

INDEGO AFRICA PROJECT

Financial Statements

For the years ended December 31, 2019 and 2018

(With Independent Auditor's Report Thereon)

INDEGO AFRICA PROJECT
Table of Contents
For the years ended December 31, 2019 and 2018

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statement of Activities For the year ended December 31, 2019	4
Statement of Activities For the year ended December 31, 2018	5
Statement of Functional Expenses For the year ended December 31, 2019	6
Statement of Functional Expenses For the year ended December 31, 2018	7
Statements of Cash Flows	8
Notes to Financial Statements	9-15

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Indego Africa Project

We have audited the accompanying financial statements of Indego Africa Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and the related statements 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.

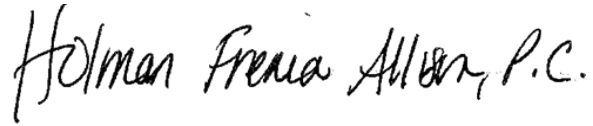
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indego Africa Project as of December 31, 2019, and the changes in its

net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Indego Africa Project as of December 31, 2018 were audited by other auditors whose report dated July 19, 2019, expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Holman Frenia Allison, P.C." in a cursive style.

HOLMAN FRENIA ALLISON, PC.
Certified Public Accountants

July 13, 2020
Toms River, New Jersey

INDEGO AFRICA PROJECT
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 103,778	\$ 52,668
Accounts receivable	15,250	42,429
Merchandise for resale	70,984	86,613
Prepaid expenses	4,096	5,818
Total current assets	194,108	187,528
Deposits	5,400	-
Total assets	\$ 199,508	\$ 187,528
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued expenses	\$ 25,666	\$ 24,461
Contract liabilities	45,885	-
Total liabilities	71,551	24,461
Net assets:		
Without donor restriction	94,853	82,698
With donor restriction	33,104	80,369
Total net assets	127,957	163,067
Total liabilities and net assets	\$ 199,508	\$ 187,528

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Statement of Activities
For the year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions	\$ 360,666	\$ 7,000	\$ 367,666
Product sales, net of expense totaling \$286,716	143,504	-	143,504
Fundraising events	16,004	-	16,004
Investment income	13	-	13
Currency exchange gain/(loss)	(5,021)	-	(5,021)
	<u>515,166</u>	<u>7,000</u>	<u>522,166</u>
Net assets released from restrictions	<u>54,265</u>	<u>(54,265)</u>	<u>-</u>
Total revenue and other support	<u>569,431</u>	<u>(47,265)</u>	<u>522,166</u>
Expenses:			
Program services	484,939	-	484,939
Management and general services	39,791	-	39,791
Fundraising	32,546	-	32,546
	<u>557,276</u>	<u>-</u>	<u>557,276</u>
Change in net assets	<u>12,155</u>	<u>(47,265)</u>	<u>(35,110)</u>
Net assets, January 1	<u>82,698</u>	<u>80,369</u>	<u>163,067</u>
Net assets, December 31	<u>\$ 94,853</u>	<u>\$ 33,104</u>	<u>\$ 127,957</u>

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Statement of Activities
For the year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions	\$ 259,584	\$ 139,255	\$ 398,839
Product sales, net of expense totaling \$293,871	105,224	-	105,224
Fundraising events	18,247	-	18,247
Investment Income	17	-	17
Currency exchange gain/(loss)	(5,729)	-	(5,729)
	<hr/>	<hr/>	<hr/>
Total revenue	377,343	139,255	516,598
Net assets released from restrictions	132,695	(132,695)	-
	<hr/>	<hr/>	<hr/>
Total revenue and other support	510,038	6,560	516,598
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services	469,333	-	469,333
Management and general services	28,966	-	28,966
Fundraising	33,879	-	33,879
	<hr/>	<hr/>	<hr/>
Total expenses	532,178	-	532,178
	<hr/>	<hr/>	<hr/>
Change in net assets	(22,140)	6,560	(15,580)
	<hr/>	<hr/>	<hr/>
Net assets, January 1	104,838	73,809	178,647
	<hr/>	<hr/>	<hr/>
Net assets, December 31	<u>\$ 82,698</u>	<u>\$ 80,369</u>	<u>\$ 163,067</u>

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Statement of Functional Expenses
For the year ended December 31, 2019
(With comparative totals for the year ended December 31, 2018)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 268,571	\$ 8,952	\$ 20,889	\$ 298,412
Rwanda Educational Program	62,046	-	-	62,046
Rent	48,839	-	-	48,839
Professional fees	-	27,802	-	27,802
Payroll taxes & fees	23,704	790	1,844	26,338
Advertising expense	17,821	-	3,145	20,966
Market Access Program	14,392	-	-	14,392
Office expense	10,253	540	-	10,793
Travel & meals	8,035	-	423	8,458
Ghana Project	7,430	-	-	7,430
Employee benefits	5,293	176	412	5,881
Fundraising expenses	-	-	5,834	5,834
Communications	4,499	237	-	4,736
Contract labor	4,352	-	-	4,352
Insurance	1,940	1,293	-	3,233
Bank charges	3,039	-	-	3,039
Inventory management system	2,388	-	-	2,388
Bad debt	2,337	-	-	2,337
	<u>\$ 484,939</u>	<u>\$ 39,791</u>	<u>\$ 32,546</u>	<u>\$ 557,276</u>
Comparative totals for the year ended December 31, 2018	<u>\$ 469,333</u>	<u>\$ 33,879</u>	<u>\$ 28,966</u>	<u>\$ 532,178</u>

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Statement of Functional Expenses
For the year ended December 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 229,611	\$ 6,872	\$ 19,883	\$ 256,366
Rwanda Educational Program	92,495	-	-	92,495
Rent	39,248	-	-	39,248
Advertising expense	22,890	-	4,040	26,930
Professional fees	-	24,579	-	24,579
Payroll taxes & fees	20,310	680	1,703	22,693
Contract labor	19,526	-	-	19,526
Market Access Program	10,656	-	-	10,656
Employee benefits	7,234	462	-	7,696
Ghana Project	6,700	-	-	6,700
Office expense	6,217	327	-	6,544
Travel & meals	4,895	-	258	5,153
Bank charges	3,543	-	-	3,543
Fundraising	-	-	3,070	3,070
Inventory management system	2,484	-	-	2,484
Insurance	1,382	921	-	2,303
Bad debt	1,942	-	-	1,942
Licenses & fees	200	38	12	250
	<u>\$ 469,333</u>	<u>\$ 33,879</u>	<u>\$ 28,966</u>	<u>\$ 532,178</u>

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Statements of Cash Flows
For the years ended December 31, 2019 and 2018

	2019	2018
Adjustments to reconcile change in net assets to net cash provided/(used)		
by operating activities:		
Change in net assets	\$ (35,110)	\$ (15,580)
Bad debt expense	2,337	1,942
Changes in operating assets and liabilities:		
Accounts receivable	24,842	946
Merchandise for resale	15,629	11,187
Prepaid expenses	1,722	(5,818)
Deposits	(5,400)	-
Accrued expenses	1,205	(7,175)
Contract liabilities	45,885	-
	51,110	(14,498)
Cash flows from financing activities		
Principal payments on notes payable	-	(5,000)
	-	(5,000)
Net cash used by financing activities	-	(5,000)
Net change in cash and cash equivalents	51,110	(19,498)
Cash and cash equivalents, beginning of year	52,668	72,166
Cash and cash equivalents, end of year	\$ 103,778	\$ 52,668

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Notes to Financial Statements
For the years ended December 31, 2019 and 2018

NOTE 1: ORGANIZATION AND PURPOSE

Indego Africa Project (the Organization) was formed in 2006. The Organization is an innovative social enterprise that partners with female artisans in Rwanda and Ghana on a fair-trade basis to drive forward a sustainable, long-term solution to systematic poverty in Africa. The Organization's support comes primarily through product sales, contributions and fundraisers.

IAR Innovations Ltd., a Rwandan company of Indego Africa Project, was formed in May 2012, and is a Rwandan company limited by shares pursuant to and in accordance with The Companies Act of the Republic of Rwanda.

Indego Africa Project, a Ghanaian company of Indego Africa Project, was formed in January 2016, and is a Ghanaian company limited by guarantee pursuant to and in accordance with The Companies Act of the Republic of Ghana.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Indego Africa Project have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed (or certain grantor 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. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)
For the years ended December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Organization places its temporary cash investments with high credit quality financial institutions.

D. Accounts Receivable

Accounts receivable are recorded for uncollected product sales and are reported at net realizable value if the amounts are due within one year. On a periodic basis, management evaluates its receivables to determine if any portion is uncollectible based on an analysis of expected collection rates determined from experience. Management has determined that all open receivables are collectible and therefore no allowance account is deemed necessary. For the years ended December 31, 2019 and 2018, accounts receivable were \$15,250 and \$42,429, respectively.

E. Merchandise for Resale

Merchandise held for sale consists of artisan products for wholesale and retail sale. Merchandise is stated at cost and valued using the average cost method at the lower of cost or market. Shipping and handling costs are included in costs of goods sold. As of December 31, 2019, and 2018, the Organization's entire merchandise inventory is produced in the countries of Rwanda and Ghana.

F. Prepaid Expenses

Prepaid expenses are amounts paid in the current year which benefit future periods.

G. Property and Equipment

The Organization capitalizes property and equipment over \$1,000. Property and equipment are carried at cost less accumulated depreciation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The costs of repairs and maintenance are expensed in the period incurred. As of December 31, 2019, the Organization did not have any property and equipment.

H. Contract Liabilities

The Organization recognizes revenue in the period in which the related program or activity is performed. Contributions are evaluated to determine if they are a contribution or an exchange transaction, and if considered an exchange transaction, they are recognized in accordance with Accounting Standards Codification (ASC) 606, *Revenue for customers with contracts*. If a contribution has a condition attached to it, revenue is recorded as conditions are met. The Organization recognized contract liabilities for unearned conditional contributions received in advance totaling \$45,885 and \$0, as of December 31, 2019 and 2018, respectively.

I. Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense for the years ended December 31, 2019 and 2018 totaled \$20,966 and \$26,930, respectively. Advertising expense includes amounts for marketing as well as costs towards the gift fairs and trade shows.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)
For the years ended December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

K. Income Taxes

The Organization is a non-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

The Organization is required to file Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

L. Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and fees, employee benefits, communications, insurance, travel and meals, office expense and advertising expense, which are allocated based on estimates of time and effort.

M. Foreign Currency Translation

Foreign currency transactions entered into by the Organization included in the financial statements are translated into the functional currency at the exchange rate prevailing at the transaction date. Monetary assets and liabilities are translated at the applicable exchange rate at each reporting date. The exchange rate gains and losses resulting from these items are generally reported in the statements of activities under revenue and other support.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)
For the years ended December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Impact of Recently Issued Accounting Pronouncements

Recently Issued Pronouncements Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The new ASU will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and lease back transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. This standard will be effective for nonpublic businesses for fiscal years beginning after December 15, 2020. Early implementation will be permitted. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

Recent Pronouncements Adopted in the Current Year

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is applicable for all entities that enter into contracts with customers to transfer goods and services or enter into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance or lease contracts). This ASU supersedes the revenue recognition requirements in *Topic 605, Revenue Recognition*, the most industry-specific guidance. The core principle of this ASU 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. There are five steps to achieve this core principle. Entities can either apply this standard retrospectively to each prior reporting period presented or retrospectively apply with the cumulative effect at the date of initial application. This statement is effective for annual reporting periods beginning after December 15, 2018. The Organization implemented this ASU during the current year and applied the standard retrospectively to each prior reporting period presented. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In June 2018, the FASB issued ASU 2018-08, *Not for Profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in this Update should be applied on a modified prospective basis. Retrospective application is permitted. Organizations should apply this standard on contributions received to annual periods beginning after December 15, 2018. The Organization implemented this ASU during the current year and applied the standard retrospectively to each prior reporting period presented.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)
For the years ended December 31, 2019 and 2018

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Subsequent Events

Indego Africa Project has evaluated subsequent events occurring after December 31, 2019 through the date of July 13, 2020, which is the date the financial statements were available to be issued. See Note 9.

NOTE 3: CASH

The deposits held by Indego Africa Project and reported at fair value, consisted of demand deposits totaling \$103,778 and \$52,668 as of December 31, 2019 and 2018, respectively.

NOTE 4: LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2019</u>	<u>2018</u>
Current financial assets:		
Cash and cash equivalents	\$ 103,778	\$ 52,668
Accounts Receivable	15,250	42,429
Total financial assets	<u>119,028</u>	<u>95,097</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions for purpose	<u>(33,104)</u>	<u>(80,369)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 85,924</u>	<u>\$ 14,728</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Indego Africa Project has a goal to maintain financial assets on hand to meet 45 days of normal operating expenses, which are, on average, approximately \$68,700. To manage liquidity, the Organization has received verbal commitments to borrow from the Board of the Directors as needed.

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31,:

	<u>2019</u>	<u>2018</u>
Vocational and business training	\$ 15,453	\$ 52,088
Yoga training	3,906	3,906
Young leaders academy	1,232	10,865
RW mental health program	<u>12,513</u>	<u>13,510</u>
Total net assets with donor restriction	<u>\$ 33,104</u>	<u>\$ 80,369</u>

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)
For the years ended December 31, 2019 and 2018

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets released from donor restrictions by incurring expenses or satisfying the purpose or time restrictions specified by the donors totaled \$54,265 and \$132,695 for the years ended December 31, 2019 and 2018, respectively.

NOTE 6: LEASES

The Organization leases office space in Kigali, Rwanda. The lease term is for three years from January 1, 2019 to December 31, 2021, at a monthly rental payment of \$840.

The Organization leases shared office space in Kumasi, Ghana on a month-to-month basis. Monthly rental payments are approximately \$100.

The Organization leases office space in Long Island City, NY. The lease term is for three years from May 1, 2019 to April 30, 2022, with rent increasing each year. Average monthly rent expense is \$2,782.

The Organization also utilized warehouse space leased by the Chief Executive Officer (CEO) on behalf of the Organization for a period of twelve months expiring July 31, 2019. Rental payments through July 31, 2019, made by the Organization were approximately \$2,300 per month.

Future minimum lease payments are as follows for the years ended December 31,:

2020	\$ 59,181
2021	43,786
2022	<u>11,458</u>
	<u>\$ 114,425</u>

Rent expense for the years ended December 31, 2019 and 2018 totaled \$48,839 and \$39,248, respectively.

NOTE 7: CONCENTRATIONS OF RISK

Credit Risk

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist principally of cash. The Organization maintains cash balances in various financial institutions located in the United States, Rwanda and Ghana. The Organization's policy is designed to limit exposure to any one institution, and it performs periodic evaluations of the relative credit standing of these financial institutions that are considered in the Organization's investment strategy.

Foreign Currency & International Operations Risk

A significant portion of the Organization's programs are conducted in Rwanda and Ghana in addition to operations and administration in the United States of America. Because the Organization operates in Rwanda and Ghana, its cash flows are denominated not only in U.S. dollars, but also in Rwandan francs and Ghanaian cedis. Changes in exchange rates may affect operations outside of the United States. In addition, the Organization is subject to various geographical risks and potential disruptions related to its international operations.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)
For the years ended December 31, 2019 and 2018

NOTE 7: CONCENTRATIONS OF RISK (continued)

Contributions

For the year ended December 31, 2019, one donor accounted for 28% of total contributions. There were no material contribution concentrations for the year ended December 31, 2018.

NOTE 8: SOURCES AND TIMING OF REVENUE

The Organization has analyzed the provisions of FASB ASC *Topic 606, Revenue from Contracts with Customers* and has concluded that no changes are necessary to conform with the new standard. The Organization's sales contain a single delivery element and revenue is recognized at a single point in time when ownership risks and rewards transfer.

NOTE 9: SUBSEQUENT EVENTS

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, emerged in Wuhan, China. Within weeks, the number of those infected grew significantly, and beyond China's borders. As of the date of this report, the coronavirus is reported to have spread globally, and the list is expected to continue to grow. As a result of the government-required business shutdowns related to the COVID-19 pandemic, many wholesale clients closed their stores and significantly reduced their purchases from the Organization. Sales volumes in the first half of 2020 declined significantly, and the Organization has taken actions to reduce expenditures accordingly.

Subsequent to year-end, the Organization received a loan through the paycheck protection program, which is subject to principal forgiveness within certain guidelines.