

FEDERATION OF INTERNATIONAL LACROSSE, INC.

Financial Statements

For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Federation of International Lacrosse Inc.
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of Federation of International Lacrosse Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Federation of International Lacrosse Inc. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Federation of International Lacrosse Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Federation of International Lacrosse 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 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 Federation of International Lacrosse 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 Federation of International Lacrosse 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.

Report on Summarized Comparative Information

We have previously audited Federation of International Lacrosse Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 29, 2021.

In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
May 23, 2022

FEDERATION OF INTERNATIONAL LACROSSE, INC.
 Statement of Financial Position
 December 31, 2021
 (With Comparative Totals for December 31, 2020)

	<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 508,260	\$ 2,149,782	
Investments	46,944	41,628	
Accounts receivable	35,807	58,286	
Pledges receivable	1,000,000	1,000,000	
Note receivable - current	60,000	60,000	
Inventory	38,746		
Prepaid expenses	<u>12,119</u>	<u>2,255</u>	
Total current assets	1,701,876	3,311,951	
OTHER ASSETS - SECURITY DEPOSIT	2,945	2,945	
LONG-TERM PLEDGES RECEIVABLE - net	1,476,313	2,476,313	
NOTE RECEIVABLE - noncurrent	<u>85,000</u>	<u>145,000</u>	
TOTAL ASSETS	<u>\$ 3,266,134</u>	<u>\$ 5,936,209</u>	

	<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:			
Accounts payable	\$ 211,913	\$ 292,510	
Accrued liabilities	29,206		
Deferred revenue	37,073		
Refundable advance		<u>92,220</u>	
Total current liabilities	278,192	384,730	
NONCURRENT DEFERRED REVENUE		<u>35,573</u>	
Total liabilities	278,192	420,303	
NET ASSETS:			
Without donor restrictions	490,858	2,018,822	
With donor restrictions	<u>2,497,084</u>	<u>3,497,084</u>	
Total net assets	<u>2,987,942</u>	<u>5,515,906</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,266,134</u>	<u>\$ 5,936,209</u>	

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Totals	2020 Totals
REVENUE:				
PPP grant forgiveness	\$ 92,220	\$ 92,220	\$ 92,220	\$ 31,980
IOC grants	31,980	31,980	31,980	31,980
Investment income, net	5,399	5,399	5,399	11,487
Other income	3,339	3,339	3,339	7,635
Event participation fees	750	750	750	
Contributions				73,882
Membership subscriptions				55,143
Satisfied program restrictions	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>133,688</u>	<u>180,127</u>
Total revenue	1,133,688	(1,000,000)	133,688	180,127
EXPENSES:				
Program services:				
Sport development	641,235	641,235	641,235	635,959
Media, public relations & branding	444,218	444,218	444,218	372,227
International relations	358,857	358,857	358,857	477,032
Events	278,800	278,800	278,800	203,232
Technical	81,302	81,302	81,302	85,253
Total program services	1,804,412	1,804,412	1,804,412	1,773,703
Supporting services:				
Administration & governance	699,768	699,768	699,768	622,447
Fundraising	157,472	157,472	157,472	134,125
Total supporting services	857,240	857,240	857,240	756,572
Total expenses	<u>2,661,652</u>	<u>1,000,000</u>	<u>2,661,652</u>	<u>2,530,275</u>
CHANGE IN NET ASSETS	(1,527,964)	(1,000,000)	(2,527,964)	(2,350,148)
NET ASSETS, beginning of year (Note I)	2,018,822	3,497,084	5,515,906	7,866,054
NET ASSETS, end of year	<u>\$ 490,858</u>	<u>\$ 2,497,084</u>	<u>\$ 2,987,942</u>	<u>\$ 5,515,906</u>

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.
 Statement of Functional Expenses
 For the Year Ended December 31, 2021
 (With Comparative Totals for the Year Ended December 31, 2020)

	Program Services					\$	Total Program Services
	Sport Development	Media, Public Relations & Branding	International Relations	Events	Technical		
Accounting	\$ 1,338	\$ 933	\$ 10,972	\$ 98	\$ 935	\$ 14,276	
Administrative & office expenses		35,539				35,539	
Advertising & promotional items							40,580
Anti-doping expense							
Awards & gifts							
Broadcasting		124,783					124,783
Competitions, technical, development & other programs	14,657			121,511	1,463	137,631	
Contract services	10,000	80,008	262,984			352,992	
Equipment & apparel	2,971	709					3,680
Fees							
Grants	361,402						361,402
Insurance							
Meetings & conferences							
Salaries, benefits, & payroll taxes	244,333	178,388	74,140	91,739	38,324	626,924	
Travel	6,469	1,222	10,761	65,452		83,904	
Website & other information technology	65	22,636				22,701	
	\$ 641,235	\$ 444,218	\$ 358,857	\$ 278,800	\$ 81,302	\$ 1,804,412	

	Supporting Services			2021 Total Expenses	2020 Total Expenses
	Administration & Governance	Fundraising	Total Supporting Services		
Accounting	\$ 23,000		\$ 23,000	\$ 23,000	\$ 10,886
Administrative & office expenses		\$ 194,839	\$ 10,854	\$ 219,969	\$ 84,090
Advertising & promotional items				35,539	39,251
Anti-doping expense				40,580	44,644
Awards & gifts					6,512
Broadcasting				124,783	
Competitions, technical, development & other programs				137,631	104,653
Contract services	15,550		15,550	368,542	434,045
Equipment & apparel	12,015		12,015	15,695	17,367
Fees	2,149		2,149	2,149	8,134
Grants	2,282		2,282	363,684	413,049
Insurance	20,567		20,567	20,567	16,772
Meetings & conferences					33,602
Salaries, benefits, & payroll taxes	384,856	146,447	531,303	1,158,227	1,091,242
Travel	22,198	171	22,369	106,273	68,360
Website & other information technology	22,312		22,312	45,013	157,668
	\$ 699,768	\$ 157,472	\$ 857,240	\$ 2,661,652	\$ 2,530,275

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.
Statement of Cash Flows
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,527,964)	\$ (2,350,148)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in pledge discount	(46,313)	
Net realized gains on investments	(4,959)	(4,106)
(Increase) decrease in assets:		
Accounts receivable	22,479	(57,786)
Pledges receivable	1,000,000	2,750,000
Grants receivable		31,980
Inventory	(38,746)	
Prepaid expenses	(9,864)	(2,255)
Increase (decrease) in liabilities:		
Accounts payable	(80,597)	193,697
Accrued liabilities	29,206	
Refundable advance	(92,220)	92,220
Deferred revenue	<u>1,500</u>	<u>35,573</u>
Total adjustments	<u>826,799</u>	<u>2,993,010</u>
Net cash provided (used) by operating activities	(1,701,165)	642,862
CASH FLOWS FROM INVESTING ACTIVITIES:		
Note receivable	60,000	30,000
Investments, net	<u>(357)</u>	<u>(247)</u>
Net cash provided by investing activities	<u>59,643</u>	<u>29,753</u>
NET INCREASE (DECREASE) IN CASH	(1,641,522)	672,615
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,149,782</u>	<u>1,477,167</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 508,260</u>	<u>\$ 2,149,782</u>

See Notes to Financial Statements

FEDERATION OF INTERNATIONAL LACROSSE, INC.

Notes to Financial Statements

For the Year Ended December 31, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Federation of International Lacrosse, Inc. (the Corporation) was established on September 30, 2008. It was formed via a Certificate of Amendment name change to its predecessor which was the International Lacrosse Federation, Inc., which was formed on December 1, 1999. The Corporation was established in a merger of both the men's and women's international lacrosse associations. The Corporation is the International Olympic Committee recognized International Federation for the sport of lacrosse. As such, it governs the sport globally working with 70+ Member National Governing Bodies and four currently recognized Continental Federations. The Corporation's Vision is that *lacrosse is recognized and played by all countries worldwide and is an Olympic Sport*. Its mission is to *develop lacrosse throughout the world to positively impact the lives of its participants and their communities*.

On May 6, 2019, the Corporation rebranded as World Lacrosse and the new name, logo, and brand platform will add further momentum to the already rapid growth lacrosse is enjoying worldwide, while generating increased awareness and support for the Corporation.

Income Tax

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded.

The Corporation's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date it was filed. Management of the Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's checking and savings accounts.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents - continued

The Corporation maintains its cash and cash equivalents in a commercial bank. In the unlikely event of a bank failure, the Corporation could suffer a loss to the extent its deposits exceed the respective bank's insurance limits.

Supplemental Cash Flow Disclosures

The Corporation paid no interest or income taxes during either of the years ended December 31, 2021 and 2020.

Accounts Receivable

Accounts receivable include amounts from contracts with customers, contributions, and other miscellaneous amounts. They are stated at the amount management expects to collect from balances outstanding at year-end. Receivables from contracts with customers at both the beginning and end of 2021 were \$1,205.

The Corporation considers its accounts receivable to be fully collectible; accordingly, based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that an allowance for doubtful accounts at December 31, 2021 and 2020, is not necessary.

Pledges Receivable and Pledge Discount

Pledges receivable consist of unconditional promises to give that are expected to be collected in current and future periods. Pledges expected to be collected within one year are recorded at their estimated net realizable values. Pledges receivable expected to be collected in more than one year are recorded at the present value of their estimated future cash flows, computed using risk-adjusted interest rates. Amortization of the discount is included in contribution revenue. The pledges will be received by the Corporation in future years and have been discounted using the risk-free interest rate for the year in which they were received. The interest rates used range from .11% to .97%.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pledges Receivable and Pledge Discount - continued

The amount of pledge discount recorded as of December 31, 2021 is \$23,687. Pledges receivable are reported as donor restricted support unless the donor stipulations or circumstances surrounding the pledge make clear the donor intended it to be used to support activities in the current period. Pledges receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

Contributions

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends, or a 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 satisfied program restrictions. Contributions and grants with donor restrictions are reported as support without donor restrictions if the restriction is met in the same year that the gift is received.

Historically, one donor has provided a significant amount of operating support through respective pledge agreements in past years. The donor is continuing to make scheduled payments.

International Olympic Committee grants are treated as contributions by the Corporation.

Inventory

Inventory consists of merchandise and apparel stated at the lower of cost (first-in, first-out method) or net realizable value as of December 31, 2021. The Corporation did not have inventory on hand as of December 31, 2020.

Compensated Absences

Employees of the Corporation earn a vested right to compensation for unused vacation. The Corporation considers the amount immaterial as of December 31, 2021 and 2020.

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from Contracts with Customers

Membership subscriptions - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for provided membership and benefits to its members. The amount received is recorded ratably over the membership period.

Advertising and Promotional Items

The Corporation uses advertising and promotional items to promote its program services. Advertising costs are expensed as incurred. Advertising and promotional items expense for the years ending December 31, 2021 and 2020 was \$35,539 and \$39,251, respectively.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting services of the Corporation. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Certain costs and expenses are allocated among the various programs and supporting service expenses based on time and effort estimates.

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, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through May 23, 2022, the date that the financial statements were available to be issued.

Notes to Financial Statements

B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation is dedicated to ensuring that all financial operations and transactions are conducted under the highest standards and in the best interest of furthering the Corporation's mission. As part of the Corporation's liquidity management, the Corporation regularly monitors liquidity required to meet its operating needs and other commitments. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and accounts receivable.

In addition to financial assets available to meet general cash expenditures over the next 12 months, the Corporation strives to produce a conservative budget and anticipates collecting revenue from conducting its program services as well as receiving support to adequately cover operating expenses.

The following table reflects the Corporation's financial assets as of December 31, 2021 and 2020. The Corporation has net assets with both purpose and time restrictions (Note E).

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 508,260	\$ 2,149,782
Investments	46,944	41,628
Accounts receivable	35,807	58,286
Pledges receivable - current	1,000,000	1,000,000
Note receivable	<u>60,000</u>	<u>60,000</u>
Total financial assets available within one year	1,651,011	3,309,696
Less assets with donor restrictions:		
Current time restrictions	(1,000,000)	(1,000,000)
Member Nation Support	<u>(67,084)</u>	<u>(67,084)</u>
Financial assets available within one year	<u>\$ 583,927</u>	<u>\$ 2,242,612</u>

C. FAIR VALUE MEASUREMENTS

The Corporation applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.
- 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 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2021 and 2020:

<u>Assets at Fair Value as of December 31, 2021</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Delaware Community Foundation Lacrosse Agency Fund	\$ _____	\$ 46,944	\$ _____	\$ 46,944

<u>Assets at Fair Value as of December 31, 2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Delaware Community Foundation Lacrosse Agency Fund	\$ _____	\$ 41,628	\$ _____	\$ 41,628

Investment income in the accompanying statement of activities consists of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest income	\$ 1,075	\$ 7,520
Realized gains	4,959	4,106
Investment fees	(635)	(139)
	<u>\$ 5,399</u>	<u>\$ 11,487</u>

Notes to Financial Statements

D. DEFERRED REVENUE

Deferred revenue, a liability for contracts with customers, at December 31, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
Event participation fees	<u>\$ 37,073</u>	<u>\$ 35,573</u>

The Corporation recognizes this revenue as performance obligations are met. The Corporation expects to complete their obligations during the year ended December 31, 2022.

E. NET ASSETS WITH DONOR RESTRICTIONS: TEMPORARY IN NATURE

Net assets with donor restrictions are available for the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time restrictions	\$ 2,430,000	\$ 3,430,000
Funds held on behalf of members	<u>67,084</u>	<u>67,084</u>
	<u>\$ 2,497,084</u>	<u>\$ 3,497,084</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose or passage of time. Net assets were released from temporary restrictions by satisfying the following restrictions at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time restrictions	\$ 1,000,000	\$ 3,046,313
Funds spent from member balances	<u>14,234</u>	<u>14,234</u>
	<u>\$ 1,000,000</u>	<u>\$ 3,060,547</u>

F. LEASES

On March 12, 2019, the Corporation entered into a 37-month lease for office space that commenced on April 1, 2019 and continues through April 30, 2022. The lease was made on an absolute net basis, and base rent is not intended to cover taxes, insurance and operating expenses allocable to the premises. The lease commenced with monthly payments of \$1,892 per year with annual increases to \$1,964 and \$2,037.

Notes to Financial Statements

F. LEASES - Continued

Subsequent to year end, in May 2022, the Corporation entered into a lease for new office space that officially commenced on May 1, 2022. The term of the lease runs through December 31, 2024 and requires monthly payments of \$429 per month, or \$5,147 per year. The annual fair market value of the use of the leased office space is higher than annual rent charge and upon commencement of the lease, the Corporation will report the donation of facility use in kind.

Future minimum operating lease commitments for the years ending December 31 are as follows:

2022	\$ 11,579
2023	5,147
2024	5,147

G. PENSION PLAN

During the year ended December 31, 2019, the Corporation established a SIMPLE 401(k) profit sharing plan to cover eligible employees as outlined in the plan document. Eligible employees may elect to reduce their compensation and make an elective deferral contribution to the plan on a pre-tax basis. The Corporation at its discretion may make a profit-sharing contribution to the plan on behalf of eligible employees.

During the year ended December 31, 2021, the Corporation contributed \$24,157 to the plan. The Corporation did not make a contribution to the plan during the year ended December 31, 2020.

H. PAYCHECK PROTECTION PROGRAM

On May 4, 2020, the Corporation received a \$92,220 loan from Bank of America through the Small Business Administration's (SBA) Paycheck Protection Program (PPP). A portion or all of loan may be forgiven by the Small Business Administration if certain performance barriers are met related to payroll and funds are used for payroll, rent, mortgage interest, and/or utilities. Any portion of the loan that is not forgiven has a maturity of no less than two years and an interest rate of 0.98%.

In March 2021, the Corporation met the criteria for forgiveness of the loan and has received confirmation from the SBA that they qualified for full loan forgiveness.

Notes to Financial Statements

H. PAYCHECK PROTECTION PROGRAM - Continued

The proceeds from the loan have been included in the accompanying statement of activities as PPP grant forgiveness during the year ended December 31, 2021.

I. COMPARATIVE PERIOD BEGINNING NET ASSETS

The Corporation has received donor restricted contributions historically. The Corporation had considered these amounts conditional promises to give and had recorded the revenue annually on a straight-line basis as of the initial pledge agreement date and had not tracked net assets with donor restrictions.

During the year ended December 31, 2020, it was determined that the pledges previously recorded as conditional promises to give are in fact unconditional promises to give due to there not being significant annual performance-based barriers for the Corporation to overcome in order to receive the annual installments. Therefore, the pledges should have been recorded as revenue with donor restrictions in the year the agreements were signed.

Accordingly, the Corporation restated its financial statements as of January 1, 2020 and for the year ending December 31, 2020. The effect of the correction as of January 1, 2020 was to increase the beginning net assets with donor restrictions by \$6,489,763. The error had been pervasive over several years, and it is not possible to determine the direct effect on the change in net assets from preceding years.

This change impacted the beginning net assets, pledges receivable, and contribution revenue for the year ended December 31, 2020. The effect of the correction was to increase pledges receivable by \$3,430,000, decrease deferred grant revenue by \$1,250,000, and decrease contribution revenue by \$1,750,000.

J. SUBSEQUENT EVENT

In March 2022, the Corporation received a pledge agreement from one donor in the amount of \$3,000,000 to aid in the support of the 2022 and 2023 operating and program service costs. Payments on this pledge are expected to be received in full by January 1, 2024.

Notes to Financial Statements

K. UNCERTAINTIES

During the year ended December 31, 2020, the outbreak of a novel strain of coronavirus (the COVID-19 outbreak) outbreak has been recognized as a pandemic by the World Health Organization and became increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including, but not limited to, the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations, and job losses. The extent to which the COVID-19 outbreak will continue to affect the operations, collections or financial results of the Corporation is uncertain.