

# **ARTS FOR LIFE**

INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021



CERTIFIED PUBLIC ACCOUNTANTS

**Arts For Life**  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Arts For Life  
Asheville, North Carolina

### **Opinion**

We have audited the accompanying financial statements of Arts For Life (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related disclosures to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arts For Life as of December 31, 2021, 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 Arts For Life 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 Arts For Life'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 Arts For Life'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 Arts For Life'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 Arts For Life's 2020 financial statements, and our report dated July 8, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carliss & Solomon, PLLC*

Asheville, North Carolina  
August 10, 2022

# Arts For Life

## Statement of Financial Position

As of December 31, 2021

(With summarized comparative totals as of December 31, 2020)

	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 310,440	\$ 244,378
Contributions Receivable, Net	63,550	56,800
Grants Receivable	162,033	-
Accounts Receivable	10,673	2,809
Prepaid Expenses	1,533	1,476
Other Assets	-	1,198
Total Current Assets	<u>548,229</u>	<u>306,661</u>
<b><u>Long-Term Assets</u></b>		
Long-Term Contributions Receivable	<u>6,000</u>	<u>38,550</u>
Total Long-Term Assets	<u>6,000</u>	<u>38,550</u>
<b>Total Assets</b>	<b><u>\$ 554,229</u></b>	<b><u>\$ 345,211</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 3,936	\$ 5,297
Accrued Salary	<u>12,080</u>	<u>19,359</u>
Total Current Liabilities	<u>16,016</u>	<u>24,656</u>
<b><u>Net Assets</u></b>		
Without Donor Restrictions	538,213	316,151
With Donor Restrictions	<u>-</u>	<u>4,404</u>
Total Net Assets	<u>538,213</u>	<u>320,555</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 554,229</u></b>	<b><u>\$ 345,211</u></b>

*The accompanying disclosures are an integral part of these financial statements.*

# Arts For Life

## Statement of Activities

Year Ended December 31, 2021

(With summarized comparative totals for the prior year)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2021</b>	<b>Total 2020</b>
<b>Support and Revenue</b>				
Contributions	\$ 148,547	\$ 26,275	\$ 174,822	\$ 332,039
Grants	201,742	118,500	320,242	191,700
Program Service Revenue	177,300	-	177,300	161,300
Event Income	-	-	-	2,396
Interest Income	258	-	258	255
Endowment Distributions Received	9,368	-	9,368	7,360
Other Income	-	-	-	3,717
In-Kind Contributions	87,991	-	87,991	70,520
Net Assets Released from Restrictions	149,179	(149,179)	-	-
<b>Total Support and Revenue</b>	<b>774,385</b>	<b>(4,404)</b>	<b>769,981</b>	<b>769,287</b>
<b>Expenses</b>				
Program Services	396,299	-	396,299	608,293
Management and General	102,118	-	102,118	95,789
Fundraising	53,906	-	53,906	56,037
<b>Total Expenses</b>	<b>552,323</b>	<b>-</b>	<b>552,323</b>	<b>760,119</b>
Change in Net Assets During Year	222,062	(4,404)	217,658	9,168
Net Assets, Beginning of Year	316,151	4,404	320,555	311,387
<b>Net Assets, End of Year</b>	<b>\$ 538,213</b>	<b>\$ -</b>	<b>\$ 538,213</b>	<b>\$ 320,555</b>

*The accompanying disclosures are an integral part of these financial statements.*

# Arts For Life

## Statement of Functional Expenses

Year Ended December 31, 2021

(With summarized comparative totals for the prior year)

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2021</b>	<b>Total 2020</b>
<u>Personnel</u>					
Salaries	\$ 198,842	\$ 50,412	\$ 30,874	\$ 280,128	\$ 461,494
Payroll Taxes	15,574	3,978	2,459	22,011	35,434
Employee Benefits	26,419	6,748	4,171	37,338	48,911
Subtotal Personnel	240,835	61,138	37,504	339,477	545,839
Bank Fees	-	2,223	-	2,223	4,218
Contract Labor	23,590	-	-	23,590	21,188
Equipment Repairs	953	243	150	1,346	400
Fundraising Expenses	-	-	4,116	4,116	5,442
Insurance	1,157	322	199	1,678	3,349
Marketing	-	-	-	-	14,179
Office Expense	5,512	1,397	854	7,763	9,010
Postage and Delivery	788	197	986	1,971	9,338
Printing and Reproduction	1,849	616	3,698	6,163	5,416
Professional Fees	742	15,840	-	16,582	15,356
Program (Art & Music) Supplies	25,113	-	-	25,113	24,066
Rent	3,000	3,000	-	6,000	7,027
Staff Retreat and Meetings	4,217	1,782	676	6,675	5,589
Telephone	1,955	498	309	2,762	3,138
Travel	1,246	623	623	2,492	1,975
Other Expenses	2,351	9,239	4,791	16,381	14,069
Subtotal Expenses	313,308	97,118	53,906	464,332	689,599
In-Kind Donations Utilized	82,991	5,000	-	87,991	70,520
<b>Total Expenses</b>	<b>\$ 396,299</b>	<b>\$ 102,118</b>	<b>\$ 53,906</b>	<b>\$ 552,323</b>	<b>\$ 760,119</b>

*The accompanying disclosures are an integral part of these financial statements.*

# Arts For Life

## Statement of Cash Flows

Year Ended December 31, 2021

(With summarized comparative totals for the prior year)

	<u>2021</u>	<u>2020</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in Net Assets	\$ 217,658	\$ 9,168
Adjustments to reconcile change in net assets to net cash provided or used by operating activities:		
(Increase)/Decrease in Operating Assets		
Grants Receivable	(162,033)	-
Accounts Receivable	(7,864)	1,858
Contributions Receivable, Net	25,800	(50,922)
Prepaid Expenses	(57)	(122)
Other Assets	1,198	2,633
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(1,361)	783
Accrued Salary	(7,279)	266
Net Cash Provided/(Used) by Operating Activities	<u>66,062</u>	<u>(36,336)</u>
Net Change in Cash and Cash Equivalents	66,062	(36,336)
Cash and Cash Equivalents, Beginning of Year	<u>244,378</u>	<u>280,714</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 310,440</u></b>	<b><u>\$ 244,378</u></b>

*The accompanying disclosures are an integral part of these financial statements.*

# Arts For Life

## Disclosures to the Financial Statements

For the Year Ended December 31, 2021

### 1. Description of the Organization, Corporate and Tax-Exempt Status

Arts For Life is a nonprofit organization dedicated to supporting pediatric patients and families through arts education and engagement. By providing educational art programs, we enrich patients' lives, nurture their minds and spirits, and encourage positive healthcare experiences for children and their families. In 2021, Arts For Life supported children in four chapter communities across North Carolina, serving more than 7,000 patients and family members statewide. Arts For Life offers in-person art and music sessions for both individuals and groups, as well as remote programming designed specially to support pediatric patients.

Arts For Life was established in 2001 as a nonprofit corporation under the laws of the State of North Carolina. It qualifies for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue code. In addition, it has been classified as a publicly supported organization under Section 509(a)(1).

#### Arts For Life Kits, LLC Subsidiary

In September 2019, Arts For Life established a subsidiary entity, Arts For Life Kits, LLC, to manage selling art kit subscriptions to hospitals and clinics. Arts For Life Kits, LLC, was a single-member, member-managed LLC, organized in the state of North Carolina, with Arts For Life being the sole member. The subsidiary was a disregarded entity for income tax purposes.

In December 2020, Arts For Life decided to bring all kit-related operations back under the purview of the original Arts For Life organization. Effective December 31, 2020, Arts For Life Kits, LLC, was merged into Arts For Life and ceased to exist as a legal entity.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations.

#### Financial Statement Presentation

The classification of the organization's net assets, and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

*Net Assets Without Donor Restrictions* – Includes net assets that are not subject to donor-imposed restrictions and that may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and board of directors.

*Net Assets With Donor Restrictions* - Includes net assets that are subject to restrictions imposed by donors or grantors. Some donor and grantor restrictions are temporary in nature, such as those with a specified purpose or a timeframe for expenditure established by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

#### Funding

Arts For Life is funded primarily by program service fees, foundation grants, and support from the public.

#### Cash and Cash Equivalents

The organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

#### Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

#### Accounts Receivable

Accounts receivable represent uncollected amounts for program services carried out on an exchange basis. An allowance for doubtful accounts is established for amounts deemed uncollectible, when needed.

#### Contributions and Grants Receivable

Contributions and grants receivable, without conditions, and expected to be collected within one year are recorded at net realizable value; those expected to be collected in more than one year are recorded at the present value of their future cash flows, using a risk adjusted interest rate. Any provision for uncollectible receivables is estimated by management based on historical collection experience.

#### Property and Equipment

Property and equipment purchases are capitalized at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The capitalization threshold is \$5,000 per item.

#### Contributions and Grants

Contributions and grants are recognized in support: (1) when the organization receives cash, securities or other assets from a donor or grantor, (2) when a donor conveys a promise to make a donation in the future, on an unconditional basis, and (3) when a grantor awards a grant to be paid in the future, on an unconditional basis. Contributions and grants with conditions, such as performance requirements, are not recognized until the conditions on which they depend have been substantially met. A not-for-profit entity may account for PPP loans in accordance with FASB ASC Subtopic 958-605, Not-for-Profit Entities-Revenue Recognition, as a conditional contribution. Under this standard, the timing of recognition for a contribution received depends on whether the contribution is conditional or not. If the contribution is conditional, it is not recognized until the conditions are substantially met or explicitly waived.

### Program Service Revenue

In accordance with U.S. GAAP, the organization follows the new standard, ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. AFL's program services support pediatric patients and families through arts education and engagement. AFL works with participating North Carolina hospitals under one-year contracts. Services are billed to the hospitals on a monthly or quarterly basis after completion of the month or quarter. These contracts have a single performance obligation, which is met as the organization completes services for each period. Program service revenue is then recognized upon the completion of the month or quarter.

AFL's prior year financial statements reflect the application of ASC 606 guidance beginning in 2020, as the organization adopted the modified retrospective option. No cumulative effect adjustment to net assets was recorded in 2020 because the adoption of the new standard did not impact reported historical revenue or previously stated net assets.

### In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When recognized, contributed services are reported at fair value.

### Fair Value Measurements

Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain valuation techniques are used to measure fair value. There are three broad levels as follows:

*Level 1* – (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date. For example, securities traded in an active market are valued using Level 1 inputs.

*Level 2* – inputs (other than quoted prices) included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified term, the Level 2 input must be substantially observable for substantially the full term.

*Level 3* – inputs are unobservable for the asset or liability. Unobservable inputs are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function require management's allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions

Arts For Life is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities in 2021 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Summarized Comparative Data

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

<u>As of December 31:</u>	<u>2021</u>	<u>2020</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 310,440	\$ 244,378
Contributions Receivable	69,550	95,350
Grants Receivable	162,033	-
Accounts Receivable	10,673	2,809
Total Financial Assets	<u>552,696</u>	<u>342,537</u>
Less amounts not available to be used in one year:		
Board Designated Funds	40,000	40,000
Long Term Contributions Receivable	6,000	38,550
Total not available to be used in one year	<u>46,000</u>	<u>78,550</u>
Financial assets available to meet general expenditures over the following year	<u>\$ 506,696</u>	<u>\$ 263,987</u>

Arts For Life's goal is generally to maintain financial assets to meet a minimum of 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in money market accounts.

**4. Cash and Cash Equivalents**

The cash and cash equivalents balance consist of the following as of December 31:

<u>As of December 31:</u>	<u>2021</u>	<u>2020</u>
Checking Account	\$ 39,073	\$ 53,340
Money Market Funds	254,882	166,334
Undeposited Funds	16,385	24,604
Petty Cash	100	100
Total Cash and Cash Equivalents	<u>\$ 310,440</u>	<u>\$ 244,378</u>

As of December 31, 2021, the organization had exceeded the federally insured limit in cash accounts by \$4,436. Management believes the organization is not exposed to any significant credit risk on its cash balances.

**5. Grants Receivable**

Grants receivable totaled \$162,033 as of December 31, 2021. This amount includes an Employee Retention Credit of \$147,033. Management believes all grants receivable are fully collectible and no allowance for doubtful accounts is considered necessary.

**6. Contributions Receivable**

Contributions receivable totaled \$69,550 and \$95,350 as of December 31, 2021 and 2020, respectively. Collections by year are expected as follows:

**For the years ended December 31:**

2022	\$ 71,050
2023	6,000
Less: Allowance for Doubtful Accounts	<u>(7,500)</u>
Total Contributions Receivable, Net	<u>\$ 69,550</u>

**7. Net Assets without Donor Restrictions and Board Designated Net Assets**

Net assets without donor restrictions totaled \$538,213 and \$316,151 as of December 31, 2021 and 2020, respectively. Arts For Life has established Board Designated Funds of \$40,000 to help ensure long-term financial stability of the organization. The designated funds are held in a cash account at a reputable financial institution.

**8. Net Assets With Donor Restrictions**

Arts For Life did not have a balance in net assets with donor restrictions as of December 31, 2021. Net assets with donor restrictions for use by the Asheville Chapter totaled \$4,404 as of December 31, 2020.

**9. PPP Conditional Grant Award**

On May 1, 2020 and February 15, 2021, the organization received Paycheck Protection Program (PPP) loans in the amount of \$91,700 and \$99,500, respectively. These loans are potentially forgivable if the organization meets certain criteria and can be recognized as income when those conditions are substantially met. In 2020, conditions of the first PPP loan were substantially met and \$91,700 was recognized as grant revenue. During the audit year, conditions of the second PPP loan were substantially met and \$99,500 was recognized as grant revenue. On July 27, 2021 and October 5, 2021, the organization received confirmations from the Small Business Administration that they granted full forgiveness for the PPP loans of \$91,700 and \$99,500, respectively.

**10. In-Kind Contributions**

Arts For Life recognizes in-kind contribution revenue for donated goods and services related to its programs and operations. A Charlotte area hospital supports Arts For Life by providing direct employment to two Arts For Life staff members; the hospital also provides a portion of the total cost of their employment. Arts For Life participates in the hiring, scheduling, and support of the employee and recognizes the in-kind donated services as revenue and expense on the statement of activities. In-kind contributions for the years ended December 31, 2021 and 2020 consist of the following:

<u>As of December 31:</u>	<u>2021</u>	<u>2020</u>
Art Supplies and Goods	\$ 1,761	\$ 3,024
Personnel Costs and Services	86,230	67,496
Total In-Kind Contributions	<u>\$ 87,991</u>	<u>\$ 70,520</u>

Arts For Life makes extensive use of volunteers to carry out its programs. For the year ended December 31, 2021, volunteers contributed 171 hours providing direct services in the hospital. The services contributed by volunteers did not meet the requirements of U.S. GAAP for recognition in the financial statements.

**11. Community Foundation Funds Benefiting Arts For Life**

Arts For Life is the income beneficiary of four funds held by others. These funds are not assets of Arts For Life and are, therefore, not reflected on the accompanying statement of financial position of the organization. Provided below is a list of those funds.

- The “Arts For Life Endowment Fund” was established by the organization at the Community Foundation of Western North Carolina as an endowment to benefit Arts For Life.
- The “Dickson Art Fellowship Fund” was established by the organization at the Community Foundation of Western North Carolina as an endowment to benefit the Asheville chapter of Arts For Life.
- The “Forrest and Gene Vogler Arts Endowment” was established by the organization at the Winston-Salem Foundation as an endowment to benefit the Winston-Salem chapter of Arts For Life.
- The “Arts For Life Endowment” was established by the organization at the Winston-Salem Foundation as an endowment to benefit the Winston-Salem chapter of Arts For Life.

Arts For Life received distributions from these funds totaling \$9,368 and \$7,360 in 2021 and 2020, respectively.

**12. Lease Commitments**

Arts For Life is party to a 15-month lease which expires on December 31, 2021 for office space in Asheville, NC. Total rent expense for the years ended December 31, 2021 and 2020 was \$6,000 and \$7,027, respectively.

On October 14, 2021, Arts For Life entered into a 2-year lease agreement for the office space located in Asheville, NC. The lease term begins on January 1, 2022 with rent at \$500 per month. Future minimum lease obligations consist of the following (please see the following page):

For the years ended December 31:

2022	\$	6,000
2023		<u>6,000</u>
Total Future Minimum Lease Obligations	\$	<u><u>12,000</u></u>

**13. Uncertainties**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the effects of the global situation on the organization's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial conditions, or liquidity for the fiscal year 2022.

**14. Subsequent Events**

Subsequent events have been evaluated through August 10, 2022, which is the date the financial statements were available to be issued.