

**CARE ASSURANCE SYSTEM
FOR THE AGING AND HOMEBOUND
OF MADISON COUNTY, INC.
AUDITED FINANCIAL STATEMENTS**

JUNE 30, 2022 AND 2021

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Mercer & Associates, PC

a CPA firm

201 Williams Avenue Suite 280
Huntsville, Alabama 35801
(256) 536 - 4318
Fax (256) 533 - 7193

Jerry Mercer, CPA, owner
Lisa Eaton, CPA
Misty Whiting, CPA
Jordan Gibbs, CPA
Amy Todd, CPA

Members
Alabama Society of C.P.A.s
American Institute C.P.A.s

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Care Assurance System for the Aging
and Homebound of Madison County, Inc.
Huntsville, Alabama

Opinion

We have audited the accompanying financial statements of Care Assurance System for the Aging and Homebound of Madison County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Care Assurance System for the Aging and Homebound of Madison County, Inc. as of June 30, 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

We conducted our audits 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 Care Assurance System for the Aging and Homebound of Madison County, 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.

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 Care Assurance System for the Aging and Homebound of Madison County, 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

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 Care Assurance System for the Aging and Homebound of Madison County, 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 Care Assurance System for the Aging and Homebound of Madison County, 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.

Mercer & Associates, PC

Huntsville, AL
October 7, 2022

**CARE ASSURANCE SYSTEM FOR THE AGING AND
 HOMEBOUND OF MADISON COUNTY, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 253,387	\$ 208,636
Grant receivable	27,604	12,356
Investments	96,998	170,248
Prepaid insurance	3,178	3,250
Total Current Assets	<u>381,167</u>	<u>394,490</u>
Property and Equipment		
Furniture, fixtures and equipment	111,187	111,187
Less accumulated depreciation	<u>(96,146)</u>	<u>(91,253)</u>
Total Property and Equipment	<u>15,041</u>	<u>19,934</u>
Other Assets		
Deposits	<u>300</u>	<u>300</u>
TOTAL ASSETS	<u><u>\$ 396,508</u></u>	<u><u>\$ 414,724</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 17,711	\$ 1,265
Accrued salaries	15,660	13,165
Payroll taxes payable	1,494	4,285
Accrued retirement	2,325	2,762
Accrued compensated absences	3,639	6,929
Total Current Liabilities	<u>40,829</u>	<u>28,406</u>
Net Assets		
Without donor restrictions	<u>355,679</u>	<u>386,318</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 396,508</u></u>	<u><u>\$ 414,724</u></u>

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

**CARE ASSURANCE SYSTEM FOR THE AGING AND
 HOMEBOUND OF MADISON COUNTY, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Public Support		
Contributions	\$ 149,631	\$ 168,790
Grants	307,771	273,648
United Way and CFC	111,272	111,951
Fundraising	<u>157,013</u>	<u>66,088</u>
Total Public Support	<u>725,687</u>	<u>620,477</u>
 Functional Expenses		
Program services	606,557	558,593
Management and general	80,590	39,026
Fundraising	<u>49,740</u>	<u>10,853</u>
Total Functional Expenses	<u>736,887</u>	<u>608,472</u>
 Other Income (Expense)		
Interest and dividend income	2,505	5,139
Realized gain (loss) on investments	6,413	2,193
Unrealized gain (loss) on investments	(28,357)	25,978
Paycheck protection program loan forgiveness	<u>0</u>	<u>79,216</u>
Total Other Income (Expense)	<u>(19,439)</u>	<u>112,526</u>
 Change in Net Assets without Donor Restrictions	(30,639)	124,531
 Net Assets, Beginning	<u>386,318</u>	<u>261,787</u>
 Net Assets, Ending	<u>\$ 355,679</u>	<u>\$ 386,318</u>

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

**CARE ASSURANCE SYSTEM FOR THE AGING AND
HOMEBOUND OF MADISON COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$333,986	\$18,619	\$14,153	\$366,758
Specific assistance	155,647	0	0	155,647
Investment expenses	2,079	0	0	2,079
Supplies	2,609	0	582	3,191
Health insurance	17,240	2,833	1,187	21,260
Rent	18,184	1,711	511	20,406
Payroll taxes	22,258	5,410	795	28,463
Insurance	9,413	2,958	318	12,689
Depreciation	4,893	0	0	4,893
Simplified employee pension	11,364	0	336	11,700
Telephone	6,148	416	215	6,779
Printing and publications	4,197	440	687	5,324
Volunteer recognition	724	355	400	1,479
Mileage	1,934	0	188	2,122
Conferences	691	52	0	743
Postage and shipping	2,624	0	298	2,922
Professional fees	3,335	4,167	0	7,502
Worker's compensation	1,204	0	0	1,204
Equipment maintenance	2,762	396	139	3,297
Membership dues	2,659	531	0	3,190
Special events	0	0	29,931	29,931
Bank fees	1,349	282	0	1,631
Miscellaneous expense	0	0	0	0
Software	0	10,361	0	10,361
Computer equipment	1,257	32,059	0	33,316
TOTAL FUNCTIONAL EXPENSES	\$606,557	\$80,590	\$49,740	\$736,887

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

**CARE ASSURANCE SYSTEM FOR THE AGING AND
HOMEBOUND OF MADISON COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services	General and Administrative	Fundraising	Total
Salaries	\$316,248	\$23,830	\$4,118	\$344,196
Specific assistance	120,988	0	0	\$120,988
investment expenses	2,010	0	0	\$2,010
Supplies	1,569	86	14	\$1,669
Health insurance	25,111	2,378	352	\$27,841
Rent	19,390	858	158	\$20,406
Payroll taxes	25,241	481	335	\$26,057
Insurance	8,813	0	0	\$8,813
Depreciation	2,013	0	0	\$2,013
Simplified employee pension	11,558	477	85	\$12,120
Telephone	3,435	611	45	\$4,091
Printing and publications	4,058	128	0	\$4,186
Volunteer recognition	1,002	108	0	\$1,110
Mileage	1,100	2	51	\$1,153
Conferences	1,055	161	91	\$1,307
Postage and shipping	3,734	205	15	\$3,954
Professional fees	3,353	647	0	\$4,000
Worker's compensation	1,003	187	0	\$1,190
Equipment maintenance	2,491	399	36	\$2,926
Membership dues	1,571	299	0	\$1,870
Special events	0	0	5,553	\$5,553
Bank fees	1,613	0	0	\$1,613
Miscellaneous expense	1,237	239	0	\$1,476
Software	0	7,930	0	\$7,930
Computer equipment	0	0	0	0
TOTAL FUNCTIONAL EXPENSES	\$558,593	\$39,026	\$10,853	\$608,472

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

**CARE ASSURANCE SYSTEM FOR THE AGING AND
HOMEBOUND OF MADISON COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities		
Increase (Decrease) in net assets	\$ (30,639)	\$ 124,531
Adjustment to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	4,893	2,013
Unrealized loss (gain) on investments	28,357	(25,978)
Realized loss (gain) on investments	(6,413)	(2,193)
Investment income	(2,454)	(4,985)
Decrease (increase) in:		
Grants receivable	(15,248)	2,247
Prepaid insurance	72	(3,042)
(Decrease) increase in:		
Accounts payable	16,446	1,265
Payroll taxes payable	(2,791)	3,326
Accrued expenses	(3,290)	694
Accrued salaries	2,495	(262)
Accrued retirement	(437)	2,762
Paycheck protection program loan	0	(79,216)
Net cash provided by (used by) operating activities	(9,009)	21,162
Investing Activities		
Proceeds from sale of investments	110,224	3,256
Purchases of investments	(56,464)	0
Purchases of equipment	0	(15,024)
Net cash provided by (used by) investing activities	53,760	(11,768)
Net increase (decrease) in cash and cash equivalents	44,751	9,394
Cash and cash equivalents at beginning of year	208,636	199,242
Cash and cash equivalents at end of year	\$ 253,387	\$ 208,636
 SUPPLEMENTAL DISCLOSURE		
Cash paid for interest during the year	\$ 0	\$ 0

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

**CARE ASSURANCE SYSTEM FOR THE AGING
AND HOMEBOUND OF MADISON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Care Assurance System for the Aging and Homebound of Madison County, Inc. (CASA) was organized April 27, 1982, for the purpose of providing a ministry to the homebound in Madison County, Alabama. The specific purposes are as follows: (1) to ensure that necessary information and services are provided to homebound persons on a non-discriminatory basis without regard to religion, creed, color, sex, age, or national origin so that homebound persons are able to remain in a home environment rather than to accept prematurely the alternative of hospitals or nursing homes, and (2) to coordinate and/or accomplish the necessary services for the homebound persons through the private rather than the public sector of our economy to the maximum extent practical.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Under the provisions of the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"), net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Accounting standards require that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. In addition, gains and losses on investments should be reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income is reported as an increase in net assets without donor restrictions in the reporting period in which the income is recognized. The investments are in mutual funds.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal or state income taxes in the accompanying financial statements. Management is not aware of any activities that would jeopardize the Organization's tax exempt status. The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after June 30, 2018 remain subject to examination by taxing authorities.

Cash and cash equivalents

For the purposes of the statements of cash flows, CASA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Equipment is stated at cost or, if donated, at the fair market value on the date the equipment is contributed. Depreciation is provided using the straight line method over the estimated useful lives of the assets. Equipment is depreciated over a period of five to seven years. When assets are retired, the assets and related accumulated depreciation are removed from the respective accounts and any profit or loss due to the disposition is credited or charged to income. Gifts of long-lived assets are reported as support without donor restrictions unless subject to donor stipulations.

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Additions, improvements, and expenditures for repairs and maintenance that significantly add to the productivity or extend the useful life of the assets are capitalized. Other expenses for repairs and maintenance are charged to operations when incurred.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). CASA's revenue is largely grants and contributions. The adoption of ASU 2014-09 had no impact on revenue and support or net assets.

Contributions received are recorded as support without donor restrictions and support with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the 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 statement of activities as net assets released from restriction.

Grants Receivable

The Organization has not recorded an allowance for doubtful accounts, as any grants receivable are deemed collectible.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributed Services and Facilities

As a not-for-profit organization, the Organization is able to provide its services to the community in large part due to the dedicated support of its many volunteers. Only specialized services provided to the Organization are reflected in the financial statements. No support, revenue, or expense is recognized from services contributed by other volunteers since no objective basis is available to measure the value of such services.

CASA also receives substantial donations of equipment and materials. The value of these non-cash contributions is reflected in the financial statements if they are susceptible to objective measurement or valuation at the date of receipt. Non-cash contributions with no clearly measurable basis of determining their value are not recorded.

Functional Allocation of Expenses

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

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Supplies, Telephone, Mileage, Maintenance	Time and Effort
Rent, Conferences, Postage, Specific Assistance, Printing	Direct Expense
Depreciation, Insurance, Dues, Special Events	Direct Expense
Computer Equipment, Software, Interest Expense, Bank Fees	Direct Expense
All Other	Time and Effort

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant estimates used to determine the amounts in the financial statements are estimated useful lives of equipment and uncollectible receivables.

Advertising

Advertising costs, if any, are expensed as incurred.

NOTE 2 – SIMPLIFIED EMPLOYEE PENSION

CASA has a Simplified Employee Pension Plan (SEP). CASA funded a minimum of 3% of each employee's salary for the years ended June 30, 2022 and 2021. The cost to CASA was \$11,700 and \$12,120, respectively.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 3 - LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2022	2021
Cash and cash equivalents	\$ 253,387	\$ 208,636
Grant receivable	27,604	12,356
Investments	96,998	170,248
	\$ 377,989	\$ 391,240

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4 – LEASES

CASA entered into a month to month lease at a cost of \$1,701 per month. Rent expense for the years ended June 30, 2022 and 2021 was \$20,406 and \$20,406, respectively.

NOTE 5 – FURNITURE, FIXTURES AND EQUIPMENT

A summary of changes in capital assets for the year ended June 30, 2022, is as follows:

	Beginning	Additions	Disposals	Ending
Office equipment and furnishings	\$60,101	\$0	\$0	\$60,101
Pavilion	20,187	0	0	20,187
Forklift	9,440	0	0	9,440
Garden equipment	15,024	0	0	15,024
Donated equipment	6,435	0	0	6,435
Accumulated Depreciation	(91,253)	(4,893)	0	(96,146)
	\$19,934	(\$4,893)	\$0	\$15,041

A summary of changes in capital assets for the year ended June 30, 2021, is as follows:

	Beginning	Additions	Disposals	Ending
Office equipment and furnishings	\$60,101	\$0	\$0	\$60,101
Pavilion	20,187	0	0	20,187
Forklift	9,440	0	0	9,440
Garden equipment	0	15,024	0	15,024
Donated equipment	6,435	0	0	6,435
Accumulated Depreciation	(89,240)	(2,013)	0	(91,253)
	\$6,923	\$13,011	\$0	\$19,934

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 6 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. 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 dates. A fair value measurement assumes that the transaction to see the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value in three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities and has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Organization’s own data.)

The following table presents CASA’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2022.

	Level 1	Level 2	Level 3	Total
Investment	\$ 96,998	\$ 0	\$ 0	\$ 96,998
Interest Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	\$ <u>96,998</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>96,998</u>

The following table presents CASA’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2021.

	Level 1	Level 2	Level 3	Total
Investment	\$ 170,248	\$ 0	\$ 0	\$ 170,248
Interest Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	\$ <u>170,248</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>170,248</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN

On May 4, 2020, the Organization was granted a loan from Synovus Bank in the aggregate amount of \$79,216 pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan matures on May 4, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on November 4, 2020. The loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Qualifying expenses include payroll costs, group health care benefit costs, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization used the loan amount for qualifying expenses.

On February 1, 2021, the Paycheck Protection Program Loan in the amount of \$79,216 was forgiven.

NOTE 8 – RISK AND UNCERTAINTY – COVID-19 IMPACTS

The World Health Organization declared the COVID-19 outbreak a public health emergency on January 30, 2020. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. Anticipating the impact of the pandemic will make budget preparation difficult. At this time, an estimate of the financial statement effect of the event cannot be made.

NOTE 9 – CHANGE IN ACCOUNTING PRINCIPLE

The American Institute of Certified Public Accountants (AICPA) Auditing Standards Board issued new auditing standards – Statements on Auditing Standards (SAS) 134-140 – that impact several aspects of our audit including modifying the auditor’s report and communication to those charged with governance as well as requiring additional audit procedures over related party relationships and significant unusual transactions. These new pronouncements are effective for entities with periods ending on or after December 15, 2021. Therefore, these changes apply and have been implemented as of June 30, 2022. This implementation had no impact on the change in net assets or ending net assets.

NOTE 10 – SUBSEQUENT EVENTS

The date through which subsequent events have been evaluated is October 7, 2022. The financial statements were available to be issued at that time.