

SOMERSET-PULASKI COUNTY ECONOMIC DEVELOPMENT AUTHORITY, INC

**BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020
with
REPORT OF INDEPENDENT AUDITORS**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Somerset-Pulaski County Economic Development Authority, Inc
City of Somerset, Kentucky and County of Pulaski, Kentucky

We have audited the accompanying financial statements of Somerset-Pulaski County Economic Development Authority, Inc, which comprise the statements of financial position as of June 30, 2020, and the related statement of activities, cash flow for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Somerset-Pulaski County Economic Development Authority, Inc as of June 30, 2020, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.





Cloyd & Associates, PSC
Certified Public Accountants

Emphasis of Matter

As described in Note 2 effective for the current year the FASB issued ASU 2016-18 *Statement of Cash Flows* (Topic 230): which amends ASC 230 to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. The Organization adopted the standard for the year ended June 30, 2020.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
October 28, 2020



SOMERSET-PULASKI ECONOMIC DEVELOPMENT AUTHORITY, INC
STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

Current assets

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 3,182,773 |
| Prepaid insurance | <u>2,036</u> |
| Total current assets | <u>3,184,809</u> |

Noncurrent assets

| | |
|---------------------------|------------------|
| Capital assets, net | <u>6,000,664</u> |
| Total capital assets, net | <u>6,000,664</u> |
| Cash - held in trust | <u>5,603</u> |
| Total noncurrent assets | <u>6,006,267</u> |

| | |
|---------------------|----------------------------|
| TOTAL ASSETS | \$ <u>9,191,076</u> |
|---------------------|----------------------------|

LIABILITIES

Current liabilities

| | |
|--|---------------|
| Prepaid rent | \$ 24,324 |
| Accounts payable | 8,908 |
| Funds held in trust - Lake Cumberland Regional Training Consortium | 5,603 |
| Accrued expenses | <u>813</u> |
| Total current liabilities | <u>39,648</u> |

| | |
|--------------------------|----------------------|
| TOTAL LIABILITIES | <u>39,648</u> |
|--------------------------|----------------------|

NET ASSETS

| | |
|----------------------------|------------------|
| Without donor restrictions | <u>9,151,428</u> |
|----------------------------|------------------|

| | |
|-------------------------|-------------------------|
| TOTAL NET ASSETS | <u>9,151,428</u> |
|-------------------------|-------------------------|

| | |
|---|----------------------------|
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>9,191,076</u> |
|---|----------------------------|

SOMERSET-PULASKI ECONOMIC DEVELOPMENT AUTHORITY, INC
STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> |
|---|---------------------------------------|------------------------------------|
| Support and Revenue | | |
| Government support | \$ 815,636 | - |
| Rental income | 410,893 | - |
| Interest income | 23,701 | - |
| Gain on sale of assets | 66,106 | - |
| Miscellaneous income | <u>31,143</u> | <u>-</u> |
| Total support and revenue | <u>1,347,479</u> | <u>-</u> |
| Expenses | | |
| Depreciation | 50,034 | - |
| Business recruitment | 54,526 | - |
| Company incentives | 52,000 | - |
| Property expenses | 134,655 | - |
| Advertising | 76,429 | - |
| Contract services | 40,516 | - |
| Office expenses | 17,608 | - |
| Rent expense | 36,000 | - |
| Insurance expense | 39,394 | - |
| Sponsorship/membership fees | 35,206 | - |
| Wages | 167,500 | - |
| Employee benefits | 5,025 | - |
| Payroll taxes | 13,573 | - |
| Training | 3,411 | - |
| Travel | 6,170 | - |
| Vehicle expense | 2,901 | - |
| Special Projects | 72,274 | - |
| Miscellaneous | <u>12,424</u> | <u>-</u> |
| Total expenses | <u>819,646</u> | <u>-</u> |
| Change in net assets | 527,833 | - |
| Net assets as of June 30, 2019 | <u>8,623,595</u> | <u>-</u> |
| Net assets as of June 30, 2020 | <u>\$ 9,151,428</u> | <u>\$ -</u> |

SOMERSET-PULASKI ECONOMIC DEVELOPMENT AUTHORITY, INC
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2020

| | Program Services | Cost of Direct Benefit to Donors | Management and General | Fundraising | Total |
|--|---------------------|--|---------------------------|------------------|-------------------|
| Salaries and wages | \$ 43,833 | \$ - | \$ 79,834 | \$ 43,833 | \$ 167,500 |
| Employee benefits | 1,315 | - | 2,395 | 1,315 | 5,025 |
| Payroll taxes | 3,552 | - | 6,469 | 3,552 | 13,573 |
| Total salaries and related expenses | 48,700 | - | 88,698 | 48,700 | 186,098 |
| Depreciation | 50,034 | - | - | - | 50,034 |
| Business recruitment | - | - | 54,526 | - | 54,526 |
| Company incentives | 52,000 | - | - | - | 52,000 |
| Property expenses | 134,655 | - | - | - | 134,655 |
| Advertising | 38,214 | - | 38,215 | - | 76,429 |
| Contract services | 40,516 | - | - | - | 40,516 |
| Office expenses | - | - | 17,608 | - | 17,608 |
| Rent expense | - | - | 36,000 | - | 36,000 |
| Insurance expense | 39,394 | - | - | - | 39,394 |
| Sponsorship/membership fees | - | - | - | 35,206 | 35,206 |
| Training | - | - | 3,411 | - | 3,411 |
| Travel | - | - | 6,170 | - | 6,170 |
| Vehicle expense | - | - | 2,901 | - | 2,901 |
| Special Projects | 72,274 | - | - | - | 72,274 |
| Miscellaneous | 6,212 | - | 6,212 | - | 12,424 |
| Total Expenses | \$ 481,999 | \$ - | \$ 165,043 | \$ 35,206 | \$ 819,646 |

SOMERSET-PULASKI ECONOMIC DEVELOPMENT AUTHORITY, INC
STATEMENT OF CASH FLOWS
For the year ended June 30, 2020

| | |
|--|---------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ 527,833 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | |
| Depreciation | 50,034 |
| (Increase) decrease in operating assets: | |
| Accounts receivable | 35,085 |
| Prepaid insurance | (2,036) |
| Increase (decrease) in operating liabilities: | |
| Accounts payable | 33,232 |
| Accrued expenses | <u>60</u> |
| Net cash provided by (used in) operating activities | <u>644,208</u> |
| Cash flows from investing activity | |
| Purchase of property and equipment | <u>(181,961)</u> |
| Net cash provided by (used in) investing activity | <u>(181,961)</u> |
| Net increase (decrease) in cash and cash equivalents | 462,247 |
| Cash, cash equivalents and restricted cash at the beginning of year | <u>2,720,526</u> |
| Cash, cash equivalents and restricted cash at end of year | <u>\$ 3,182,773</u> |

SOMERSET-PULASKI COUNTY ECONOMIC DEVELOPMENT AUTHORITY, INC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2020

NOTE 1 – REPORTING ENTITY

Somerset-Pulaski County Economic Development Authority, Inc (The Organization) was formed by an interlocal agreement between the City of Somerset and Pulaski County Fiscal Court with ordinances passed to create the quasi-governmental entity, which is comprised of eight board directors headed by the Somerset Mayor and the Pulaski County Judge Executive. Each elected official shall name three directors to help make up the remaining positions on the board of directors.

Somerset-Pulaski Economic Development Authority, Inc is known under the acronym S.P.E.D.A. (SPEDA). It serves as the primary economic development and marketing agency for Somerset and Pulaski County. SPEDA's mission is to enhance the business climate in and foster cooperation among various government entities and private sector organizations. It is an essential point of contact for businesses interested in locating in the community as well as assisting existing local companies in expansion and the region's workforce development efforts.

SPEDA's Mission Statement reads that it is "an aggressive, innovative, and collaborative city-county partnership that leads the way in improving the economic, political, and social well-being of its citizens. Using a proactive mindset, SPEDA utilizes industrial recruitment, retail and commercial development, tourism marketing and promotion, education, workforce development, arts and entertainment with overall community planning to improve quality of life in Somerset, Pulaski County, and the Lake Cumberland region.

SPEDA properties 1, LLC is a single member LLC that is 100% owned by SPEDA. This entity was formed to hold real estate and provide liability protection for the real estate.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for Not-for-Profit Organizations. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

(b) Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

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.

SOMERSET-PULASKI COUNTY ECONOMIC DEVELOPMENT AUTHORITY, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(6). Donors may deduct contributions to the Organization in accordance with the provisions of Section 170 of the IRS.

The Organization files Federal Form 990. The Organization is subject to U.S. federal or state and local income tax examinations by tax authorities for all returns filed.

It is difficult to predict the final timing and resolution of any particular uncertain tax position. The Organization does not currently anticipate and significant changes in its uncertain tax positions over the next 12 months.

(d) Cash Equivalents and Investments

Management considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. This includes bank certificates of deposit and demand checking accounts.

(e) Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides for uncollectable receivables using the allowance method, which is based on management's judgement concerning historical collectability. Past due amounts are individually analyzed for collectability and written off when all efforts at collection have been exhausted.

(f) Prepaid Assets

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase, and an expenditure/expense is reported in the year in which services are consumed.

(g) Capital Assets

All acquisitions of property and equipment and major replacements of retired property is capitalized; the cost of repairs, maintenance, and minor replacements is charged to expense. Management defines capital assets as assets with a cost of \$500 or more and an estimated useful life in excess of one year. Property and equipment are stated at cost, except for donated assets, which are recorded at fair value at the date of the gift.

The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from disposal is credited or charged in the non-operating section of the statements of revenues, expenses and changes in net position. The cost of repairs, maintenance, and minor replacements is charged to expense. Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

| | |
|------------------------------------|---------|
| Computers and software | 3 years |
| Equipment, furniture, and fixtures | 5 years |

(h) Contributions and Event Revenue

Contributions and event revenue, if any, including unconditional promises, are recognized as revenues in the period made. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions and event revenue received are recorded as support with or without donor restrictions, depending on the existence and/or nature or any donor restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Contributed Goods and Services

Contributed goods, which would have otherwise been purchased, are recorded at fair value.

Contributed services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed with people with those skills, and would otherwise be purchased by the Organization. Contributed services are reflected in the accompanying statements at their estimated fair value at the date provided.

(j) Concentration of Credit Risk

Financial instruments that potentially subject the Organization to a concentration of credit risk consist principally of cash and cash equivalents. The Organization maintains interest-bearing cash balances in multiple financial institutions, and, at times, such cash balances may be in excess of the FDIC insurance limits.

Concentrations of credit risk with respect to contributions receivable are limited due to the composition of the Organization's contributor base. Management assesses the financial strength of its unconditional contributions receivable based on prior history and experience with its donor and grantor agencies

(k) Use of Estimates

The preparation of financial statements in accordance 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 to liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(l) Accounting Pronouncements Adopted

Revenue Recognition

On January 1, 2019, the Organization adopted FASB ASU 2018-08, *Clarifying the Scope of Accounting Guidance for Contributions Received and Contributions Made*, which requires that an entity evaluate whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional. The Organization adopted ASU 2018-08 using full retrospective application to agreements not completed as of January 1, 2018. The implementation of ASU 2018-08 did not have a material effect on the Organization's financial positions, results of operations or cash flows. There was no cumulative effect of a change in accounting principle recorded related to the adoption of ASU 2018-08 on January 1, 2019.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, (Topic 842). ASU 2016-02 improves transparency and comparability among organizations by requiring recognition of lease assets and lease liabilities in the statement of financial position, except for leases with lease terms of 12 months or less. Lease assets represent the right to use the underlying asset for the lease term, and lease liabilities represent the liability to make lease payments. Organizations are also required to disclose key information about leasing arrangements. ASU 2016-02 is effective for the Organization's year ended June 30, 2021.

SOMERSET-PULASKI COUNTY ECONOMIC DEVELOPMENT AUTHORITY, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14 *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. The major points of this standard are as follows:

Net Asset Classification - To simplify the net asset classification scheme, the new guidance requires not-for-profit entities to present, on the face of the statement of financial position, the amount for each of two classes of net assets—net assets with donor restrictions and net assets without donor restrictions—as opposed to the three classes previously required.

As part of the change to net asset classification, the amendments change how endowments that have a current fair value less than the original gift amount (or amount required to be retained by donor or by law), known as “underwater endowments”, are classified; rather than reducing unrestricted net assets for amounts by which endowment funds are underwater, those amounts will be reported within net assets with donor restrictions.

Information about Liquidity - To provide more transparency, the new guidance includes requirements aimed at improving the ability of financial statement users to assess a not-for-profit entity’s available financial resources and liquidity. Specifically, the amendments require disclosure of both quantitative and qualitative information about the availability of and how the entity manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

Expense Presentation - To make information about expenses more comparable and useful, the new guidance requires all not-for-profit entities to provide information about their operating expenses by both nature and function—on the face of the statement of activities, as a separate statement, or in the notes to the financial statements, supplemented with enhanced disclosures about the methods used to allocate costs among functions.

Statement of Cash Flows - The new guidance allows not-for-profit Entities to continue to present either the direct or indirect method of reporting operating cash flows. However, the presentation or disclosure of the indirect method reconciliation is no longer required if the entity uses the direct method. The FASB hopes that the removal of the reconciliation requirement will encourage more not-for-profit entities to use the direct method.

The amendments are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

Statement of Cash Flows

During the current year, the FASB issued ASU 2016-18 *Statement of Cash Flows* (Topic 230): which amends ASC 230 add or clarify guidance on the classification and presentation of restricted cash in the statement of cash flows. SPEDA adopted the standard for the year ended June 30, 2020. The key provisions of the ASU are as follows:

- An entity should include in its cash and cash-equivalent balances in the statement of cash flows those amounts that are deemed to be restricted cash and restricted cash equivalents. The ASU does not define the terms “restricted cash” and “restricted cash equivalents” but states that an entity should continue to provide appropriate disclosures about its accounting policies pertaining to restricted cash in accordance with other GAAP. The ASU also states that any change in accounting policy will need to be assessed under ASC 250.5.

SOMERSET-PULASKI COUNTY ECONOMIC DEVELOPMENT AUTHORITY, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- A reconciliation between the statement of financial position and the statement of cash flows must be disclosed when the statement of financial position includes more than one line item for cash, cash equivalents, restricted cash, and restricted cash equivalents.
- Changes in restricted cash and restricted cash equivalents that result from transfers between cash, cash equivalents, and restricted cash and restricted cash equivalents should not be presented as cash flow activities in the statement of cash flows.
- An entity with a material balance of amounts generally described as restricted cash and restricted cash equivalents must disclose information about the nature of the restrictions.

For all entities other than public business entities the guidance is effective for fiscal years beginning after December 15, 2018. All entities must apply the guidance retrospectively to all periods presented.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Organization has \$3,188,376 of financial assets available within one year of the statement of financial position date at June 30, 2020, consisting of cash. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. Somerset-Pulaski County Economic Development Authority, Inc has a goal to maintain liquid financial assets, which consist of cash and cash equivalents, on hand to meet 90 days of normal operating expenses, which are approximately \$205,000.

NOTE 4 – CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2020, none of the District's bank balance were exposed to custodial credit risk because of coverage by Federal Depository insurance and pledged securities.

Cash and cash equivalents at June 30, 2020 consisted of the following:

| | <u>Bank Balance</u> | <u>Book Balance</u> |
|-------------------------------|---------------------|---------------------|
| Local Bank | \$ 4,382,356 | \$ 3,182,773 |
| Regional Bank - Held in Trust | <u>5,603</u> | <u>5,603</u> |
| | <u>\$ 4,387,959</u> | <u>\$ 3,188,376</u> |

SOMERSET-PULASKI COUNTY ECONOMIC DEVELOPMENT AUTHORITY, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2020

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At June 30, 2020, accounts payable and accrued expenses were as follows:

| | |
|--------------------------|-----------------|
| Accounts payable: | |
| Due to: | |
| Vendors | \$ 8,908 |
| Total accounts payable | <u>\$ 8,908</u> |
| Accrued expense | |
| Accrued retirement | \$ 813 |
| Total accrued expenses | <u>\$ 813</u> |

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

| | Balance <u>June 30, 2019</u> | <u>Additions</u> | <u>Retirements</u> | Balance <u>June 30, 2020</u> |
|-------------------------------|---------------------------------|---------------------|--------------------|---------------------------------|
| Furniture and Equipment | \$ 10,246 | \$ 13,851 | \$ - | \$ 24,097 |
| Properties | - | 5,981,605 | - | 5,981,605 |
| Vehicles | - | <u>45,773</u> | - | <u>45,773</u> |
| Total cost | <u>10,246</u> | <u>6,041,229</u> | - | <u>6,051,475</u> |
| Less accumulated depreciation | <u>(777)</u> | <u>(50,034)</u> | - | <u>(50,811)</u> |
| Capital assets, net | <u>\$ 9,469</u> | <u>\$ 5,991,195</u> | <u>\$ -</u> | <u>\$ 6,000,664</u> |

NOTE 7 – CASH HELD IN TRUST

At June 30, 2020, cash held in trust was available for the following purposes or programs:

| | |
|--|-----------------|
| Subject to expenditure for specified purpose: | |
| Lake Cumberland Regional Training Consortium | \$ <u>5,603</u> |
| Total held in trust cash | <u>\$ 5,603</u> |

Cash was held while the entity is in the process of establishment. The cash will be transferred to the entity once establishment is complete.

SOMERSET-PULASKI COUNTY ECONOMIC DEVELOPMENT AUTHORITY, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
For the year ended June 30, 2020

NOTE 8 –RETIREMENT PLAN

The Organization has does not participate in any retirement program. However, current employees may participate in a Simple IRA in which the Organization matches the contribution of the participating employee's salary deferral in various amounts.

NOTE 9 – RELATED PARTY TRANSACTIONS

The Organization's Board of Directors includes volunteers from the business community who provide valuable assistance to the Organization. During the year ended June 30, 2020, the Organization contracted to receive payroll services from a company by which a board member is employed.

NOTE 10 – SUBSEQUENT EVENT

The board's management has evaluated subsequent events through October 28, 2020, the date these financial statements were available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment or disclosure in the financial statements. However, in March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic.

COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could continue to be disrupted in the near future. The extent to which COVID-19 may impact the Organization will depend on future developments and governmental regulations, which are highly uncertain and cannot be predicted. As a result, the Organization has not yet determined the impact this disruption may have on its financial statements for the year ended June 30, 2020.