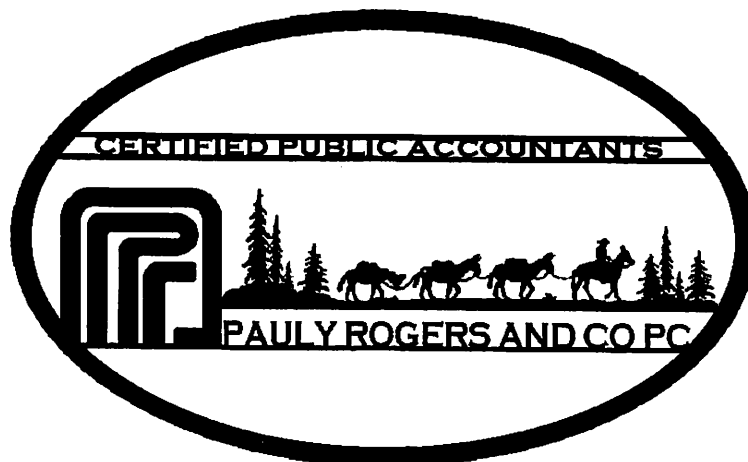


**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

FINANCIAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019



**12700 SW 72nd Ave.
Tigard, OR 97223**

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

FINANCIAL REPORT

For the Years Ended December 30, 2020 and 2019

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**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

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April 9, 2021

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying basic financial statements of Crooked River Ranch Water Company (the Company), which comprise the modified cash basis statement of financial position as of December 31, 2020 and 2019, and the related modified cash basis statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the modified cash basis basic financial statements. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the modified cash basis basic financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these consolidated basic financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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BASIC FINANCIAL STATEMENTS

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CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS
at December 31, 2020 and 2019

ASSETS:	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 428,874	\$ 537,760
Restricted Cash	176,823	176,047
Materials inventory	<u>104,572</u>	<u>100,183</u>
Total Current Assets	710,269	813,990
Capital Assets		
Capital assets, net of accumulated depreciation	<u>7,424,520</u>	<u>7,600,966</u>
TOTAL ASSETS	<u>8,134,789</u>	<u>8,414,956</u>
LIABILITIES:		
Current Liabilities		
Customer deposits	1,800	2,048
Current portion of long-term debt	<u>89,778</u>	<u>88,126</u>
Total Current Liabilities	91,578	90,174
Long-term Liabilities		
USDA loan, net of current portion and Amortization fees of \$9,993 and \$10,271	<u>4,457,338</u>	<u>4,546,838</u>
Total Liabilities	<u>4,548,916</u>	<u>4,637,012</u>
NET ASSETS		
Net assets without donor restrictions	<u>3,585,873</u>	<u>3,777,944</u>
Total Net Assets	<u>3,585,873</u>	<u>3,777,944</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,134,789</u>	<u>\$ 8,414,956</u>

See accompanying notes and accountants' compilation report.

CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS
for the Years Ended December, 2020 and 2019

	2020	2019
Receipts		
Metered water sales	\$ 955,020	\$ 907,688
New connection fees	12,722	8,892
Re-connection fees	705	1,351
Material and labor charges	200	725
Interest income	432	862
Double check-valve backflow program	49,135	71,480
Cell tower fees	12,133	32,290
Reimburse for Property Taxes	7,399	-
Miscellaneous income	2,993	4,288
	1,040,739	1,027,576
Disbursements		
Operating Disbursements	930,512	735,397
General and Administrative	302,298	442,207
	1,232,810	1,177,604
Change in Net Assets	(192,071)	(150,028)
Prior Period Adjustment	-	4,041
Net Assets at Beginning of Year	3,777,944	3,923,931
Net Assets at End of Year	\$ 3,585,873	\$ 3,777,944

See accompanying notes and accountants' compilation report.

CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

STATEMENT OF FUNCTIONAL DISBURSEMENTS - MODIFIED CASH BASIS
for the Year Ended December 31, 2020

	<u>Operating</u>	<u>General & Adminstrative</u>	<u>Total</u>
DISBURSEMENTS:			
Amortization	\$ 278	\$ -	\$ 278
Bad debt expense	-	553	553
Computer expense	-	41,715	41,715
Contract services	78,987	-	78,987
Depreciation	411,490	8,398	419,888
Double Check Valve Backflow Program	-	535	535
Dues and Subscriptions	-	2,908	2,908
Education and Staff Conferences	-	713	713
Employee Benefits	-	35,690	35,690
Insurance	-	2,449	2,449
Interest expense	-	87,099	87,099
Legal and professional fees	-	60,387	60,387
License and fees	-	3,171	3,171
Miscellaneous	-	16,495	16,495
Other supplies and postage	3,500	5,677	9,177
Payroll taxes and expense	-	21,774	21,774
Power	94,903	5,900	100,803
Property Tax	-	675	675
Public Relation Advertising	-	725	725
Equipment Rental	542	-	542
Small tools	2,933	-	2,933
System repair and maintenance	45,258	-	45,258
Telephone and utilities	3,087	7,434	10,521
Transportation	28,674	-	28,674
Wages	255,768	-	255,768
Water quality test	5,092	-	5,092
Total Disbursements	<u>\$ 930,512</u>	<u>\$ 302,298</u>	<u>\$ 1,232,810</u>

See accompanying notes and accountants' compilation report.

CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

STATEMENT OF FUNCTIONAL DISBURSEMENTS - MODIFIED CASH BASIS
for the Year Ended December 31, 2019

	<u>Operating</u>	<u>General & Adminstrative</u>	<u>Total</u>
DISBURSEMENTS:			
Amortization	\$ 278	\$ -	\$ 278
Bad debt expense	-	1,528	1,528
Computer expense	-	39,173	39,173
Contract services	70,788	-	70,788
Depreciation	398,473	6,863	405,336
Double Check Valve Backflow Program	-	675	675
Dues and Subscriptions	-	2,884	2,884
Education and Staff Conferences	-	2,243	2,243
Employee Benefits	-	29,655	29,655
Insurance	-	16,803	16,803
Interest expense	-	88,785	88,785
Legal and professional fees	-	33,909	33,909
License and fees	-	9,153	9,153
Miscellaneous	-	11,973	11,973
Other supplies and postage	5,632	5,500	11,132
Payroll taxes and expense	-	21,510	21,510
Power	88,777	5,943	94,720
Property Tax	-	655	655
Public Relation Advertising	-	1,283	1,283
Equipment Rental	2,462	-	2,462
Small tools	4,309	-	4,309
System repair and maintenance	49,296	-	49,296
Telephone and utilities	3,073	6,609	9,682
Transportation	11,693	-	11,693
Wages	98,656	157,064	255,720
Water quality test	1,959	-	1,959
Total Disbursements	<u>\$ 735,397</u>	<u>\$ 442,207</u>	<u>\$ 1,177,604</u>

See accompanying notes and accountants' compilation report.

CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
for the Years Ended December, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of receipts over disbursements	\$ (192,071)	\$ (150,028)
Depreciation (net)	420,241	401,295
Adjustments to accumulated depreciation	-	4,041
Changes in operating assets and liabilities:		
Materials inventory	(4,389)	8,206
Customer deposits	(248)	(200)
Amortization of loan fee	278	278
	<u>223,811</u>	<u>263,592</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	<u>(243,795)</u>	<u>(115,636)</u>
	<u>(243,795)</u>	<u>(115,636)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term loans and retention payable	<u>(88,126)</u>	<u>(86,504)</u>
	<u>(88,126)</u>	<u>(86,504)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	(108,110)	61,452
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>713,807</u>	<u>652,355</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 605,697</u>	<u>\$ 713,807</u>
Asset Presentation:		
Cash	\$ 428,874	\$ 537,760
Restricted cash	<u>176,823</u>	<u>176,047</u>
Total Cash	<u>\$ 605,697</u>	<u>\$ 713,807</u>

See accompanying notes and accountants' compilation report.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Crooked River Ranch Water Company (the Company), was organized as a nonprofit corporation on April 27, 1977, for the purpose of owning and operating a mutual domestic water distribution system and distributing water to Crooked River Ranch, which is located in central Oregon. The Water Company may assess its members' fees to cover the costs of its water services and may accumulated funds to meet its current expenses and other reasonable needs and reserves. It is regulated by the Oregon Public Utilities Commission.

BASIS OF ACCOUNTING

The accompanying basic financial statements were prepared on the modified cash basis of accounting, which is a financial reporting framework other than accounting principles generally accepted in the United States of America. The modifications to the cash basis of accounting are the reporting of capitalization and depreciation of property and equipment, materials inventory, refundable deposits and long-term debt. Under this basis, receipts are recognized when collected rather than when earned, and disbursements are recognized when paid rather than when incurred. Receivables and payables are not reported, except for retention payable.

The modified cash basis of accounting differs from accounting principles generally accepted in the United States primarily because the effects of outstanding receivables and obligations for expenses unpaid as of the basic financial statement date have been excluded from the basic financial statements.

INVENTORY

Inventories are valued at cost using the specific identification method.

USE OF ESTIMATES

Preparation of the modified cash basis basic 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 and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

CAPITAL ASSETS

Property, plant, and equipment purchased or constructed are capitalized at cost. All purchases of property and equipment over \$2,500 per item with a useful life greater than one year are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (Continued)

Building and improvements	30-40 years
System infrastructure	20-50 years
Vehicles	5-10 years
Machinery and equipment	5-30 years
Furniture and Fixtures	5-10 years

FINANCIAL STATEMENT PRESENTATION

The accompanying basic financials statement were prepared in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14. Under FASB ASU 2016-14, information regarding financial position and activities are reported according to two classes of net assets (Net assets without donor restrictions and net assets with donor restrictions) based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Receipts, gains and other support that have no external restrictions on their use or purpose and can be used for any purpose consistent with bylaws are reported as net assets without donor restrictions. Net assets without donor restriction include all assets available for general purposes.

Net Assets with Donor Restrictions – Contributions that are received with donor stipulation or by law that limit their use are recorded as net assets with donor restrictions. Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulation that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) or those resources. Thus, those laws extend donor imposed restrictions. There are no net assets with donor restrictions at December 31, 2020 and 2019.

Contributions are recorded in accordance with FASB ASU 2016-14. Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of the donor and legal restrictions. Contributions with donor restrictions received and released in the same year are recorded as contributions without donor restrictions. For the years ended December 31, 2020 and 2019, no contributions with donor restrictions have been received.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. At December 31, 2020 and 2019, there were no investments.

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

WATER USAGE FEES

Receipts are primarily derived from water fees collected from users and are expended for the purpose of distribution of water to the users. The minimum residential water rate for 2020 and 2019 was \$34.59 per month for both years. Company personnel read the meters every month during the summer with the excess usage billed at that time.

2. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are considered to be cash on hand and demand deposits. Deposits with financial institutions included bank demand deposits.

	<u>2020</u>	<u>2019</u>
Petty Cash	\$ 500	\$ 500
Demand Deposits	<u>605,197</u>	<u>713,307</u>
	<u>\$ 605,697</u>	<u>\$ 713,807</u>

Financial Statement Presentation:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 428,874	\$ 537,760
Restricted Cash	<u>176,823</u>	<u>176,047</u>
	<u>\$ 605,697</u>	<u>\$ 713,807</u>

Restricted Cash is a debt service reserve required by debt covenant (see note 5).

CREDIT RISK – DEPOSITS

In the case of deposits, there is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial risk. The deposits exceeded Federal Deposit Insurance Coverage (FDIC) limit by \$379,006 and \$472,157 as of December 31, 2020 and 2019, respectively.

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Changes in capital assets for the year ended December 31, 2020 are as follows:

	January 1, 2020	Adjustments	Additions	(Deletions)	December 31, 2020
Capital Asset, Non-depreciable					
Land	141,331	-	-	-	141,331
Total non-depreciable	141,331	-	-	-	141,331
Depreciable Assets					
Land Improvements	785,145	-	-	-	785,145
Buildings	231,125	-	-	-	231,125
Water system improvements	8,495,682	-	243,795	-	8,739,477
Vehicles	147,520	-	-	-	147,520
Furniture and fixtures	11,674	-	-	-	11,674
Machinery and equipment	349,695	-	-	-	349,695
Total	10,020,841	-	243,795	-	10,264,636
Accumulated Depreciation					
Land Improvements	91,748	-	40,256	-	132,004
Buildings	125,295	-	5,357	-	130,652
Water system improvements	2,070,768	353	336,480	-	2,407,601
Vehicles	102,777	-	19,376	-	122,153
Furniture and fixtures	4,793	-	1,505	-	6,298
Machinery and equipment	165,825	-	16,914	-	182,739
Total	2,561,206	353	419,888	-	2,981,447
Total Net Depreciable Capital Assets	7,459,635				7,283,189
Total Net Capital Assets	\$ 7,600,966				\$ 7,424,520

Adjustment represents the updating of accumulated depreciation in the Capital Asset Register.

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CAPITAL ASSETS (CONTINUED)

Changes in capital assets for the year ended December 31, 2019 are as follows:

	January 1, 2019	Adjustments	Additions	(Deletions)	December 31, 2019
Capital Asset, Non-depreciable					
Land	\$ 121,130	20,201	-	-	\$ 141,331
Total non-depreciable	121,130	20,201	-	-	141,331
Depreciable Assets					
Land Improvements	802,846	(20,201)	2,500	-	785,145
Buildings	231,125	-	-	-	231,125
Water system improvements	8,382,546	-	113,136	-	8,495,682
Vehicles	147,520	-	-	-	147,520
Furniture and fixtures	11,674	-	-	-	11,674
Machinery and equipment	349,695	-	-	-	349,695
Total depreciable assets	9,925,406	(20,201)	115,636	-	10,020,841
Accumulated Depreciation					
Land Improvements	55,533	(4,041)	40,256	-	91,748
Buildings	119,939	-	5,356	-	125,295
Water system improvements	1,748,838	-	321,930	-	2,070,768
Vehicles	83,401	-	19,376	-	102,777
Furniture and fixtures	3,288	-	1,505	-	4,793
Machinery and equipment	148,912	-	16,913	-	165,825
Total accumulated depreciation	2,159,911	(4,041)	405,336	-	2,561,206
Total Net Depreciable Capital Assets	7,765,495				7,459,635
Total Net Capital Assets	\$ 7,886,625				\$ 7,600,966

Adjustments represent the reclassification of \$20,201 of land to the non-depreciable category and \$4,041 in accumulated depreciation of land improvements.

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

4. INCOME TAX STATUS

Crooked River Ranch Water Company is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code. In any given year, at least eighty-five percent (85%) of the Company's gross income must be collected from members, for the sole purpose of meeting losses and expenses.

U.S. Generally Accepted Accounting Principles requires management to evaluate tax positions taken and recognize a tax liability (or asset) if an uncertain position has been taken that more likely than not would not be sustained upon examination by the Internal Revenue Service.

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

5. LONG-TERM LIABILITIES

A loan was received in December of 2016 through the U.S. Department of Agriculture (USDA) Rural Utilities Service program in the amount of \$4,900,000. The loan is being repaid over 40 years at 1.875% interest and is secured by promissory note and deed of trust on all lands owned, assigned of income, water rights and all easements as well as a UCC-1 financing statement on all movable equipment. Annual payments of \$175,224 are made.

The Letter of Conditions requires the establishment of the following reserve accounts:

1. Debt Service Reserve:

Funded annually with an amount equal to 10% of the annual payment each year over the life of the loan until one annual installment of \$175,224 is accumulated.

The Company has complied with these conditions by designating one bank account to hold the debt service reserve. The debt service reserve account balance at December 31, 2020 and 2019 was \$176,823 and \$176,047, respectively.

Changes in long term liabilities as of December 31, 2020 are:

	Beginning Balance 1/1/2020	Addition	Reductions	Ending Balance 12/31/2020	Due within One year
Notes Payable	\$ 4,645,235	\$ -	\$ (88,126)	4,557,109	\$ 89,778
Amortization Fee	(10,271)		278	(9,993)	-
Total Long term Liabilities	\$ 4,634,964	\$ -	\$ (87,848)	\$ 4,547,116	\$ 89,778

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. LONG-TERM LIABILITIES (CONTINUED)

Changes in long term liabilities as of December 31, 2019 are:

	Beginning Balance 1/1/2019	Addition	Reductions	Ending Balance 12/31/2019	Due within One year
Notes Payable	\$ 4,731,739	\$ -	\$ (86,504)	\$ 4,645,235	\$ 88,126
Amortization Fee	(10,549)	-	278	(10,271)	-
Total Long term Liabilities	\$ 4,721,190	\$ -	\$ (86,226)	\$ 4,634,964	\$ 88,126

Future debt service requirements are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	89,778	85,446	175,224
2022	91,462	83,762	175,224
2023	93,176	82,048	175,224
2024	94,924	80,300	175,224
2025	96,703	78,521	175,224
2026-2030	511,404	364,716	876,120
2031-2035	561,180	314,940	876,120
2036-2040	615,801	260,319	876,120
2041-2045	675,738	200,382	876,120
2046-2050	741,509	134,611	876,120
2051-2055	813,682	62,438	876,120
2056	171,752	3,220	174,972
	\$ 4,557,109	\$ 1,750,703	\$ 6,307,812

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. OPERATING LEASES

In 2016 the Company entered into a lease agreement with Pitney Bowes for equipment. The lease calls for quarterly payment of \$1,353 and expired in March 2020. The company in 2018 signed a lease agreement with Solutions Yes for a copier, future minimum lease payments of \$220 per month for 60 months. Total lease expense paid for the year ended December 31, 2020 and 2019, was \$4,404 and \$8,684, respectively.

Future minimum lease payments under the lease agreement are as follows:

Year Ending December 31,	
2021	2,640
2022	2,640
2023	<u>440</u>
	<u>\$ 5,720</u>

7. FUNCTIONAL DISBURSEMENTS

The Statements of Functional Disbursements report certain categories of disbursements that are attributable to more than one program or supporting function. Therefore, these disbursements require allocation on a reasonable basis that is consistently applied. All disbursements are allocated based on time and effort.

8. LIQUIDITY

Financial assets available within one year of the balance sheet date for general expenditures are as follows at December 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 605,697	\$ 713,807
Restricted cash	<u>(176,823)</u>	<u>(176,047)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 428,874</u>	<u>\$ 537,760</u>

The restricted cash is required by the USDA loan's debt covenant. As part of liquidity management, there is a policy to structure its financial assets to be available as its general expenses, liabilities and other obligations come due. In addition, cash in excess of daily requirements is invested in short-term investments.

**CROOKED RIVER RANCH WATER COMPANY
CROOKED RIVER RANCH, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. RETIREMENT PLAN

The Company started a SIMPLE IRA retirement plan for its employees during 2015. Eligibility is limited to employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year.

The Plan provides for either a matching contribution of 1%-3% or an employer non-elective contribution equal to 2% of total employee compensation for the calendar year. This election is made annually. Employer contributions for the year ended December 31, 2020 and 2019 were \$6,698 and \$6,914, respectively. The investments of the Plan are not shown on these basic financial statements because the assets belong to the Plan for the exclusive use of the employees, and is managed by a third party provider.

10. COMMITMENTS AND CONTINGENCIES

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. However, the Company expects the reduction of economic activity to negatively impact funds received.

11. SUBSEQUENT EVENTS

Events have been evaluated for the year ended December 31, 2020 through April 9, 2021, the issuance date of the basic financial statements. No subsequent events were identified by management that required note disclosure.