exemptions - There are several practical expedients and exemptions allowed under ASC 606 that impact timing of revenue recognition and disclosures. There were no practical expedients or exemptions that were applied for the year ended June 30, 2022.

Revenues from non-exchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied.

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Policies for Future Pronouncements

Accounting Policies for Future Pronouncements – In February 2016, FASB issued ASU 2016-02, Leases. This guidance introduces a lessee model that requires substantially all leases to be capitalized on the statement of financial position. This guidance is effective for the year ending June 30, 2023. Management is currently evaluating the impact of this standard on the Organization's financial statements.

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since the Organization's policy is to recognize these costs when actually paid. There were no compensated absences for the year ended June 30, 2022.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Accordingly, certain costs have been categorized based on specific identification of costs incurred or allocated as determined by management.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll and related expenses	Time and Effort for Program
Contract Labor	Time and Effort for Program
Depreciation	Usage of Asset
Insurance	Square Footage

Donated Services and Goods

Donated services and goods are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by the Organization if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

Members of the Board of Directors have provided substantial assistance to the Organization by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement of valuation.

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

2. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial Assets	\$ 263,430
Accounts Receivable	<u>64,908</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 328,338</u></u>

There is an adequate amount of financial assets available as of June 30, 2022. The Organization effectively manages its available liquid resources to meet cash needs for general expenditures within one year of the balance sheet date.

3. CONCENTRATION OF CREDIT RISK

The Organization receives a substantial amount of its support through governmental fees and awards from private foundations. A significant reduction in the level of this support, if it were to occur, could have a substantial effect on the programs and services of the Organization.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash on deposit and pledges receivable from individuals. Concentrations of credit risk with respect to pledges receivable are limited to individuals and donors in the greater Nashville area. Cash deposits are primarily in financial institutions in Tennessee and, at times, may exceed federally insured amounts. As of June 30, 2022, the cash accounts did not exceed these amounts. Management believes that the credit risk related to these deposits is minimal.

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

4. FIXED ASSETS

A summary of fixed assets as of June 30, 2022 is as follows:

Building and Land	\$ 859,802
Improvements	554,066
Furniture and Equipment	533,146
Vehicles	8,269
Computers and Software	24,771
Less: Accumulated Depreciation	<u>(1,965,480)</u>
Fixed Assets	<u><u>\$ 14,574</u></u>

Land, parking lots, and certain structures are leased through December 2027 from the Women's Division of the General Board of Global Ministries at no cost to the Organization. The value of the use of these properties is not readily determinable and therefore not included in the accompanying financial statements.

5. FAIR VALUE OF INVESTMENTS

Bethlehem Centers of Nashville accounts for investments in accordance with FASB Accounting Standards Codification topic relating to Accounting for Certain Investments Held by Not-for-Profit Associations. Under FASB Accounting Standards Codification, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

The Organization's investments are reported at fair value in the accompanying statements of financial position.

Fair Value Measurements at June 30, 2022				
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
Mutual Funds	<u>\$ 8,341</u>	<u>\$ 8,341</u>	<u>\$ -</u>	<u>\$ -</u>
	<u><u>\$ 8,341</u></u>	<u><u>\$ 8,341</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

5. FAIR VALUE OF INVESTMENTS (Continued)

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses the appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

Level 1 Fair Value Measurements - The fair value of the investments are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Fair Value Measurements - The fair value of the investments are based on inputs other than quoted prices within Level 1 that are observable for the asset, either directly, or indirectly.

Level 3 Fair Value Measurements - The fair value of the investments are based on at least one significant unobservable input.

6. DEFERRED REVENUE

Deferred revenue includes \$30,000 that have not yet been earned. Deferred revenue for each year amounted to:

For the year ended 2023	<u>\$ 30,000</u>
Total	<u><u>\$ 30,000</u></u>

7. ACCOUNTS RECEIVABLE

Accounts receivable consists of support from local and governmental grants in the amount of \$64,907 at June 30, 2022. This amount is expected to be received in the following fiscal year.

8. LINE OF CREDIT

The Organization has a line of credit agreement with a financial institution that allows for borrowings up to \$50,000. The line of credit bears interest at a variable rate based on the prime rate (7.25% at June 30, 2021); is secured by balances held by the lender; and matures on demand at lender's sole discretion. No balances were outstanding on this line of credit as of June 30, 2022.

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

9. NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended June 30, 2022 as follows:

Purpose restrictions accomplished:	
Contributions and Grants	<u>\$ 37,224</u>
Total Net Assets Released from Restriction	<u><u>\$ 37,224</u></u>

10. DONATED MATERIALS AND SERVICES IN-KIND

The Organization received in-kind donations to the following programs during the year ended June 30, 2022:

Adult Development	\$ 6,355
Youth Development	1,918
Community Development	<u>8,780</u>
Total Donated Materials and Services	<u><u>\$ 17,053</u></u>

11. STATE AND LOCAL GRANTS

Funds in the amount of \$22,500, received under a grant from the Rotary Club of Nashville, are to be used to support the Meals on Wheels program.

12. INCOME TAXES

Bethlehem Centers of Nashville is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

The Organization files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Organization's returns for the years prior to the year ended June 30, 2019 are no longer open for examination.

BETHLEHEM CENTERS OF NASHVILLE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

12. INCOME TAXES (Continued)

The Organization follows the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification guidance clarifying the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. There are no tax penalties or interest reported in the accompanying financial statements.

13. UNCERTAINTIES

On March 11, 2020, the World Health Organization characterized the outbreak of the COVID-19 coronavirus as a pandemic. The Organization receives the majority of its revenue from governmental grants and contributions therefore, the pandemic may be a significant risk to its ability to generate revenue.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 14, 2023, which is the date the financial statements were available to be issued.