



FEEDING OPPORTUNITY & COMMUNITY

Root NS, Inc.

Financial Statement

For the Years Ended

December 31, 2022 and 2021



Independent Auditor's Report

To the Board of Directors
Root NS, Inc.
Salem, MA

Opinion

I have audited the accompanying financial statements of Root NS, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activity, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Root NS, Inc. as of December 31, 2022 and 2021, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Root NS, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter

As discussed in Note 6 to the financial statements, Root NS, Inc. changed the manner in which it accounts for leases in 2022. My opinion is not modified with respect to the matter.

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 Root NS, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

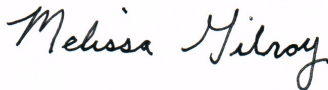
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I:

- 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 Root NS, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Root NS, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Melissa Gilroy, Certified Public Accountant
Westwood, Massachusetts
July 31, 2023

Root NS, Inc.
Statements of Financial Position

As of December 31,	2022	2021
<u>Assets</u>		
Cash and cash equivalents	\$ 639,809	\$ 547,677
Accounts receivable	61,038	23,109
Contribution receivable	20,000	45,000
Prepaid expenses	21,251	21,893
Investments	-	20,360
Operating lease - right of use asset	390,331	-
Furniture and equipment	252,460	243,975
Leasehold improvements	1,572,949	1,572,949
Accumulated depreciation	(938,066)	(749,630)
Total Assets	\$ 2,019,772	\$ 1,725,333
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable and accrued expenses	\$ 66,744	\$ 82,390
Operating lease liability	396,061	-
Note Payable	150,000	150,000
Total Liabilities	612,805	232,390
Net Assets		
Without donor restrictions	1,342,711	1,331,261
With donor restrictions	64,256	161,682
Total Net Assets	1,406,967	1,492,943
Total Liabilities and Net Assets	\$ 2,019,772	\$ 1,725,333

Root NS, Inc.
Statements of Activity

For the years ended December 31,

2022

2021

	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
Food operations	\$ 203,907	-	203,907	\$ 112,932	-	\$ 112,932
Contributions and grants	1,281,805	60,000	1,341,805	737,116	255,340	992,456
Special events, net of direct costs of \$42,593 and \$0, respectively	101,029	-	101,029	-	-	-
Interest income and investment income (loss)	(21)	-	(21)	423	-	423
Net assets released from restriction	155,926	(155,926)	-	372,298	(372,298)	-
Total revenue and support	<u>1,742,646</u>	<u>(95,926)</u>	<u>1,646,720</u>	<u>1,222,769</u>	<u>(116,958)</u>	<u>1,105,811</u>
Expenses						
Program services	1,253,798	-	1,253,798	1,042,335	-	1,042,335
Management and administrative	279,089	-	279,089	155,643	-	155,643
Fundraising	199,809	-	199,809	206,253	-	206,253
Total expenses	<u>1,732,696</u>	<u>-</u>	<u>1,732,696</u>	<u>1,404,232</u>	<u>-</u>	<u>1,404,232</u>
Change in Net Assets - operating	9,950	(95,926)	(85,976)	(181,463)	(116,958)	(298,421)
Non-Operating Activity						
Contributions restricted for capital purchases	-	-	-	-	67,991	67,991
Net assets released from restriction	1,500	(1,500)	-	67,991	(67,991)	-
Total non-operating activity	1,500	(1,500)	-	67,991	-	67,991
Change in Net Assets	11,450	(97,426)	(85,976)	(113,472)	(116,958)	(230,430)
Net Assets at Beginning of Year	<u>1,331,261</u>	<u>161,682</u>	<u>1,492,943</u>	<u>1,444,733</u>	<u>278,640</u>	<u>1,723,373</u>
Net Assets at End of Year	<u>\$ 1,342,711</u>	<u>64,256</u>	<u>1,406,967</u>	<u>\$ 1,331,261</u>	<u>161,682</u>	<u>\$ 1,492,943</u>

Root NS, Inc.

Statements of Functional Expenses

For the years ended December 31, 2022 and 2021

	2022			2021	2021			
	Program	Management and Administrative	Fundraising		Program	Management and Administrative	Fundraising	
Salaries	\$ 479,883	150,758	131,038	\$ 761,679	\$ 420,248	63,262	131,652	\$ 615,162
Payroll taxes	43,769	11,092	9,642	64,503	42,895	4,234	8,880	56,009
Benefits	22,269	6,996	6,081	35,346	10,397	1,549	3,248	15,194
Total payroll and related expenses	545,921	168,846	146,761	861,528	473,540	69,045	143,780	686,365
Depreciation	188,436			188,436	188,764	-	-	188,764
Occupancy	147,179	2,538	2,537	152,254	122,310	2,109	2,109	126,528
Professional fees	12,408	69,008	36,154	117,570	24,621	63,620	37,214	125,455
Food enterprise supplies and expenses	136,934	-	-	136,934	98,416	-	-	98,416
Program supplies	118,400	-	-	118,400	69,558	-	-	69,558
Office supplies and expense	33,804	14,254	11,615	59,673	31,010	6,269	19,584	56,863
Students, stipends, meals and travel	30,984	5,505	-	36,489	17,832	4,606	-	22,438
Insurance	9,773	3,070	2,670	15,513	11,153	1,661	3,484	16,298
Dues and Subscriptions	-	9,417	72	9,489	-	1,873	82	1,955
Repairs and Maintenance	-	2,093	-	2,093	-	2,206	-	2,206
Bad Debt	29,959	-	-	29,959	5,131	-	-	5,131
Interest expense	-	4,358	-	4,358	-	4,254	-	4,254
Total Functional Expenses	\$ 1,253,798	279,089	199,809	\$ 1,732,696	\$ 1,042,335	155,643	206,253	\$ 1,404,232

Root NS, Inc.
Statements of Cash Flows

For the years ended December 31,

2022

2021

Cash Flows from Operating Activities

Change in Net Assets	\$	(85,976)	\$	(230,430)
Adjustments to reconcile change in net assets to cash provided by operations				
Depreciation		188,436		188,764
Donated securities		-		(23,927)
Unrealized gain on investment		77		(379)
Operating lease asset		78,965		
Decrease (increase) in assets & liabilities				
Accounts receivable		(37,929)		(18,422)
Contribution receivable		25,000		53,577
Prepaid expenses		642		(14,218)
Accounts payable and accrued expenses		(15,646)		35,259
Deferred rent		1,971		-
Operating lease liability		(75,206)		-
Net Cash Provided by (used in) Operating Activities		80,334		(9,776)

Cash Flows from Investing Activities

Purchase of fixed assets		(8,485)		(68,601)
Proceeds from sale of investments		20,283		3,946
Net Cash Provided by (Used in) Investing Activities		11,798		(64,655)

Cash Flows from Financing Activities

Net (Decrease) Increase in Cash and Cash Equivalents		92,132		(74,431)
Cash and Cash Equivalents - Beginning		547,677		622,108
Cash and Cash Equivalents - Ending	\$	639,809	\$	547,677

Supplement Disclosure of Cash Flow Information

Cash paid during the year for interest	\$	4,358	\$	4,254
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Supplement Data for Noncash Investing and Financing Activities

Right of use assets acquired in exchange for operating lease	\$	469,296	\$	-
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Root NS, Inc.

Notes to Financial Statements

1. Nature of the Business

Root NS, Inc. (the Organization) was incorporated in 2015 as a Massachusetts non-profit and is tax exempt for federal purposes under the Internal Revenue Code under section 501c3. Root's mission is to help young adults create a pathway to independence through food service training and employment. By developing essential life and work readiness skills, youth leave Root prepared for success in the workplace. The Organization provides educational services to at-risk youth through a comprehensive food services training program. The program is founded on a learn by doing premise. The experiential learning model aims to provide a pathway out of the entrenched cycle of poverty through:

- Culinary instruction to increase employability and stable employment.
- Health and Nutrition Education.
- Increasing educational attainment.
- Increasing financial literacy.
- Developing a more stable lifestyle by addressing social barriers such as housing, mental health issues, childcare and healthy relationships.
- Offering Post-Graduation and Transition Services.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. Nonoperating activities are limited to resources that generate return from other contributions and activities considered to be of a more unusual or nonrecurring nature. The net assets of the Organization are classified and defined as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Root NS, Inc.
Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents, reported at fair value; include cash and all highly liquid investments with a maturity of three months or less when purchased. Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2022 and 2021, the Organization had \$43,109 and \$283,077 in excess of the FDIC insured limit, respectively.

Accounts Receivable

The Organization carries its accounts receivable at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions.

Contribution Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Contribution receivables from one source accounted for 100% and 44% of the outstanding contribution receivable balance as of December 31, 2022 and 2021, respectively.

Property and Equipment

Property and equipment is stated at cost at the time of acquisition or fair market value at the time of donation. Expenditures for maintenance and repairs are charged to expense as incurred; betterments are capitalized. When assets are sold or retired, the related costs and accumulated depreciation are removed from the respective accounts and any resulting gain and loss is credited or charged to operations. Depreciation is recorded on a straight-line basis based on the related assets estimated useful lives.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activity. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Revenue Recognition

The Organization earns revenue from its catering operations which is recognized upon service delivery as the performance obligation is complete upon delivery. Substantially all of the Organization's revenue is derived from its operations in Massachusetts.

Root NS, Inc.
Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Contribution Revenue

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activities as net assets released from restrictions.

Donations from board members represents 16% and 11% of total contribution and grant income at December 31, 2022 and 2021, respectively.

Donated Facilities, Services and Assets

Donated facilities, services and assets are recorded at the estimated fair value provided to the Organization. Contributed services are recognized for services that require specialized skills and are provided by persons possessing those skills in the period in which they are received in accordance with GAAP. During the year ended December 31, 2021, donated investment securities amounting to \$23,927 were received and are recorded in the accompanying statement of financial position.

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Income Taxes

The Organization is a tax-exempt entity under Code Section 501(c)(3) of the Internal Revenue Code (the "Code"), and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code and is not considered to be a private foundation. The Organization is also exempt from state income tax. Accordingly, no provision for income taxes is included in the financial statements.

The Organization complies with the provisions of GAAP related to the accounting for the uncertainty in income taxes. As required, the Organization has evaluated its tax positions, applying a "more likely than not" threshold and believes that there would be no material changes to the results of its operation or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Organization has filed all of its known and required tax returns in a timely manner, including as permitted, allowed extensions.

Reclassification

In the current year, certain prior year amounts were reclassified to conform to the current year presentation.

Root NS, Inc.
Notes to the Financial Statements

3. Special Events

The Organization had special event revenue and related expenses consisting of the following:

	2022	2021
Special event income	\$ 143,622	\$ -
Special event expense	(42,593)	-
	<u>\$ 101,029</u>	<u>\$ -</u>

4. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consists:

	2022	2021
Cash and Cash Equivalents	\$ 639,809	\$ 547,677
Accounts Receivable	61,038	23,109
Contribution Receivable, current portion	20,000	45,000
Investments	-	20,360
Financial assets	<u>\$ 720,847</u>	<u>\$ 636,146</u>
Less donor purpose restrictions	(44,256)	(116,682)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 676,591</u>	<u>\$ 519,464</u>

As part of its liquidity management plan, the Organization manages its operations within a balanced budget. The organization relies on annual fund donations, unrestricted grants, fundraising event revenue, and earned service revenue to cover the costs of operations.

5. Debt

Line of Credit

In fiscal 2019, the Organization obtained a line of credit in the amount of \$150,000 to be used for working capital purposes payable on demand due to a Board member. During fiscal 2021 the line was closed, as such, the amount outstanding as of December 31, 2022 and 2021, was zero.

Note Payable

The Organization obtained a note payable due the Small Business Administration under the Economic Injury Disaster Loan Program ("EIDL") in the amount of \$150,000. The loan requires principal and interest payments of \$641 monthly beginning in January 2023 and matures in June 2050. The note has a fixed interest rate of 2.75%. As of December 31, 2022 and 2021, the amount outstanding was \$150,000, respectively.

Total interest expense for all outstanding debt for the years ended December 31, 2022 and 2021 amounted to \$4,358 and \$4,254, respectively.

Principal payments on the note payable are due as follows:

2023	\$ 3,612
2024	3,713
2025	3,816
2026	3,923
2027	4,032
Thereafter	130,904
	<u>\$ 150,000</u>

Root NS, Inc.
Notes to the Financial Statements

6. Operating Leases

The Organization is the lessee of space under operating (rental) leases in Massachusetts which expire in varying periods through 2027. The Organization determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. The Organization's lease has a term of five years for property, with certain leases inclusive of renewal options if they are considered to be reasonably assured at least commencement. Right of use assets and lease liabilities for operating leases are included in "Operating leases - right of use assets" and "Operating lease liabilities," respectively, in the accompanying financial statements. Lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

The Organization recorded approximately \$469,000 of right-of-use assets in exchange for new operating lease liabilities during the year ended December 31, 2022. The Organization elected the short-term lease exemption policy as well as the practical expedient that allows lessees to treat the lease and non-lease components as a single lease component. Operating lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the risk-free rate at the commencement date in determining the present value of future payments.

Maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liabilities:

2023	\$	86,073
2024	\$	86,073
2025	\$	86,073
2026	\$	86,073
2027		64,555
Thereafter		-
Less present value discount		<u>(12,786)</u>
Total lease liability	\$	<u>396,061</u>

Weighted average remaining lease term in years for the operating lease was 4.75. The weighted average discount rate for the operating lease is 1.37%.

Total rent expense for the years ended December 31, 2022 and 2021 amounted to \$84,867 and \$78,123.

7. Contribution Receivables

As of December 31, 2022 and 2021, contribution receivables are scheduled to be collected as follows:

	2022	2021
Less than one year	\$ 20,000	\$ 45,000
One to five years	-	-
Less discount	-	-
	<u>\$ 20,000</u>	<u>\$ 45,000</u>

Root NS, Inc.
Notes to the Financial Statements

8. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgement or estimation.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value. It is reasonably possible that change in the value of these instruments will occur in the near term and that such changes could materially affect amounts reported in the financial statements.

The following fair value hierarchy table presents information about the Organization' assets measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations as of December 31, 2021:

	Level 1
Common Stock	\$ 20,360
	<u>\$ 20,360</u>

No investments were held by the Organization as of December 31, 2022.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following at December 31, 2022 and 2021:

Description	As of 12/31/2021	Additions	Released	As of 12/31/2022
Pledge receivable - time restriction	\$ 45,000	-	(25,000)	\$ 20,000
<i><u>Purpose restricted:</u></i>				
Youth training program	50,000	-	(50,000)	-
Salem meet and greet	5,840	-	(5,840)	-
Fiscal 2022 event	7,500	-	(7,500)	-
Scholarships	45,925	25,000	(26,669)	44,256
Community catering	-	35,000	(35,000)	-
COVID and community meals	5,917	-	(5,917)	-
Capital improvements	1,500	-	(1,500)	-
	<u>\$ 161,682</u>	<u>60,000</u>	<u>(157,426)</u>	<u>\$ 64,256</u>

Root NS, Inc.
Notes to the Financial Statements

10. Paycheck Protection Program

In April 2021, the Organization received a Small Business Administration (SBA) Paycheck Protection Program (PPP) loan under the CARES act in the amount of \$98,917. The loan was accounted for as conditional grants and available to fund eligible payroll and related costs, utilities and rent. The Organization met the conditions as of its year-ended December 31, 2021 in order to earn the revenue in accordance with GAAP and as such the related income was recorded in contribution and grant income in the accompanying financial statements.

11. Recent Pronouncements

On January 1, 2022, the Organization adopted ASU 2016-02, *Leases*, which requires a lessee to recognize a right of use asset and lease liability, initially measured at the present value of the lease payments, in its balance sheet. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The effects of adopting this guidance resulted in the recording of the present value of operating lease payments in the balance sheet as "Operating leases – right of use assets" of approximately \$469,000 and "Operating lease liabilities" of approximately \$469,000, upon adoption. The Organization elected the package of practical expedients to not reassess (1) whether any expired or existing contracts are or contain leases (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases. (Refer to Note 6).

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*, which requires disclosure of contributed nonfinancial assets in a separate line item within the statement of activities, disclosure of the policy about monetizing rather than utilizing contributed nonfinancial assets and qualitative information about those monetized or utilized during the fiscal year, and a description of any donor-imposed restrictions on the contributed nonfinancial assets. This guidance must be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Organization has adopted this standard which did not have a material impact on its financial statements.

12. Subsequent Events

Management has evaluated subsequent events through July 31, 2023, which is the date financial statements were available to be issued.