

Paralyzed Veterans of America - Wisconsin Chapter Inc.

Audited Financial Statements

For the years ended September 30, 2022 and 2021

Prepared by: **Bruce Michael Redlin, CPA, LLC**
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Paralyzed Veterans of America - Wisconsin Chapter Inc.

Audited Financial Statements
For the years ended September 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Paralyzed Veterans of America - Wisconsin Chapter Inc.
Milwaukee, Wisconsin 53202

Report on the Financial Statements

We have audited the accompanying financial statements of Paralyzed Veterans of American - Wisconsin Chapter, Inc (a non-profit organization), which comprise the statement of financial position as of September 30, 2022 and 2021, and the related statements of activities and net assets and cash flows for the years then ended, and the related notes to the financial statements.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Paralyzed Veterans of American - Wisconsin Chapter, Inc as of September 30, 2022 and 2021, and the results of its operations 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

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Paralyzed Veterans of American - Wisconsin Chapter, Inc and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

- 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 Paralyzed Veterans of American - Wisconsin Chapter, Inc's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Paralyzed Veterans of America – Wisconsin Chapter, Inc's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Bruce Michael Redlin, CPA, LLC

Bruce Michael Redlin, CPA, LLC
Certified Public Accountant
West Allis, Wisconsin
November 1, 2022

Paralyzed Veterans of America - Wisconsin Chapter Inc.
Statement of Financial Position
For the years ended September 30, 2022 and 2021

	Assets	<u>2022</u>	<u>2021</u>
Current Assets			
Cash and Equivalents		\$ 65,635	\$ 87,863
Other Receivables and Prepaid Expenses		<u>775</u>	<u>775</u>
Total Current Assets		<u>66,410</u>	<u>88,638</u>
Property and Equipment			
Office Furniture and Equipment		51,175	51,175
Less: Accumulated Depreciation		<u>(51,175)</u>	<u>(50,379)</u>
Net Property and Equipment		<u>-</u>	<u>796</u>
Other Assets			
Land Contract Receivable		<u>-</u>	<u>160,300</u>
Total Other Assets		<u>-</u>	<u>160,300</u>
Investments		<u>1,249,652</u>	<u>1,147,984</u>
Total Assets		<u>\$ 1,316,062</u>	<u>\$ 1,397,718</u>
	Liabilities and Net Assets		
Current Liabilities			
Accounts Payable		\$ -	\$ -
Accrued Liabilities		<u>4,471</u>	<u>3,067</u>
Total Current Liabilities		<u>4,471</u>	<u>3,067</u>
Net Assets			
Without Donor Restrictions		<u>1,311,591</u>	<u>1,394,651</u>
Total Net Assets		<u>1,311,591</u>	<u>1,394,651</u>
Total Liabilities and Net Assets		<u>\$ 1,316,062</u>	<u>\$ 1,397,718</u>

The accompanying notes are an integral part of these financial statements.

Paralyzed Veterans of America - Wisconsin Chapter Inc.
Statement of Activities and Net Assets
For the years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Without Donor Restrictions -		
Support and Revenue		
Fundraising and Contributions (less \$4,365 in expenses)	\$ 421,844	\$ 189,120
PVA and Other Grants	194,926	183,159
Event Registration Fees	-	-
Investment Income	(228,694)	152,242
Other Income	<u>6,949</u>	<u>13,977</u>
 Total Support and Revenue Without Donor Restrictions Before Net Assets Released for Restrictions	 395,025	 538,498
 Net Assets Released from Restrictions	 <u>-</u>	 <u>-</u>
 Total Without Donor Restrictions Support and Revenue	 <u>395,025</u>	 <u>538,498</u>
 Without Donor Restrictions Expenses		
Program Services		
Membership and Benefits	165,644	116,901
Public Affairs	245,539	132,518
Research and Education	<u>28,858</u>	<u>24,646</u>
 Total Program Services	 440,041	 274,065
 Management and General Fundraising	 22,248 <u>15,796</u>	 18,461 <u>14,077</u>
 Total Expenses	 <u>478,085</u>	 <u>306,603</u>
 Change in Net Assets Without Donor Restrictions	 (83,060)	 231,895
 Restricted Net Assets		
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>
 Change in Restricted Net Assets	 <u>-</u>	 <u>-</u>
 Change in Net Assets	 (83,060)	 231,895
 Net Assets		
Beginning of Year	<u>1,394,651</u>	<u>1,162,756</u>
End of Year	<u>\$ 1,311,591</u>	<u>\$ 1,394,651</u>

The accompanying notes are an integral part of these financial statements.

Paralyzed Veterans of America - Wisconsin Chapter Inc.
Statement of Cash Flows
For the years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Changes in Net Assets	\$ (83,060)	\$ 231,895
Add (deduct):		
Depreciation	797	2,182
Realized (Gain) Loss on Investments	11,057	(21,682)
Unrealized (Appreciation) Depreciation of Investments	(38,713)	(154,969)
Increase or (Decrease) in Cash and Cash Equivalents Due to Changes in		
Land Contract Receivable	160,300	29,640
Accounts Payable	-	(11,871)
Accrued Liabilities	<u>1,404</u>	<u>1,381</u>
Net Cash Provided by Operating Activities	<u>51,785</u>	<u>76,576</u>
Cash Flows from Investing Activities		
Sales of Investments	568,910	408,645
Purchases of Investments	<u>(642,923)</u>	<u>(480,478)</u>
Net Cash Flow from Investing Activities	<u>(74,013)</u>	<u>(71,388)</u>
Net Change in Cash and Cash Equivalents	(22,228)	4,743
Cash and Cash Equivalents		
Beginning of the Year	<u>87,863</u>	<u>83,120</u>
End of the Year	<u>\$ 65,635</u>	<u>\$ 87,863</u>

The accompanying notes are an integral part of these financial statements.

PARALYZED VETERANS OF AMERICA - WISCONSIN CHAPTER INC

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With Summarized Totals for the Year Ended September 30, 2021)

	PROGRAM SERVICES				SUPPORTING SERVICES		2022 Totals	2021 Totals
	Membership and Benefits	Public Affairs	Research and Education	Total	Management and General	Fundraising		
Compensation, Taxes and Benefits	\$ 48,892	\$ 41,890	\$ 5,621	\$ 96,402	\$ 3,935	\$ 4,647	\$ 104,984	\$ 51,639
Professional and Consulting	35,044	30,025	4,026	69,095	2,844	3,311	75,251	41,347
Occupancy	16,550	10,309	5,746	32,605	2,705	895	36,205	32,073
Office Supplies and Expenses	32,825	28,114	3,767	64,705	2,605	3,098	70,409	74,948
Postage and Shipping	1,676	1,433	192	3,301	133	158	3,592	2,207
Printing, Publications and Promotion	6,264	5,353	718	12,335	496	590	13,421	9,300
Dues and Subscriptions	5,376	4,600	617	10,592	427	504	11,523	2,041
Conferences, Meetings and Travel	18,553	100,710	-	119,263	8,031	2,493	129,787	69,563
Awards, Scholarships, Grants	165	22,906	8,072	31,143	972	-	32,115	21,301
Total Expenses Before Depreciation	165,345	245,340	28,758	439,442	22,149	15,696	477,288	304,421
Depreciation	299	199	100	598	100	100	797	2,182
Total 2022 Expenses	<u>\$ 165,644</u>	<u>\$ 245,539</u>	<u>\$ 28,858</u>	<u>\$ 440,041</u>	<u>\$ 22,249</u>	<u>\$ 15,796</u>	<u>\$ 478,085</u>	<u>\$ 306,603</u>
Total 2021 Expenses	<u>\$ 116,901</u>	<u>\$ 132,518</u>	<u>\$ 24,646</u>	<u>\$ 274,065</u>	<u>\$ 18,461</u>	<u>\$ 14,077</u>		<u>\$ 306,603</u>

The accompanying notes are an integral part of this schedule.

Paralyzed Veterans of America - Wisconsin Chapter Inc.
Notes to Financial Statements
For the years ended September 30, 2022 and 2021

Note 1. Nature of the Operations

Paralyzed Veterans of America - Wisconsin Chapter Inc. (PVA-WI and/or the organization) is one of 33 chapters of Paralyzed Veterans of America (PVA). Founded in 1946, PVA is organized to provide services to veterans with spinal cord injury or disease, MS or ALS and be an advocate for the disabled community. PVA-WI gained admission in PVA in 1980 and received its Chapter Charter in November 1981. The national organization, PVA, has agreed to support PVA-WI with an annual chapter grant. The approved PVA annual grant for the remaining nine months ending June 30, 2022 is \$112,991.

In order to provide services to veterans and be an advocate for the disabled community, PVA-WI has several programs. Program services include:

Membership and Benefits - Each PVA chapter is required to maintain an active outreach program to maintain members and solicit new members. Benefit services include a hospital liaison, National Service Office referrals, education, etc. Each PVA chapter is also required to maintain member contact, producing and distributing publications.

Public Affairs - Each PVA chapter is required to be proactive in legislation, civil rights and barrier-free design and to create public awareness of issues of concern to members using news media. Additionally, each chapter must provide a program to improve the quality of life of paralyzed veterans and other persons with disabilities by assisting with the expansion of both the quality and quantity of opportunities in sports and recreation, especially those activities that enhance lifetime health and fitness.

Research and Education - In order to support research and education in the areas of care and cure of veterans with paralysis, PVA established the PVA Research Foundation and the PVA Education Foundation. PVA chapters are encouraged to support programs directed toward research and education.

Fundraising - Each PVA chapter is required to operate a program to raise funds in order to further implement and enhance the other PVA chapter programs.

Note 2. Summary of Significant Accounting Policies

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 financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Paralyzed Veterans of America - Wisconsin Chapter Inc.
Notes to Financial Statements
For the years ended September 30, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued) –

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Adoption of New Accounting Policy:

In May, 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (ASC 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, Revenue Recognition, and most industry-specific guidance.

This framework is intended to result in less complex guidance in application while providing a consistent and comparable methodology for revenue recognition.

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised good or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the amendments require expanded disclosure to enable the users of financial statements the ability to understand the nature, timing and uncertainty of revenue and cash flows arising from customer contracts.

On January 1, 2021, the Organization adopted ASC 606 and all related amendments required under Generally Accepted Accounting Principles (GAAP). The guidance is applied to all contracts using the modified retrospective method. This method requires the cumulative effect of initially applying the new revenue standard to be recorded as an adjustment to the opening balance of member's equity.

The Organization applied the new guidance using the practical expedient provided in ASC 606 that allows the guidance to be applied only to contracts that were not completed as of January 1, 2021. There were no changes to reported revenue, assets, liabilities or net assets in these financial statements.

Paralyzed Veterans of America - Wisconsin Chapter Inc.
Notes to Financial Statements
For the years ended September 30, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (continued)

Grant Revenue - Grants are either recorded as contributions or exchange transactions based on certain criteria contained in the grant award.

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions – Exchange transactions are those which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

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. Actual results could differ from those estimates.

Cash and Cash Equivalents – The organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. Cash is held primarily in four checking and savings accounts at banks in southeastern Wisconsin. The Federal Deposit Insurance Corporation (FDIC) provides limited insurance on cash deposits. At times, the organization's cash deposits may exceed the FDIC insurance limit, however, the organization does not expect to experience any losses on its cash deposits.

Investments – Investments are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That 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 investments (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows.

Level 1 - Valuation is based upon quoted prices in active markets for identical investments.

Level 2 - Valuation is based upon other significant observable inputs (including quoted prices for similar investments).

Level 3 - Valuation is based upon significant unobservable inputs (including the plan's assumptions in determining the fair value of investments).

Paralyzed Veterans of America - Wisconsin Chapter Inc.
Notes to Financial Statements
For the years ended September 30, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (continued)

Investments (continued)

The fair value methodology applied by the organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different value measurement at the reporting date.

The organization determined the fair values of its investment securities using quoted prices in active markets. As such, this valuation falls under level 1 of the fair value hierarchy described above. The investments, managed by Morgan Stanley, LLC, are comprised of the following as of September 30,

	2022	2021
Mutual Funds	\$ 782,804	\$ 914,642
Exchange Traded Funds	490,803	233,342
Total Investments	\$ 1,273,607	\$ 1,147,984

Following is a summary of the investment income.

	2022	2021
Dividends and Capital Gains	\$ 48,274	\$ 19,951
Realized Gains (Loss)	(11,057)	21,682
Unrealized Gains (Loss)	(301,665)	110,609
Total Investment Income	\$ (264,448)	\$ 152,242

Property and Equipment – Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at the fair value on the date of the donation. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis

Building and Improvements	7 to 39 years
Office Furniture and Equipment	5 to 7 years

Long-lived Assets – The organization annually considers whether indicators of impairment of long-lived assets held for use are present. If such indicators are present, the organization determines

Paralyzed Veterans of America - Wisconsin Chapter Inc.
Notes to Financial Statements
For the years ended September 30, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (continued)

whether the sum of the estimated undiscounted future cash flow attributable to such assets is less than their carrying amounts, and if so, the organization would recognize an impairment loss based on the excess of the carrying amount of the assets over their fair value. Management has determined that no such impairment was present as of September 30, 2022 and 2021. Depreciation for the years ended September 30, 2022 and 2021 was \$797 and \$2,182 respectively.

Revenue Recognition – Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and / or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. The Organization reported no donor-restricted assets as of September 30, 2022 and 2021.

Grants and other contributions of cash and other assets are reported as restricted support 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 statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions. Conditional promises to give are recognized as revenue only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. There were no donated services in 2022 and 2021.

Tax-exempt Status – The organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. Management believes that it has appropriate support for any tax positions related to unrelated business activities, if any, and as such, does not have any uncertain tax positions that are material to the financial statements. The organization's federal and state tax returns are subject to examination by taxing authorities, generally for three years after they were filed for the federal forms and four years for the state forms.

Paralyzed Veterans of America - Wisconsin Chapter Inc.
Notes to Financial Statements
For the years ended September 30, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements: On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Paralyzed Veterans of America - Wisconsin Chapter Inc has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Note 3. Liquidity Line of Credit

The organization has a \$225,031 available liquidity line of credit at Morgan Stanley with the interest set weekly by the lender. The rate at September 30, 2021 was 4.08%. As of September 30, 2022, and 2021 the balance on the line of credit was \$0 and \$0 respectively.

Note 4. Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Membership and benefits expense include the newsletter, hospital liaison, elections and meetings. Sport activities (including the NVWG) and legislative and advocacy activities are included in public affairs. Education includes grants to those pursuing programs to assist disabled persons. Personnel costs, occupancy and depreciation costs are allocated among the programs and supporting services benefited based on estimates made by management.

Note 5. Liquidity

Paralyzed Veterans of America – Wisconsin Chapter, Inc.’s financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2021\2	2021
Cash and Cash Equivalents	\$ 65,635	\$ 87,863
Investments	1,249,652	1,147,984
Land Contract Receivable	-	40,000
Prepaid Expenses	775	775
Total	\$ 1,316,062	\$ 1,276,622

As part of Paralyzed Veterans of America – Wisconsin Chapter, Inc.’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Paralyzed Veterans of America – Wisconsin Chapter, Inc invests cash in excess of daily requirements in short-term investments.

Paralyzed Veterans of America - Wisconsin Chapter Inc.
Notes to Financial Statements
For the years ended September 30, 2022 and 2021

Note 6. Contract Balances

Opening and closing balances for contracts assets, accounts receivable arising from contracts with customers as of September 30, 2022 and September 30, 2021, was \$0 and \$0 respectively.

Contract assets arise when the Company transfers goods or services to a customer in advance of receiving consideration and the right to consideration on something other than the passage of time. Contract assets are transferred to receivable when the right to receive consideration becomes unconditional and the Company is able to invoice the customer. Contract liabilities represents the Company's obligation to transfer goods or services to a customer when consideration has already been received from the customer. When transfer of control of the related goods or service occurs, contract liabilities are reclassified, and revenue is recognized.

Contract liabilities as of September 30, 2022 and 2021, were \$0 and \$0 of respectively.

Note 7. Subsequent Events

Management has evaluated subsequent events through November 1, 2022, the date on which the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact income. The related duration and financial impact, if any, cannot be reasonably estimated at this time.

Note 8. Recently Adopted Accounting Pronouncements

On May 28, 2014 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The standard proscribes a single model for revenue recognition, with a set of principles to be used for determining when revenue should be recognized. It also requires expanded disclosures about the nature, amount, and timing of revenues and cash flows.

The entity adopted this guidance as of January 1, 2019, utilizing the modified retrospective transition method. As noted under the "Revenue Recognition" policy above, there is no impact to any financial statement line item as a result of the adoption, and the entity has recorded no impact to opening net assets as of January 1, 2020.