

Chinese Newcomers Service Center

Audited Financial Statements

As of and for the years ended June 30, 2023 and 2022

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WWC, P.C. CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Chinese Newcomers Service Center

Opinion

We have audited the accompanying financial statements of Chinese Newcomers Service Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Chinese Newcomers Service Center as of June 30, 2023 and 2022, 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 audit 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 Chinese Newcomers Service Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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 Chinese Newcomers Service Center'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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud

is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional 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 Chinese Newcomers Service Center'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 Chinese Newcomers Service Center'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.

June 20, 2024
San Mateo, California

WWC, P.C.
WWC, P.C.
Certified Public Accountants

Chinese Newcomers Service Center
Statements of Financial Position
As of June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
<i>Current Assets</i>						
Cash & cash equivalents	\$ 568,346	\$ 67,038	\$ 635,384	\$ 1,504,468	\$ 67,038	\$ 1,571,506
Certificate deposits	1,074,349	-	1,074,349	50,748	-	50,748
Grant and project receivable, <i>net</i>	267,499	-	267,499	167,664	-	167,664
Prepaid expense	2,892	-	2,892	2,421	-	2,421
<i>Total Current Assets</i>	<u>1,913,086</u>	<u>67,038</u>	<u>1,980,124</u>	<u>1,725,301</u>	<u>67,038</u>	<u>1,792,339</u>
Right of use asset, <i>net</i>	12,976	-	12,976	87,199	-	87,199
<i>Non-current Asset</i>						
Furniture and equipment, <i>net</i>	-	-	-	-	-	-
Refundable deposit-rent	749	-	749	749	-	749
<i>Total Non-Current Assets</i>	<u>749</u>	<u>-</u>	<u>749</u>	<u>749</u>	<u>-</u>	<u>749</u>
Total Assets	<u>\$ 1,926,811</u>	<u>\$ 67,038</u>	<u>\$ 1,993,849</u>	<u>\$ 1,813,249</u>	<u>\$ 67,038</u>	<u>\$ 1,880,287</u>
Liabilities and Net Assets						
<i>Current Liabilities</i>						
Accounts payable	\$ 5,058	\$ -	\$ 5,058	\$ -	\$ -	\$ -
Accrued liabilities	20,000	-	20,000	16,500	-	16,500
Accrued payroll liabilities	9,451	-	9,451	8,862	-	8,862
Payroll tax liabilities	3,129	-	3,129	4,575	-	4,575
Accrued vacation	21,782	-	21,782	21,009	-	21,009
Lease obligation - current	13,251	-	13,251	74,496	-	74,496
<i>Total Current Liabilities</i>	<u>72,671</u>	<u>-</u>	<u>72,671</u>	<u>125,442</u>	<u>-</u>	<u>125,442</u>
<i>Non-current Liabilities</i>						
Lease obligation – non-current	-	-	-	12,703	-	12,703
<i>Total Non-Current Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,703</u>	<u>-</u>	<u>12,703</u>
Total Liabilities	<u>72,671</u>	<u>-</u>	<u>72,671</u>	<u>138,145</u>	<u>-</u>	<u>138,145</u>
Net Assets						
Without donor restrictions	1,854,140	-	1,854,140	1,675,104	-	1,675,104
With donor restrictions	-	67,038	67,038	-	67,038	67,038
Total Net Assets	<u>1,854,140</u>	<u>67,038</u>	<u>1,921,178</u>	<u>1,675,104</u>	<u>67,038</u>	<u>1,742,142</u>
Total Liabilities and Net Assets	<u>\$ 1,926,811</u>	<u>\$ 67,038</u>	<u>\$ 1,993,849</u>	<u>\$ 1,813,249</u>	<u>\$ 67,038</u>	<u>\$ 1,880,287</u>

Chinese Newcomers Service Center
Statements of Activities
For the years ended June 30, 2023 and 2022

	2023		2022		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue					
Grants	\$ 761,233	\$ -	\$ 921,202	\$ -	\$ 921,202
Program services	198,805	-	21,185	-	21,185
Donation	41,750	-	12,132	-	12,132
Fundraising	163,887	-	192,056	-	192,056
Rent	1,980	-	2,340	-	2,340
Interest & dividend income	27,391	-	2,018	-	2,018
Other Income	14,267	-	29,819	-	29,819
Total Public Support and Revenue	1,209,313	-	1,180,752	-	1,180,752
Expenses					
Program services	920,079	-	741,555	-	741,555
Supporting services					
Management and general administrative	74,212	-	71,259	-	71,259
Fundraising	35,986	-	40,760	-	40,760
Total Expenses	1,030,277	-	853,574	-	853,574
Change in Net Assets	179,036	-	327,178	-	327,178
Adjustment to Beginning Net Assets	-	-	-	-	-
Net Assets at July 1, 2022 and 2021	1,675,104	67,038	1,347,926	67,038	1,414,964
Net Assets at June 30, 2023 and 2022	\$ 1,854,140	\$ 67,038	\$ 1,675,104	\$ 67,038	\$ 1,742,142

**Chinese Newcomers Service Center
Statement of Functional Expenses
For the year ended June 30, 2023**

	2023			
	Program Services	Management and general	Fund Raising	Total
Accounting	\$ 16,942	\$ 2,650	\$ 408	\$ 20,000
Bank Charges	130	20	3	153
CBO Event	1,482	232	36	1,750
Consulting	3,647	570	88	4,305
Depreciation Expenses	-	-	-	-
Dues and Subscriptions	1,271	199	30	1,500
Health Insurance	35,873	5,611	864	42,348
Fundraising Expenditures	-	-	24,560	24,560
Insurance	18,357	2,871	442	21,670
Miscellaneous	9	1	-	10
Rent	67,447	10,550	1,624	79,621
Office Supplies & Expenses	2,640	413	64	3,117
Marketing	548	86	13	647
Payroll Taxes	24,559	3,841	591	28,991
Payroll Service	3,056	478	74	3,608
Postage	242	38	6	286
Printing	4,157	650	100	4,907
Program Expenditures	445,624	-	-	445,624
Salaries	285,607	44,674	6,878	337,159
Tax	898	141	22	1,061
Tax Filing Fee	-	-	-	-
Telephone & Internet	3,682	576	89	4,347
Utilities	3,908	611	94	4,613
Other Expense	-	-	-	-
 Total	\$ 920,079	\$ 74,212	\$ 35,986	\$ 1,030,277

**Chinese Newcomers Service Center
Statement of Functional Expenses
For the year ended June 30, 2022**

2022

	Program Services	Management and general	Fund Raising	Total
Accounting	\$ 13,668	\$ 2,354	\$ 478	\$ 16,500
Bank Charges	76	13	3	92
CBO Event	1,450	250	50	1,750
Consulting	2,423	417	85	2,925
Depreciation Expenses	-	-	-	-
Dues and Subscriptions	96	17	3	116
Health Insurance	36,407	6,271	1,272	43,950
Fundraising Expenditures	-	-	26,303	26,303
Insurance	10,594	1,825	370	12,789
Miscellaneous	-	-	-	-
Rent	63,243	10,893	2,210	76,346
Office Supplies & Expenses	1,282	221	45	1,548
Marketing	535	92	19	646
Payroll Taxes	20,626	3,553	721	24,900
Payroll Service	2,614	450	91	3,155
Postage	560	96	20	676
Printing	4,176	721	145	5,042
Program Expenditures	327,855	-	-	327,855
Salaries	248,665	42,832	8,690	300,187
Tax	166	28	6	200
Tax Filing Fee	-	-	-	-
Telephone & Internet	3,277	564	115	3,956
Utilities	3,842	662	134	4,638
Other Expense	-	-	-	-
Total	\$ 741,555	\$ 71,259	\$ 40,760	\$ 853,574

Chinese Newcomers Service Center
Statements of Cash Flows
For the years ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase in net assets	\$ 179,036	\$ 327,178
Adjustment to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	275	-
(Increase) in grant and project receivable	(99,835)	(139)
(Increase)/decrease in prepaid expense	(471)	2,638
Increase/(decrease) in accounts payable	5,058	(13)
Increase/(decrease) in accrued liabilities	3,500	(8,000)
Increase/(decrease) in accrued payroll liabilities	589	(679)
(Decrease)/increase in payroll tax liabilities	(1,446)	1,023
Increase in accrued vacation	774	364
Net Cash Provided/(Used) by Operating Activities	87,480	322,372
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 87,480	\$ 322,372
Cash and Cash Equivalents at July 1, 2022 and 2021	1,622,253	1,299,881
Cash and Cash Equivalent at June 30, 2023 and 2022	\$ 1,709,733	\$ 1,622,253

Chinese Newcomers Service Center
Notes to Financial Statements
For the years ended June 30, 2023 and 2022

1. The Organization

Chinese Newcomers Service Center (CNSC, “the Organization”) was founded in 1969 and attained the tax-exempt status under Internal Revenue Code Section 501(c)(3) in 1972 in the state of California.

The primary purpose for the Organization is to provide multilingual service that help Chinese immigrants adapt to new life in the San Francisco Bay Area. Toward this objective, the Organization provides new Chinese immigrants free tax service, citizenship naturalization assistance, multi-service including form filing, translation/interpretation, various multilingual information and referral services, and classes.

2. Summary of Significant Accounting Policies

The Organization maintains its general ledger and journals with the accrual method of accounting both for financial reporting and income tax reporting purposes. The financial statements and notes are representations of management. Accounting policies adopted by the Organization conform to generally accepted accounting principles and have been consistently applied in the presentation of financial statements, which are compiled on the accrual basis of accounting. A summary of significant accounting policies is outlined below:

(A) Financial Statement Presentation

The Organization adopts ASC 958 “Not-for-Profit Entities” under the FASB Accounting Codification System. Under ASC 958-205 “Presentation of Financial Statements”, the organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the organization is required to present a statement of cash flows.

(B) Property and Equipment

The Organization adopts the policy of capitalizing expenditure for any item over \$500 and a useful life at least one year. Property and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized. Property and Equipment are depreciated on the straight line over the estimated useful lives of the assets:

Furniture	7 years
Equipment	5 years

(C) Impairment of Fixed Asset

The long-lived assets held by the Organization are reviewed in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Subtopic 360-10-35, “Accounting for the Impairment or Disposal of Long-Lived Assets,” for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. The Organization recognizes impairment loss if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and difference between carrying amount and fair value of the asset.

Chinese Newcomers Service Center
Notes to Financial Statements
For the years ended June 30, 2023 and 2022

If an asset is considered impaired, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. The Organization believes no impairment has occurred for the years ended June 30, 2023 and 2022.

- (D) Income Taxes
Since the Organization is tax-exempted under Internal Revenue Code Section 501(c)(3), the income tax reporting is by filing special tax forms, namely Federal Form 990 Return of Organization Exempt from Income Tax and FTB Form 199 California Exempt Organization Annual Information Return. Basically, the Organization has no income tax to pay if it complies with the condition of tax-exempt status. As of June 30, 2023, the tax-exempt status is active.
- (E) Cash and Cash Equivalents
The Organization considers all highly liquid debt instruments with maturity dates of three months or less to be cash equivalents.
- (F) Contribution
The Organization adopts ASC 958-605-25 “Contributions Received”, which prescribes contributions received and made to be recorded as unrestricted, temporarily restricted, or permanently restricted support, according to the purpose of the contributions.
- (G) Donor Restriction
Donors may make contributions restricted. The Organization classifies contributions as donor restricted net asset when contributions are received. Donor restricted net assets are released when donor-imposed conditions are met.
- (H) Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.
- (I) Grant Receivables
Grant receivables are expected to be collected within one year.
- (J) Allowance for Doubtful Account
Allowance for doubtful accounts are established based on prior collection experience in management’s judgement. As of June 30, 2023 and 2022, the Organization did not have any irrecoverable debt to provide allowance for doubtful account.
- (K) Lease
The Organization determines if an arrangement is a lease at inception. Operating leases are recognized as its own right-of-use (“ROU”) asset category, and the corresponding lease obligations are recognized to current and non-current liabilities.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities

Chinese Newcomers Service Center
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For the years ended June 30, 2023 and 2022

represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As there is no implicit rate provided in the lease, the Organization uses an average national home equity line of credit borrowing rate. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

(L) Accrued Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days. Paid-time-off is considered expenditures in the year incurred. Upon termination, the employee is compensated for any accrued but unused paid-time-off.

(M) Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as revenue with donor restrictions and increase the respective class of net assets. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increase the respective class of net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

(N) Investment

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. As of June 30, 2023 and 2022, the Organization did not have any investment.

(O) Advertising cost

The Organization expensed all advertising costs as incurred. No advertising cost occurred for the years ended June 30, 2023 and 2022.

(P) Recent Accounting Pronouncements

On May 28, 2014, the FASB completed its Revenue Recognition project by issuing Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The new guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The new guidance affects any reporting organization that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The new guidance was required for annual reporting periods beginning after December 15, 2018, and interim and annual reporting periods after those reporting periods.

Chinese Newcomers Service Center
Notes to Financial Statements
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On February 25, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The new guidance increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new guidance affects any entity that enters into a lease with some specified scope exemptions. The new guidance is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.

In June 2020, FASB issued ASU No. 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities, which, among other provisions, deferred the effective dates for applying ASC 842 for certain not-for-profit entities that have not yet issued financial statements or made financial statements available for issuance as of June 3, 2020. The new revenue standard is effective for annual periods beginning after December 15, 2019 and interim reporting periods within annual reporting periods beginning after December 15, 2020. The new leases standard is effective for annual periods beginning after December 15, 2021 and interim periods in annual periods beginning after December 15, 2022. The Organization is currently in the process of evaluating the impact of the adoption on its financial statements.

3. Property and Equipment, net

Property and Equipment at June 30, 2023 are summarized by major classifications as follows:

	<u>At Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciated Value</u>
Furniture & Equipment	\$ 21,655	\$ (21,655)	\$ -
Computer Server	3,414	(3,414)	-
	<u>\$ 25,069</u>	<u>\$ (25,069)</u>	<u>\$ -</u>

Property and Equipment at June 30, 2022 are summarized by major classifications as follows:

	<u>At Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciated Value</u>
Furniture & Equipment	\$ 21,655	\$ (21,655)	\$ -
Computer Server	3,414	(3,414)	-
	<u>\$ 25,069</u>	<u>\$ (25,069)</u>	<u>\$ -</u>

The depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$0 and \$0, respectively.

4. Lease Commitment

The Organization originally entered into a non-cancellable lease for its principal facility at 777 Stockton Street, Suites 104, 108 and 109, San Francisco, California in August 2002. In 2019, the lease was extended for two additional years expiring on August 31, 2021. In 2022, the lease was extended for two additional years expiring on August 31, 2023.

A reconciliation of operating lease liabilities by minimum lease payments and discount amount by year. As of June 30, 2023, maturities of lease liability payments are as follows:

Chinese Newcomers Service Center
Notes to Financial Statements
For the years ended June 30, 2023 and 2022

Fiscal year ended June 30, 2024	\$ 13,251	
	\$ 13,251	

The lease expense for the years ended June 30, 2023 and 2022 amounted to \$70,621 and \$76,346, respectively.

5. Net Assets Without Donor Restrictions

As of June 30, 2023 and 2022, the Organization's net assets without donor restrictions is as follows:

	2023	2022
Net Assets Without Donor Restrictions – as of July 1, 2022 and 2021	\$1,675,104	\$1,347,926
Add: Revenue Without Donor Restrictions Received	1,209,313	1,180,752
Less: Expenses	(1,030,277)	(853,574)
Net Assets Without Donor Restrictions – as of June 30, 2023 and 2022	\$ 1,854,140	\$ 1,675,104

Revenue without donor restrictions of \$1,209,313 and \$1,180,752 was received for the years ended June 30, 2023 and 2022. All revenue without donor restrictions is considered available for the Organization's general programs unless specifically restricted by the donor. Revenue received with donor restrictions that are met in the same reporting period are reported as revenue without donor restrictions. As of June 30, 2023 and 2022, net assets without donor restrictions amounted to \$1,854,140 and \$1,675,104, respectively.

6. Net Assets With Donor Restrictions

As of June 30, 2023 and 2022, the Organization's net assets with donor restrictions is as follows:

	2023	2022
Net Assets With Donor Restrictions– as of July 1, 2022 and 2021	\$ 67,038	\$ 67,038
Add: Revenue with donor restrictions received	-	-
Net Assets With Donor Restrictions – as of June 30, 2023 and 2022	\$ 67,038	\$ 67,038

Revenue with donor restrictions of \$0 and \$0 received for the years ended June 30, 2023 and 2022 was temporarily restricted for acquisition of a property in the near future for the Organization's operations. As of June 30, 2023 and 2022 with donor restrictions amounted to \$67,038 and \$67,038, respectively. There is no time limitation for funding the property.

7. Concentrations and Credit Risk

a. Grantor Concentrations

The following table sets forth information as to each grant that accounted for 10% or more of the Organization's grant revenue for the years ended June 30, 2023 and 2022.

Chinese Newcomers Service Center
Notes to Financial Statements
For the years ended June 30, 2023 and 2022

Grantors	2023		2022	
	Percentage	Amount	Percentage	Amount
A	59%	\$ 448,019	49%	\$ 448,087
B	7%	55,024	14%	125,202
C	7%	51,084	8%	72,985

b. Credit Risk

The Organization maintains its cash in bank deposits which exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

9. Subsequent Event

The Organization evaluates subsequent events that have occurred after the balance sheet date but before the financial statements are issued, which is June 30, 2024. There are two types of subsequent events: (1) recognized, or those that provide additional evidence with respect to conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements, and (2) non-recognized, or those that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.