



**COMMUNITY**  
BIBLE STUDY

## COMMUNITY BIBLE STUDY

Financial Statements  
With Independent Auditors' Report

June 30, 2021 and 2020

# COMMUNITY BIBLE STUDY

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## **INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Community Bible Study  
Colorado Springs, Colorado

We have audited the accompanying financial statements of Community Bible Study, which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

### ***Auditors' 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.

Board of Trustees  
Community Bible Study  
Colorado Springs, Colorado

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Bible Study as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Colorado Springs, Colorado  
October 1, 2021

# COMMUNITY BIBLE STUDY

## Statements of Financial Position

	June 30,	
	<u>2021</u>	<u>2020</u>
ASSETS:		
General cash and cash equivalents	\$ 11,298,979	\$ 8,430,857
Class cash and cash equivalents	1,224,585	1,279,840
Total cash and cash equivalents	<u>12,523,564</u>	<u>9,710,697</u>
Endowment investments	100,109	-
Inventory	128,389	63,313
Prepaid expenses and other assets	102,060	122,544
Beneficial interest in life estate	332,692	313,365
Land, building, equipment, and software—net	<u>4,010,297</u>	<u>4,366,392</u>
Total Assets	<u>\$ 17,197,111</u>	<u>\$ 14,576,311</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other liabilities	\$ 320,188	\$ 298,507
Deferred revenue	994,662	959,296
	<u>1,314,850</u>	<u>1,257,803</u>
Net assets:		
Without donor restrictions	11,457,027	9,321,088
With donor restrictions:	4,425,234	3,997,420
	<u>15,882,261</u>	<u>13,318,508</u>
Total Liabilities and Net Assets	<u>\$ 17,197,111</u>	<u>\$ 14,576,311</u>

See notes to financial statements

# COMMUNITY BIBLE STUDY

## Statements of Activities

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Class and international contributions	\$ 4,312,293	\$ 2,268,702	\$ 6,580,995	\$ 4,077,651	\$ 4,504,021	\$ 8,581,672
Class registrations	2,160,543	-	2,160,543	2,650,871	-	2,650,871
Operating contributions	1,258,844	215,420	1,474,264	1,281,651	189,179	1,470,830
Government grant revenue	-	-	-	532,700	-	532,700
Conferences and other income	121,636	109	121,745	174,200	-	174,200
<b>Total Support and Revenue</b>	<b>7,853,316</b>	<b>2,484,231</b>	<b>10,337,547</b>	<b>8,717,073</b>	<b>4,693,200</b>	<b>13,410,273</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	2,056,417	(2,056,417)	-	4,724,899	(4,724,899)	-
<b>EXPENSES:</b>						
Program services:						
Bible study classes	3,800,718	-	3,800,718	6,734,994	-	6,734,994
International classes	1,937,580	-	1,937,580	2,524,186	-	2,524,186
Leadership conference/ training	774,531	-	774,531	1,181,280	-	1,181,280
Other programs	119,492	-	119,492	185,919	-	185,919
	6,632,321	-	6,632,321	10,626,379	-	10,626,379
Supporting activities:						
General and administrative	1,100,038	-	1,100,038	1,137,455	-	1,137,455
Fund-raising	41,435	-	41,435	39,062	-	39,062
<b>Total Expenses</b>	<b>7,773,794</b>	<b>-</b>	<b>7,773,794</b>	<b>11,802,896</b>	<b>-</b>	<b>11,802,896</b>
Change in Net Assets	2,135,939	427,814	2,563,753	1,639,076	(31,699)	1,607,377
Net Assets, Beginning of Year	9,321,088	3,997,420	13,318,508	7,682,012	4,029,119	11,711,131
Net Assets, End of Year	\$ 11,457,027	\$ 4,425,234	\$ 15,882,261	\$ 9,321,088	\$ 3,997,420	\$ 13,318,508

See notes to financial statements

# COMMUNITY BIBLE STUDY

## Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services					Supporting Activities		Total Expenses
	Bible Study Classes	International Classes	Leadership Conference/ Training	Other Programs	Total Program Services	General and Administrative	Fund-Raising	
Salaries and benefits	\$ 1,219,410	\$ 556,514	\$ 360,211	\$ 85,173	\$ 2,221,308	\$ 485,475	\$ 21,439	\$ 2,728,222
Services and professional fees	1,346,720	565,862	73,190	14,306	2,000,078	321,050	6,093	2,327,221
Office and supplies	869,114	86,505	113,452	10,833	1,079,904	122,498	10,988	1,213,390
Grants to others	-	594,007	-	5,963	599,970	307	-	600,277
Depreciation and amortization	132,226	32,113	160,769	-	325,108	120,130	-	445,238
Occupancy	216,821	18,998	57,876	1,698	295,393	40,773	2,915	339,081
Travel and meals	16,427	83,581	9,033	1,519	110,560	9,805	-	120,365
	<u>\$ 3,800,718</u>	<u>\$ 1,937,580</u>	<u>\$ 774,531</u>	<u>\$ 119,492</u>	<u>\$ 6,632,321</u>	<u>\$ 1,100,038</u>	<u>\$ 41,435</u>	<u>\$ 7,773,794</u>

See notes to financial statements

# COMMUNITY BIBLE STUDY

## Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services					Supporting Activities		Total Expenses
	Bible Study Classes	International Classes	Leadership Conference/ Training	Other Programs	Total Program Services	General and Administrative	Fund-Raising	
Salaries and benefits	\$ 1,498,171	\$ 614,306	\$ 397,618	\$ 83,001	\$ 2,593,096	\$ 519,706	\$ 20,423	\$ 3,133,225
Services and professional fees	1,994,950	576,813	85,770	35,177	2,692,710	280,378	4,888	2,977,976
Office and supplies	1,929,331	83,614	89,746	9,352	2,112,043	110,861	10,736	2,233,640
Grants to others	-	758,780	-	6,056	764,836	-	-	764,836
Depreciation and amortization	131,439	31,922	159,813	-	323,174	119,415	-	442,589
Occupancy	1,013,477	19,907	76,323	1,756	1,111,463	46,061	3,015	1,160,539
Travel and meals	167,626	438,844	372,010	50,577	1,029,057	61,034	-	1,090,091
	\$ 6,734,994	\$ 2,524,186	\$ 1,181,280	\$ 185,919	\$ 10,626,379	\$ 1,137,455	\$ 39,062	\$ 11,802,896

See notes to financial statements



# COMMUNITY BIBLE STUDY

## Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,563,753	\$ 1,607,377
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	445,238	442,589
Forgiveness of Paycheck Protection Program loan	-	(532,700)
Contribution of endowment investments	(100,000)	-
Change in beneficial interest in life estate	(19,327)	(18,204)
Changes in operating assets and liabilities:		
Inventory	(65,076)	41,378
Prepaid expenses and other assets	20,484	(14,651)
Accounts payable and other liabilities	21,681	(328,375)
Deferred revenue	35,366	(518,857)
Net Cash Provided by Operating Activities	2,902,119	678,557
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of endowment investments	(100,109)	-
Purchases of land, building, equipment, and software	(89,143)	(40,251)
Net Cash Used by Investing Activities	(189,252)	(40,251)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contribution of endowment investments	100,000	-
Proceeds from Paycheck Protection Program loan	-	532,700
Net Cash Provided by Financing Activities	100,000	532,700
Net Change in Cash and Cash Equivalents	2,812,867	1,171,006
Total Cash and Cash Equivalents, Beginning of Year	9,710,697	8,539,691
Total Cash and Cash Equivalents, End of Year	\$ 12,523,564	\$ 9,710,697
<b>CASH AND CASH EQUIVALENTS CONSISTS OF:</b>		
General cash and cash equivalents	\$ 11,298,979	\$ 8,430,857
Class cash and cash equivalents	1,224,585	1,279,840
	\$ 12,523,564	\$ 9,710,697
<b>NON-CASH TRANSACTION:</b>		
Recognize forgiveness of Paycheck Protection Program loan	\$ -	\$ 532,700

See notes to financial statements

# COMMUNITY BIBLE STUDY

## Notes to Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION:

Community Bible Study (CBS), is a Virginia corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, CBS is subject to federal income tax on any unrelated business taxable income. In addition, CBS is not classified as a private foundation within the meaning of Section 509(a) of the IRC. Contributions are CBS' primary source of support and revenue.

The focus and purpose of the organization is to transform lives through the Word of God, by making disciples of the Lord Jesus Christ in our communities through caring, in-depth Bible studies, available to all. In addition to activities in the United States, it has established Bible study classes in approximately 121 countries and translated Bible study lessons into 76 languages. Globally, CBS has approximately 30,000 classes and over 615,000 participants, including almost 650 classes and about 80,000 participants in the United States. Volunteer national leadership teams initiate and monitor program policy for the organization. The Ministry Service Center located in Colorado Springs provides the support structure necessary to write, edit, print, record, translate, teach, and distribute Bible lesson materials as well as train and coordinate the local volunteer leadership teams for the classes.

CBS supports numerous international legal entities which carry out a common mission around the world providing training, funding, and other resources, including curricula. However, CBS has no direct ownership or control over these legal entities which operate independently and under the legal jurisdiction of the country or countries in which they reside. As a result, the financial statements of CBS do not include the financial position or results of operations of such entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

CBS maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### GENERAL AND CLASS CASH AND CASH EQUIVALENTS

General and class cash and cash equivalents consist of cash and short-term, highly liquid investments with an original maturity term of generally three months or less. As of June 30, 2021 and 2020, cash and cash equivalents include approximately \$3,494,000 and \$3,485,000, respectively, in certificates of deposit, which are reported at cost. While the certificates of deposit have original maturities of greater than three months, management can withdraw the cash at any time without incurring a penalty. Accordingly, they have been classified as readily available cash equivalents.

# COMMUNITY BIBLE STUDY

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### GENERAL AND CLASS CASH AND CASH EQUIVALENTS, continued

The various cash accounts, at times, have exceeded federally insured limits. Cash and cash equivalents exceeded federally insured limits by approximately \$7,495,000 and \$4,800,000, as of June 30, 2021 and 2020, respectively. CBS has not experienced any losses on such accounts, and management believes it is not exposed to any significant credit risk on cash.

#### ENDOWMENT INVESTMENTS

Endowment investments consist of mutual funds and are stated at fair value.

#### INVENTORY

Inventory consists of books and is recorded at the lower of cost or net realizable value for the years ended June 30, 2021 and 2020. Inventory is used to support the Bible studies. Management periodically reviews the value of items in inventory and obsolete inventory. No allowance was recorded as of June 30, 2021 and 2020.

#### BENEFICIAL INTEREST IN LIFE ESTATE

As of June 30, 2021 and 2020, the beneficial interest in life estate is an irrevocable agreement for a 50% remainderman interest in real estate, which is not trusted by CBS. CBS' interest is measured at the estimated present value of future cash receipts, using approved life expectancy tables and a discount rate of 6.00%. The resulting actuarial change, and an increase in the asset, is recorded as contributions with donor restrictions in the statements of activities for the years ending June 30, 2021 and 2020.

#### LAND, BUILDING, EQUIPMENT, AND SOFTWARE—NET

Land, building, equipment, and software are recorded at cost if purchased or fair value if contributed, and include improvements that significantly add to utility or extend useful lives. Costs of maintenance and repairs are charged to expense as incurred. Depreciation and amortization is initiated once the asset is placed in service, which is determined once the asset is being used in operations. Depreciation and amortization expense is recorded using the straight-line method over the estimated useful lives, which range from four to forty years. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in support and revenue for the period. Purchases in excess of \$1,500 are capitalized.

Capitalization of software development costs begins with costs incurred during the application development stage for software programs to be used solely to meet CBS' internal needs and ends when all substantial testing has been completed. Capitalization costs include third-party development, software purchase costs, and travel costs related to development work.

# COMMUNITY BIBLE STUDY

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS

The net assets of CBS are reported in the following classes:

*Net assets without donor restrictions* are currently available at the discretion of the board for use in CBS' operations and those resources invested in land, building, equipment, and software—net. Board designated amounts remain unrestricted and are amounts set aside for specific purposes identified by the trustees. Board designated amounts can only be used for these purposes unless they are formally released from the designation through a board resolution.

Board designations are as follows:

	June 30,	
	2021	2020
Building reserve	\$ 375,599	\$ 322,012
Contingency reserve	250,000	250,000
Ezekiel 34 reserve	15,920	56,143
	<u>\$ 641,519</u>	<u>\$ 628,155</u>

*Net assets with donor restrictions* include resources restricted by donors primarily for use with certain projects and time restrictions related to the beneficial interest in life estate. These also include donor restrictions requiring net assets to be maintained in perpetuity. Net assets with donor restrictions include amounts received with donor restrictions requiring the original gifts to be maintained in perpetuity. The income from these endowments is restricted until appropriated for use through the spending policy. The disclosures required by the Reporting Endowment Funds topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) have not been included in these financial statements due to immateriality.

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. CBS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

CBS has adopted the simultaneous release option for funds received through conditional grants. Therefore, all conditional grants received for which CBS has met the barriers for revenue recognition have been treated as grants without donor restrictions in the statements of activities.

# COMMUNITY BIBLE STUDY

## Notes to Financial Statements

June 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT AND REVENUE, continued

Class registration fees income is recorded in the reporting period in which the classes are delivered. Any amounts received in advance of the annual class startup, are recorded as deferred revenue.

Conferences and other income are recognized when earned or when the conference begins and consists of conference fees and investment income. Any conference fee income received prior to the start of the conference is recorded as deferred revenue.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The statements of functional expenses report certain categories of expenses that are attributable to program support of CBS. These expenses include depreciation, amortization, and occupancy, which are allocated based on square footage of occupancy. Costs of other categories are allocated based on the estimated amount of time and effort.

Program expenses of CBS include amounts spent to further the ministry through Bible study classes, conferences and trainings, international classes, and other programs.

#### ADOPTION OF RECENTLY ISSUED PRONOUNCEMENTS

In 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. CBS adopted the provisions of this new standard during the year ended June 30, 2021 as a provider organization. This new standard provides guidance on determining whether transactions should be accounted for as an exchange transaction or a grant and whether a contribution should be recorded as conditional or unconditional. This standard did not have a material impact on the presentation of the June 30, 2021 financial statements and had no effect on change in net assets or net assets in total.

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606 of the FASB ASC). CBS adopted the provisions of this new standard during the year ended June 30, 2021. The new standard applies to exchange transactions with customers (students) that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total.

# COMMUNITY BIBLE STUDY

## Notes to Financial Statements

June 30, 2021 and 2020

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects CBS' financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	June 30,	
	2021	2020
Financial assets:		
General cash and cash equivalents	\$ 11,298,979	\$ 8,430,857
Class cash and cash equivalents	1,224,585	1,279,840
Endowment investments	100,109	-
Financial assets, at year-end	<u>12,623,673</u>	<u>9,710,697</u>
Less those unavailable for general expenditure within one year due to:		
Net assets with donor restrictions not expected to be spent within one year	(1,841,886)	(2,868,993)
Net assets with donor restrictions in perpetuity	(100,109)	-
Board designated amounts	<u>(641,519)</u>	<u>(628,155)</u>
	<u>\$ 10,040,159</u>	<u>\$ 6,213,549</u>

CBS structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through monthly reviews and semi-annual board meetings. At the discretion of the board and through official action of the board, management may use designated funds listed above as needed. CBS also has a line of credit in the amount of \$300,000, which it could draw upon as needed.

### 4. FAIR VALUE MEASUREMENTS:

The Fair Value Measurements and Disclosure Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of unadjusted quoted prices in active markets for assets similar in nature that are not actually readily determinable. Level 3 inputs are based on other observable inputs and have the lowest priority. When available, CBS measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The beneficial interest in life estate is reported at fair value based on observable inputs other than quoted prices included in Level 1 and thus is based on appraisals and market comparisons of similar properties, which is Level 2 of the fair value hierarchy established under The Fair Value Measurements and Disclosure Topic of the FASB ASC. Endowment investments fair values for mutual funds are determined by quoted market prices in active markets for identical assets, which is Level 1 of the hierarchy.

# COMMUNITY BIBLE STUDY

## Notes to Financial Statements

June 30, 2021 and 2020

5. LAND, BUILDING, EQUIPMENT, AND SOFTWARE–NET:

Land, building, equipment, and software–net consist of:

	June 30,	
	2021	2020
Land and improvements	\$ 618,153	\$ 618,153
Building and improvements	4,350,985	4,350,985
Furniture and fixtures	302,010	302,010
Software development costs – FISHER project	1,568,044	1,568,044
Software development costs – other	891,738	864,147
Office and general equipment	93,683	93,683
	7,824,613	7,797,022
Accumulated depreciation and amortization	(3,875,689)	(3,430,630)
	3,948,924	4,366,392
Projects in progress	61,373	-
	\$ 4,010,297	\$ 4,366,392

6. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	June 30,	
	2021	2020
Restricted by purpose or time:		
International regions	\$ 1,479,530	\$ 1,361,753
Class operations	1,151,962	1,214,260
Ambassador projects	462,680	390,500
National children's fund	439,849	349,210
Time restricted: beneficial interest in life estate	332,692	313,365
In-prison program	303,654	287,760
Student ministries and other projects	87,865	31,844
International children's fund	66,893	48,728
	4,325,125	3,997,420
Restricted in perpetuity	100,109	-
	\$ 4,425,234	\$ 3,997,420

# COMMUNITY BIBLE STUDY

## Notes to Financial Statements

June 30, 2021 and 2020

7. RETIREMENT PLAN:

CBS maintains a 403(b) defined contribution retirement plan. Immediately upon hire, all full-time employees who have obtained the age of twenty-one are eligible to receive an employer match up to 5% of their base employee compensation. During the years ended June 30, 2021 and 2020, CBS' expenses associated with the 403(b) plan were \$154,013 and \$105,510, respectively.

8. LINE OF CREDIT:

CBS has a revolving, unsecured \$300,000 line of credit with a financial institution, with floating interest at the Wall Street prime rate plus 1% or the floor rate of 5%. As of June 30, 2021 and 2020, the line of credit was not drawn upon. Amounts outstanding under the line of credit, if any, are to be paid in full on the expiration date, January 30, 2022.

9. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of CBS for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

10. SUBSEQUENT EVENTS:

Subsequent events were evaluated through October 1, 2021, which is the date the financial statements were available to be issued.