

REFLECTIONS OF TRINITY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

REFLECTIONS OF TRINITY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Reflections of Trinity, Inc.:

We have audited the accompanying financial statements of Reflections of Trinity, Inc., (RT) (a Georgia nonprofit corporation) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reflections of Trinity, Inc. as of December 31, 2020, 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.

Report on Summarized Comparative Information

We have previously audited Reflections of Trinity, Inc.'s 2019 financial statements, and our report dated September 8, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Atlanta, Georgia
March 16, 2021

REFLECTIONS OF TRINITY, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

(with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 247,526	\$ 31,328
Investments (Note 3)	122,721	-
Accounts receivable	-	1,840
Prepaid expenses	4,665	3,406
Inventory	165,533	56,800
Property and equipment, net (Note 4)	134,649	70,922
TOTAL ASSETS	<u>\$ 675,094</u>	<u>\$ 164,296</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 7,972	\$ 22,623
Accrued expenses	3,404	46,501
Loans payable (Note 6)	229,546	24,085
Total liabilities	<u>240,922</u>	<u>93,209</u>
Net assets		
Without donor restrictions	434,172	71,087
Total net assets	<u>434,172</u>	<u>71,087</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 675,094</u>	<u>\$ 164,296</u>

See independent auditor's report and notes to financial statements.

REFLECTIONS OF TRINITY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

(with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
SUPPORT AND REVENUE		
Contributions and grants	\$ 331,243	\$ 69,933
Sales revenue, net of cost of goods sold	787,729	690,459
Unrealized gain on investments	17,012	-
Dividends and interest income	46	-
Miscellaneous income	1,362	-
Inkind donations	4,953,508	4,077,892
Total support and revenue	<u>6,090,900</u>	<u>4,838,284</u>
EXPENSES		
Program services -		
Food pantry	5,091,974	4,331,294
Store	93,095	134,111
Online	231,367	157,148
Warehouse	166,888	114,020
Total program services	<u>5,583,324</u>	<u>4,736,573</u>
Supporting services -		
General and administration	144,491	92,539
Total supporting services	<u>144,491</u>	<u>92,539</u>
Total expenses	<u>5,727,815</u>	<u>4,829,112</u>
CHANGE IN NET ASSETS	363,085	9,172
NET ASSETS, BEGINNING OF YEAR	71,087	61,915
NET ASSETS, END OF YEAR	<u>\$ 434,172</u>	<u>\$ 71,087</u>

See independent auditor's report and notes to financial statements.

REFLECTIONS OF TRINITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

(with comparative totals for 2019)

	Program Services					Supporting Services	Totals	
	Food Pantry	Store	Online	Warehouse	Total	General and Administrative	2020	2019
Donation of products	\$ 4,930,433	\$ 596	\$ -	\$ -	\$ 4,931,029	\$ -	\$ 4,931,029	\$ 4,262,718
Salaries	56,384	32,622	109,915	64,294	263,215	112,687	375,902	252,581
Payroll taxes	4,406	1,108	8,388	4,961	18,863	8,417	27,280	22,442
Contracted services	200	18,646	8,904	34,944	62,694	-	62,694	67,749
Professional fees	-	-	-	-	-	7,000	7,000	-
Technology	175	-	3,790	-	3,965	417	4,382	3,768
Advertising and promotion	25	-	12,929	-	12,954	500	13,454	12,120
Insurances	4,449	3,280	1,444	4,638	13,811	891	14,702	13,515
Utilities	7,022	9,123	3,278	5,258	24,681	-	24,681	24,210
Repairs and maintenance	7,000	2,470	-	7,975	17,445	-	17,445	11,677
Equipment rental	3,511	-	-	5,349	8,860	-	8,860	-
Travel and transportation	7,355	1,669	384	3,440	12,848	2,507	15,355	13,534
Communications	303	4,084	1,436	-	5,823	-	5,823	4,986
Facility rent	8,160	13,440	13,200	19,800	54,600	-	54,600	52,100
Events and meetings	2,126	-	-	-	2,126	2,039	4,165	875
Dues & subscriptions	3,600	-	-	-	3,600	-	3,600	-
Service charges	953	2,454	13,258	509	17,174	1,754	18,928	13,738
Taxes and licenses	179	178	142	156	655	30	685	428
Postage and shipping	-	-	48,221	-	48,221	-	48,221	35,888
Supplies and materials	4,182	1,266	5,503	3,397	14,348	1,195	15,543	9,591
Contributions	5,398	-	-	-	5,398	-	5,398	6,804
Interest expense	-	-	-	1,820	1,820	6,691	8,511	2,002
Write-off obsolete inventory	34,725	-	-	-	34,725	-	34,725	-
Depreciation	11,388	2,159	575	10,347	24,469	363	24,832	18,386
Total expenses	\$ 5,091,974	\$ 93,095	\$ 231,367	\$ 166,888	\$ 5,583,324	\$ 144,491	\$ 5,727,815	\$ 4,829,112

See independent auditor's report and notes to financial statements.

REFLECTIONS OF TRINITY, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

(with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 363,085	\$ 9,172
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	24,832	18,386
Changes in assets and liabilities:		
Accounts receivable	1,840	(1,840)
Prepaid expenses	(1,259)	716
Inventory	(108,734)	(6,800)
Accounts payable and accrued expenses	(57,748)	21,629
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>222,016</u>	<u>41,263</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(122,721)	-
Purchases of property and equipment	(88,558)	(44,380)
NET CASH USED BY INVESTING ACTIVITIES	<u>(211,279)</u>	<u>(44,380)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	236,124	29,523
Principal payments on loans	(30,662)	(6,517)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>205,462</u>	<u>23,006</u>
NET INCREASE IN CASH	216,199	19,889
CASH, BEGINNING OF YEAR	<u>31,328</u>	<u>11,439</u>
CASH, END OF YEAR	<u>\$ 247,527</u>	<u>\$ 31,328</u>
Supplementary information:		
Donated food and other products	\$ 4,953,508	\$ 4,077,892
Loan interest paid	5,795	-

See independent auditor's report and notes to financial statements.

REFLECTIONS OF TRINITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements include the accounts of the Reflections of Trinity, Inc. (RT) (a Georgia nonprofit corporation). RT's financial statements have been prepared in accordance with standards of accounting and reporting established for nonprofit organizations. The significant accounting policies followed by RT are described below:

A. Organization

Reflections of Trinity, Inc. is a nonprofit organization incorporated under the laws of the State of Georgia. RT serves to meet the basic needs of those in crisis and facilitates structured opportunities for people to engage in meaningful community service through its four divisions – warehouse, retail store, eBay store and outreach. RT provides services through a community thrift store, selling a variety of goods – new and used. RT also supports and is a benevolent resource center for surrounding churches and many charitable organizations. RT launched an eBay store to market merchandise to a national and international audience. In addition, RT's outreach division provides free boxes of groceries for those in need in the community.

B. Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

C. Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. The organization maintains its net assets in two classes as follows:

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 of the organization. These net assets may be used at the discretion of the organization's management and the Board of Directors.

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

Donors restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when the stipulated time restriction ends or the purpose 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 restriction.

REFLECTIONS OF TRINITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. New Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. Under the new guidance, lessor accounting is largely unchanged. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. Management is evaluating the impact of this standard on the entity's financial statements.

E. Management 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 report amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Contributions

Contributions are recorded and presented in accordance with ASC 958-605, Not-for-Profit Entities Revenue Recognition. Contributions are recognized when the donor makes a written, legally enforceable promise to give to RT. Contributions that are restricted by the donor are reported as increases in without donor restricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, with donor restricted net assets are reclassified to without donor restricted net assets.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, RT considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

H. Investments

The organization accounts for investments under the FASB ASC Not-for-Profit Investments topic. Accordingly, investments are reported at their fair value. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the Statement of Activities as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by a donor or law.

I. Inventory

Donated materials for inventory are valued using an estimate based on gaylord/pallet weight and a price factor per pound.

REFLECTIONS OF TRINITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fixed Assets

RT capitalizes all expenditures for property, furniture, vehicles and equipment in excess of \$500. Fixed assets are recorded at cost or fair market value, if donated, and are depreciated using straight line methods over their estimated useful lives. Estimated useful lives are as follows:

Furniture and office equipment	5 to 7 years
Vehicles and machinery	5 years

K. Inkind Donations

Inkind donations consist of food, pet food and other products. Receipts of donated foods and other products are primarily valued using bulk rates per pound established by RT. Donations to recipients are also valued using various bulk rates depending on the items of donation.

L. Tax Status

RT is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509 (a) of the U.S. Internal Revenue Code. Gifts to RT qualify for the charitable contribution deduction as described in the code. Management believes its income tax positions are clear and unambiguous and does not believe there are any uncertain income tax positions at December 31, 2019. RT could be subject to income tax examinations for its U.S. federal tax filings for the current tax year and previous filings for years 2019, 2018, and 2017, which are still open under the statute of limitations.

M. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted including salaries, payroll taxes, technology, insurances, utilities, facility rent, office expenses, and depreciation.

N. Financial Instruments

Financial instruments, principally cash and cash equivalents, investments, receivables and accounts payable, are reported at values which RT believes are not significantly different from fair values. RT believes no significant credit risk exists with respect to any of its financial instruments.

REFLECTIONS OF TRINITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

2. LIQUIDITY AND AVAILABILITY

RT regularly monitors liquidity required to meet its operating needs and other contractual and day to day functions. RT has multiple cash accounts with liquidity at its disposal.

For the purpose of analyzing resources available to meet general expenditures over a 12-month operating cycle, RT considers all expenditures related to its ongoing activities.

RT anticipates receiving sufficient contributions (materials and cash) and merchandise sales to cover operating expenditures.

As of December 31, 2020, the following table shows the total financial assets held by RT and the amounts of those financial assets, all of which could readily be made available to meet operating expectations and/or expenditures during the next twelve months.

<u>Financial Assets – current and available for next twelve months</u>	
Cash	\$ 247,525
Investments	<u>122,721</u>
Total Financial Assets	<u>\$ 370,246</u>

3. INVESTMENTS

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

The investments are classified within Level 1 because they comprise investments with readily determinable fair values based on daily redemption values.

REFLECTIONS OF TRINITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

3. INVESTMENTS (continued)

Investments are stated at fair value and are summarized as follows:

<u>Investments</u>	<u>December 31, 2020</u>
Stocks	\$ 65,446
Reflections of Trinity Growth Fund	57,275
Total	<u>\$ 122,721</u>

Reflections of Trinity Growth Fund -

During January 2020, RT entered into an agency fund agreement (the "Fund") with the Cobb Community Foundation (the "Foundation"). All property transferred to the Fund by RT constitutes a "reciprocal transaction" as defined in FAS 136, which provides that the Foundation recognizes the Fund as a liability and RT, as the sole beneficiary of the Fund, recognizes a beneficial interest in the Fund as an asset. The Fund is the property of RT and therefore is included in the accompanying financial statements.

All contributions are subject to the Foundation's gift acceptance policy. Unless a third-party donor explicitly acknowledges the Foundation's variance power, contributions to the Fund by third parties will be treated as assets contributed by RT.

Under this non-endowed fund, distributions from all funds, including agency funds, are subject to the Foundation's various power, as defined in the agreement and related addendums. This variance power gives the Foundation the power to modify any restriction or condition on the distributions from a fund for any specified charitable purpose or to any specified charitable organization if, in the sole judgment of the Foundation, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Restrictions and conditions on distributions are those that apply to either principal and/or income entirely or in part. The Fund is intended to be used for current funding needs with no restrictions on the amount of distributions. Distributions shall only be made by a grant request, not subject to any minimum fund balance.

The Fund chose the following Foundation investment option - 100% Aggressive Growth Investment Pool which primarily seeks increased growth in value with the significant majority of assets in equities, and the remainder in interest bearing securities of various maturities.

The activity of the Fund during the year is summarized as follows:

Balance, January 1, 2020	\$ -
Contributions	52,400
Change in value of investments	5,066
Administrative fees and expenses	(191)
Balance, December 31, 2020	<u>\$ 57,275</u>

REFLECTIONS OF TRINITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

4. PROPERTY AND EQUIPMENT

Property and equipment at year end for December 31, 2020 consisted of:

Furniture and fixtures	\$ 31,837
Machinery and equipment	33,215
Office equipment	15,103
Vehicles	<u>131,420</u>
Total property and equipment	211,575
Accumulated depreciation	<u>(76,926)</u>
	<u>\$ 134,649</u>

Depreciation expense for the year was \$24,832.

5. LEASE OBLIGATION

Effective November 1, 2019, RT entered into a 36-month facility lease agreement at \$2,750 per month through October 31, 2022. The lease premises will be used as a charity donation center (warehouse). Annual lease obligations are as follows for each fiscal year ending December 31:

2021	\$ 33,000
2022	<u>27,500</u>
Total	<u>\$ 60,500</u>

RT rents another facility under a month-to-month lease used as the store and food pantry. Total facilities rent expense for the year was \$54,600.

6. LOANS PAYABLE

- a) RT entered into a \$29,523 equipment financing agreement dated January 14, 2019. The agreement is collateralized by a single freightliner truck. The agreement requires 60 installment payments. Total interest for the borrowed principal amount is \$10,558. At December 31, 2020, the outstanding principal balance was \$18,888. Interest expense for the year was \$1,820.
- b) RT borrowed \$4,000 under a financing agreement for the purchase of equipment. The loan requires 60 installment payments. At December 31, 2020, the outstanding principal balance was \$3,533. Interest expense for the year was zero.
- c) RT borrowed and paid off a \$25,000 loan under a financing agreement. Interest expense for the year was \$ 3,975.
- d) Economic Injury Disaster Loan (EIDL) – As a result of the impact of the COVID-19 pandemic, on May 5, 2020, RT executed a \$150,000 loan with the U. S. Small Business Administration (SBA). The loan proceeds are to be used as working capital to alleviate economic injury caused by disaster. At December 31, 2020, outstanding principal balance was \$150,000. Interest expense for the year was \$2,716.

REFLECTIONS OF TRINITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

6. LOANS PAYABLE (continued)

i. Terms of the loan are as follows:

- Installment payments, including principal and interest, \$641 monthly will begin 12 months from the date of the promissory note. The balance of the principal and interest will be payable 30 years from the date of the promissory note.
- Interest will accrue at the rate of 2.75% per annum and will accrue only on funds actually advanced from the date of each advance.
- RT grants to the SBA, a continuing security interest in and to all collateral as described in the loan agreement, including, but not limited to, inventory, equipment, receivables, deposit accounts, intangibles, and other RT property. Other than normal inventory turnover in the ordinary course of business, RT can not sell or transfer any collateral without prior written consent of SBA.

The maturity schedule for the loans is as follows, excluding the PPP loan:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>
2020	\$ 9,366
2021	10,890
2022	10,782
2023	4,732
2024	4,374
Thereafter	132,278

Interest expense for the year was \$8,511.

6. COMMITMENTS AND CONTINGENCIES

Restricted contributions often require the fulfillment of certain conditions as set forth by the contributors. Failure to fulfill the conditions could result in the return of funds to the contributors. Although the return of the funds is a possibility, the Board of Directors deems the contingency unlikely, since upon accepting the contributions, RT has agreed to comply with provisions thereof.

7. CONCENTRATIONS OF CREDIT RISK

RT maintains cash deposits in bank deposit accounts which at times may exceed Federal Deposit Insurance Corporation limits. RT has not experienced any losses of such accounts and believes it is not exposed to any significant credit risk on cash.

RT depends heavily on contributions (materials and cash) and sales for its revenue. The ability of certain of RT's contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While RT's Board of Directors believes RT has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

REFLECTIONS OF TRINITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

8. IMPACT OF COVID19

COVID19 pandemic has caused global business disruptions and economic uncertainties. Management believes RT is taking appropriate actions to mitigate the negative impact. However, the full impact of the COVID19 pandemic is unknown and cannot be reasonably estimated as these events are still developing.

9. SUBSEQUENT EVENT

Management evaluated activity of RT through March 16, 2021 (the date the Financial Statements were available to be issued) and concluded that no subsequent event occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.