



BOOKS FOR AFRICA, INC.

FINANCIAL STATEMENTS

June 30, 2022 & 2021

BOOKS FOR AFRICA, INC.

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-16

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Books for Africa, Inc.
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Books for Africa, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Books for Africa, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Books for Africa, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Books for Africa, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Books for Africa, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Books for Africa, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink, appearing to read "John F. Morris LLC". The signature is fluid and cursive, with the letters "J", "F", and "M" being particularly prominent.

Minneapolis, Minnesota
October 26, 2022

BOOKS FOR AFRICA, INC.**STATEMENTS OF FINANCIAL POSITION**

June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and equivalents	\$ 321,557	\$ 314,641
Investments	2,375,411	2,864,406
Inventory - in-kind	10,667,037	7,954,861
Contributions receivable	340,463	21,593
Total current assets	<u>13,704,468</u>	<u>11,155,501</u>
Property and equipment	67,815	67,815
Less: accumulated depreciation	<u>(62,598)</u>	<u>(59,669)</u>
Net property and equipment	5,217	8,146
Other assets		
Security deposits	<u>24,974</u>	<u>24,974</u>
Total other assets	<u>24,974</u>	<u>24,974</u>
Total assets	<u><u>\$ 13,734,659</u></u>	<u><u>\$ 11,188,621</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 313,717	\$ 283,633
Accrued expenses	<u>105,064</u>	<u>82,248</u>
Total current liabilities	<u>418,781</u>	<u>365,881</u>
Net assets		
Net assets without donor restriction	1,446,089	1,716,319
Net assets with restriction	<u>11,869,789</u>	<u>9,106,421</u>
Total net assets	<u>13,315,878</u>	<u>10,822,740</u>
Total liabilities and net assets	<u><u>\$ 13,734,659</u></u>	<u><u>\$ 11,188,621</u></u>

See Accompanying Notes to Financial Statements

BOOKS FOR AFRICA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS Years Ended June 30, 2022 and 2021

	2022		
	Net Assets Without Restriction	Net Assets With Restriction	Total
Support and revenue			
Books contributed	\$ 18,779,619	\$ 10,667,037	\$ 29,446,656
In-kind contributions	221,000	-	221,000
Contributions	1,127,176	1,255,869	2,383,045
Interest and dividends	87,769	-	87,769
Unrealized (loss) on investments	(356,018)	-	(356,018)
Net assets released from restriction	9,159,538	(9,159,538)	-
Total support and revenue	29,019,084	2,763,368	31,782,452
Expenses:			
Program services	28,997,749	-	28,997,749
General and administrative	79,165	-	79,165
Fundraising	212,400	-	212,400
Total expenses	29,289,314	-	29,289,314
Change in net assets	(270,230)	2,763,368	2,493,138
Net assets - beginning of year	1,716,319	9,106,421	10,822,740
Net assets - end of year	\$ 1,446,089	\$ 11,869,789	\$ 13,315,878

	2021		
	Net Assets Without Restriction	Net Assets With Restriction	Total
Support and revenue			
Books contributed	\$ 14,253,488	\$ 7,954,861	\$ 22,208,349
In-kind contributions	102,000	-	102,000
Contributions	988,197	1,505,315	2,493,512
Interest and dividends	62,137	-	62,137
Unrealized gain on investments	113,803	-	113,803
Government grants	367,774	-	367,774
Net assets released from restriction	13,570,804	(13,570,804)	-
Total support and revenue	29,458,203	(4,110,628)	25,347,575
Expenses:			
Program services	28,797,259	-	28,797,259
General and administrative	107,841	-	107,841
Fundraising	223,981	-	223,981
Total expenses	29,129,081	-	29,129,081
Change in net assets	329,122	(4,110,628)	(3,781,506)
Net assets - beginning of year	1,387,197	13,217,049	14,604,246
Net assets - end of year	\$ 1,716,319	\$ 9,106,421	\$ 10,822,740

See Accompanying Notes to Financial Statements

BOOKS FOR AFRICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	2022			
	Program Services	General and Administrative	Fundraising	Total
Books shipped	\$ 26,734,480	\$ -	\$ -	\$ 26,734,480
Special initiatives	124,101	-	-	124,101
Shipping costs	953,873	-	-	953,873
Partnership payments	66,569	-	-	66,569
Salaries and payroll taxes	476,063	23,632	49,558	549,253
Employee benefits	137,647	24,368	20,590	182,605
Special events	9,089	-	21,209	30,298
Shipping supplies	72,270	-	-	72,270
Automobile	2,250	300	450	3,000
Warehouse rent	289,919	-	-	289,919
Office supplies	10,986	2,197	2,511	15,694
Telephone	6,427	1,194	1,561	9,182
Postage	3,595	1,852	5,448	10,895
Printing	11,007	2,621	12,579	26,207
Promotion	3,747	-	10,663	14,410
Insurance	4,868	844	728	6,440
Travel	14,241	-	3,560	17,801
Workshops and conferences	522	-	522	1,044
Depreciation	2,636	293	-	2,929
Miscellaneous	51,518	8,102	61,771	121,391
Professional fees	21,941	13,762	21,250	56,953
Total	<u>\$ 28,997,749</u>	<u>\$ 79,165</u>	<u>\$ 212,400</u>	<u>\$ 29,289,314</u>

See Accompanying Notes to Financial Statements

BOOKS FOR AFRICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Program Services	General and Administrative	Fundraising	Total
Books shipped	\$ 26,281,769	\$ -	\$ -	\$ 26,281,769
Special initiatives	355,921	-	-	355,921
Shipping costs	837,184	-	-	837,184
Partnership payments	62,625	-	-	62,625
Salaries	599,005	51,224	71,716	721,945
Payroll taxes	41,374	7,169	6,184	54,727
Employee benefits	111,795	19,946	16,848	148,589
Special events	5,347	-	12,475	17,822
Shipping supplies	64,480	-	-	64,480
Automobile	2,250	300	450	3,000
Office rent	17,259	2,301	3,452	23,012
Warehouse rent	288,636	-	-	288,636
Office supplies	17,455	3,491	3,990	24,936
Telephone	7,226	1,342	1,755	10,323
Postage	4,597	2,368	6,966	13,931
Printing	7,820	1,862	8,938	18,620
Promotion	6,990	-	19,895	26,885
Insurance	6,843	1,186	1,023	9,052
Travel	7,273	-	1,818	9,091
Workshops and conferences	803	-	803	1,606
Depreciation	2,636	293	-	2,929
Miscellaneous	41,229	4,984	52,995	99,208
Bad debt	8,300	-	-	8,300
Professional fees	18,442	11,375	14,673	44,490
Total	<u>\$ 28,797,259</u>	<u>\$ 107,841</u>	<u>\$ 223,981</u>	<u>\$ 29,129,081</u>

See Accompanying Notes to Financial Statements

BOOKS FOR AFRICA, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets:	\$ 2,493,138	\$ (3,781,506)
Adjustment to reconcile the change in net assets to net cash from operating activities:		
Depreciation	2,929	2,929
Unrealized (gain)/loss on investments	356,018	(113,803)
Net change in assets and liabilities:		
Inventory	(2,712,176)	4,073,420
Contributions receivable	(318,870)	57,493
Other assets	-	9,494
Accounts payable and accrued expenses	52,900	134,024
Net cash flows from operating activities	<u>(126,061)</u>	<u>382,051</u>
Cash flows from investing activities:		
Net investment activity	<u>132,977</u>	<u>(315,068)</u>
Net cash flows from investing activities	<u>132,977</u>	<u>(315,068)</u>
Cash flows from financing activities:		
Net activity from PPP loans	<u>-</u>	<u>(190,400)</u>
Net cash flows from financing activities	<u>-</u>	<u>(190,400)</u>
Net change in cash and equivalents	6,916	(123,417)
Cash and equivalents - beginning of year	314,641	438,058
Cash and equivalents - end of year	<u>\$ 321,557</u>	<u>\$ 314,641</u>

See Accompanying Notes to Financial Statements

BOOKS FOR AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Books for Africa, Inc. (the Organization) is a nonprofit organization founded in 1988 with operations that began in September 1989. The Organization's administrative offices and warehouse are located in Saint Paul, Minnesota. The Organization collects books from schools, libraries, and publishers and donates them to agencies in the African Countries of Algeria, Angola, Benin, Botswana, Burkina Faso, Cameroon, Cape Verde, Chad, Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Ghana, Guinea, Guinea Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Namibia, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Uganda, The Gambia, Zambia and Zimbabwe.

Basis of accounting The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States of America and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Tax status The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes.

The Organization accounts for uncertainty in income taxes recognized in the financial statements annually assessing its exposure for uncertain tax positions. If required, the Organization would accrue income taxes plus a related interest and penalty as a liability. For the years presented the Organization has recorded no liability for uncertain tax positions. Tax years ending after June 30, 2019 remain open and subject to examination for both federal and state returns.

Basis of presentation Support is classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Net assets without donor restriction represent the portion of net assets that are not subject to donor restrictions.
- Net assets with donor restriction arise from contributions that are restricted by donors for specific purposes or time periods or arise from contributions that are permanently restricted by donors for specific purposes.

BOOKS FOR AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. NATURE OF OPERATIONS AND 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 amounts 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 reporting period. Actual results could differ from those estimates.

Concentrations and credit risk The Organization maintains cash balances in financial institutions. From time to time, the cash balances may exceed the federally insured limit. Management regularly reviews the credit worthiness of the financial institutions and has not experienced any losses.

Cash and equivalents For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

Contributions receivable Contributions receivable represent unconditional promises to give and are due within one year.

Inventory Inventory consists of donated books and is recorded at estimated fair market value.

Investments Investments are recorded at their market value based upon quoted market prices. Donated investments are initially recorded at market value on the date of contribution and at the estimated current value thereafter. Investment income and related gains and losses, both realized and unrealized, are accounted for within unrestricted net assets upon the absence of donor restrictions.

Property and Equipment Property and Equipment is recorded at the lower of cost or estimated fair value. Depreciation is provided over the estimated useful lives of the respective assets ranging from 3 to 7 years on a straight-line basis. Expenditures for equipment over \$2,500 with determinable lives are capitalized and depreciated. Maintenance and repairs are expensed as incurred; major improvements and betterments are capitalized.

Contributed materials Contributed materials are recorded as contributions, when received, at their estimated fair value where such value can be objectively and accurately determined.

BOOKS FOR AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Contributed services Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a nonfinancial asset or the service requires specialized skills provided by an individual possessing those skills, and would need to be purchased if not provided by donation. A substantial number of volunteers donate significant amounts of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these statements since it does not meet the requirements of generally accepted accounting principles for recognition in financial statements.

Contributions Contributions are recorded at their net realizable values when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases in net assets with restriction depending on the nature of restrictions. When a restriction expires, net assets with restriction are reclassified to net assets without restriction and reported in the statement of activity as satisfaction of donor restrictions.

Adoption of new accounting standards – In May 2014, the FASB issued ASU 2017-09, *Revenue from Contracts with Customers* (Topic 606). This ASU provides a single principles based revenue recognition model with a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that an Organization 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. The Organization has analyzed the provisions of FASB's ASC Topic 606 and concluded that no changes are necessary to conform with the new standard as of and for the year ended June 30, 2022 and 2021.

Functional expenses Allocations are generally made as follows:

- Salaries by time spent on principal activities of each employee
- Employee benefits and payroll taxes according to the percentage used to allocate salaries
- All other expenses are allocated based on management estimates

BOOKS FOR AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Fair value measurements The Organization complies with Topic 820 of the Accounting Standards Codification. ASC Topic 820 defines fair value, establishes framework for measuring fair value and expands disclosure about fair value.

Under ASC Topic 820, fair value is determined using assumptions that market participants would use to determine the price of the asset or liability as opposed to measurements determined based upon information specific to the entity holding those assets and liabilities. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. To determine those market participant assumptions, ASC Topic 820 establishes a hierarchy of inputs that the entity must consider including both independent market data and the entities' assumptions about the market participant assumptions. This hierarchy us as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Quoted prices in markets that are not active, as those quoted market prices included in level 1, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Unobservable inputs, used when there is little or no market activity, for the asset or liability at the measurement date. These inputs represent the entity's own assumptions about the assumptions that market participants would use to price the asset or liability.

The Organization uses the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Subsequent events Management evaluates events occurring subsequent to the date of the balance sheet in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 26, 2022 which is the date the financial statements were available to be issued.

Reclassifications Certain amounts in the 2021 statement of financial position and statement changes in net assets have been reclassified to conform with current presentation. The reclassifications have no effect on the net assets or changes in net assets.

BOOKS FOR AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

2. INVESTMENTS

Investments consist of the following at June 30:

	2022	2021
Money market funds	\$ 12,185	\$ 8,616
Mutual funds	2,363,226	2,855,790
Total investments	<u>\$ 2,375,411</u>	<u>\$ 2,864,406</u>

Investment income is comprised of the following for the years ended June 30:

	2022	2021
Unrealized gain/(loss)	\$ (356,018)	\$ 113,803
Interest and dividends	87,769	62,137
Total	<u>\$ (268,249)</u>	<u>\$ 175,940</u>

Following is a description of the valuation methodologies used for investments measured at fair value, including the general classification pursuant to the valuation hierarchy:

Mutual fund investments are valued at the closing price reported on the active market on which the individual securities are traded.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. As of June 30, 2022 and 2021 all investments are considered level 1 in the fair value hierarchy.

BOOKS FOR AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

3. PPP LOANS

The Organization obtained two Paycheck Protection Program loans from the small business administration each in the amounts of \$190,400 and \$177,374, both loans were forgiven in fiscal 2021 reported as a government grant in the statement of changes in net assets.

4. DONATED BOOKS INVENTORY

If a publisher's estimate of the fair value of books donated is not available, donated books received are generally valued at \$12.00 per school book and \$20.00 per post-secondary book, which is management's estimate of the average fair value. The number of useable books shipped and on hand is a significant estimate made by management.

The Organization's ending book inventory is classified as a temporarily restricted net asset until the books are shipped, and totaled \$10,667,037 and \$7,954,861 at June 30, 2022 and 2021, respectively.

5. DONATED SERVICES

In addition to the receipt of donated books described in Note 3, the Organization also received and recorded donated shipping costs in the amount of \$221,000 and \$102,000 for the years ended June 30, 2022 and 2021, respectively.

Donated services provided by numerous volunteers to sort and catalog the books are not valued and have not been reported in the accompanying statement of activity, since they do not meet the criteria for recognition in the financial statements under accounting principles generally accepted in the United States of America.

BOOKS FOR AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

6. NET ASSETS

Net assets with donor restriction are restricted for the following purposes at June 30:

	2022	2021
Books in inventory	\$ 10,667,037	\$ 7,954,861
Container sponsorships	1,202,752	1,151,610
Total	<u>\$ 11,869,789</u>	<u>\$ 9,106,471</u>

Net assets released from restriction as of June 30 were as follows:

	2022	2021
Satisfaction of donor restrictions		
Books shipped	\$ 7,954,861	\$ 12,028,281
Container sponsorships	1,204,677	1,542,523
Total	<u>\$ 9,159,538</u>	<u>\$ 13,570,804</u>

7. RETIREMENT PLAN

The Organization has established a SEP/IRA defined contribution plan for its employees. The Organization contributes 6% to the plan on behalf of its employees. Contributions to the SEP/IRA were \$45,158 and \$36,483 for the years ended June 30, 2022 and 2021, respectively.

BOOKS FOR AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

8. OPERATING LEASES

The Organization leases warehouse space in Minnesota and Georgia requiring total monthly payments ranging from approximately \$18,000 to \$22,000, expiring at various times thru fiscal year 2026. Rent expense for warehouse space was \$289,919 and \$288,636 for the years ended June 30, 2022 and 2021, respectively. The Organization sublet a portion of its leased space in Georgia and received \$66,500 in rent payments in fiscal 2021.

Future minimum lease payments as of June 30, 2022 are as follows:

2023	\$	235,479
2024		238,815
2025		226,844
2026		<u>132,412</u>
Total	\$	<u><u>833,550</u></u>

9. LIQUIDITY

The Organization has \$1,494,216 of financial assets available within one year of the statement of financial position date, June 30, 2022, to meet cash needs for general operating expenditures, consisting of cash and cash equivalents. At June 30, 2021, the Organization had \$2,027,437 of financial assets available within one year, to meet cash needs for general operating expenditures, consisting of cash and cash equivalents. The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use because of donor-imposed restriction within one year of the statement of financial position date.

BOOKS FOR AFRICA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

9. LIQUIDITY (continued)

	<u>2022</u>	<u>2021</u>
Financial assets, at year end	\$ 2,696,968	\$ 3,179,047
less those unavailable for general expenditures with in one year due to donor imposed restrictions	(1,202,752)	(1,151,610)
Financial assets available, at year end	<u>\$ 1,494,216</u>	<u>\$ 2,027,437</u>

Management of the Organization reviews cash balances and cash use on a daily and weekly basis. Additionally, its Board of Directors and Finance Committee review the cash balance, and specifically, the months of cash on hand, monthly. The Organization uses a benchmark of three months of operating expenditures. At June 30, 2022 and 2021, the Organization had 7 and 9 months of financial assets available for future general operating expenditures, respectively.

10. CONTINGENCIES

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues its presence. Business continuity, including supply chains and consumer demand across a range of industries and countries, could be severely impacted for months or more, as governments and their citizens take measures to mitigate the consequences of the virus. Management is carefully monitoring the situation and evaluating its options during this time. While the Organization expects this matter to negatively impact its operating results, the financial impact and duration cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.