

**MICHIGAN PARALYZED VETERANS OF AMERICA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**



Certified Public Accountants

**MICHIGAN PARALYZED VETERANS OF AMERICA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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Independent Auditor's Report

To the Board of Directors of
Michigan Paralyzed Veterans of America
Plymouth, Michigan

We have audited the accompanying financial statements of Michigan Paralyzed Veterans of America (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year 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.

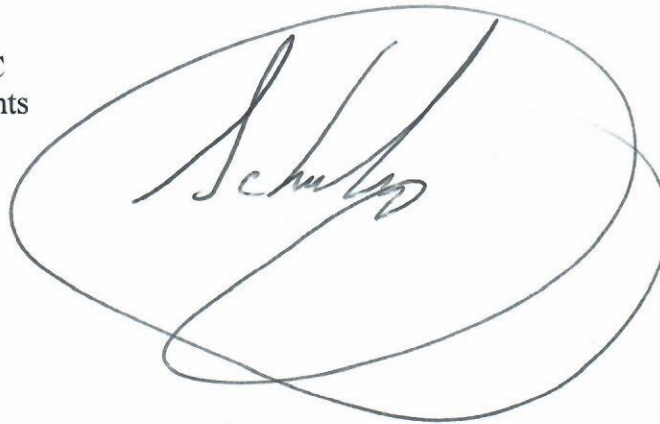
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michigan Paralyzed Veterans of America as of September 30, 2020, and the changes in net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Schultz & Associates, PLC
Certified Public Accountants

Plymouth, Michigan
January 14, 2021

A large, stylized handwritten signature in black ink, enclosed within a large, hand-drawn oval. The signature appears to read "Schultz" in a cursive script.

MICHIGAN PARALYZED VETERANS OF AMERICA
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020

	<u>Assets Without Donor Restriction</u>	<u>Assets With Donor Restriction</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 15,522	\$ -	\$ 15,522
Prepaid expenses	6,548	-	6,548
Inventory	13,254	-	13,254
Total current assets	<u>35,324</u>	<u>-</u>	<u>35,324</u>
Non-current assets			
Investments	1,164,140	392,026	1,556,166
Property and equipment	30,813	-	30,813
Accumulated depreciation	(29,151)	-	(29,151)
Total non-current assets	<u>1,165,803</u>	<u>392,026</u>	<u>1,557,829</u>
TOTAL ASSETS	<u>\$ 1,201,127</u>	<u>\$ 392,026</u>	<u>\$ 1,593,153</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 5,202	\$ -	\$ 5,202
Total current liabilities	<u>5,202</u>	<u>-</u>	<u>5,202</u>
Net assets			
Without donor restriction	1,195,925	-	1,195,925
With donor restriction	-	392,026	392,026
Total net assets	<u>1,195,925</u>	<u>392,026</u>	<u>1,587,951</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,201,127</u>	<u>\$ 392,026</u>	<u>\$ 1,593,153</u>

See Independent Auditor's Report
See Accompanying Notes to Financial Statements

MICHIGAN PARALYZED VETERANS OF AMERICA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Assets Without Donor Restriction</u>	<u>Assets With Donor Restriction</u>	<u>Total</u>
REVENUE AND SUPPORT			
PVA grants	\$ 142,410	\$ -	\$ 142,410
Contribution	108,736	-	108,736
In-kind contributions	14,216	-	14,216
Other	2,963	-	2,963
Investment income, net	75,309	3,871	79,180
	<u>343,634</u>	<u>3,871</u>	<u>347,505</u>
Net assets released from restrictions	<u>23,000</u>	<u>(23,000)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>366,634</u>	<u>(19,129)</u>	<u>347,505</u>
EXPENSES			
Program services			
Membership benefits & services	191,554	-	191,554
Advocacy & government relations	40,691	-	40,691
Communication & public relations	48,888	-	48,888
Total Program Services	<u>281,132</u>	<u>-</u>	<u>281,132</u>
Supporting services			
Management and general	24,116	-	24,116
Fundraising	25,595	-	25,595
Total supporting services	<u>49,712</u>	<u>-</u>	<u>49,712</u>
TOTAL EXPENSES	<u>330,844</u>	<u>-</u>	<u>330,844</u>
CHANGE IN NET ASSETS	35,790	(19,129)	16,661
NET ASSETS, beginning of year	<u>1,160,135</u>	<u>411,155</u>	<u>1,571,290</u>
NET ASSETS, end of year	<u>\$ 1,195,925</u>	<u>\$ 392,026</u>	<u>\$ 1,587,951</u>

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See Accompanying Notes to Financial Statements

**MICHIGAN PARALYZED VETERANS OF AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Membership Benefits & Services	Advocacy Government Relations	Communication & Public Relations	Management & General	Fundraising	Total
Salaries and wages	\$ 61,778	\$ 30,889	\$ 30,889	\$ 7,268	\$ 14,536	\$ 145,360
Retirement	4,002	2,001	2,001	471	942	9,416
Employee benefits	8,387	4,193	4,193	987	1,973	19,733
Payroll taxes	5,577	2,789	2,789	656	1,312	13,123
Total compensation	79,743	39,872	39,872	9,382	18,763	187,632
Awards and grants	27,800	-	-	-	-	27,800
Bank charges	-	-	-	300	-	300
Dues and subscriptions	-	-	425	265	372	1,062
Insurance	-	-	-	4,816	-	4,816
Meetings and events	8,908	-	-	-	-	8,908
Office supplies	2,824	-	-	3,837	-	6,661
Postage	986	-	-	3,191	109	4,286
Printing	4,422	254	7,265	373	602	12,917
Professional services	5,962	565	565	565	5,402	13,059
Rent	44,012	-	-	-	-	44,012
Repairs and maintenance	2,664	-	761	381	-	3,806
Telephone	3,128	-	-	-	348	3,476
Travel	3,608	-	-	558	-	4,165
In-kind expenses	7,497	-	-	-	-	7,497
Total functional expenses before depreciation	191,554	40,691	48,888	23,668	25,595	330,396
Depreciation	-	-	-	448	-	448
Total functional expenses	\$ 191,554	\$ 40,691	\$ 48,888	\$ 24,116	\$ 25,595	\$ 330,844

**See Independent Auditor's Report
See Accompanying Notes to Financial Statements**

MICHIGAN PARALYZED VETERANS OF AMERICA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	\$ 16,661
Change in net assets	
Adjustments to reconcile change in net assets to net cash used by operating activities	
Deferred revenue	(750)
Accounts payable	4,468
Depreciation	448
Prepaid expenses	3,855
Inventory	(6,719)
Realized (gain)/loss on investments	(1,964)
Reinvested dividends	(33,218)
Unrealized (gain)/loss on investments	(50,591)
	<u>(67,809)</u>
NET CASH USED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	(149,488)
Purchase of investments	(149,488)
Sale of investments	<u>167,000</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>17,512</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(50,297)
CASH AND CASH EQUIVALENTS, beginning of year	<u>65,819</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 15,522</u></u>
SUPPLEMENTAL DISCLOSURES	
Interest paid	<u><u>\$ -</u></u>

See Independent Auditor's Report
See Accompanying Notes to Financial Statements

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Michigan Paralyzed Veterans of America (MPVA), a 501(c)(3) organization, is a congressionally chartered non-profit member of Paralyzed Veterans of America, Inc. (PVA). MPVA's purpose is to aid and assist spinal cord injured veterans, publicize the needs of these individuals and promote legislative provisions for barrier-free designs. MPVA also advocates and foster continuing medical research connected with injuries and diseases of the spinal cord and a comprehensive and effective reconditioning program. MPVA conducts all of its activities in the State of Michigan. Donations to MPVA are tax-deductible.

As a charter member of PVA, upon dissolution of MPVA for any reason, after compliance with any state or local requirements, any remaining net assets shall be distributed to PVA.

Basis of Presentation

The financial statements are presented in accordance with Financial 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, 2020. 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 Restriction – net assets that are not subject to "donor-imposed" time or purpose restrictions.

Net Assets with Donor Restriction – consist of purpose or time-restricted contributions and net assets subject to "donor-imposed" restrictions that may be maintained in perpetuity. When a purpose or time restriction ends, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

See Independent Auditor's Report

**MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value. Cash and cash equivalents does not include money market funds held at brokerage accounts pending investment.

Investments and Interest in Assets Held in Community Foundation Endowment

Management determines an appropriate classification of securities at the time of purchase. Securities to be held for indefinite periods of time and not intended to be held to maturity or on a long-term basis are classified as available for sale and carried at fair value. Securities held for indefinite periods of time include securities that management intends to use as part of its asset and liability management strategy. They may be sold in response to changes in interest rates, resultant prepayment risk and other economic factors.

The interest in assets held in the community foundation endowment are reported as a noncurrent asset.

Accounts Receivable

The Organization considers accounts receivable to be fully collectible at September 30, 2020; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Accounts receivable balance as of September 30, 2020 was \$0.

Inventory

Detail of inventory policy carried at FMV. Includes items that were donated to the organization and are available for use by eligible veterans. Items with a FMV of less than \$1,000 are not included in inventory.

**MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment is carried at cost, or, if donated, at the fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of five to thirty-one and one-half years. The Organization's policy is to capitalize property and equipment with a cost of \$1,000 or more.

Donated Materials and Services

The Organization receives donations of material and services from various sources. The donated materials and services received are reflected in the accompanying financial statements at their fair market value in accordance with FASB ASC 958-605.

Fundraising Activities

MPVA (the "Organization") reports revenues and expenses of any fundraising activities carried out by professional fund-raising organizations with which it contracts on a gross basis. The Organization receives donations of material and services from various sources. The donated materials and services received are reflected in the accompanying financial statements at their fair market value in accordance with FASB ASC 958-605.

Contributions and expenses related to the Organization's mail solicitation program are reported at their gross amounts.

Program Services

Membership Benefits and Services - This category includes those programs where benefits and services are directly provided to the membership. The Veterans Benefits Department provides counseling and legal representation for the purpose of applying for and obtaining various Veterans Administration (VA) entitlements, including hospitalization, prosthetic devices and other medical needs. Membership activities provide for various social functions such as banquet, holiday party, picnic and other activities involving membership participation. Governance/BOD provides for expenses of the president, board of directors and board committees, including seminars, conferences, attendance at the PVA convention and board meetings. Sports and Recreation provides for membership participation in various wheelchair sports competitions, including bowling, track and field, fishing, trap shooting, billiards, etc. Research and Education provides for monetary contributions for spinal cord injury and disease research and for literature for the members regarding research on progress as it pertains to spinal cord injury. A Loan Closet for mobility devices such as wheelchairs is also available.

**MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Services (continued)

Advocacy and Government Relations - This program provides staff and volunteers to advocate for civil rights related to disabilities and veterans' benefits, consultation services to businesses and individuals regarding barrier free design and the Americans with Disabilities Act is provided under this program.

Communications and Public Relations - This program provides a communication link with the members and the general public through the chapter newsletter, public service announcements, goodwill donations to other organizations, news releases and ads in other publications. It also provides for a public relations coordinator and related expenses.

General and Administrative - This support service is established to obtain public and private donations from members and non- members.

Fundraising - This support service is established to obtain public and private donations from members and non-members.

Functional Expense Allocations

Certain functional expenses, which are common to several program service categories, are allocated based upon a formula determined by management.

Unrestricted Support

Contributions from PVA are accounted for as unrestricted support because all applicable restrictions are satisfied during the period in which the contributions are received.

Retirement Plan

The Organization funds its retirement plan on a current basis and includes any contributions which it makes with compensation expense.

Management's Review

Management has evaluated subsequent events through January 14, 2021, the date on which the financial statements were available to be issued.

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 - CONCENTRATION OF CASH

The Organization maintains cash balances at a financial institution in southeastern Michigan. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of September 30, 2020, there were not accounts that were in excess of the insurance limit.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) issued the Statement on Financial Accounting Standards No. 157, "Fair Value Measurements" (FAS 157). This standard establishes a framework for measuring fair value and expands disclosures regarding the use of fair value measurements. Under this standard, fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. Various inputs are used in determining the value of the Organization's investments. These inputs are summarized into three levels:

- Level (1): Inputs to the valuation methodology are quoted prices for identical assets in active markets.
- Level (2): Inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the set, either directly or indirectly.
- Level (3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement (including the Organization's own assumptions in determining the fair value of investments). Inputs may be observable or unobservable

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3 - FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the Organization's investments, based on the inputs used to determine their values on September 30, 2020:

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 - quoted prices	\$ 1,566,166
Level 2 - significant other observable inputs	0
Level 3 - significant unobservable inputs	<u>0</u>
Total	<u>\$ 1,566,166</u>

NOTE 4 - INVESTMENTS

The Organization invests in a number of financial instruments consisting of equity securities, corporate and government debt securities and certificates of deposit. The fair values of investments are estimated based on quoted market prices for those investments.

At September 30, 2020 investments consist of the following:

	<u>Fair Value</u>			<u>Cost Basis</u>
	<u>Without Donor Restriction</u>	<u>Oakland Rent Fund</u>	<u>Total</u>	<u>Total</u>
Money market investments	\$ 53,742	\$ 171	\$ 53,914	\$ 53,914
Certificates of deposit	0	0	0	0
Fixed income/preferred	111,195	0	111,195	97,448
Mutual funds	492,936	391,854	884,790	749,936
Equity	506,266	0	506,266	349,045
	<u>\$ 1,164,140</u>	<u>\$ 392,026</u>	<u>\$ 1,556,166</u>	<u>\$ 1,250,343</u>

**MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 4 - INVESTMENTS (continued)

Unrestricted	\$ 1,164,140	\$ 0	\$ 1,164,140
Board designated	0	0	0
Donor restricted	<u>0</u>	<u>392,026</u>	<u>392,026</u>
	<u>\$ 1,164,140</u>	<u>\$ 392,026</u>	<u>\$ 1,556,166</u>

Investment income consists of realized gain of \$1,964 and unrealized gain of \$50,591, and interest and dividend income of \$33,218 and is stated net investment expenses of \$6,593.

The Organization's policy regarding investment income is to allocate a portion of investment returns towards funding operations, while reserving a portion in order to ensure that sufficient investment reserves exist to provide program continuity and to meet the Organization's objectives.

NOTE 5 - IN-KIND DONATIONS

The Organization receives in-kind donations of equipment, machines, and other medical devices used for various purposes related to the Organization's mission. Donated contributions are reflected in the accompanying statements at their estimated values at date of receipt.

The value of donated materials and services included in the financial statements and the corresponding expenses for the year ended September 30, 2020 are \$14,216 and \$7,497 respectively.

Donated items included in inventory as of September 30, 2020 was \$13,254.

NOTE 6 - OTHER ASSETS

In March 2011, the Organization made a \$50,000 donation to the Canton Community Foundation endowment fund (the "Fund") in the name of the organization. The endowment agreement provides that the Organization is the specified beneficiary with the exclusive right to receive future distributions from the Fund. The Organization's right to its interest in the endowment is reported as a portion of investment income. In October 2014, the Organization withdrew \$25,000 from the Fund.

The amount included in the statement of financial position is stated at fair value. The entire interest in the assets held in the fund were substantially invested by the community foundation in mutual funds, valued using Level 1 inputs, as described in Note 3.

**MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 7 - PROPERTY AND EQUIPMENT

At September 30, 2020, property and equipment consist of the following:

	<u>Beginning Balance</u>	<u>Additions/ Reclassifications</u>	<u>Dispositions/ Reclassifications</u>	<u>Total</u>
Furniture and equipment	\$ 30,813	\$ 0	\$ 0	\$ 30,813
	<u>\$ 30,813</u>	<u>\$ 0</u>	<u>\$ 0</u>	30,813
Less accumulated depreciation				<u>29,151</u>
				<u>\$ 1,662</u>

NOTE 8 - EMPLOYEE RETIREMENT PLAN

MPVA participates in PVA's Incentive Savings Plan for all eligible employees. The plan consists of employee retirement plan with an employee voluntary contribution option. MPVA's contribution formula considers each participant's annual salary and voluntary contribution. For the year ended September 30, 2020, MPVA contributed \$9,416.

NOTE 9 - CONCENTRATIONS

For the year ended September 30, 2020 approximately 41% of the organization's revenue was received from Paralyzed Veterans of America.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTION

At September 30, 2020, nets assets with donor restriction are available for the following:

Oakland Township Rent Subsidy Fund	<u>\$ 392,026</u>
	<u>\$ 392,026</u>

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restriction were released from donor restrictions by incurring expenses satisfying the purpose by donors as follows:

Oakland Township Rent Subsidy Fund	<u>\$ 23,000</u>
	<u>\$ 23,000</u>

NOTE 12 - ADVERTISING AND MARKETING COSTS

Advertising and marketing costs are expensed as incurred. Advertising expenses for the year ended September 30, 2020 were \$25,595.

NOTE 13 - TAX STATUS

The Organization is exempt from federal income tax as a organization described in Section 501(c)(3) of the Internal Revenue Code. Contributions and bequests are deductible for federal income and estate tax purposes.

The Organization's federal income tax returns for 2019 to 2013 remain open to examination by the Internal Revenue Service. In evaluating the Organization's tax provisions, the Organization believes that its estimates are appropriate based on current facts and circumstances

NOTE 14 -LIQUIDITY

The Organization's financial assets available within one year of the balance sheet date for general expenditure total \$15,522, consisting of cash and cash equivalents. This has been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date. As part of Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 15 – ACCOUNTING STANDARDS UPDATE

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance.

See Independent Auditor's Report

MICHIGAN PARALYZED VETERANS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 15 – ACCOUNTING STANDARDS UPDATE (continued)

The core principle of guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Organization until annual periods beginning after December 15, 2018. In May 2020, FASB voted to defer the effective date for certain business entities, including nonprofits, by one year. It is now effective for periods beginning after December 15, 2019. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

Leases

In February 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for leases and lessors. The new standard applies a right-of-use ("ROU") model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Organization's fiscal years beginning after December 15, 2020 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

NOTE 16 – SUBSEQUENT EVENTS

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home). At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

