Partners Relief & Development

(a nonprofit Nevada corporation)

Financial Statements

December 31, 2021 and 2020

Partners Relief & Development

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Brock CPAs

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Independent Auditor's Report

To the Board of Directors
Partners Relief & Development
Ada, Michigan

Opinion

We have audited the financial statements of Partners Relief & Development (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Partners Relief & Development as of December 31, 2021 and 2020, 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 Partners Relief & Development 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 Partners Relief & Development's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (continued)

Auditor's Responsibility 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 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 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 Partners Relief & Development'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 Partners Relief & Development'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.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Longmont, Colorado
September 23, 2022

Partners Relief & Development

Statements of Financial Position

December 31	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 2,559,631**	$ 1,196,270
Investments, at fair value	**97,258**	-
Contributions receivable	**64,454**	226,802
Inventories	**30,795**	27,089
Prepaid expenses and other current assets	**16,370**	236
Total current assets	**2,768,508**	1,450,397
Equipment and Software		
Equipment	**12,280**	6,917
Software	**11,760**	11,760
	24,040	18,677
Less accumulated depreciation	**(17,650)**	(16,849)
Net equipment and software	**6,390**	1,828
Other Assets		
Deposit	**2,947**	2,947
Investments, at cost	**361,000**	-
Total other assets	**363,947**	2,947
Total assets	**$ 3,138,845**	$ 1,455,172
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	**$ 41,535**	$ 28,153
Accrued compensation and benefits	**1,691**	16,831
Total current liabilities	**43,226**	44,984
Net Assets		
Without donor restrictions	**2,087,697**	548,014
With donor restrictions	**1,007,922**	862,174
Total net assets	**3,095,619**	1,410,188
Total liabilities and net assets	**$ 3,138,845**	$ 1,455,172

The accompanying Notes are an integral
part of these financial statements

Partners Relief & Development

Statement of Activities

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support			
Contributions and grants	$ 2,816,322	$ 2,418,730	$ 5,235,052
In-kind contributions	361,000	-	361,000
Net assets released from restrictions			
Satisfaction of program restrictions	2,046,180	(2,046,180)	-
Expiration of time restrictions	226,802	(226,802)	-
Total operating support	5,450,304	145,748	5,596,052
Operating Expenses			
Program services	3,528,765	-	3,528,765
Supporting services			
General and administrative	357,451	-	357,451
Fundraising	351,448	-	351,448
Total operating expenses	4,237,664	-	4,237,664
Total operating support in excess of operating expenses	1,212,640	145,748	1,358,388
Other Changes			
Investment income	251,228	-	251,228
Paycheck Protection Program grant	75,607	-	75,607
Other income	2,382	-	2,382
Merchandise sales, net	(2,174)	-	(2,174)
Total other changes	327,043	-	327,043
Change in Net Assets	1,539,683	145,748	1,685,431
Net Assets, Beginning of Year	548,014	862,174	1,410,188
Net Assets, End of Year	$ 2,087,697	$ 1,007,922	$ 3,095,619

Partners Relief & Development

Statement of Activities

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support			
Contributions and grants	$ 2,505,137	$ 1,198,124	$ 3,703,261
In-kind contributions	116,250	-	116,250
Net assets released from restrictions			
Satisfaction of program restrictions	1,179,375	(1,179,375)	-
Total operating support	3,800,762	18,749	3,819,511
Operating Expenses			
Program services	3,321,663	-	3,321,663
Supporting services			
General and administrative	250,399	-	250,399
Fundraising	220,141	-	220,141
Total operating expenses	3,792,203	-	3,792,203
Total operating support in excess of operating expenses	8,559	18,749	27,308
Other Changes			
Paycheck Protection Program grant	68,145	-	68,145
Other income	2,044	-	2,044
Investment income	143	-	143
Merchandise sales, net	29	-	29
Total other changes	70,361	-	70,361
Change in Net Assets	78,920	18,749	97,669
Net Assets, Beginning of Year	469,094	843,425	1,312,519
Net Assets, End of Year	$ 548,014	$ 862,174	$ 1,410,188

Partners Relief & Development

Statement of Functional Expenses

Year ended December 31, 2021

		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 769,539	$ 192,214	$ 253,716	$ 1,215,469
Payroll taxes	35,274	13,008	12,159	60,441
Employee benefits	49,264	17,856	4,903	72,023
Total personnel costs	854,077	223,078	270,778	1,347,933
Program expenses	2,450,232	-	-	2,450,232
Legal and professional fees	88,027	54,258	3,749	146,034
Technology and communications	24,082	29,733	43,477	97,292
Travel and meals	31,932	20,182	18,358	70,472
Insurance	24,650	12,754	-	37,404
Occupancy	11,394	5,637	4,650	21,681
Office expenses	17,156	1,817	2,365	21,338
Marketing	12,047	1,597	4,862	18,506
Printing and postage	9,874	635	3,209	13,718
Training and education	5,294	466	-	5,760
Miscellaneous expenses	-	4,556	-	4,556
Bank and credit card fees	-	1,937	-	1,937
Depreciation	-	801	-	801
Total operating expenses	$ 3,528,765	$ 357,451	$ 351,448	$ 4,237,664

Partners Relief & Development

Statement of Functional Expenses

Year ended December 31, 2020

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total
Salaries and wages	$ 773,178	$ 147,685	$ 80,706	$ 1,001,569
Payroll taxes	53,041	10,783	2,924	66,748
Employee benefits	41,201	6,654	2,664	50,519
Total personnel costs	867,420	165,122	86,294	1,118,836
Program expenses	2,220,956	-	-	2,220,956
Legal and professional fees	117,377	24,627	72,174	214,178
Technology and communications	20,031	11,631	32,954	64,616
Marketing	35,970	972	11,666	48,608
Printing and postage	23,126	1,629	7,817	32,572
Travel and meals	13,392	7,653	2,870	23,915
Occupancy	10,501	5,250	5,250	21,001
Office expenses	1,170	15,382	167	16,719
Miscellaneous expenses	6,256	7,746	894	14,896
Insurance	-	5,687	-	5,687
Training and education	5,464	-	55	5,519
Depreciation	-	2,733	-	2,733
Bank and credit card fees	-	1,967	-	1,967
Total operating expenses	$ 3,321,663	$ 250,399	$ 220,141	$ 3,792,203

The accompanying Notes are an integral part of these financial statements

Partners Relief & Development

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended December 31	2021	2020
Cash Flows From Operating Activities		
Change in net assets	**$ 1,685,431**	$ 97,669
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	**801**	2,733
Net realized and unrealized loss on investments	**2,498**	-
Donated investments	**(361,000)**	-
Increase (decrease) from changes in assets and liabilities		
Contributions receivable	**162,348**	(226,802)
Inventories	**(3,706)**	10,326
Prepaid expenses and other current assets	**(16,134)**	758
Deposit	**-**	(947)
Accounts payable	**13,382**	7,589
Accrued compensation and benefits	**(15,140)**	5,963
Net cash provided (used) by operating activities	**1,468,480**	(102,711)
Cash Flows From Investing Activities		
Purchases of investments	**(100,204)**	-
Net proceeds from sale of investments	**448**	-
Purchases of equipment	**(5,363)**	-
Net cash used by investing activities	**(105,119)**	-
Net Increase (Decrease) in Cash and Cash Equivalents	**1,363,361**	(102,711)
Cash and Cash Equivalents, Beginning of Year	**1,196,270**	1,298,981
Cash and Cash Equivalents, End of Year	**$ 2,559,631**	$ 1,196,270

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. Partners Relief & Development (the Organization) is a Nevada non-profit corporation established in 2001 to provide direct care to children and families affected by war and oppression in Southeast Asia and the Middle East through sustainable development, the strengthening of families, and emergency relief. The Organization's work spans the following key areas: nutrition; education; health; care for children; income generation; migrant assistance; shelter and emergency relief. The Organization's revenues and other support are derived principally from charitable contributions from interested parties.

During April 2021, Paint Rock Resources, LLC, a Texas limited liability company, was donated to the Organization. Paint Rock Resources, LLC subsequently sold all of its assets and donated the proceeds to the Organization. As a result of the asset sale, Paint Rock Resources, LLC carried no assets or liabilities at December 31, 2021 and remained a single-member LLC, which is controlled by the Organization. The financial statements of Paint Rock Resources, LLC are insignificant and are not consolidated in the accompanying financial statements.

Basis of Accounting. The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

> *Net Assets Without Donor Restrictions.* Net assets resulting from revenues generated by receiving contributions that have no donor stipulations and receiving investment and other income, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
>
> *Net Assets With Donor Restrictions.* Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents. Cash consists of checking and savings accounts held at financial institutions. For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

Investments. The Organization's investments in mutual funds and exchange traded funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Investments (continued). The Organization's management determines the valuation policies utilizing information provided by the investment advisors and custodians. Investments in the form of mineral rights are presented at the lower of cost or market.

Unrealized gains and losses are included in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements. The Organization reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization values mutual funds and exchange traded funds with readily determinable market values at fair value as determined by quoted market prices on national securities exchanges valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued). 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. There have been no changes in the methodology used at December 31, 2021.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

Contributions Receivable. Unconditional promises to give are recognized as revenue in the period received. Contributions receivable are recorded at the amount the Organization expects to receive, allowing for estimated uncollectible contributions. The allowance for uncollectible contributions is estimated based on management's review of specific contributions outstanding. As of December 31, 2021 and 2020, management believes all contributions receivable are fully collectible, and accordingly, no allowance for doubtful accounts has been recorded. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventories. Inventories consist of books, clothing and other accessories, and is stated at the lower of cost (first-in, first-out method) or net realizable value.

Equipment and Software. It is the Organization's policy to capitalize equipment and software at cost for purchases over $2,500, while repair and maintenance items are charged to expense. Donations of equipment and software are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Equipment and software is depreciated using straight-line methods over the estimated useful lives of the assets, which is generally five to ten years for equipment and software. Depreciation expense totaled $801 and $2,733 for the years ended December 31, 2021 and 2020, respectively. Amortization of software is included in depreciation expense.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during 2021 and 2020.

Contributions. Contributions are recognized when the donation is received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Contributed Services. Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no contributed services for the year ended December 31, 2021. Contributed services totaled $116,250 for the year ended December 31, 2020.

Functional Allocation of Expenses. The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Income Taxes. The Organization is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes has been made.

Subsequent Events. The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through September 23, 2022, the date at which the financial statements were available for release.

Note 2 – Liquidity and Availability

The Organization had $2,721,343 and $1,423,072 in financial assets available within one year of December 31, 2021 and 2020, respectively. The Organization receives significant contributions and promises to give that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity monthly. During the years ended December 31, 2021 and 2020, the level of liquidity and reserves was managed within the guiding principles.

Note 3 – Investments

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value, as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Investments carried at fair value				
Mutual Funds				
Equity funds	$ 40,994	$ -	$ -	$ 40,994
Bond funds	25,941	-	-	25,941
Other	1,142	-	-	1,142
Exchange Traded Funds	29,181	-	-	29,181
	$ 97,258	$ -	$ -	97,258
Investments carried at lower of cost or market				
Mineral rights				361,000
Total investments				$ 458,258

The Organization's did not carry investments measured at fair value at December 31, 2020.

Mineral Rights. In April 2021, the Organization received overriding royalty interests in oil and gas wells (mineral rights) located in Lea County, New Mexico. An appraisal was performed to value the mineral rights at the date of gift. The ongoing fair value of the mineral rights is not readily determinable and they are considered for impairment annually.

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2021, there were no significant transfers in or out of fair value levels.

Investment income consisted of the following for the years ended December 31:

	2021	2020
Royalties	$ 253,487	$ -
Interest and dividends	529	143
Net unrealized loss on investments	(2,946)	-
Net realized gain on investments	448	-
	251,518	143
Investment fees	(290)	-
Net investment income	$ 251,228	$ 143

Note 4 – Contributions Receivable

Contributions receivable were $64,454 and $226,802 as of December 31, 2021 and 2020, respectively. Amounts outstanding at December 31, 2020 were collected during 2021, and management estimates the outstanding amount at December 31, 2021 will be collected during 2022.

Note 5 – Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	Purpose Restrictions			
	Middle East and Southeast Asia Funds	Relief and Development Team Support	Time Restrictions	Total
Balance, January 1, 2020	$ 830,297	$ 13,128	$ -	$ 843,425
Additions	962,680	8,642	226,802	1,198,124
Releases	(1,169,160)	(10,215)	-	(1,179,375)
Balance, December 31, 2020	623,817	11,555	226,802	862,174
Additions	**2,350,057**	**4,219**	**64,454**	**2,418,730**
Releases	**(2,030,406)**	**(15,774)**	**(226,802)**	**(2,272,982)**
Balance, December 31, 2021	**$ 943,468**	**$ -**	**$ 64,454**	**$ 1,007,922**

Note 6 – Operating Lease and Subsequent Event

The Organization leases office space in Ada, Michigan under a noncancelable operating lease. The lease requires monthly payments of $1,550, and expired in January 2022. Rent expense, including shared operating costs, under the lease totaled $21,531 and $19,273 for the years ended December 31, 2021 and 2020, respectively.

The required annual minimum lease payments due in 2022 under the noncancelable operating lease totaled $1,550 at December 31, 2021.

In January 2022, the Organization extended the lease for office space in Ada, Michigan for an additional three years. The lease requires monthly payments of $1,570 and expires in January 2025.

Note 7 – Paycheck Protection Program

The Organization received proceeds from the Paycheck Protection Program administered by the U.S. Small Business Administration of $75,607 in 2021 and $68,145 in 2020. Proceeds from the program are considered a government grant if at least 60% of the proceeds are spent on eligible payroll, with the remaining 40% on other narrowly specified expenses. As of December 31, 2021 and 2020, the Organization fulfilled the requirements of the program for each payment. Accordingly, the Organization recognized the proceeds as grant revenue.

Note 8 – Retirement Plan

The Organization participates in a deferred compensation retirement plan under Internal Revenue Code Section 403(b). The plan covers substantially all employees and allows the Organization to provide a discretionary matching contribution equal to a uniform percentage or dollar amount of each employee's elective deferral. The Organization determines the formula for the discretionary matching contribution annually. The Organization contributed $38,750 and $43,394 to the plan for the years ended December 31, 2021 and 2020, respectively.

Note 9 – Concentrations of Credit Risk

Bank Deposits. The Organization routinely maintained cash balances in excess of federally insured limits during the years ended December 31, 2021 and 2020.

Major Donor. The Organization had a single donor that comprised 15% of total revenues for the year ended December 31, 2020. There were no major donors for the year ended December 31, 2021.

Note 10 – Risks and Uncertainty

A global pandemic has continued into 2022, although with diminished impacts. The effects of the pandemic have negatively impacted the economy with labor and supply chain shortages and high inflation. Uncertainties may arise with respect to potential government mandates should the status of the pandemic change in the future.

Note 11 – New Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standard Update (ASU) No. 2016-02, *Leases (Topic 842)*, for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard will be effective for annual reporting periods beginning after December 15, 2021, and must be applied using a modified retrospective approach. The Organization is currently evaluating the impact of adopting this standard on its financial statements.