GOOD NEWS PARTNERS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

AUGUST 31, 2021 AND 2020

WSDD

WSDD CPAs, Ltd.
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
GOOD NEWS PARTNERS
Chicago, IL

We have audited the accompanying financial statements of GOOD NEWS PARTNERS (a nonprofit organization), which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits 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.

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GOOD NEWS PARTNERS as of August 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WSDD CPAs, Ltd.

WSDD CPAs, Ltd.

Chicago, Illinois
March 18, 2022

GOOD NEWS PARTNERS
Statements of Financial Position
August 31, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 629,333	$ 326,104
Accounts receivable, net of allowance for doubtful accounts of $566,069 for 2021 and $436,192 for 2020	16,807	49,598
Grants receivable	3,008	
Utility deposits	110	6,875
Real estate escrow	54,180	12,041
Prepaid expenses	17,906	12,322
Total Current Assets	721,344	406,940
PROPERTY AND EQUIPMENT		
Land	513,200	513,200
Buildings	2,564,629	2,564,629
Improvements	2,451,482	2,451,482
Equipment	128,182	115,553
Construction in process	22,118	12,447
	5,679,611	5,657,311
Less: Accumulated depreciation	1,779,069	1,669,549
Net Property and Equipment	3,900,542	3,987,762
OTHER ASSETS		
Other	39,777	39,777
Advances to Co-ops	338,294	338,116
Total Other Assets	378,071	377,893
TOTAL ASSETS	$ 4,999,957	$ 4,772,595

GOOD NEWS PARTNERS
Statements of Financial Position (Continued)
August 31, 2021 and 2020

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Accounts payable	$ 34,433	$ 64,395
Accrued expenses	211,809	143,501
Co-op accrued expenses	24,219	24,219
Current maturities of long-term debt	48,319	27,182
Current portion of unsecured notes payable due to related parties	372,497	378,997
Total Current Liabilities	691,277	638,294
NON-CURRENT LIABILITIES		
Long-term debt (net of current maturities)	2,656,946	2,704,122
Unsecured notes payable due to related parties (net of current portion)	112,713	121,045
Equity due Co-op occupants	353,365	346,681
Paycheck protection program loan	150,000	176,250
Total Non-Current Liabilities	3,273,024	3,348,098
NET ASSETS		
Without donor restrictions	545,488	450,305
With donor restrictions	490,168	335,898
Total Net Assets	1,035,656	786,203
TOTAL LIABILITIES AND NET ASSETS	$ 4,999,957	$ 4,772,595

GOOD NEWS PARTNERS
Statements of Activities and Changes in Net Assets
For the Years Ended August 31, 2021 and 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 2021	TOTAL 2020
SUPPORT AND REVENUE				
Contributions:				
Individuals	$ 245,123	$ 198,479	$ 443,602	$ 363,992
Churches	32,843		32,843	23,651
Corporations and foundations	71,105		71,105	93,245
Government grants	437,282		437,282	230,861
Program service revenue:				
Rental	785,536		785,536	812,193
Other	6,396		6,396	9,308
Investment income	27		27	10,052
Gain on sale of Fargo				100,970
Miscellaneous	4,606		4,606	26,326
Net assets released from restriction	44,209	(44,209)		
Total Support and Revenue	1,627,127	154,270	1,781,397	1,670,598
EXPENSES				
Program services	1,260,208		1,260,208	1,441,867
Supporting services:				
Management and general	218,955		218,955	217,423
Fundraising	52,781		52,781	66,268
Total Expenses	1,531,944		1,531,944	1,725,558
CHANGE IN NET ASSETS	95,183	154,270	249,453	(54,960)
NET ASSETS - BEGINNING OF YEAR	450,305	335,898	786,203	841,163
NET ASSETS - END OF YEAR	$ 545,488	$ 490,168	$ 1,035,656	$ 786,203

GOOD NEWS PARTNERS
Statements of Cash Flows
For the Years Ended August 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 249,453	$ (54,960)
Adjustments to change in net assets to net cash provided by operating activities:		
Depreciation	109,520	110,338
Amortization of debt issuance costs to interest expense	10,689	35,838
Increase (decrease) in cash due to changes in:		
Note receivable		273,018
Accounts receivable	32,791	24,052
Grants receivable	(3,008)	
Utility deposits	6,765	(375)
Real estate escrow	(42,139)	(4,254)
Prepaid expenses	(5,584)	8,478
Advances to Co-ops	(178)	39,046
Accounts payable and accrued expenses	38,346	(93,541)
Tenant security deposits		(43,519)
Deferred gain		(100,970)
NET CASH PROVIDED BY OPERATING ACTIVITIES	396,655	193,151
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchases) of property and equipment	(22,300)	(13,576)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) in unsecured notes payable	(14,832)	(8,335)
Increase in equity due co-op occupants	6,684	
(Payments) on mortgages	(36,828)	(283,236)
Proceeds from economic injury disaster loan	100	149,900
(Forgiveness/use) of paycheck protection program loan	(176,250)	
Proceeds from paycheck protection program loan	150,000	176,250
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(71,126)	34,579
NET CHANGE IN CASH AND CASH EQUIVALENTS	303,229	214,154
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	326,104	111,950
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 629,333	$ 326,104

GOOD NEWS PARTNERS
Statements of Functional Expenses
For the Year Ended August 31, 2021
With Comparative Totals for the Year Ended August 31, 2020

	PROGRAM SERVICES								SUPPORTING SERVICES		TOTAL	
	Jonquil Hotel	New Life Interim Housing	Rental Housing	Employment, UR Chicago	Education, Children and Youth	Builders and Apprentices	Ministry	Total	Management and General	Fund Raising	2021	2020
Depreciation and amortization	$ 20,664	$ 9,022	$ 86,497	$	$	$	$ 4,026	$ 120,209	$	$	$ 120,209	$ 146,176
Eviction	3,452		2,835					6,287	4,290		10,577	15,104
Exterminator	2,085	825	4,852					7,762	640		8,402	8,394
Fees and memberships			720					720	5,534	3,708	9,962	26,536
Food		4,153						4,153			4,153	5,621
Fund raising events					569			569	297	13,585	14,451	21,068
Housing and travel									10,804		10,804	18,382
Insurance	7,191	9,430	23,520	269			4,565	44,975	582		45,557	49,658
Interest	14,788	9,727	48,251				4,587	77,353	23,874		101,227	132,893
Material and supplies	8,508	2,674	9,104				4,170	24,456		3,202	27,658	37,022
Miscellaneous	1,415	2,452	1,010		(2,031)			2,846	1,100	1,400	5,346	9,946
Payroll taxes	4,094	14,933	48		444			19,519	18,923	1,968	40,410	52,152
Postage and mailing									4,229	1,997	6,226	5,990
Programs				1,386	15,563			16,949			16,949	18,325
Provision for bad debts	59,446		75,216					134,662			134,662	109,404
Real estate taxes	824	50	26,607					27,481	8,199		35,680	58,675
Rent			4,800					4,800	2,421		7,221	15,825
Repairs and maintenance	11,527	5,137	13,032				3,067	32,763			32,763	22,211
Rubbish removal	7,156		9,314					16,470	3,647		20,117	19,245
Salaries and wages	199,003	238,172	143,688		15,252		1,049	597,164	112,826	25,721	735,711	792,214
Telephone	3,849	5,249	250	1,100				10,448	2,013		12,461	12,433
Training									1,905	1,200	3,105	4,195
Transportation									17,671		17,671	10,022
Utilities	46,465	7,656	48,101	2,590			5,810	110,622			110,622	134,067
TOTAL EXPENSES - 2021	$ 390,467	$ 309,480	$ 497,845	$ 5,345	$ 29,797	$	$ 27,274	$ 1,260,208	$ 218,955	$ 52,781	$ 1,531,944	
TOTAL EXPENSES - 2020	$ 390,000	$ 314,862	$ 517,870	$ 47,966	$ 30,782	$ 85,011	$ 55,376	$ 1,441,867	$ 217,423	$ 66,268		$ 1,725,558

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Good News Partners (the "Organization", "GNP"), incorporated in 1980, is a Christian community organization, striving to empower people to embody the church and to upbuild community. Our community works together through ministries of housing; youth, learning/enrichment, addiction recovery, and spiritual growth programs; job training/employment opportunities; and community development.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Included in the Organization's accounting records are buildings and improvements related to the Co-op Housing Program and their related mortgages payable and equity due Co-op owners. The Co-op Housing Program encourages home ownership and its financial responsibilities among the families it serves. The Organization acts as a financial intermediary by collecting Co-op owners' monthly assessments and remitting them to local financial institutions. Operating costs of the Co-ops are paid for by each of the Co-op Associations independently. Although in theory the Co-ops are independent of Good News Partners, the Organization can and does incur significant operating expenses and rehabilitation expenditures on their behalf and is ultimately liable for their mortgages. As the Co-ops provide cash to reduce principal on the mortgages, the Organization records an equal liability to the Co-ops. Expenses paid directly by the Co-ops are not included in these financial statements.

Basis of Presentation

In accordance with generally accepted accounting principles for non-for-profit organizations, the net assets of the Organization are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. See Note 6 for the composition of net assets with donor restrictions.

Revenue Recognition

All contributions and grants are considered without donor restrictions unless otherwise specified by the donor and are recorded at fair market value at the date of donation. Restricted contributions and grants are recorded as with donor restricted revenue upon receipt and recognized as without donor restricted revenue when expenditures have been made in accordance with donor restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable
Accounts receivable are presented on the statement of financial position net of estimated uncollectible amounts. The Organization records an allowance for doubtful accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful. Individual uncollectible accounts are included in the statement of functional expense as bad debts and amounted to $134,662 and $109,404 during the years ended August 31, 2021 and 2020, respectively. The Organization recorded an allowance for doubtful accounts of $566,069 and $436,192 at August 31, 2021 and 2020.

Property and Equipment
Maintenance, repairs and minor replacements are expensed. Depreciation is computed using the straight-line method over the estimated useful life of five to seven years for equipment and thirty-nine years for buildings and improvements.

Income Taxes
The Organization is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code. Thus no provision for income taxes has been provided in the financial statements.

Donated Services
Donation of services is vital to the success of Good News Partners. No amounts have been reflected for donated services since the services provided did not create or enhance nonfinancial assets and did not require specialized skills.

Use of Estimates
Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Recently Adopted Authoritative Guidance
Effective September 1, 2020, the Organization adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance requires that the Organization recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The guidance uses a principles-based approach for determining revenue recognition, eliminates the transaction and industry specific guidance, and establishes a five step approach for the recognition of revenue. The Organization implemented this standard during the year ended August 31, 2021, using the modified retrospective method.

NOTE 2 - LONG-TERM DEBT

Long-term debt consists of mortgages payable and an economic injury disaster loan ("EIDL") provided by the U.S. Small Business Administration.

In July 2020, the Organization refinanced its mortgages payable with one financial institution. Debt issuance costs incurred as a result of this refinance amounted to $53,445. These costs are amortized into interest expense over the life of the loans, which is five years. Unamortized debt issuance costs amounted to $40,974 and $51,663 at August 31, 2021 and 2020, respectively. During the years ended August 31, 2021 and 2020, the amount amortized into interest expense amounted to $10,689 and $35,838, respectively.

Mortgages payable at August 31, consisted of the following:

	2021	2020
A. Independent Co-ops with Residents Remitting Monthly Assessments to GNP:		
Mortgage payable at 4.5%, principal and interest in monthly installments on Phoenix Co-op, until 2025, secured by land, building and rents	$ 451,549	$ 458,232
Less: Portion payable in one year	10,370	6,655
Total Long-Term Portion	441,179	451,577
B. Non Co-op Mortgages:		
Mortgage payable at 4.5%, principal and interest in monthly installments on Jonquil Hotel, Lloyd Apartments, New Life, Jancrowe Pierce, and Ministry Center, until 2025, secured by land, building and rents	2,118,639	2,150,000
Other	26,051	24,834
Total Balance	2,144,690	2,174,834
Less: Portion payable in one year	48,638	31,215
Total Long-Term Portion	2,096,052	2,143,619
TOTAL LONG-TERM MORTGAGE DEBT	$ 2,537,231	$ 2,595,196

NOTE 2 - LONG-TERM DEBT (Continued)

In August 2020, the Organization received an EIDL loan of $150,000. Proceeds of the EIDL loan can be used to cover working capital and operating expenses. The EIDL loan is collateralized by the general assets of the Organization and is due in 360 monthly payments of $641, including principal and interest at 2.75%, commencing on February 9, 2023. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal.

Debt maturities and amortization of debt issuance costs at August 31, 2021 are as follows:

Year Ending August 31,	Mortgages Payable	Amortization	EIDL	Total
2022	$ 59,008	$ (10,689)	$	$ 48,319
2023	61,759	(10,689)	1,934	53,004
2024	64,639	(10,689)	3,357	57,307
2025	2,410,833	(8,907)	3,463	2,405,389
2026			3,559	3,559
After			137,687	137,687
Total	$ 2,596,239	$ (40,974)	$ 150,000	$ 2,705,265

NOTE 3 - RELATED PARTIES

The Organization receives loans from its Board Members, former President and others. Interest rates on the loans vary from 0% to 5% and certain loans have no set maturity date. Statement of financial position classification is based on management's anticipated repayment schedule.

NOTE 4 - CO-OP EQUITY BUY-OUTS

As stated in Note 1, the Co-ops are independent of Good News Partners. Good News Partners encourages Co-op owners to find willing buyers for Co-op units or the Co-op Association itself to buy such units from departing owners. In the event no buyers can be found or the Co-op Association cannot fund a buy-out, Good News Partners may expend its own funds for that purpose. Good News Partners is currently working with the Phoenix Co-op, the sole Co-op owner, to update our contract.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes in future periods:

	2021	2020
Building purchases	$ 156,677	$ 162,645
New Life Shelter	332,388	142,353
Youth	103	29,900
Other	1,000	1,000
	$ 490,168	$ 335,898

NOTE 6 - DEPRECIATION POLICY ON CO-OPS

The Organization had been recording depreciation of the Co-op buildings and improvements since inception of the Co-op program. When a Co-op begins operations as an independent Co-op, the Organization ceases to incur any revenue or expenses on the Co-op properties. Since no revenue or expenses are incurred by the Organization, no results of operations are matched against the depreciation expense on the Co-op properties.

NOTE 7 - BUILDING IMPROVEMENTS

From time to time, program services expense for Builders and Apprentices will exclude salaries, employee benefits and material expenditures, which are capitalized as building improvements or construction in process. During 2021 and 2020, no such expense was capitalized.

NOTE 8 - ADVANCES TO CO-OPS

The Organization advances money to the Co-ops for various reasons including improvements and short-term cash flow problems. Good News Partners has classified these advances as long-term since these advances may not be repaid until the Co-ops take title to the properties. Advances are collateralized by the properties.

NOTE 9 - TAX STATUS

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for income taxes in the financial statements. Management believes that the Organization continues to qualify and to operate as designated.

Accounting standards provide guidance for how certain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization’s information returns to determine whether the tax position are “more-likely-than-not” of being sustained “when challenged” or “when examined” by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit and asset or expense and liability in the current year. The Organization files information returns in the U.S. federal jurisdiction and Illinois state jurisdiction. The Organization is no longer subject to U.S. federal and state examinations by tax authorities for years before 2018. As of and for the year ended August 31, 2021, management has determined that there are no uncertain tax positions.

NOTE 10 - SALE OF BUILDING

As of August 31, 2014, the Fargo Building (a rental building owned by the Organization) was sold to the Fargo Co-op (an Illinois Corporation) for approximately $542,000. The Fargo Co-op ("Fargo") is the home of the Founder, former President and current Director of Good News, Dr. Bud Ogle ("Dr. Ogle"). Dr. Ogle is also the President of the Fargo. The Fargo is not part of the Organization as of August 31, 2014, operating as a separate entity from the Organization. It is the intention of the Fargo management to operate Fargo in the spirit of the Organization to service low income families.

The sale of the building was priced at approximately $20,000 above market value. Dr. Ogle provided all the cash invested in the transaction for the purchase of the Fargo Building. The transaction was a contract sale with deferred gain of $126,501 recognized ratably by the Organization as Fargo repaid the balance due of approximately $273,018 at August 31, 2019. In July 2020, the Fargo Co-op obtained a mortgage on the property and used some of the proceeds to pay the amounts due to the Organization and the remaining mortgage on the Fargo Building, which amounted to $250,714 at August 31, 2019. As a result, the remaining deferred gain of $100,970 was recognized during the year ended August 31, 2020.

NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2021	2020
Cash and cash equivalents	$ 629,333	$ 326,104
Accounts and grants receivable	19,815	49,598
Total Financial Assets Available Within One Year	649,148	375,702
Less:		
Amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	(490,168)	(335,898)
Less restricted net assets with liquidity to be met in the next year:		
Net assets with purpose restrictions to be met in the next year	1,103	30,900
	(489,065)	(304,998)
Total Financial Assets Available to Management for General Expenditure Within One Year	$ 160,083	$ 70,704

The Organization maintains a policy of structuring its financial assets to be available as it general expenditures, liabilities, and obligations become due.

NOTE 12 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue disaggregation

Revenue from contracts with customers disaggregated by category for the years ended August 31, 2021 and 2020 was as follows:

	2021	2020
Revenue recognized at a point in time:		
Program service revenue:		
Rental	$ 785,536	$ 812,193
Other	6,396	9,308
Miscellaneous	4,606	26,326

Contract balances

The timing of revenue recognition, billings and cash collections results in contract assets, contract liabilities and receivables. Contract assets arise when the Organization has a contract with a customer for which revenue has been recognized but customer payment is contingent on a future event. Contract liabilities arise when the Organization receives consideration from its customer (or has the unconditional right to receive consideration) in advance of performance. The Organization's revenue from contracts with customers is based on delivered goods and services and is generally limited to amounts that are not contingent on future events or in advance of performance, therefore, not resulting in contract assets or contract liabilities being recorded.

NOTE 13 - COVID-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant changes in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its operations and liquidity, and is actively working to minimize the impact of these changes. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position, change in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

In May 2020, the Organization received a $176,250 loan, under the Paycheck Protection Program ("PPP 1 loan"), implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act. The Organization is eligible for loan forgiveness of up to 100% of the PPP 1 loan, upon meeting certain SBA requirements including using the PPP 1 loan proceeds to pay qualified expenses such as payroll costs and maintaining specified levels of payroll and employment. The organization applied for loan forgiveness with respect to these qualified expenses and in March 2021, was notified of PPP 1 loan forgiveness. As a result, for the year ended August 31, 2021, the PPP 1 loan forgiveness amount of $176,250, is included in government grants revenue in the accompanying statements of activities and changes in net assets.

NOTE 13 - COVID-19 (Continued)

In January 2021, the Organization received a second PPP loan (“PPP 2 loan”) of $150,000. The Organization is eligible for loan forgiveness of up to 100% of the PPP 2 loan, upon meeting certain SBA requirements including using the PPP 2 loan proceeds to pay qualified expenses such as payroll costs and maintaining specified levels of payroll and employment. Management intends to apply for forgiveness of the PPP loan with respect to these covered expenses. To the extent that all or part of the PPP 2 loan is not forgiven, the Organization will be required to pay interest on the PPP loan at a rate of 1.0% per annum and commence principal and interest payments through the maturity date in January 2023. The PPP 2 loan is uncollateralized and is fully guaranteed by the SBA. At August 31, 2021, the PPP 2 loan amount of $150,000, is included in the accompanying statements of financial position.

As discussed in Note 2, in August 2020, the Organization received an EIDL loan of $150,000, through the SBA.

NOTE 14 - NEW ACCOUNTING STANDARD UPDATE

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require that all leases, including operating leases, be included on the balance sheet as a “right of use” asset with an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the year ending August 31, 2023.

Management is evaluating the effect of this pronouncement on it financial statements.

NOTE 15 - SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 18, 2022, the date the financial statements were available to be issued.