

**GASTRIC CANCER FOUNDATION**

**Millbrae, California**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**





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## **INDEPENDENT AUDITOR'S REPORT**

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Board of Directors of  
Gastric Cancer Foundation  
Millbrae, California

### ***Opinion***

We have audited the accompanying financial statements of Gastric Cancer Foundation, (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 Gastric Cancer Foundation as of September 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 Audit of the Financial Statements section of our report. We are required to be independent of Gastric Cancer Foundation, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management 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, 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 Gastric Cancer Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**BLACKMAN & SLOOP, CPAS, P.A.**

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***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 controls. Misstatements 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 judgement and maintain professional skepticism throughout the audit.
- 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 controls 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 Gastric Cancer Foundation'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gastric Cancer Foundation'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.



Chapel Hill, North Carolina  
April 7, 2023



**GASTRIC CANCER FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2022 and 2021**

**EXHIBIT A**

**ASSETS**

	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 861,643	\$ 604,949
Accounts receivable	120,203	1,035
Grants and contributions receivable	<u>25,000</u>	<u>25,491</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,006,846</u></b>	<b><u>\$ 631,475</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ -	\$ 1,409
Accrued payroll and related liabilities	5,478	14,604
Grants payable	<u>308,000</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>313,478</u></b>	<b><u>16,013</u></b>
<b>NET ASSETS:</b>		
Without donor restrictions	618,368	490,462
With donor restrictions	<u>75,000</u>	<u>125,000</u>
<b>TOTAL NET ASSETS</b>	<b><u>693,368</u></b>	<b><u>615,462</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,006,846</u></b>	<b><u>\$ 631,475</u></b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



## GASTRIC CANCER FOUNDATION

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Years Ended September 30, 2022 and 2021

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	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Totals
<b>SUPPORT AND REVENUE:</b>				
<b>SUPPORT:</b>				
Grants and contributions	\$ 474,921	\$ 150,000	\$ 624,921	\$ 594,725
Contributed nonfinancial assets	12,188	-	12,188	12,188
<b>TOTAL SUPPORT</b>	<b>487,109</b>	<b>150,000</b>	<b>637,109</b>	<b>606,913</b>
<b>REVENUE:</b>				
Other income	117	-	117	283
Realized loss	(44)	-	(44)	(289)
<b>TOTAL REVENUE</b>	<b>73</b>	<b>-</b>	<b>73</b>	<b>(6)</b>
	487,182	150,000	637,182	606,907
Net assets released from restrictions	200,000	(200,000)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>687,182</b>	<b>(50,000)</b>	<b>637,182</b>	<b>606,907</b>
<b>EXPENSES:</b>				
Program services	398,426	-	398,426	539,784
Management and general	126,171	-	126,171	124,229
Fundraising	34,188	-	34,188	33,300
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>558,785</b>	<b>-</b>	<b>558,785</b>	<b>697,313</b>
Loss from bad debts	491	-	491	-
<b>TOTAL EXPENSES</b>	<b>559,276</b>	<b>-</b>	<b>559,276</b>	<b>697,313</b>
<b>CHANGES IN NET ASSETS</b>	<b>127,906</b>	<b>(50,000)</b>	<b>77,906</b>	<b>(90,406)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>490,462</b>	<b>125,000</b>	<b>615,462</b>	<b>705,868</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 618,368</b>	<b>\$ 75,000</b>	<b>\$ 693,368</b>	<b>\$ 615,462</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



## GASTRIC CANCER FOUNDATION

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

## EXHIBIT B

For the Years Ended September 30, 2022 and 2021

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	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
<b>SUPPORT:</b>			
Grants and contributions	\$ 409,725	\$ 185,000	\$ 594,725
Contributed nonfinancial assets	12,188	-	12,188
<b>TOTAL SUPPORT</b>	<b>421,913</b>	<b>185,000</b>	<b>606,913</b>
<b>REVENUE:</b>			
Other income	283	-	283
Realized loss	(289)	-	(289)
<b>TOTAL REVENUE</b>	<b>(6)</b>	<b>-</b>	<b>(6)</b>
	421,907	185,000	606,907
Net assets released from restrictions	106,250	(106,250)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>528,157</b>	<b>78,750</b>	<b>606,907</b>
<b>EXPENSES:</b>			
Program services	539,784	-	539,784
Management and general	124,229	-	124,229
Fundraising	33,300	-	33,300
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>697,313</b>	<b>-</b>	<b>697,313</b>
<b>CHANGES IN NET ASSETS</b>	<b>(169,156)</b>	<b>78,750</b>	<b>(90,406)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>659,618</b>	<b>46,250</b>	<b>705,868</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 490,462</b>	<b>\$ 125,000</b>	<b>\$ 615,462</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



## GASTRIC CANCER FOUNDATION

## STATEMENTS OF CASH FLOWS

## EXHIBIT C

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 77,906	\$ (90,406)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(119,168)	(1,035)
Grants and contributions receivable	491	11,840
Accounts payable	(1,409)	(30,661)
Accrued payroll and related liabilities	(9,126)	2,042
Grants payable	<u>308,000</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>256,694</u>	<u>(108,220)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	256,694	(108,220)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>604,949</u>	<u>713,169</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 861,643</u></u>	<u><u>\$ 604,949</u></u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Non-cash activity:		
Contributed nonfinancial assets	<u>\$ 12,188</u>	<u>\$ 12,188</u>
Donated stock	<u><u>\$ 10,393</u></u>	<u><u>\$ 16,299</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



## GASTRIC CANCER FOUNDATION

## STATEMENTS OF FUNCTIONAL EXPENSES

## EXHIBIT D

For the Years Ended September 30, 2022 and 2021

	2022			
	Program Services	Management and General	Fundraising	Totals
Grants to others	\$ 318,000	\$ -	\$ -	\$ 318,000
Salaries and payroll taxes	35,683	85,639	21,410	142,732
Professional fees	18,301	23,502	8,825	50,628
Other expenses	24,000	2,728	266	26,994
Office expenses	1,873	10,706	1,789	14,368
Insurance	-	3,534	-	3,534
Fall campaign expenses	-	-	1,898	1,898
Advertising and marketing	569	62	-	631
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>398,426</b>	<b>126,171</b>	<b>34,188</b>	<b>558,785</b>
Loss from bad debts	-	491	-	491
<b>TOTAL EXPENSES</b>	<b>\$ 398,426</b>	<b>\$ 126,662</b>	<b>\$ 34,188</b>	<b>\$ 559,276</b>

	2021			
	Program Services	Management and General	Fundraising	Totals
Grants to others	\$ 467,855	\$ -	\$ -	\$ 467,855
Salaries and payroll taxes	35,121	84,281	21,073	140,475
Professional fees	18,808	25,003	9,202	53,013
Other expenses	18,000	2,562	827	21,389
Office expenses	-	8,337	600	8,937
Insurance	-	3,162	-	3,162
Fall campaign expenses	-	-	1,598	1,598
Advertising and marketing	-	884	-	884
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 539,784</b>	<b>\$ 124,229</b>	<b>\$ 33,300</b>	<b>\$ 697,313</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



**GASTRIC CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**ORGANIZATION**

Gastric Cancer Foundation (the “Foundation”) is a nonprofit corporation whose mission is to improve the lives of people who are affected by gastric cancer and to work with leading researchers to find a cure. The Foundation funds research that increases understanding of the disease and focuses on developing better diagnostics and treatments and ultimately a cure. The Foundation supports patients with reliable and useful information and resources, and a compassionate community that truly understands.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting.**

The Foundation’s financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires the use of certain estimates made by the Foundation’s management. Accordingly, revenues and support are recognized when earned, and expenses are recognized when the obligation is incurred.

The Foundation reports gifts of cash and other assets as support with donor restrictions 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 accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

**B. Cash and Cash Equivalents.**

Cash and cash equivalents consist of monies on deposit at financial institutions and money market funds. At times, the Foundation places deposits with high-quality financial institutions that may be in excess of federally insured amounts. The Foundation has not experienced any financial loss related to such deposits.

**C. Accounts, Grants and Contributions Receivable.**

Receivables that are expected to be collected within one year, are recorded at net realizable value and are recognized as support and assets in the period received. Receivables expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in revenue in the statements of activities and changes in net assets. Conditional grants and contributions are recognized when conditions on which they depend are substantially met.

The Foundation provides an allowance for uncollectible accounts equal to the estimated losses that are expected to be incurred in collection. The allowance is based on historical collection experience and a review by management of the current status of the existing receivables. As of September 30, 2022 and 2021, management deemed all accounts, grants and contributions receivable fully collectible.



**GASTRIC CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Revenue and Revenue Recognition.**

Revenue from grants and contributions is recognized when cash, securities or other assets, an unconditional promise to give, a grant award letter, or other notification is received. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions.

Conditional grants and contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions upon which they depend have been substantially met. There are no conditional grants at September 30, 2022 and 2021.

Revenue from contracts which are deemed to be exchange transactions are recognized as revenue without donor restrictions as performance obligations are completed either over time or at a point in time. Deferred revenue from exchange transactions results when cash receipts exceed revenue recognized. There is no revenue from contracts with customers in the years ended September 30, 2022 and 2021.

**E. Net Assets.**

Net assets, support and revenue, and gains and losses are classified based on 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 - Net assets available for use in general operations and not subject to donor restrictions. These resources include amounts generated from operations and undesignated gifts.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**F. Grant Expense.**

Grant expense is recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. The Foundation's board reviews grant applications and selects grant recipients. Funds were disbursed through the V Foundation in the year ended September 30, 2021, and transitioned to be disbursed by management in the year ended September 30, 2022. Annual reporting is required from all grantees.



**GASTRIC CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Estimates.

The preparation of financial statements in conformity with U.S. GAAP 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. Accordingly, actual results could differ from those estimates.

H. Advertising and Marketing.

Advertising and marketing costs totaling \$631 and \$884, respectively, during the years ended September 30, 2022 and 2021, were expensed as incurred.

I. Income Tax.

The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Foundation is exempt from state income taxes under section 23701(d) of the California Revenue and Taxation Code. If applicable, the Foundation reports interest and penalties related to unrecognized tax positions as interest expense under management and general expenses.

J. New Accounting Pronouncement.

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The main provision of ASU 2020-07 is to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The Foundation adopted ASU 2020-07 effective October 1, 2021 on a retrospective basis. There were no changes to beginning net assets due to the adoption of this standard.



**GASTRIC CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statements of financial position date comprise the following at September 30:

	2022	2021
Cash and cash equivalents	\$ 861,643	\$ 604,949
Accounts receivable	120,203	1,035
Grants and contributions receivable	25,000	25,491
	<u>1,006,846</u>	<u>631,475</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donor	(50,000)	(100,000)
Designation by board as operating reserve	<u>(200,000)</u>	<u>(125,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 756,846</u>	<u>\$ 406,475</u>

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The majority of the Foundation's expenditures consist of salaries and wages, professional fees, and grants to others. The bulk of these are for various program activities, which will vary depending on grants received. As such, the expenses would be decreased or eliminated completely if funding was not available. Additionally, the \$200,000, designated by the board as an operating reserve could be undesignated and utilized for general expenditures if considered necessary. Ultimately, management will adjust spending in accordance with funding sources. Management believes financial assets available to meet cash needs for general expenditures within one year to be sufficient.

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions includes \$200,000 and \$125,000, at September 30, 2022 and 2021, respectively, designated by the board of directors as an operating reserve.

**NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at September 30, 2022 and 2021, consist of the following:

	2022	2021
Research	\$ 50,000	\$ 100,000
Restricted for time	<u>25,000</u>	<u>25,000</u>
	<u>\$ 75,000</u>	<u>\$ 125,000</u>



**GASTRIC CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**CONCENTRATIONS**

Support from one funding source constitutes 17% and 25% of total grants and contributions revenue received during the years ended September 30, 2022 and 2021, respectively. Grants and contributions receivable from one donor represents 100% and 98% of total grants and contributions receivable at September 30, 2022 and 2021, respectively.

**CONTRIBUTED NONFINANCIAL ASSETS**

The Foundation recognizes contributed services if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Foundation. The Foundation received donated accounting and donor management services totaling \$12,188 for the years ended September 30, 2022 and 2021. These contributed services have been recognized in the accompanying financial statements as contributed nonfinancial assets, and professional fees at their estimated value. The value was determined by the amount paid to the individuals performing services, for the portion of their time estimated to the Foundation. The cost of the services provided was allocated to management and general and fundraising expenses in the statements of functional expenses based on the estimate of time worked in each functional area. All contributed nonfinancial assets were utilized during the year they were received for accounting and donor management services, and there were no donor-imposed restrictions associated with the contributed nonfinancial assets.

Additionally, numerous volunteers have donated significant amounts of their time and services to the Foundation for program and supporting activities, and the Foundation's board of directors serve without compensation. The financial statements do not reflect the value of these services donated by volunteers, as they do not meet recognition criteria prescribed by U.S. GAAP.

**FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited based on specific identification of expenditures and management estimates of time and resources devoted to those functions.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied. Salaries and payroll taxes, professional fees, and office expenses are allocated on the basis of estimates of time and effort, and certain office expenses are allocated based on the purpose of the expenditure. Other expenses are directly coded to the appropriate function as incurred.

**COMMITMENTS**

The Foundation has a subscription agreement with another organization that includes an annual subscription fee of \$12,000. The agreement has no end date but can be terminated by either party within sixty days.



**GASTRIC CANCER FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**CONTINGENCIES**

The Foundation is the recipient of grants for specific purposes that are subject to review and final audit by the grantor agencies. Such review and audit could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under the compliance terms of the grant.

**RECLASSIFICATIONS**

Certain reclassifications have been made to amounts previously reported in the 2021 financial statements in order to conform to 2022 presentation. Such reclassifications had no effect on net assets.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events for recognition or disclosure through April 7, 2023, which was the date that the financial statements were available to be issued. Management did not identify any events that occurred subsequent to year-end that require disclosure in the financial statements.