

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Financial Statements
December 31, 2021 and 2020
with Independent Auditor's Report

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

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Independent Auditor's Report

To the Board of Trustees of
The Aviation Hall of Fame, Inc. and Related Entity
Dayton, Ohio

Opinion

I have audited the accompanying consolidated financial statements of The Aviation Hall of Fame, Inc. and Related Entity (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Aviation Hall of Fame, Inc. and Related Entity as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity 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 of my report. I am required to be independent of The Aviation Hall of Fame, Inc. and Related Entity and to meet my other ethical responsibilities in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Aviation Hall of Fame, Inc. and Related Entity'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 Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 The Aviation Hall of Fame, Inc. and Related Entity'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 consolidated financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt The Aviation Hall of Fame, Inc. and Related Entity'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.

Matthew J. Scarr, CPA LLC

Centerville, Ohio
March 7, 2023

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Financial Position

December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 145,892	250,413	396,305
Accounts receivable, trade	-	282,441	282,441
Inventory, art available for sale	14,374	-	14,374
Prepaid expenses	13,879	-	13,879
	<u>174,145</u>	<u>532,854</u>	<u>706,999</u>
Total current assets			
Investments	<u>-</u>	<u>1,133,420</u>	<u>1,133,420</u>
Leasehold improvements, exhibits and equipment, net	<u>31</u>	<u>714,961</u>	<u>714,992</u>
Other assets:			
Restricted cash	-	62,517	62,517
Long-term accounts receivable	<u>-</u>	<u>270,107</u>	<u>270,107</u>
	<u>-</u>	<u>332,624</u>	<u>332,624</u>
Total other assets			
Total assets	<u>\$ 174,176</u>	<u>2,713,859</u>	<u>2,888,035</u>
Current liabilities:			
Accounts payable	\$ 30,704	-	30,704
Deferred revenue	290,000	-	290,000
	<u>320,704</u>	<u>-</u>	<u>320,704</u>
Total current liabilities			
Net assets (deficit):	<u>(146,528)</u>	<u>2,713,859</u>	<u>2,567,331</u>
Total liabilities and net assets (deficit)	<u>\$ 174,176</u>	<u>2,713,859</u>	<u>2,888,035</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Financial Position

December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 143,106	250,445	393,551
Accounts receivable, trade	-	27,441	27,441
Inventory, art available for sale	14,720	-	14,720
Prepaid expenses	13,736	-	13,736
Total current assets	<u>171,562</u>	<u>277,886</u>	<u>449,448</u>
Investments	<u>-</u>	<u>986,166</u>	<u>986,166</u>
Leasehold improvements, exhibits and equipment, net	<u>81</u>	<u>704,215</u>	<u>704,296</u>
Other assets:			
Restricted cash	-	62,138	62,138
Long-term accounts receivable	<u>-</u>	<u>392,745</u>	<u>392,745</u>
Total other assets	<u>-</u>	<u>454,883</u>	<u>454,883</u>
Total assets	<u>\$ 171,643</u>	<u>2,423,150</u>	<u>2,594,793</u>
Current liabilities:			
Accounts payable	<u>\$ 7,227</u>	<u>-</u>	<u>7,227</u>
Net assets:	<u>164,416</u>	<u>2,423,150</u>	<u>2,587,566</u>
Total liabilities and net assets	<u>\$ 171,643</u>	<u>2,423,150</u>	<u>2,594,793</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Activities

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Support:			
Contributions	\$ 176,331	117,004	293,335
Memberships	41,685	-	41,685
In-kind contributions	32,062	-	32,062
	<u>250,078</u>	<u>117,004</u>	<u>367,082</u>
Revenues:			
Enshrinement ceremonies	-	-	-
Investment income, net of fees	-	22,671	22,671
Unrealized gain on investments	-	131,575	131,575
Realized gain on investments	-	53,730	53,730
Other revenue	26,409	-	26,409
	<u>26,409</u>	<u>207,976</u>	<u>234,385</u>
Net assets released from restrictions	<u>34,271</u>	<u>(34,271)</u>	<u>-</u>
Total support and revenues	<u>310,758</u>	<u>290,709</u>	<u>601,467</u>
Expenses:			
Program services	398,386	-	398,386
Management and general	139,246	-	139,246
Fundraising	84,070	-	84,070
Total expenses	<u>621,702</u>	<u>-</u>	<u>621,702</u>
Change in net assets	(310,944)	290,709	(20,235)
Net assets, beginning of year	<u>164,416</u>	<u>2,423,150</u>	<u>2,587,566</u>
Net assets (deficit), end of year	<u>\$ (146,528)</u>	<u>2,713,859</u>	<u>2,567,331</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Activities

Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Support:			
Contributions	\$ 296,740	-	296,740
Memberships	15,025	-	15,025
In-kind contributions	65,260	-	65,260
	<u>377,025</u>	<u>-</u>	<u>377,025</u>
Revenues:			
Enshrinement ceremonies	70,000	-	70,000
Investment income, net of fees	-	33,845	33,845
Unrealized gain on investments	-	74,777	74,777
Realized loss on investments	-	(18,181)	(18,181)
Other revenue	26,483	-	26,483
	<u>96,483</u>	<u>90,441</u>	<u>186,924</u>
Net assets released from restrictions	<u>237,253</u>	<u>(237,253)</u>	<u>-</u>
Total support and revenues	<u>710,761</u>	<u>(146,812)</u>	<u>563,949</u>
Expenses:			
Program services	414,166	-	414,166
Management and general	101,197	-	101,197
Fundraising	112,265	-	112,265
Total expenses	<u>627,628</u>	<u>-</u>	<u>627,628</u>
Change in net assets	83,133	(146,812)	(63,679)
Net assets, beginning of year	<u>81,283</u>	<u>2,569,962</u>	<u>2,651,245</u>
Net assets, end of year	<u>\$ 164,416</u>	<u>2,423,150</u>	<u>2,587,566</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services		Supporting Services		Total
	Learning Center and Other	Enshrinement	Management and General	Fundraising	
Payroll	\$ 43,784	49,149	66,171	13,404	172,508
Payroll taxes	12,291	444	599	121	13,455
Office supplies	652	731	984	200	2,567
Repair and maintenance	16,688	602	815	164	18,269
Equipment rental	3,159	-	-	-	3,159
Utilities	13,048	471	635	129	14,283
Telephone	884	992	1,335	270	3,481
Postage and shipping	-	-	1,939	-	1,939
Dues and memberships	-	-	3,230	-	3,230
Bank fees	-	-	15,119	-	15,119
Professional fees	-	-	16,350	-	16,350
Media and marketing	-	2,193	563	-	2,756
Payroll service fees	237	266	359	73	935
Volunteer expenses	1,883	-	-	-	1,883
Contract services	-	18,018	13,578	-	31,596
Insurance	22,157	800	1,080	218	24,255
Travel	-	2,760	298	-	3,058
Conferences	697	-	715	-	1,412
Development	-	-	-	67,904	67,904
Learning Center expenses	1,739	-	-	-	1,739
Covid-19 expenses	-	-	-	-	-
Enshrinement expenses	-	2,652	-	-	2,652
NBAA Conference	6,522	-	6,683	-	13,205
In-kind expenses	141,318	5,105	6,885	1,392	154,700
Miscellaneous	1,011	118	154	-	1,283
Depreciation and amortization	47,296	719	1,754	195	49,964
	<u>\$ 313,366</u>	<u>85,020</u>	<u>139,246</u>	<u>84,070</u>	<u>621,702</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services		Supporting Services		Total
	Learning Center and Other	Enshrinement	Management and General	Fundraising	
Payroll	\$ 33,669	37,796	50,889	10,308	132,662
Payroll taxes	9,789	354	477	96	10,716
Office supplies	491	551	741	151	1,934
Repair and maintenance	775	28	38	7	848
Equipment rental	4,211	-	-	-	4,211
Utilities	18,119	654	882	179	19,834
Telephone	1,207	1,354	1,824	369	4,754
Postage and shipping	-	-	3,274	-	3,274
Dues and memberships	-	-	1,359	-	1,359
Bank fees	-	-	12,340	-	12,340
Professional fees	-	-	14,607	-	14,607
Media and marketing	-	3,209	823	-	4,032
Payroll service fees	225	252	340	69	886
Volunteer expenses	1,319	-	-	-	1,319
Contract services	-	3,595	2,710	-	6,305
Insurance	16,955	612	826	167	18,560
Travel	-	2,574	278	-	2,852
Conferences	132	-	135	-	267
Development	-	-	-	99,363	99,363
Learning Center expenses	60,058	-	-	-	60,058
Covid-19 expenses	1,918	-	-	-	1,918
Enshrinement expenses	-	26,240	-	-	26,240
Comb-Gates Award expenses	1,000	-	1,025	-	2,025
In-kind expenses	141,318	5,105	6,885	1,392	154,700
Miscellaneous	63	208	269	-	540
Depreciation and amortization	39,780	605	1,475	164	42,024
	<u>\$ 331,029</u>	<u>83,137</u>	<u>101,197</u>	<u>112,265</u>	<u>627,628</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Consolidated Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (20,235)	(63,679)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	49,964	42,024
Unrealized gain on investments	(131,575)	(74,777)
Realized (gain) loss on investments	(53,730)	18,181
Paycheck Protection Program loan forgiveness	(27,637)	(25,940)
Effects of changes in operating assets and liabilities:		
Accounts receivable, trade	(255,000)	-
Inventory, art available for sale	346	36
Prepaid expenses	(143)	4,950
Restricted cash	(379)	(183)
Long-term accounts receivable	122,638	111,565
Accounts payable	23,477	-
Deferred revenue	290,000	3,716
Net cash provided (used) by operating activities	<u>(2,274)</u>	<u>15,893</u>
Cash flows from investing activities:		
Purchases of leasehold improvements, exhibits and equipment	(60,660)	-
Net sales of investments	38,051	44,429
Net cash provided (used) by investing activities	<u>(22,609)</u>	<u>44,429</u>
Cash flows from financing activities:		
Borrowings on Payroll Protection Program loan	27,637	25,940
Change in cash and cash equivalents	2,754	86,262
Cash and cash equivalents - beginning of year	393,551	307,289
Cash and cash equivalents - end of year	<u>\$ 396,305</u>	<u>\$ 393,551</u>
Supplemental disclosure for cash flow information:		
Noncash financing transaction:		
Forgiveness of Paycheck Protection Program loan	<u>\$ 27,637</u>	<u>25,940</u>

See accompanying notes to the consolidated financial statements.

THE AVIATION HALL OF FAME, INC. and RELATED ENTITY

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

1. NATURE OF OPERATIONS:

The Aviation Hall of Fame, Inc. is a nonprofit corporation formed in 1964. The National Aviation Hall of Fame, Inc. is a nonprofit corporation formed in 1962. These two nonprofit corporations are located in Dayton, Ohio and operate together as the National Aviation Hall of Fame, and are collectively referred to in these consolidated financial statements as the "Organization." The consolidated financial statements include the accounts of the National Aviation Hall of Fame, Inc., while The Aviation Hall of Fame, Inc. is an inactive entity.

The Organization's purpose is to preserve and memorialize the outstanding accomplishments of individuals who have contributed to aviation achievement in the United States of America. The Organization receives income primarily from contributions and exhibitions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the Organization are set forth to facilitate the understanding of data presented in the financial statements:

Method of accounting—The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Basis of presentation—The Organization reports 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. A description of each class as it pertains to the Organization is as follows:

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 imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets Without Donor Restrictions—Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Revenue recognition—The Organization records contributions as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the year in which the contributions are received.

Contributions of services, facilities and materials (“in-kind”) which meet the requirement for recognition are reported as revenues and expenses at estimated fair market values. These recorded amounts primarily relate to the Organization’s right to occupy its building at no cost under an agreement with the State of Ohio, and various noncash contributions. In addition to the recorded contributions, a substantial number of volunteers have donated significant amount of their time to the Organization’s program services and fundraising activities. Since these services do not meet the requirement for recognition, the value thereof is not reflected in the accompanying financial statements.

Cash and cash equivalents—Interest-bearing deposits and short-term investment with original maturities of three months or less are classified as cash equivalents.

Accounts receivable—The Organization carries its receivables at cost. On a periodic basis, the Organization evaluates these amounts based on current information and believes that all receivable amounts will be collected. Therefore no allowance for doubtful accounts is considered necessary.

Leasehold improvements, exhibits and equipment—Leasehold improvements, exhibits and equipment are stated at cost (fair value at date of donation for donated assets) and depreciated over their estimated useful lives using the straight-line method. Expenditures for maintenance and repairs are charged to expense when incurred.

In the absence of donor stipulations regarding how long contributed assets (including donations of cash or other assets restricted for acquisition of property and equipment) must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets’ useful lives. As a result, all contributions of leasehold improvements, exhibits and equipment are recorded as contributions with donor restrictions and an amount equal to the depreciation on these assets is released from net assets with donor restrictions annually.

Investment valuation and income recognition—The Organization’s investments are reported 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. Unrealized gain or loss includes the Organization’s gains or losses on investments bought and sold as well as held during the year. Capital gain distributions are included in dividend and in interest income. The Organization’s investments are subject to the normal risks associated with financial markets.

Long-term accounts receivable—The Organization rents its space at no cost. Long-term accounts receivable consists of in-kind future building rent benefit at the present value of the estimated lease expense over the twenty-three year term of the lease.

Income taxes—The active entity within the Organization qualifies as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is required. Management does not believe that the Organization conducts any activities subject to taxation as unrelated business income. In addition, management concluded that there are no uncertain tax positions and, accordingly, there is no adjustment to the financial statements.

With few exceptions, the Organization’s federal information returns are no longer subject to examination by the Internal Revenue Service for the years before 2018.

Use of estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America required the Organization to make estimates and assumptions that affect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of credit risk—Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of deposits in banks. At times, deposits in banks may exceed federally insured limits.

Recently issued accounting standards not yet adopted—In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by leasees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the Organization’s year ending December 31, 2022.

The Organization is currently in the process of evaluating the impact of adoption of this standard on the financial statements.

3. LIQUIDITY AND AVAILABILITY:

The following reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

	<u>2021</u>	<u>2020</u>
Financial assets at December 31	\$1,874,683	1,469,296
Less those unavailable for general expenditures within one year due to purpose restrictions	<u>(1,728,791)</u>	<u>(1,326,190)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 145,892</u>	<u>143,106</u>

The Organization is substantially supported by contributions, which may contain donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities. Consequently, financial assets may not be available for general expenditure within one year. 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 become due. It is the policy of the Organization to regularly review and assess the need for funds to meet operating obligations and to ensure the availability of cash or collateral to fulfill those requirements.

4. LEASEHOLD IMPROVEMENTS, EXHIBITS AND EQUIPMENT:

Leasehold improvements, exhibits and equipment are summarized as follows at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 188,238	195,238
Leasehold improvements	1,534,901	1,534,901
Permanent exhibits and displays	2,248,381	2,187,721
Temporary exhibits	<u>306,000</u>	<u>306,000</u>
	4,277,520	4,223,860
Less accumulated depreciation and amortization	<u>3,562,528</u>	<u>3,477,540</u>
	<u>\$ 714,992</u>	<u>746,320</u>

5. INVESTMENTS:

Investments consisted of the following at December 31:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 3,347	3,347	23,312	23,312
Equities	783,670	986,592	472,803	819,609
Equity mutual funds	<u>113,970</u>	<u>143,481</u>	<u>126,043</u>	<u>143,245</u>
	<u>\$ 900,987</u>	<u>1,133,420</u>	<u>622,158</u>	<u>986,166</u>

6. IN-KIND:

In-kind contributions for the years ended December 31, 2021 and 2020 consisted of contributed rent totaling \$32,062 and \$43,135, respectively, and donated airlines tickets totaling \$-0- and \$22,125, respectively.

7. FAIR VALUE MEASUREMENTS:

The Organization applies accounting principles generally accepted in the United States of America (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received for an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Organization has determined that the only material financial assets or liabilities that are measured at fair value on a recurring basis and categorized using the fair value hierarchy are investments. Investments are made up of equity securities. These investments are valued using quoted market prices for similar assets. All investments at December 31, 2021 and 2020 are measured at Level 1 inputs. Significant transfers between fair levels are determined at the end of the reporting period. There were no significant transfers in 2021 and 2020.

8. PAYCHECK PROTECTION PROGRAM:

On April 30, 2020, the Organization received loan proceeds in the amount of \$25,940 under the Paycheck Protection Program (the "PPP"). On February 2, 2021, the Organization received loan proceeds in the amount of \$27,637 under the second round of the PPP.

The PPP was established as part of the Coronavirus Aid, Relief and Economic Securities Act (the "CARES Act"). Under the terms of the PPP, the loan is forgivable if the proceeds are used for qualifying expenses as described in the CARES Act, including payroll, benefits, rent, and utilities.

On December 15, 2020, the Organization's original PPP loan of \$25,940 was forgiven. On April 15, 2021, the second PPP loan of \$27,637 was forgiven. These proceeds were recognized as contributions on the statement of activities.

9. SUBSEQUENT EVENTS:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus disease (COVID-19) as a global pandemic. COVID-19 is having notable impacts on general economic conditions in the United States and internationally. The impacts of COVID-19 on the Organization's operations and the financial results subsequent to December 31, 2021 are not available as of the date of this report.

During 2022 the Organization's electronic accounts payable system was compromised by a cyberattack. As a result, the Organization received and paid approximately \$167,000 in fraudulent invoices. When the fraud was uncovered, the Organization immediately contacted the relevant authorities. The Organization also immediately changed its payment procedures to prevent additional fraud, both from the specific source and from similar types of transactions.

The Organization has since been reimbursed for a majority of the lost funds and is currently in the process of recovering the remainder. Based on this information, no amount has been accrued on the accompanying financial statements related to this incident.

The Organization evaluates events and transactions occurring subsequently to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements considering events through March 7, 2023, the date on which the financial statements were available to be issued.

10. RECLASSIFICATIONS:

Certain reclassifications were made to the 2020 financial statement to present them in conformity with the 2021 statements.