

**Pratham USA**

**Financial Statements**

**December 31, 2019 and 2018**

Pratham USA  
December 31, 2019 and 2018

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
of Pratham USA

We have audited the accompanying financial statements of Pratham USA (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to 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 U.S. generally accepted accounting principles; 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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 auditors' 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 Pratham USA as of December 31, 2019 and 2018, and the changes in its net assets, and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*Pannell Kerr Forster of Texas, P.C.*

November 12, 2020

## Pratham USA

## Statements of Financial Position

	December 31,	
	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 2,722,742	\$ 2,463,087
Investments at fair value	2,652	30,454
Unconditional promises to give	7,470,405	7,725,418
Prepaid expenses	<u>114,160</u>	<u>73,317</u>
Total current assets	<u>10,309,959</u>	<u>10,292,276</u>
Unconditional promises to give, non-current	1,289,319	3,049,962
Restricted cash	6,215,000	250,000
Other assets	<u>12,877</u>	<u>11,903</u>
Total assets	<u>\$ 17,827,155</u>	<u>\$ 13,604,141</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	<u>\$ 270,811</u>	<u>\$ 293,593</u>
Total current liabilities	<u>270,811</u>	<u>293,593</u>
Commitments and contingencies		
Net assets		
Without donor restrictions	3,393,604	3,937,806
With donor restrictions	<u>14,162,740</u>	<u>9,372,742</u>
Total net assets	<u>17,556,344</u>	<u>13,310,548</u>
Total liabilities and net assets	<u>\$ 17,827,155</u>	<u>\$ 13,604,141</u>

*See notes to financial statements.*

## Pratham USA

## Statements of Activities

	Year Ended December 31,	
	2019	2018
Changes in net assets without donor restrictions		
Revenues and other support		
Contributions	\$ 4,041,031	\$ 3,789,730
Foundation grants	5,083,125	4,021,829
Special events	8,031,981	7,437,886
Less: direct benefit to donors	(1,384,771)	(1,095,885)
Other income	18,560	2,555
Total revenues and other support	<u>15,789,926</u>	<u>14,156,115</u>
Net assets released from restrictions		
Expiration of time and program restrictions	<u>4,753,700</u>	<u>7,327,784</u>
Total revenue without donor restrictions	<u>20,543,626</u>	<u>21,483,899</u>
Expenses		
Program support expenses	17,614,731	17,112,895
General and administrative expenses	933,202	759,413
Fundraising expenses	<u>2,539,895</u>	<u>2,291,125</u>
Total expenses	<u>21,087,828</u>	<u>20,163,433</u>
Increase (decrease) in net assets without donor restriction:	<u>(544,202)</u>	<u>1,320,466</u>
Changes in net assets with donor restrictions		
Contributions	5,966,275	95,265
Foundation grants	3,507,838	6,421,557
Special events	87,165	319,095
Other income (expense)	(17,580)	(6,554)
Net assets released from restrictions	<u>(4,753,700)</u>	<u>(7,327,784)</u>
Increase (decrease) in net assets with donor restrictions	<u>4,789,998</u>	<u>(498,421)</u>
Increase in net assets	4,245,796	822,045
Net assets, beginning of year	<u>13,310,548</u>	<u>12,488,503</u>
Net assets, end of year	<u>\$ 17,556,344</u>	<u>\$ 13,310,548</u>

See notes to financial statements.

## Pratham USA

## Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$ 4,245,796	\$ 822,045
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Donated securities	(283,821)	(154,662)
Loss (gain) on sale of donated securities	(1,662)	1,908
Bad debt	21,500	11,700
Changes in operating assets and liabilities		
Proceeds from sale of donated securities	313,285	133,659
Unconditional promises to give	1,994,156	(1,961,226)
Prepaid expenses	(40,843)	48,145
Other assets	(974)	373
Accounts payable	(22,782)	83,069
Net cash provided by (used in) operating activities	<u>6,224,655</u>	<u>(1,014,989)</u>
Net change in cash, cash equivalents, and restricted cash	6,224,655	(1,014,989)
Cash, cash equivalents and restricted cash - beginning of year	<u>2,713,087</u>	<u>3,728,076</u>
Cash, cash equivalents and restricted cash - end of year	<u>\$ 8,937,742</u>	<u>\$ 2,713,087</u>
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 2,722,742	\$ 2,463,087
Restricted cash	<u>6,215,000</u>	<u>250,000</u>
Total cash, cash equivalents and restricted cash	<u>\$ 8,937,742</u>	<u>\$ 2,713,087</u>

*See notes to financial statements.*

## Pratham USA

## Statements of Functional Expenses

	Program Support	Supporting Services		Total Expenditures
		General and Administrative	Fundraising	
Year ended December 31, 2019				
Expense category:				
Program	\$ 17,558,280	\$ -	\$ -	\$ 17,558,280
Salary	56,451	723,648	1,455,091	2,235,190
Chapter and event expenses	-	-	1,776,261	1,776,261
Office	-	147,543	107,449	254,992
Publicity	-	17	167,542	167,559
Bad debt	-	-	21,500	21,500
Other	-	61,994	9,598	71,592
Travel expenses	-	-	213,227	213,227
Credit card and donation processing fees	-	-	116,716	116,716
Workshops and meetings	-	-	57,282	57,282
	<u>17,614,731</u>	<u>933,202</u>	<u>3,924,666</u>	<u>22,472,599</u>
Less: direct benefit to donors	<u>-</u>	<u>-</u>	<u>(1,384,771)</u>	<u>(1,384,771)</u>
Total expenses	<u>\$ 17,614,731</u>	<u>\$ 933,202</u>	<u>\$ 2,539,895</u>	<u>\$ 21,087,828</u>
Year ended December 31, 2018				
Expense category:				
Program	\$ 17,065,395	\$ -	\$ -	\$ 17,065,395
Salary	47,500	587,864	1,235,111	1,870,475
Chapter and event expenses	-	-	1,572,011	1,572,011
Office	-	140,707	30,378	171,085
Publicity	-	342	108,737	109,079
Bad debt	-	-	11,700	11,700
Other	-	30,500	-	30,500
Travel expenses	-	-	217,507	217,507
Credit card and donation processing fees	-	-	124,637	124,637
Workshops and meetings	-	-	86,929	86,929
	<u>17,112,895</u>	<u>759,413</u>	<u>3,387,010</u>	<u>21,259,318</u>
Less: direct benefit to donors	<u>-</u>	<u>-</u>	<u>(1,095,885)</u>	<u>(1,095,885)</u>
Total expenses	<u>\$ 17,112,895</u>	<u>\$ 759,413</u>	<u>\$ 2,291,125</u>	<u>\$ 20,163,433</u>

See notes to financial statements.

## Pratham USA

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 1 - Summary of Significant Accounting Policies**Nature of operations

Pratham USA (the "Organization") was formed in 1999 to raise funds to support Pratham Education Foundation's ("PEF") work of promoting literacy efforts among the underprivileged children and livelihoods of Youth living in India. The Organization also facilitates volunteerism among youth and adults in the United States of America via internship programs in India to learn about the problems of illiteracy.

The Organization supports several of PEF's programs, which are developed based upon needs assessment of communities and Government Schools and may include preschools, remedial programs, library programs and other educational interventions including use of technology.

The Organization receives monetary contributions from corporations, foundations and individual donors. During 2019 one donor accounted for approximately 19% of the Organization's revenue. During 2018, one donor accounted for approximately 18% of the Organization's revenues and approximately 30% of unconditional promises to give at December 31, 2018.

Income tax status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It recognizes the impact of an uncertain tax position only if that position is more likely than not of being sustained upon examination by the taxing authority based on the technical merits. The Organization accounts for interest and penalties relating to uncertain tax positions in the current period statement of activities, if necessary.

Basis of presentation

The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Accordingly, these financial statements present the financial position, results of operations, and cash flows of the Organization.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 958-205, net assets, revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions, as follows:

- Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
- Net assets with donor restrictions - net assets subject to donor-imposed stipulations that specify a use for a contributed asset. When a purpose restriction or a time restriction ends, net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities.



## Pratham USA

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 1 - Summary of Significant Accounting Policies (Continued)**Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible into cash and have an original maturity of three months or less on the date of acquisition.

Restricted cash

The Organization maintains a restricted cash balance of \$250,000 that is required to be held in a separate account by the donor and be used for scholarships over a ten-year period ending in 2027. No scholarships have been awarded as of December 31, 2019. In addition, the Organization has received \$5,965,000 during 2019 that will be invested as an endowment. See Note 3 for discussion of this endowment.

Investments

Investments in marketable securities with readily determinable fair values are reported at fair value in the statements of financial position. Gains and losses are included in the change in net assets in the statements of activities. See Note 2 for discussion of fair value measurements.

Promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Non-current unconditional promises to give are expected to be collected through 2022 and are reflected at the present value using a discount rate of approximately 1.6%. Conditional promises to give are not included as support until the promise becomes unconditional. A conditional promise to give has a barrier to overcome and either the right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance, if any, is based on historical experience and management's analysis of specific promises made. Unconditional promises to give were considered to be collectible by management at December 31, 2019 and 2018, therefore no allowance was necessary.

Promises to give at December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Receivable within one year	\$ 7,470,405	\$ 7,725,418
Receivable in one to five years	<u>1,331,634</u>	<u>3,212,828</u>
	8,802,039	10,938,246
Less discount to present value	<u>(42,315)</u>	<u>(162,866)</u>
	<u>\$ 8,759,724</u>	<u>\$ 10,775,380</u>

## Pratham USA

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 1 - Summary of Significant Accounting Policies (Continued)**Functional expenses

The costs of providing various programs and other activities during 2019 and 2018 have been summarized on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services on the basis of estimated time expended or usage by function.

Donated services and materials

Individuals contribute services to assist in the furtherance of the Organization's mission and objectives. Fair value of donated services is recognized in the financial statements only if the services either create or enhance a non-financial asset or requires specialized skills, are provided by entities or persons possessing those skills, and would be purchased if they were not donated. During the years ended December 31, 2019 and 2018, contributed legal and other services were recorded in the statements of activities in the general and administrative functional category of \$8,725 and \$7,783, respectively.

Marketing and promotion costs

Marketing and promotion costs are expensed as incurred. The Organization expensed approximately \$166,000 and \$115,000 in marketing and promotion costs for the years ended December 31, 2019 and 2018, respectively.

Financial instruments, credit risk and concentration of credit risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents, investments and unconditional promises to give. Cash and cash equivalents are deposited in demand accounts with federally-insured institutions to minimize risk. From time to time, the balances in these accounts may exceed the federally-insured limits. The Organization has not incurred losses related to these deposits. The investments in marketable securities are exposed to various risks such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

Unconditional promises to give consist of contributions receivable from individuals, private foundations and corporations across the U.S and Switzerland. Although the Organization is directly affected by the financial stability of its donors, management does not believe significant credit risk exists at December 31, 2019.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Management believes its estimates are reasonable.

## Pratham USA

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 1 - Summary of Significant Accounting Policies (Continued)**Recently adopted accounting standards

In August 2018, the FASB issued an accounting standards update ("ASU") for not-for-profit entities. The ASU was issued to provide additional information in evaluating whether transactions should be accounted for as contributions or as exchange transactions and whether a contribution is conditional or restricted. The amendments in this guidance require that an entity determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The amendments in this guidance are effective for fiscal years beginning after December 15, 2018. The Organization has implemented the ASU as of January 1, 2019 and determined no adjustments or changes to disclosures were necessary.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments – Overall (Subtopic 825-10): Recognition of Financial Assets and Financial Liabilities." ASU 2016-01 made target amendments to fair value measurement and disclosure guidance. ASU 2016-01 require equity investments (other than equity method investments) to be measured at fair value with changes in fair value recognized in net income. This change is only applied if readily determinable fair value can be obtained. ASU 2016-01 which became effective on January 1, 2019 was adopted prospectively and did not require any adjustments to the financial statements.

Recent accounting pronouncements

In May 2014, the FASB issued an ASU on a comprehensive new revenue recognition standard that will supersede Accounting Standards Codification 605, Revenue Recognition. The ASU creates a framework under which an entity will allocate the transaction price to separate performance obligations and recognize revenue when each performance obligation is satisfied. Under the ASU, entities will be required to use judgment and make estimates, including identifying performance obligations in a contract, estimating the amount of variable consideration to include in the transaction price, allocating the transaction price to each separate performance obligation, and determining when an entity satisfies its performance obligations. The ASU allows for either full retrospective adoption, meaning that the standard is applied to all of the periods presented with a cumulative catch-up as of the earliest period presented, or modified retrospective adoption. The standard is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period, for nonpublic entities. The Organization is still evaluating the impact that the ASU will have on its financial statements and related disclosures and has not yet determined the method by which it will adopt the standard.

## Pratham USA

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 2 - Fair Value Measurements**

The Organization uses a three-level hierarchy for disclosure of the fair value of its cash and cash equivalents and its investments. This hierarchy is based on the transparency of inputs to the valuation process as follows:

- Level 1 – observable inputs such as quoted prices in active markets at the measurement date for identical assets or liabilities.
- Level 2 – other inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

- Money market – valued daily at the net asset value of shares or units held by the Organization based on the quoted market value of the underlying assets.
- Equity securities – valued daily using quoted market prices.

The methods described above may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the valuation methods are considered appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The Organization's cash, cash equivalents, restricted cash, and investments classified as Level 1 are as follows at December 31:

	<u>2019</u>	<u>2018</u>
Cash, cash equivalents, and restricted cash		
Money market	\$ 35,230	\$ 5,777
Cash in bank	8,552,739	2,321,930
Undeposited funds	<u>349,773</u>	<u>385,380</u>
Total cash, cash equivalents and restricted cash	<u>\$ 8,937,742</u>	<u>\$ 2,713,087</u>
Investments		
Equity securities		
Technology	\$ -	\$ 23,661
Biotechnology	2,652	-
Mutual funds	<u>-</u>	<u>6,793</u>
Total investments	<u>\$ 2,652</u>	<u>\$ 30,454</u>

## Pratham USA

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 3 - Net Assets With Donor Restrictions**

Net assets with donor restrictions at December 31, consist of the following:

	<u>2019</u>	<u>2018</u>
Purpose restrictions:		
Vocational education programs	\$ 1,108,620	\$ 1,523,733
Read India	2,124,301	4,590,380
Annual status of education report (ASER)	-	7,352
Open school education programs	195,898	238,327
Technology	986,000	2,215,557
Hybrid Learning	588,000	-
Hamara Gaon	215,898	40,000
Teaching at Right Level (TARL)	1,939,746	-
Endowment	6,500,000	-
Measurement, monitoring and evaluation	-	150,000
Scholarship fund	250,000	450,000
Other programs	<u>43,866</u>	<u>57,494</u>
	<u>13,952,329</u>	<u>9,272,843</u>
Time restricted:		
Future year operations	<u>210,411</u>	<u>99,899</u>
Total net assets with donor restrictions	<u>\$ 14,162,740</u>	<u>\$ 9,372,742</u>

During the years ended December 31, 2019 and 2018, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes in the amounts of \$4,753,700 and \$7,327,784, respectively.

During 2019, three donors entered into gift agreements to contribute \$6,500,000 to the Organization to establish an endowment to benefit the overall goals of the Organization. The Organization is subject to the Texas Uniform Prudent Management of Institutional Funds Act ("TUPMIFA") and thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. The Board of Directors has interpreted TUPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to the endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted TUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

## Pratham USA

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 3 - Net Assets With Donor Restrictions (Continued)**

Additionally, in accordance with TUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Total contributions received during 2019 for the endowment totaled \$6,500,000, of which, \$5,965,000 has been collected, has not been invested and remains in cash as of December 31, 2019. There were no expenditures or other changes to the balance of the endowment during 2019.

Once the funds are invested, from time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TUPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature do not exist at December 31, 2019.

The Board of Directors and the Investment Committee of the Organization are working to develop an investment and spending policy for endowment assets that will include the Organization's return objectives, risk parameters, strategies employed for achieving return objectives, how return objectives relate to the Organization's spending policy and spending policy from underwater endowments.

**Note 4 - Liquidity and Availability of Resources**

The Organization's financial assets available for general expenditure within one year at December 31, is as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,722,742	\$ 2,463,087
Investments at fair value	2,652	30,454
Unconditional promises to give	8,759,724	10,775,380
Restricted cash	<u>6,215,000</u>	<u>250,000</u>
Total financial assets	17,700,118	13,518,921
Donor-imposed restrictions	<u>(14,162,740)</u>	<u>(9,372,742)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,537,378</u>	<u>\$ 4,146,179</u>

## Pratham USA

## Notes to Financial Statements

December 31, 2019 and 2018

**Note 4 - Liquidity and Availability of Resources (Continued)**

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. In addition, the Organization receives support without donor restrictions, which was approximately 64% and 69% of all support during the years ended December 31, 2019 and 2018, respectively. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 60 days operating expense.

**Note 5 - Related Party Transaction**

The Organization provides funds to PEF, an affiliate, to support its efforts in India (see Note 1). The total amount of such expenses paid to the affiliate was \$17,395,542 and \$16,885,198 for the years ended December 31, 2019 and 2018, respectively.

During 2019 and 2018, contributions from Board members consisted of approximately 32% and 8% of total support, respectively.

**Note 6 - Subsequent Events**

In May 2020, the Organization applied for and received a \$265,200 loan issued pursuant to the Paycheck Protection Program under the CARES Act. The loan bears interest at 1% per annum and has required principal and interest payments commencing in the fourth quarter of 2020 with a maturity of May 6, 2022. The loan proceeds will be used to fund permitted expenses and as such is expected to be forgiven under the CARES Act.

Management has evaluated subsequent events as of November 12, 2020, which was the date the financial statements were available for issuance. As a result of the spread of the COVID-19 coronavirus, the movement control order as a preventive measure imposed by the authorities have arisen that have the potential to impact the Organization's operations. However, the impact and duration cannot be reasonably estimated at this time.