



**BOYS & GIRLS CLUBS OF WEBER-DAVIS
(A Nonprofit Corporation)**

June 30, 2020 and 2019

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Financial Statements
June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees and Management
Boys & Girls Clubs of Weber-Davis
Ogden, Utah

We have audited the accompanying financial statements of Boys & Girls Clubs of Weber-Davis (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, 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 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 Boys & Girls Clubs of Weber-Davis as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Wiggins & Co., P.C.

Ogden, Utah
September 11, 2020

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
Current assets:		
Cash	\$ 436,421	\$ 242,053
Restricted cash for Layton expansion	35,050	35,050
Grants receivable	222,871	227,225
Prepays	-	8,942
Total current assets	694,342	513,270
Furniture, equipment and software:		
Furniture, equipment and software	205,335	176,810
Accumulated depreciation	(156,192)	(145,741)
Furniture, equipment and software, net	49,143	31,069
Other assets:		
Investment	500	500
Total other assets	500	500
Total assets	\$ 743,985	\$ 544,839
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 64,509	17,831
Accrued expenses	22,370	42,588
Deferred Revenue	-	51,440
Refundable advance, PPP loan	174,255	-
Total current liabilities	261,134	111,859
Net assets:		
Without donor restrictions	437,801	401,152
With donor restrictions	45,050	31,828
Total net assets	482,851	432,980
Total liabilities and net assets	\$ 743,985	\$ 544,839

See accompanying notes and Independent Auditor's Report.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Statements of Activities
For the Years Ended June 30, 2020 and 2019

	2020	2019
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</u>		
Revenues and support:		
Donated materials and services	\$ 698,877	\$ 627,592
Grants and governmental assistance	902,711	774,940
Public support	297,497	286,012
Other income	515	22,902
Total revenues and support, other than fundraising	1,899,600	1,711,446
 Net assets released from restrictions	 49,450	 61,008
Fundraising:		
Event income	279,610	267,910
Total support from fundraising	279,610	267,910
Total revenues and support	2,228,660	2,040,364
 Expenses:		
Programs and services	1,899,051	1,714,253
Fundraising	230,777	245,439
General and administrative	62,183	186,109
Total expenses	2,192,011	2,145,801
 (Decrease) in net assets without donor restrictions	 36,649	 (105,437)
 <u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</u>		
Revenues and support:		
Grants, foundation and public support	\$ 62,672	\$ 61,008
Net assets released from restrictions	(49,450)	(61,008)
 Increase in net assets with donor restrictions	 13,222	 -
 (Decrease) in net assets	 49,871	 (105,437)
 Net assets, beginning of year	 432,980	 538,417
 Net assets, end of year	 \$ 482,851	 \$ 432,980

See accompanying notes and Independent Auditor's Report.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Statement of Functional Expenses
For the Year Ended June 30, 2020

<u>Expense</u>	<u>Programs & Services</u>	<u>Fundraising</u>	<u>General & Administrative</u>	<u>Total</u>
Salaries	\$ 874,422	\$ 46,512	\$ 9,302	\$ 930,236
Payroll taxes and benefits	61,312	3,261	652	65,226
Program Costs	25,100	-	-	25,100
Fundraising Events	-	171,576	-	171,576
Training and travel	33,994	-	3,777	37,771
Insurance	25,535	272	1,358	27,165
Bank Fees	6,237	-	693	6,930
Telephone	11,777	-	620	12,397
Depreciation	9,824	105	523	10,451
Professional Services	131,102	1,395	6,974	139,470
Office supplies	101,832	1,083	5,417	108,332
Rent	611,668	6,507	32,536	650,711
Miscellaneous	6,247	66	332	6,646
Total functional expenses	\$ 1,899,051	\$ 230,777	\$ 62,183	\$ 2,192,011

See accompanying notes and Independent Auditor's Report.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Statement of Functional Expenses
For the Year Ended June 30, 2019

<u>Expense</u>	<u>Programs & Services</u>	<u>Fundraising</u>	<u>General & Administrative</u>	<u>Total</u>
Salaries	\$ 808,878	\$ 81,912	\$ 133,106	\$ 1,023,896
Payroll taxes and benefits	58,906	5,965	9,693	74,565
Program Costs	57,203	-	-	57,203
Fundraising Events	-	149,530	-	149,530
Training and travel	23,014	-	2,557	25,571
Insurance	25,610	272	1,362	27,245
Telephone	11,197	-	589	11,786
Depreciation	19,589	208	1,042	20,839
Professional Services	95,946	1,021	5,104	102,070
Office Supplies	73,700	784	3,920	78,404
Rent	526,124	5,597	27,985	559,706
Miscellaneous	14,087	150	749	14,986
Total functional expenses	\$ 1,714,253	245,439	\$ 186,109	\$ 2,145,801

See accompanying notes and Independent Auditor's Report.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 49,871	\$ (105,437)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,451	20,839
PPP loan recognized as income	(77,545)	-
Change in:		
Grants receivable	4,354	266,325
Prepays	8,942	(9,562)
Accounts payable	46,678	(2,433)
Deferred Revenue	(51,440)	(26,292)
Accrued expenses	(20,218)	22,906
	(28,907)	166,346
Cash flows from investing activities:		
Purchase of equipment	(28,525)	(44,238)
	(28,525)	(44,238)
Cash flows from financing activities:		
Proceeds from PPP Loan	251,800	-
	251,800	-
Net increase in cash	194,368	122,108
Cash, beginning of period	242,053	119,945
Cash, end of period	\$ 436,421	\$ 242,053

See accompanying notes and Independent Auditor's Report.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2020 and 2019

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Boys & Girls Club of Weber-Davis (Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

Nature of Activities

Boys & Girls Club of Weber-Davis is a nonprofit corporation. The Organization is a locally recognized provider of recreation and counseling services to the youth of Weber and Davis counties in the state of Utah.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financials Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate the assets without restrictions for specific operations purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2020 and 2019

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue Recognition

Revenue is recognized in the period in which the service is provided. Funds received in advance of providing the services are recorded as deferred income until the services are provided.

Contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the 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 net assets released from restrictions.

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents, include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2020 and 2019

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Furniture, and Equipment and Software

All major furniture, equipment and software expenditures purchased for more than \$1,000 are capitalized and recorded at cost. Donated furniture and equipment are recorded at their estimated fair values at the time of donation. Expenditures for maintenance and repairs are expensed as incurred. Furniture, equipment and software are depreciated on a straight-line basis over their estimated useful lives of three to ten years.

When furniture, equipment, and software are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the statements of activities. Depreciation expense for the years ended June 30, 2020 and 2019, was \$10,451 and \$20,839, respectively.

Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded during the years ended June 30, 2020 and 2019.

Contributions

Unconditional promises to give are recognized as contributions when pledged and recorded at the net present value of the amounts expected to be collected. Contributions are considered without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as with donor restrictions support that if they are received with donor stipulations that limit the use of the donated asset.

When a donor-imposed time restriction ends or purpose restricted is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction.

Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as net assets without donor restrictions. Capital campaign contributions are considered temporarily restricted until the asset is placed into service.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2020 and 2019

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

Promises to give

Promises to give are recorded at their estimated fair value. Amounts due later than one year, if any, are recorded at the present value of estimated future cash flows. The Organization estimates the allowance based on analysis of specific donors, taking into consideration the age of past due pledges and an assessment of the donor's ability to pay. At June 30, 2020 and 2019, management of the Organization considers all promises to be collectible; therefore, no allowance has been recorded, respectively.

Income Taxes

The Organization is currently classified as a 501(c)(3) public charity under the Internal Revenue Code. As a public charity, the Organization is exempt from income taxes and, accordingly, no provision for income taxes is included in the accompanying statements.

The Organization has adopted FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. Management has determined FASB ASC 740 does not have a material impact on the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to fiscal year 2017.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Goods and Services

Donated services are recognized as contributions in accordance with Topic 958-605 of the FASB Accounting Standards Codification (FASB ASC 958-605), *Not-For-Profit Entities, Revenue Recognition* if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Volunteers also provide program services and fundraising services throughout the year that are not recognized as contributions in the financial statements because the recognition criteria under FASB ASC 958-605 were not met. Donated goods are recorded as contributions at their estimated fair values at the date of donation.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2020 and 2019

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncement

During the year, the Organization adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ending June 30, 2020 are presented under FASB ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

Date of Management's Review

Subsequent events were evaluated through September 11, 2020, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable subsequent events that were not properly disclosed.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2020 and 2019

2. GRANTS RECEIVABLE

Various grants and accounts receivable arise in the normal course of operations of the Organization. Receivables are due 30 days after the issuance of the invoice and are considered delinquent when 90 days past due. Interest is not charged on past due receivables. Receivables are charged to operations as they become uncollectible. The collectability of accounts receivable was assessed and management has determined there should be no allowance for doubtful accounts as of June 30, 2020 and 2019, respectively.

3. RELATED PARTY TRANSACTIONS

The Organization has been dependent upon certain individuals, directors and other related parties to provide capital, management services, assistance in finding new sources for support and guidance in the development of the Organization's operations. The related parties have generally provided services and incurred expenses on behalf of the Organization or have provided the necessary support to allow the Organization to continue pursuing its goals.

The Organization received grant revenue from Boys & Girls Club of America funded through a federal agency. The total revenue recognized during the years ended June 30, 2020 and 2019, was \$- and \$7,421, respectively. There were no grants receivable from Boys & Girls Club of America at June 30, 2020 and 2019, respectively.

The Organization paid annual dues to Boys & Girls Club of America of \$9,144 and \$8,306 for the years ended June 30, 2020 and 2019, respectively. The Organization owed \$0 and \$0, respectively, to the Boys & Girls Club of America at June 30, 2020 and 2019.

4. RESTRICTIONS ON NET ASSETS

As of June 30, 2020 and 2019, the Organization had \$437,801 and \$401,152, respectively, of net assets without donor restrictions and \$45,050 and \$31,828, respectively, of net assets with donor restrictions for the following purposes: \$10,000 grant funding restricted for FY 2021, \$35,020 for future projects in Davis County.

5. GRANTS AND GOVERNMENT ASSISTANCE REVENUE

Revenue from cost reimbursement grants or contracts are recognized in the period when the costs of performing services have been incurred, and grant or contract funds are available to cover these costs.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2020 and 2019

6. OFFICE SPACE

The Organization has various locations in Weber and Davis counties in the state of Utah. These locations include facilities where the Organization provides programs to the kids in the Organization and an administrative office building. All of the rent is donated and each lease is on a month-to-month basis.

For the fiscal years ended June 30, 2020 and 2019, total rent expense, including common area maintenance costs, was \$650,711 and \$559,706, respectively.

7. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its bank accounts with two financial institutions. Throughout the year the cash balance fluctuates and savings may, at times, exceed federally insured limits. At June 30, 2020 and 2019, bank balances exceeded the federally insured limits by \$0 and \$0, respectively.

At June 30, 2020, approximately 58 percent of total receivables (excluding donated materials and services) were due from four donors. At June 30, 2019, approximately 77 percent of total receivables (excluding donated materials and services) were due from two donors.

8. RETIREMENT SAVINGS PLAN

The Organization maintains a 401(k) plan for all eligible full-time employees. In 2019, the plan was changed to a safe harbor plan. Prior to this date, there was no required match by the Company. The current plan is funded by voluntary employee contributions and a required safe harbor match by the Organization. The Organization contributed \$5,209 and \$8,125 to the retirement plan during the year ended June 30, 2020 and 2019. As of June 30, 2020 and 2019, the Company had a payable of \$0 and \$3,707 for amounts due under the plan.

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2020 and 2019

9. DONATED MATERIALS AND SERVICES

The Organization records the value of donated materials or services when there is an objective basis available to measure the value of the material and services. The value of these donated goods and services are also included in expenses. Donated materials and services included in the statements of activities for the fiscal years ended June 30 were:

	<u>2020</u>	<u>2019</u>
Rent	\$ 639,721	\$ 542,599
Scarecrow Donations	59,156	83,443
Other General Donations	-	1,550
	<u>\$ 698,877</u>	<u>\$ 627,592</u>

No amounts have been reflected in the financial statements for volunteer services as no objective basis is available to measure the value of these services. Nevertheless, a substantial number of volunteers donated significant amounts of time to the Organization's programs and fundraising efforts.

10. LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	<u>2019</u>	<u>2018</u>
Financial Asset		
Cash and cash equivalents	\$ 471,471	\$ 277,103
Grant receivables	222,871	227,225
Financial assets at year-end	<u>694,342</u>	<u>504,328</u>
Less amounts unavailable for general expenditures within one	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general	<u>\$ 694,342</u>	<u>\$ 504,328</u>

BOYS & GIRLS CLUBS OF WEBER-DAVIS
Notes to Financial Statements
For the Year Ended June 30, 2020 and 2019

11. REFUNDABLE ADVANCE, PPP LOAN

On May 4, 2020 the Organization was approved for a Payroll Protection Program note payable for \$251,800. The loan bears interest at 1%. No payments are due for 6 months from the date of the first disbursement on the loan and accrues interest during the deferment period. The loan provides for loan forgiveness should the Organization use the funds for certain expenditures approved by the program. The loan matures May 4, 2022. Eighteen monthly payments of \$14,106 are due starting November 4, 2020. The Organization expects to meet the requirements for loan forgiveness and has concluded that the PPP loan represents a grant that is expected to be forgiven. As such, the loan has been accounted for in accordance with FASB ASC 958-605 as a conditional contribution. In accordance with this treatment, the Organization has recognized \$77,545 of income, which is included grants and governmental assistance in the statement of activities.

The Organization is also funded from various grants to cover certain payroll and related costs. Due to double coverage for certain qualified PPP costs, the Organization will reduce such costs from the PPP loan forgiveness request. As such, it is expected that a portion of the loan will not be forgiven. Such determination will be made when the amount of unqualified costs is known.

12. SUBSEQUENT EVENTS

In March 2020, Coronavirus Disease 2019 (COVID-19) began spreading throughout the United States. Due to the projected widespread impact of this virus critical actions were taken by the Federal government, State governments, and local governments to reduce the spread. Some of these actions included closing businesses, requesting people to remain home, and other actions intended to help slow the declared pandemic. These actions have resulted in a widespread contraction of the world and local economy as businesses are being disrupted. This may affect the potential ability of donors to contribute and an organization to continue operations. Management of Boys & Girls Clubs of Weber-Davis has evaluated the Organization's ability to maintain operations for at least the twelve-month period after the issuance of this audit. Based on a combination of their available liquid assets, a planned reduction of budgets, communication with donors, and their anticipation of being able to raise enough contributions throughout the year to cover expenses, the management of Boys & Girls Clubs of Weber-Davis is comfortable that it will be able to continue operations. However, as the actions of Federal, State, and local authorities in response to COVID 19 are still ongoing, the full effects of this pandemic on the donors and the ability for the Organization to maintain operations is not fully able to be determined at this time.