



Gorfine Schiller Gardyn

Certified Public Accountants and Consultants



ARTSTREAM, INC.

FINANCIAL STATEMENTS
JUNE 30, 2022 AND AUGUST 31, 2021

ARTSTREAM, INC.
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INDEPENDENT AUDITORS' REPORT

**Board of Directors
ArtStream, Inc.
Chevy Chase, Maryland**

Opinion

We have audited the financial statements of ArtStream, Inc., which comprise the statements of financial position as of June 30, 2022 and August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the ten months ended June 30, 2022 and twelve months ended August 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ArtStream, Inc. as of June 30, 2022 and August 31, 2021, and the changes in its net assets and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ArtStream, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Fiscal Year

As discussed in Note A to the financial statements, ArtStream, Inc. changed its fiscal year end to June 30th effective with the period ended June 30, 2022. Previously, ArtStream, Inc. reported on a fiscal year ending August 31st.

Emphasis of Matter – Restatement

As discussed in Note I to the financial statements, the beginning net assets as of July 1, 2021 have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 ArtStream, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 ArtStream, 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ArtStream, Inc.'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.

Martini, Schiller & Galdyn, P.A.

November 14, 2022
Owings Mills, Maryland

FINANCIAL STATEMENTS

ARTSTREAM, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and August 31, 2021

	<u>ASSETS</u>	<u>2022</u>		<u>2021</u>
CURRENT ASSETS				
Cash		\$ 387,671		426,679
Accounts receivable		24,950		13,020
Grants receivable		68,562		159,086
Prepaid expenses		<u>38,269</u>		<u>35,809</u>
Total current assets		<u>519,452</u>		<u>634,594</u>
PROPERTY AND EQUIPMENT				
Furniture and equipment		19,352		19,352
Less accumulated depreciation		<u>(19,351)</u>		<u>(19,351)</u>
Net property and equipment		<u>1</u>		<u>1</u>
OTHER ASSETS				
Investments		197,466		235,761
Deposits		<u>10,023</u>		<u>13,971</u>
Total other assets		<u>207,489</u>		<u>249,732</u>
TOTAL ASSETS		<u>\$ 726,942</u>		<u>\$ 884,327</u>
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable		\$ 33,186		17,211
Accrued expenses		23,620		10,184
Deferred revenue and refundable advances		<u>19,550</u>		<u>24,277</u>
Total current liabilities		<u>76,356</u>		<u>51,672</u>
NET ASSETS				
Without donor restrictions		650,586		807,655
With donor restrictions		<u>-</u>		<u>25,000</u>
Total net assets		<u>650,586</u>		<u>832,655</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 726,942</u>		<u>\$ 884,327</u>

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

ARTSTREAM, INC.
STATEMENTS OF ACTIVITIES
For the Periods Ended June 30, 2022 and August 31, 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
	SUPPORT AND REVENUE					
Contributions						
Individuals	\$ 125,527	\$ -	\$ 125,527	\$ 265,677	\$ -	\$ 265,677
Corporate grants	2,000	-	2,000	35,920	-	35,920
Foundation grants	186,799	-	186,799	104,577	10,000	114,577
Government grants	39,015	-	39,015	306,507	-	306,507
Program service revenue						
Tuition	112,769	-	112,769	128,621	-	128,621
Contracted services	95,205	-	95,205	82,500	-	82,500
Theatre	13,865	-	13,865	15,705	-	15,705
Special events	84,990	-	84,990	86,525	-	86,525
Interest and dividend income	2,880	-	2,880	5,562	-	5,562
Net (depreciation) appreciation on investments	(40,059)	-	(40,059)	45,132	-	45,132
Miscellaneous	5,654	-	5,654	5,093	-	5,093
Total support and revenue before net assets released from restrictions	628,645	-	628,645	1,081,819	10,000	1,091,819
Net assets released from restrictions	25,000	(25,000)	-	-	-	-
Total support and revenue	653,645	(25,000)	628,645	1,081,819	10,000	1,091,819
EXPENSES						
Program services						
Performing companies	366,194	-	366,194	314,308	-	314,308
General program operations	37,930	-	37,930	-	-	-
Classes for adults and children	82,292	-	82,292	181,347	-	181,347
Contracted services	102,530	-	102,530	98,131	-	98,131
Total program services	588,946	-	588,946	593,786	-	593,786
Supporting services						
Management and general	196,132	-	196,132	145,260	-	145,260
Fundraising	25,636	-	25,636	50,934	-	50,934
Total expenses	810,714	-	810,714	789,980	-	789,980
CHANGES IN NET ASSETS	(157,069)	(25,000)	(182,069)	291,839	10,000	301,839
NET ASSETS - Beginning of year, before restatement	763,534	25,000	788,534	515,816	15,000	530,816
EFFECT OF RESTATEMENT	44,121	-	44,121	-	-	-
NET ASSETS - Beginning of year	807,655	25,000	832,655	515,816	15,000	530,816
NET ASSETS - End of year	\$ 650,586	\$ -	\$ 650,586	\$ 807,655	\$ 25,000	\$ 832,655

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

ARTSTREAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Period Ended June 30, 2022 (With Comparative Totals for the Period Ended August 31, 2021)

	2022							2021	
	Program Services								
	Performing Companies	Classes for Adults and Children	Contracted Services	General Program Operations	Total Program Services	Management and General	Fundraising	Total	Total
Salaries	\$ 180,484	\$ 41,449	\$ 41,189	\$ 794	\$ 263,916	\$ 94,332	\$ 12,685	\$ 370,933	\$ 347,243
Payroll taxes	<u>14,314</u>	<u>3,215</u>	<u>3,190</u>	<u>-</u>	<u>20,719</u>	<u>5,161</u>	<u>902</u>	<u>26,782</u>	<u>40,379</u>
Total payroll and related expenses	194,798	44,664	44,379	794	284,635	99,493	13,587	397,715	387,622
Administrative expenses	2,086	1,846	12	221	4,165	23,127	4,895	32,187	30,453
Contractual services	21,625	1,411	1,364	25,604	50,004	12,475	-	62,479	77,417
Computer software	3,125	50	47	5	3,227	10,834	160	14,221	11,447
Depreciation	-	-	-	-	-	-	-	-	636
Marketing	90	428	-	52	570	-	-	570	306
Miscellaneous	850	-	745	38	1,633	3,849	1,600	7,082	18,000
Occupancy	42,726	675	-	1,500	44,901	37,114	-	82,015	44,398
Printing and publication	3,324	3,213	62	3,764	10,363	574	4,994	15,931	13,819
Professional fees	-	-	-	-	-	8,638	-	8,638	10,704
Program	13,468	3,368	531	5,947	23,314	-	400	23,714	35,304
Subcontractors	81,429	26,637	54,819	-	162,885	-	-	162,885	159,517
Travel	<u>2,673</u>	<u>-</u>	<u>571</u>	<u>5</u>	<u>3,249</u>	<u>28</u>	<u>-</u>	<u>3,277</u>	<u>357</u>
Total functional expenses	<u>\$ 366,194</u>	<u>\$ 82,292</u>	<u>\$ 102,530</u>	<u>\$ 37,930</u>	<u>\$ 588,946</u>	<u>\$ 196,132</u>	<u>\$ 25,636</u>	<u>\$ 810,714</u>	<u>\$ 789,980</u>

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

ARTSTREAM, INC.
STATEMENT OF CASH FLOWS
For the Periods Ended June 30, 2022 and August 31, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (182,069)	\$ 301,839
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	-	636
Net depreciation (appreciation) on investments	40,059	(45,132)
Changes in assets and liabilities:		
Accounts receivable	(11,930)	6,224
Grants receivable	90,524	(67,868)
Prepaid expenses	(2,460)	(16,244)
Security deposits	3,948	(110)
Accounts payable	15,975	6,686
Accrued expenses	13,436	(3,246)
Deferred revenue	(4,727)	(7,467)
Net cash provided by operating activities	(37,244)	175,318
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(51,354)	(134,961)
Proceeds from sales of investments	49,590	144,625
Net cash (used in) provided by investing activities	(1,764)	9,664
CHANGES IN CASH	(39,008)	184,982
CASH - Beginning of year	426,679	241,697
CASH - End of year	\$ 387,671	\$ 426,679

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

ARTSTREAM, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and August 31, 2021

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Nature of Activities

ArtStream, Inc. (the organization) was incorporated in the State of Maryland on September 9, 2005. ArtStream teaches acting techniques and communication skills in inclusive classes designed for people of all ages, races, and income levels with intellectual and developmental disabilities (IDDs), including autism. Programs build skills that are applicable in all aspects of life: from the stage, to the family dinner table, to Individual Education Plan (IEP) meetings and the workplace. Participants make their own choices and are engaged, stimulated, challenged, and inspired to find their voices and to discover their creativity and strengths.

In 2022, the Organization changed its accounting period end from August 31st to June 30th. Therefore, the financial statements are presented for the ten months ended June 30, 2022 and for the year ended August 31, 2021.

The Organization provides **performing arts classes and workshops** for participants with IDD, including autism. Class topics include musical theatre, scriptwriting, Shakespeare, comedy, and more. “Super Social Saturday” workshops focus on a specific theme to create a welcoming environment for participants to learn socializing skills, let loose, and have fun. “Positively Speaking” workshops teach public speaking and self-advocacy skills.

Participants in the Organization’s six **Theatre Companies** for adults with IDD – including autism - create and perform in original musical theatre productions on professional stages. The actors, along with volunteer mentors and a professional production team, vote on a theme, improvise scenes and characters, and develop the script, songs, and choreography.

Participants in the Organization’s four **Cabaret** companies each perform one original annual production. Actors agree on a theme for ensemble music and dance performances, and then each actor works with the choreographer and music director to develop solo and small group music, dance or drama performances.

Participants in the **Traveling Troupe** perform locally for community groups and at public events.

2. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting and in accordance with the Financial Accounting Standards Board Accounting Standards Codification (ASC) which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. There were no assets with donor restrictions as of June 30, 2022 and August 31, 2021.

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
Continued

3. Use of 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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

4. Cash and Cash Equivalents

The Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. As of June 30, 2022, the Organization did not have any cash equivalents.

5. Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

6. Receivable

Receivables consist of amounts due for program service fees and contributions receivable from unconditional promises to give which are recorded at their net realizable value. The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

7. Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided using the straight-line method over the estimated useful lives of the asset, which range from 3 to 7 years. Depreciation expense was \$-0- and \$645 for the periods ended June 30, 2022 and August 31, 2021, respectively.

8. Investments

Investments are presented at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value, whether realized or unrealized, are reported in the statements of activities in the period in which they occur. Purchases and sales of investments are recorded on the trade-date basis, dividend income is recognized as of the ex-dividend date and interest income is recognized as earned on the accrual basis.

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
Continued**

9. Revenue Recognition

The Organization has adopted Financial Accounting Standards Board issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (FASB ASC 606). The Organization's revenues from contracts with customers include program services and special events.

Program services and special events both have the one performance obligation which is to provide participants with the necessary support to develop acting techniques and communication skills. Program services vary per program and special events vary by the success of their annual gala. The revenue is recognized when received.

10. Contributions and Revenue

Contributions are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Donor-restricted contributions are reported as increases in net assets with donor 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.

11. Deferred Revenue and Refundable Advances

Revenues received in advance of rendering related services are recorded as deferred revenue, until services are rendered. Conditional grant funds and contributions are recorded as refundable advances until the conditions are met.

12. Donated Services, Equipment and Supplies

Donated equipment and supplies are recorded at their estimated fair values in the period received. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

13. Functional Allocation of Expense

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

14. Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private organization under Section 509(a)(1).

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update *2016-02, Leases*, which presents dramatic changes to the balance sheets of lessees. Among many of the changes, lessor accounting is updated to align with certain changes in the lessee model and the new revenue recognition standard. The new, as amended by subsequent Accounting Standards Updates, is effective for the year ending June 30, 2023.

16. Reclassifications

Certain prior period amounts have been reclassified for consistency with the current period presentation.

17. Subsequent Events

In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through November 14, 2022 the date the financial statements were available to be issued. During this period, the Organization did not have any material recognizable subsequent events.

NOTE B – CONCENTRATION OF CREDIT RISK

The Organization maintains cash in multiple financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At June 30, 2022, there were no uninsured cash balances. Financial instruments with a maturity date of less than three months are invested in demand deposits and mutual funds at commercial financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the FDIC. The uninsured portion of these accounts are backed solely by the assets of the financial institution. The Organization has not experienced any loss in these accounts and does not believe it is exposed to any significant credit risk on its cash and financial instruments balances.

NOTE C – COMMITMENTS

The Organization entered into operating sublease agreement for office space on July 17, 2017. The sublease terminates on December 19, 2022 and requires aggregate monthly payments of \$3,483. Rent expense for the periods ended June 30, 2022 and August 31, 2021 was \$36,954 and \$32,398, respectively.

Future minimum payments under the sublease for the year ending June 30, 2022 are \$22,616. Lease will not be renewed after it expires on December 19, 2022.

The Organization was also obligated under various short-term leases, during the period ended June 30, 2022, for office, event and theater space.

NOTE D – FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* (FASB 820), establishes a framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB 820 are described below:

NOTE D – FAIR VALUE MEASUREMENTS – Continued

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets:
- Quoted prices for identical or similar assets or liabilities in inactive markets:
- Inputs other than quoted prices that are observable for the asset or liability:
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's 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.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2022.

Exchange traded funds: Valued at the quoted net asset value of shares held by the Organization at year end.

Fixed income: Valued at the market discount rate at year end.

Cash and bank Sweep: Valued at the cost value of amount held by the Organization at year end

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables are set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2022 and August 31, 2021:

NOTE D – FAIR VALUE MEASUREMENTS – Continued

Assets at Fair Value as of June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 164,269	\$ -	\$ -	\$ 164,269
Fixed income	30,540	-	-	30,540
Cash and bank sweep	<u>2,657</u>	<u>-</u>	<u>-</u>	<u>2,657</u>
Total assets at fair value	<u>\$ 197,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,466</u>

Assets at Fair Value as of August 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ 234,201	\$ -	\$ -	\$ 234,201
Cash and bank sweep	<u>1,560</u>	<u>-</u>	<u>-</u>	<u>1,560</u>
Total assets at fair value	<u>\$ 235,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,761</u>

NOTE E – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Net assets may have donor restrictions for various purposes, such as use in future periods for specified purposes. The Paul M Angell Family Foundation Contribution is considered with donor restrictions since it is used for the Theatre for an Inclusive World Program. Net assets with donor restrictions as of June 30, 2022 and August 31, 2021 was \$-0- and \$25,000, respectively and are restricted for the purpose of the specific program.

NOTE F – CONTRIBUTED SERVICES

During the periods ended June 30, 2022 and August 31, 2021, the Organization's programs benefited from the services of volunteers. During the period ended June 30, 2022, the Organization estimates a total of 2,529 hours of services were provided by volunteers, with an estimated value of \$75,744. During the period ended August 31, 2021, the Organization estimates a total of 1,514 hours of services were provided by volunteers, with an estimated value of \$41,626. These hours were administrative, mentoring and board member donated volunteer hours and therefore do not meet the requirements for recognition in the financial statements.

In accordance with generally accepted accounting principles, contributed services are recorded in the financial statements at their fair market value, if the services require specialized skills, or increase the value of the Organization's assets. During the periods ended June 30, 2022 and August 31, 2021, there was \$-0- of contributed services.

NOTE G – CERTAIN SIGNIFICANT RISKS AND UNCERTAINTIES

The Organization invests in various investments. As a result, the Organization’s revenues and liquidity are directly affected by general economic and capital market conditions, including fluctuations in the price levels of securities and changes in interest rates. The Organization believes the risks associated with such investment activities have been minimized through diversification of the investment portfolio and utilization of independent portfolio managers, as well as an independent investment manager, to monitor investment performance.

NOTE H – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization’s financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2022 and August 31, 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 387,671	\$ 426,728
Accounts receivable	24,950	13,020
Grants receivable	68,562	83,937
Investments	197,466	235,712
Less Restricted net assets	<u>-</u>	<u>(25,000)</u>
Financial assets and liquidity resources available for general expenditures within one year.	<u>\$ 678,649</u>	<u>\$ 734,397</u>

The Organization has various sources of liquidity at its disposal, including cash, receivables and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization’s cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the Organization’s cash flow related to the Organization’s various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. The Organization currently has enough cash to cover expenses for almost twelve months. The Organization will receive grant funds along with contributions throughout fiscal year 2023 to support the Organization throughout the upcoming fiscal year.

NOTE I - RESTATEMENT

During the period ended June 30, 2022, it was determined that Government grants were understated in the prior period’s statements of activities. Accordingly, the balance has been restated as of August 31, 2021 by increasing Government grants and increasing net assets by \$44,121. This adjustment is made due to understating of revenues and overstatement of the deferred revenue.

NOTE J– COVID-19 IMPACT

The Organization’s businesses are operating in an environment in which a pandemic exists in relation to the novel coronavirus, COVID-19. As of the date of this financial statement, the Organization does not have any additional liabilities resulting from COVID-19 and its operations have not been significantly impacted by the virus.