WINE TO WATER

FINANCIAL STATEMENTS

June 30, 2021

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WINE TO WATER
SCHEDULE OF OFFICERS AND DIRECTORS
June 30, 2021

Name	**Title**
Dickson (Doc) Hendley	Founder/President
Kristine Davis	Board Chair
Youssef B'Lal	Board Member
David Cuthbert	Board Member
Brent Fewell	Board Member
Monica Fisher	Board Member
Dr. John Halamka	Board Member
Fonda Hopkins	Board Member
Lindsey Ueberroth	Board Member
Tim Ogden	Board Member
Rennik Soholt	Board Member

David M. Ellis
Certified Public Accountant
Member, American Institute of Certified Public Accountants
Member, Tennessee Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Wine To Water
Boone, North Carolina 28607

Report on the Financial Statements

I have audited the accompanying financial statements of Wine To Water (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

Leighton House · 132 Depot Street West · Greeneville, Tennessee 37743
(423) 787-0855 · Fax (423) 639-0124

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wine To Water as of June 30, 2021, 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.

David M. Ellis, CPA
Greeneville, Tennessee
February 10, 2022

WINE TO WATER
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS		
Current Assets		
Cash and cash equivalents	$ 167,813	
Cash reserve	485,043	
Accounts receivable	119,177	
Inventory	167,687	
Prepaid expenses	35,794	
Notes receivable, net of allowance ($4,362)	-	
Total Current Assets		$ 975,514
Property and Equipment		
Building and improvements	1,152,930	
Computers and office equipment	42,591	
Furniture and fixtures	11,204	
Land	331,000	
Less: Accumulated depreciation	(199,593)	
Net Property and Equipment		1,338,132
Total Assets		$ 2,313,646
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	56,057	
Accrued interest	7,353	
Current maturities of long-term debt	62,838	
Line of credit	-	
Total Current Liabilities		126,248
Long-Term Liabilities		
Note payable	149,900	
Mortgage payable	1,160,781	
Total Long-Term Liabilities		1,310,681
Total Liabilities		1,436,929
Net Assets		
Net assets without donor restrictions	876,717	
Total Net Assets		876,717
Total Liabilities and Net Assets		$ 2,313,646

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

WINE TO WATER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Net assets without donor restrictions	Net assets with donor restrictions	Total
SUPPORT AND REVENUE			
Contribution revenue	$ 2,058,244	$ -	$ 2,058,244
Program revenue	599,848	-	599,848
Rental revenue	60,000	-	60,000
Other revenue	248,579	-	248,579
Net Assets released from restrictions	123,100	(123,100)	-
Total Support and Revenue	3,089,771	(123,100)	2,966,671
EXPENSES			
Program Service			
Water program	2,083,625	-	2,083,625
Support Services			
General and Administrative	350,678	-	350,678
Fundraising	297,538	-	297,538
Total Expenses	2,731,841	-	2,731,841
Change in Net Assets	357,930	(123,100)	234,830
NET ASSETS - Beginning of Year	518,787	123,100	641,887
NET ASSETS - End of Year	$ 876,717	$ -	$ 876,717

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

WINE TO WATER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Program Services	Support Services		
	Water Program	General and Administrative	Fundraising	Total
Grant expenses	$ 458,030	$ -	$ -	$ 458,030
Direct program costs	573,896	9,209	2,095	585,200
Freight	39,033	-	40	39,073
Salaries and wages	787,558	176,612	207,779	1,171,949
Professional fees	10,800	16,835	3,459	31,094
Marketing	68,725	623	26,123	95,471
Office	69,699	61,537	48,524	179,760
Miscellaneous	4,594	2,639	1,619	8,852
Travel	30,957	1,994	2,930	35,881
Depreciation	14,885	32,872	1,861	49,618
Interest	18,452	36,774	2,848	58,074
Insurance	4,913	2,397	-	7,310
Real estate tax	2,083	4,601	260	6,944
Loss on disposal of fixed assets	-	65	-	65
Unrelated business tax	-	4,520	-	4,520
	$ 2,083,625	$ 350,678	$ 297,538	$ 2,731,841

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

WINE TO WATER
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	234,830
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Loan forgiveness		(248,300)
Depreciation expense		49,618
Additional depreciation expense from reclassification		7,204
(Increase) Decrease in operating activities:		
Accounts receivable		(96,313)
Inventory		55,009
Prepaid expenses		7,223
Increase (Decrease) in operating activities:		
Accounts payable		45,675
Deferred revenue		(185,595)
Real estate taxes payable		(3,809)
Accrued interest		6,901
Net Cash Flows from Operating Activities		(127,557)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(12)
Disposals of property and equipment		1,528
Net Cash Flows from Investing Activities		1,516
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage		(46,108)
Net Cash Flows from Financing Activities		(46,108)
Net Decrease in Cash and Cash Equivalents		(172,149)
CASH, CASH EQUIVALENTS, AND CASH RESERVE - Beginning of Year		825,005
CASH, CASH EQUIVALENTS, AND CASH RESERVE - End of Year	$	652,856
Supplemental disclosure of cash flow information		
Cash paid for interest	$	53,056

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

NOTE 1 – ORGANIZATION

Nature of Activities

Wine To Water ("the Organization") was organized in 2007 as a not-for-profit charitable organization for the advancement of water availability and education and is headquartered in Boone, North Carolina. Wine To Water is committed to support life and dignity for all through the power of clean water. Through water access programs, water, sanitation and hygiene training, and safe water management, efforts all led by local social mobilizers, Wine To Water sees water as a catalyst for community transformation that goes much deeper than the well. Wine To Water engages its supporters in service opportunities, emphasizing education and awareness of the water crisis. By leveraging financial support from contributions and coupling international volunteer service and water filter build opportunities, Wine To Water is able to provide clean water to those in need from the Amazon jungle to the mountains of Nepal to the Caribbean communities of the Dominican Republic to the mountainous regions of Tanzania, and beyond.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles 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 that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions result: (a) from contributions and other inflows of assets whose use by Wine To Water is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of Wine To Water pursuant to those stipulations. There are no net assets with donor restrictions at June 30, 2021.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable
The Organization records accounts receivable at total unpaid balances for water filter builds and Global Experience trips, which approximates estimated fair value. As of June 30, 2021, the Organization has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Inventories
Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the Statement of Activities in the period in which it occurs.

Property and Equipment
Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Asset lives range from 15 to 40 years for building and improvements, and 3 to 7 years for software, office equipment, furniture and fixtures, and vehicles. Additions and betterments of $500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the current year.

Revenue and Revenue Recognition
Revenue is recognized when earned. Revenues related to programs, conferences, and workshops are recognized when the event is held, at the time that all performance obligations are met. Grants and sponsorships that are received prior to recognition are recorded as deferred revenue.

Revenue with and without Donor Restrictions
Contributions and grants received are recorded as increases in net assets with donor restrictions and net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as without donor restriction revenues. The expiration of restrictions on net assets (i.e. the donor imposed stipulated purpose has been fulfilled, or the stipulated time-period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Promises to Give
Unconditional pledges receivable that are expected to be collected within a year are recorded at their net realizable value when the donor makes the promise. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of their established future cash flows. Conditional promises to give are not recognized in the financial statements until they become unconditional, that is, when the conditions on which they depend are met.

Deferred Revenue
Global Experience and Filter Program revenue received are recorded as deferred revenue and recognized as income in the period earned.

Donated Goods and Services
Donated services, when significant and measurable as to value, are reflected in the Statement of Activities as contributions when provided. In addition, a substantial number of volunteers have donated a significant amount of time to the Organization. These donated services have not been recognized as contributions in the financial statements since the recognition criteria, as stated by generally accepted accounting principles, were not met. The Organization received donated goods valued based at fair market value at the date of the contribution. This estimated amount was $79,433 for the year ended June 30, 2021. The Organization also received an estimated value of $193,902 of donated assembled water filters for the year ended June 30, 2021.

Rental Income
Rental income is recognized on a straight-line basis over the life of the related lease. Rental payments received in advance are classified as deferred revenue. The lease between the Organization and the tenant of the property is an operating lease. This rental income is considered unrelated business taxable income.

Income Tax Status
The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Functional Allocation of Expenses
The costs of providing various programs and the administration of the Organization have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated on the basis of time records and estimates made by management of the Organization.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – PROGRAM SERVICES

International WASH Programs

Currently, Wine To Water has five international offices in Nepal, Dominican Republic, Colombia, Tanzania, and Kenya. This means that, in each of these five countries, Wine To Water employs a collaboration of qualified nationals who work full time toward sustainable clean water solutions catered to the specific country's needs. Outside of Nepal, the Dominican Republic, Colombia, Kenya, and Tanzania, Wine To Water is constantly branching into new territories through organizational partnerships and disaster relief preparedness.

Nepal

This year, Wine To Water Nepal implemented its community WASH program in 8 communities providing 48 Sawyer filters and 4 handwashing stations serving 1,061 individuals. W|W Nepal's Water4Schools partnered with 119 schools to provide 60,246 students and teachers with 123 handwashing stations, 76 Sawyer filters, and 184 WASH education trainings. The Nepal team was able to respond to increased WASH needs due to the coronavirus. W|W worked in 68 healthcare facilities to provide 19,000 PPE kits, 55 handwashing stations, 10 Sawyer filters, and 36 water filtration systems, supporting 54,519 patients and medical staff. In total, 117,805 lives were impacted by the Organization's programs in 8 communities, 119 schools, and 68 healthcare facilities.

Dominican Republic

This year, Wine To Water Dominican Republic partnered with 33 communities with its filter distribution program providing 584 ceramic filters,113 handwashing stations, and 65 PPE kits to 6,283 individuals. The team supported 27 schools with 1,864 handwashing stations, 550 PPE kits, and 47 WASH education trainings to help reduce the spread of disease for 7,011 students and teachers. The Coronavirus pandemic highlighted the disparity of hygiene resources in rural healthcare facilities. Wine To Water Dominican Republic partnered with 304 local healthcare providers to install 507 handwashing stations and distribute 14 ceramic filters and 4,765 PPE kits, impacting 30,823 patients and medical staff. In total, 44,462 lives were impacted by the Organization's programs within 33 communities, 27 schools, and 304 healthcare facilities.

Colombia

This year, Wine To Water Colombia worked in 21 communities, distributing 77 Sawyer filters to 497 individuals. In response to pressure from tourism and poor healthcare infrastructure, the Colombia team provided 460 PPE kits to 1,852 individuals to reduce the spread of disease. In total, 2,474 lives were impacted by the Organization's programs within 21 communities and 1 school.

Tanzania

This year, Wine To Water Tanzania partnered with 12 Masaai and other local communities to support 6,071 individuals with 364 ceramic filters, 1 new well, and 6 handwashing stations. The Tanzania team also worked in 37 schools to implement 97

ceramic filters, 30 handwashing stations, 37 WASH education trainings, which impacted 21,230 students and teachers. In total, 27,301 lives were impacted by the Organization's programs in 12 communities and 37 schools.

Kenya
This year, Wine To Water Kenya has worked with schools to provide reliable water access systems. The team implemented 4 rainwater harvesting systems in 4 schools, which collectively include 15,000 liters of water capacity tanks and 16 handwashing taps. In total, 1,254 students andteachers were impacted by Wine To Water Kenya's Water4School program.

Navajo Nation
This year, Wine To Water launched its new Indigenous Peoples and Nations Program. The pilot site for this program was located within the Navajo Nation, where water access is extremely scarce. Due to heavy mining contamination, the first challenge was to address water filtration. Wine To Water implemented 500 Sawyer filters and 487 ZeroWater filters, impacting 5,934 people. Site preparations have been made for the second phase of the pilot program, which will focus on the rehabilitation of 3 seep well systems. This water accessproject will greatly reduce the burden that local people have of driving long distances for water.

Global Impact Partners
Wine To Water partners with other local organizations around the world to expand our capacity to provide clean water to those in need. This year, 15 global partners were equipped with 2,827 Sawyer filters, impacting 28,980 individuals.

Disaster Relief
W|W's Global Response Network is composed of passionate partner organizations that are committed to reduce the suffering during disasters and emergencies through the provision of WASH services. W|W responded to 5 major disasters in 4 countries with 600 Sawyer filters, 255 ZeroWater filters, 87,680 cans of water, and 700 PPE kits supporting 18,383 individuals. In response to job security challenges, Wine To Water supported its local community in the United States by distributing 2,575 food boxes for 1,664 families.

NOTE 4 – LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

Financial assets at year-end:		
Cash & cash equivalents	$	167,813
Cash reserve		485,043
Accounts receivable		119,177
Total financial assets		772,033
Less amounts not available to be used within one year:		-
Financial assets available to meet cash needs for general expenditures within one year	$	772,033

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in a money market fund. Occasionally, the Board designates a portion of any operating surplus to a "cash reserve," which was $485,043 as of June 30, 2021. This reserve was established by the Board to continue to build up and maintain an estimated six months' worth of monthly operating expenses (salaries, mortgage, utilities, etc.) and may be drawn upon, if necessary, to meet unexpected liquidity needs.

Additionally, the Organization maintains a $75,000 line of credit, as discussed in more detail in Note 10. As of June 30, 2021, $75,000 remained available on the line of credit.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Organization places its cash and cash equivalents with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) insures up to $250,000 per depositor, per bank, per ownership category. The Organization exceeded these limits by $322,628 as of June 30, 2021.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

		Cost		Accumulated Depreciation
Buildings & improvements	$	1,152,930	$	156,224
Computers & office equipment		42,591		35,699
Furniture & fixtures		11,204		7,670
Land		331,000		-
	$	1,537,725	$	199,593

Depreciation charged to expense for the year ended June 30, 2021 was $49,618.

NOTE 7 – INVENTORY

The Organization has three major inventory classes for water filters based on their phase of development – unassembled inventory, filters at builds, and assembled inventory. The water filter inventory is used in connection with the Organization's Filter Builds & Awareness projects. During the year ending June 30, 2021, management reorganized water filters inventory to include filters at builds, which represents unassembled filters that have been purchased by outside individuals or businesses to put together and send back to Wine To Water assembled. The following is a summary of inventory as of June 30, 2021:

Unassembled inventory	$	42,465
Filters at builds		28,455
Assembled inventory		96,767
	$	167,687

NOTE 8 – NOTE RECEIVABLE

Promissory Note
On August 27, 2015, the Organization entered into a loan agreement with an unrelated third party for $9,000. The note bears interest at the rate of 5% with a maturity date of February 27, 2017. Payments of principal and interest of $320 are due on the 27th day of each month. The principal balance as of June 30, 2021 is $4,362. No accrued interest associated with the note is receivable as of June 30, 2021.

Allowance for Doubtful Accounts
The Organization stopped receiving scheduled payments associated with the note receivable in October 2016. Once payments stopped, the Organization stopped accruing interest on the note receivable. The collectability of remaining scheduled payments is considered remote. The allowance for doubtful accounts as of June 30, 2021 is $4,362.

NOTE 9 – RETIREMENT CONTRIBUTION PLAN

Effective January 1, 2020, the Organization adopted the ADP TotalSource Retirement Savings Plan, a multiple employer defined contribution plan. The Organization matches participants' contributions to the plan up to 2% of the eligible employee's compensation. During the year ended June 30, 2021, the Organization made retirement contributions in the amount of $8,920.

NOTE 10 – DEBT

Revolving Line of Credit
The Organization secured a revolving line of credit with a third party on November 19, 2018. The Organization may borrow funds up to the amount of $75,000. Interest is to accrue on the unpaid principal balance at the greater of a floating rate equal to the Index

plus .5% or 5.5%. For the year ended June 30, 2021, the outstanding balance related to the line of credit was $0, but the line of credit remains available upon request.

Notes Payable
On August 16, 2019, Wine To Water entered into a mortgage agreement with Wells Fargo in the amount of $1,300,000. The loan bears interest at a rate of 4.19% per annum. Monthly payments of $8,264 are due on the 5th day of each month. Any outstanding accrued interest and principal shall be due upon maturity, on September 5, 2029. The principal balance as of June 30, 2021 was $1,223,619.

The future scheduled maturities of the mortgage payable are as follows:

Years Ending June 30:	Principal Due
2022	$ 48,891
2023	50,980
2024	53,157
2025	55,428
2026	57,795
Thereafter	957,368
Total Mortgage Payable	$ 1,223,619

In the previous year, the Organization was approved to receive Economic Injury Disaster Loan (EIDL) funds totaling $160,000. $10,000 was received as a Covid-19 Targeted EIDL Advance, for which there was no obligation to repay. The remaining $150,000 (less $100 of filing fees) is to be repaid over 30 years. In March 2021, the U.S. Small Business Administration extended the deferment period for the Covid-19 EIDL program to 24 months from the date of the note. Interest on the note continues to accrue during the deferment period at a rate of 2.75%. Payments of principal and interest will begin in May 2022. At June 30, 2021, the principal balance on the loan was $149,900. A 5-year schedule of long-term maturities is not yet determinable for this note.

Total interest expense for the current year was $58,074. Accrued interest as of June 30, 2021 was $7,353.

NOTE 11 – OPERATING LEASE

On March 13, 2017, the Organization entered into a commercial triple net lease agreement with Ransom, Inc. (Lessee) for use of restaurant/retail space and basement space in its building. On July 1, 2019, the terms of the lease were amended with a start date of July 1, 2019 through June 30, 2022. The Lessee has agreed to make payments in the amount of $7,500, payable on the first day of every month. On June 1, 2020, due to the impact of Covid-19 on the Lessee, the terms were amended to decrease rent to $5,000 per month for six months; however, on October 1, 2020, the Organization extended the decreased rent through June 30, 2021. Rental expense in the current year was $60,000.

Due to change in management, the decreased rent was unofficially extended until a lease addendum was made on January 26, 2022, stating that rent would increase by $500 each quarter beginning March 31, 2022, until returning to the originally agreed upon amount of $7,500 per month. The Lessee has the right to renew the lease for one 3-year term ending on June 30, 2025.

Future minimum operating lease payments through the duration of the current lease are $61,500 for the term ending June 30, 2022.

NOTE 12 – UNRELATED BUSINESS INCOME

The Organization receives rental income from the operating lease detailed in Note 11. This income is considered unrelated business income. Certain costs are allowed to offset rental income on Form 990-T. For the year ending June 30, 2021, allowable costs exceeded revenues, and there was no unrelated business taxable income. This excess loss will be carried forward to future periods and will result in a loss carryover on next year's return.

NOTE 13 – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application state law.

The Organization may recognize the tax benefit from a tax position only it if is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The Organization's primary activity subject to taxation includes rental income. The Organization files a 990-T Federal return to pay taxes owed on rental income.

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization's Forms 990, Return of Organization Exempt from Income Tax, and 990-T, Exempt Organization Business Income Tax Return, are subject to audit by various taxing authorities three years after they are filed. Tax years since the year ended June 30, 2018 remain open for potential examination.

The Organization has analyzed its tax positions taken for filing with the Internal Revenue Service and the state of North Carolina. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events were evaluated through February 10, 2022, which is the date the financial statements were available to be issued.