

Let's Get Ready, Inc.

Financial Statements

August 31, 2020 and 2019

Independent Auditors' Report

Board of Directors Let's Get Ready, Inc.

We have audited the accompanying financial statements of Let's Get Ready, Inc., ("LGR") which comprise the statements of financial position as of August 31, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Let's Get Ready, Inc. as of August 31, 2020 and 2019, 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.

PKF O'Connor Davies, LLP

November 5, 2021

Let's Get Ready, Inc.

Statements of Financial Position

	August 31	
	2020	2019
ASSETS		
Cash	\$ 390,771	\$ 44,414
Pledges receivable, net	308,672	620,409
Investments	1,109,520	614,328
Prepaid expenses	5,548	21,617
Furniture and equipment, net	35,736	47,555
Software, net of amortization of \$100,312 and \$93,443 for 2020 and 2019	-	6,869
Security deposits	52,831	48,276
Total Assets	\$ 1,903,078	\$ 1,403,468
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 79,794	\$ 65,142
Deferred rent liability	14,778	21,377
Unearned revenue	-	4,000
Loan payable	524,300	-
Total Liabilities	618,872	90,519
 Net Assets		
Without donor restrictions	977,734	638,690
With donor restrictions	306,472	674,259
Total Net Assets	1,284,206	1,312,949
Total Liabilities and Net Assets	\$ 1,903,078	\$ 1,403,468

See notes to financial statements

Let's Get Ready, Inc.

Statement of Activities Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 979,280	\$ 702,163	\$ 1,681,443
Program service income	161,231	-	161,231
In-kind contributions	29,527	-	29,527
Special events	852,243	-	852,243
Less: direct special events expenses	(79,003)	-	(79,003)
Net investment income	23,639	-	23,639
Total	1,966,917	702,163	2,669,080
Net assets released from restrictions	1,069,950	(1,069,950)	-
Total Support and Revenue	3,036,867	(367,787)	2,669,080
EXPENSES			
Program services	1,856,454	-	1,856,454
Supporting Services			
Management and general	371,042	-	371,042
Fundraising	470,327	-	470,327
Total Supporting Services	841,369	-	841,369
Total Expenses	2,697,823	-	2,697,823
Change in Net Assets	339,044	(367,787)	(28,743)
NET ASSETS			
Beginning of year	638,690	674,259	1,312,949
End of year	\$ 977,734	\$ 306,472	\$ 1,284,206

See notes to financial statements

Let's Get Ready, Inc.

Statement of Activities Year Ended August 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,054,567	\$ 932,109	\$ 1,986,676
Program service income	286,150	-	286,150
In-kind contributions	483,762	-	483,762
Special events	1,269,603	-	1,269,603
Less: direct special events expenses	(180,193)	-	(180,193)
Net investment income	25,298	-	25,298
Total	2,939,187	932,109	3,871,296
Net assets released from restrictions	1,071,783	(1,071,783)	-
Total Support and Revenue	4,010,970	(139,674)	3,871,296
 EXPENSES			
Program services	3,101,914	-	3,101,914
Supporting Services			
Management and general	444,719	-	444,719
Fundraising	836,566	-	836,566
Total Supporting Services	1,281,285	-	1,281,285
Total Expenses	4,383,199	-	4,383,199
Change in Net Assets	(372,229)	(139,674)	(511,903)
 NET ASSETS			
Beginning of the year	1,010,919	813,933	1,824,852
End of year	\$ 638,690	\$ 674,259	\$ 1,312,949

See notes to financial statements

Let's Get Ready, Inc.

Statement of Functional Expenses Year Ended August 31, 2020

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Sub-Total	
Salaries	\$ 1,150,605	\$ 209,335	\$ 359,572	\$ 568,907	\$ 1,719,512
Tutoring in-kind	29,527	-	-	-	29,527
Fringe benefits	201,099	44,689	73,418	118,107	319,206
Total Personnel Cost	<u>1,381,231</u>	<u>254,024</u>	<u>432,990</u>	<u>687,014</u>	<u>2,068,245</u>
Educational materials and expense	83,579	-	-	-	83,579
Rent and utilities - premises	188,210	10,456	10,456	20,912	209,122
Printing and reproduction	6,269	1,254	5,015	6,269	12,538
Professional fees	22,706	42,405	958	43,363	66,069
Postage and delivery	2,444	259	1,000	1,259	3,703
Telephone	18,607	1,057	1,480	2,537	21,144
Travel, meals and lodging	16,155	897	897	1,794	17,949
Insurance	6,762	376	376	752	7,514
Office and other	114,722	54,682	16,029	70,711	185,433
Professional development	2,687	960	192	1,152	3,839
Special events	-	-	79,003	79,003	79,003
Depreciation and amortization	13,082	4,672	934	5,606	18,688
	<u>1,856,454</u>	<u>371,042</u>	<u>549,330</u>	<u>920,372</u>	<u>2,776,826</u>
Less: direct special events expenses	-	-	(79,003)	(79,003)	(79,003)
Total Expenses	<u>\$ 1,856,454</u>	<u>\$ 371,042</u>	<u>\$ 470,327</u>	<u>\$ 841,369</u>	<u>\$ 2,697,823</u>

See notes to financial statements

Let's Get Ready, Inc.

Statement of Functional Expenses Year Ended August 31, 2019

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Sub-Total	
Salaries	\$ 1,696,476	\$ 274,310	\$ 509,846	\$ 784,156	\$ 2,480,632
Tutoring in-kind	453,762	-	-	-	453,762
Fringe benefits	270,940	55,909	103,548	159,457	430,397
Total Personnel Cost	<u>2,421,178</u>	<u>330,219</u>	<u>613,394</u>	<u>943,613</u>	<u>3,364,791</u>
Educational materials and expense	62,215	-	-	-	62,215
Rent and utilities - premises	198,130	13,073	13,073	26,146	224,276
Printing and reproduction	8,841	1,105	1,483	2,588	11,429
Professional fees	99,384	15,238	98,757	113,995	213,379
Public relations in-kind	-	-	30,000	30,000	30,000
Postage and delivery	9,621	1,082	3,833	4,915	14,536
Telephone	18,646	1,059	1,483	2,542	21,188
Travel, meals and lodging	66,001	38,501	5,500	44,001	110,002
Insurance	5,551	3,238	463	3,701	9,252
Office and other	164,281	24,038	65,146	89,184	253,465
Professional development	27,838	9,942	1,989	11,931	39,769
Special events	-	-	180,193	180,193	180,193
Depreciation and amortization	20,228	7,224	1,445	8,669	28,897
	<u>3,101,914</u>	<u>444,719</u>	<u>1,016,759</u>	<u>1,461,478</u>	<u>4,563,392</u>
Less: direct special events expenses	-	-	(180,193)	(180,193)	(180,193)
Total Expenses	<u>\$ 3,101,914</u>	<u>\$ 444,719</u>	<u>\$ 836,566</u>	<u>\$ 1,281,285</u>	<u>\$ 4,383,199</u>

See notes to financial statements

Let's Get Ready, Inc.

Statements of Cash Flows

	Year Ended August 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (28,743)	\$ (511,903)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and Amortization		
Furniture and equipment	11,819	13,955
Software	6,869	14,942
Deferred rent liability	(6,599)	21,377
Unrealized loss on investments	92,561	45,560
Realized gain on investments	(109,431)	(52,501)
Donated stock	(190,576)	(66,140)
Changes in operating assets and liabilities		
Pledges receivable	311,737	67,980
Prepaid expenses	16,069	(1,876)
Security deposits	(4,555)	-
Accounts payable and accrued expenses	14,652	44,973
Unearned revenue	(4,000)	4,000
Net Cash from Operating Activities	109,803	(419,633)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investments	493,902	699,491
Purchase of investments	(306,451)	(18,288)
Change in money fund	(475,197)	(231,830)
Net Cash from Investing Activities	(287,746)	449,373
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	524,300	-
 Net Change in Cash	346,357	29,740
 CASH		
Beginning of year	44,414	14,674
End of year	\$ 390,771	\$ 44,414

See notes to financial statements

Let's Get Ready, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

1. Organization and Tax Status

Let's Get Ready, Inc. ("LGR") provides low-income high school students with SAT preparation, admissions counseling and other support services needed to gain admission to and graduate from college. Trained college student volunteers deliver these services while providing the inspiration and encouragement students need to succeed.

Tax Status

LGR is a not-for-profit organization which was incorporated in the State of New York in 1999. LGR is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Change in Accounting Principle

On September 1, 2019, LGR adopted Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions, or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way LGR recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. Adoption of ASU 2018-08 had no impact on LGR's financial statements.

Additionally, on September 1, 2019, LGR adopted ASU 2014-09, *Revenue from Contracts with Customers*, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. Analysis of various provisions of this standard resulted in no significant changes in the way LGR recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. Adoption of ASU 2014-09 had no impact on LGR's financial statements.

Net Asset Presentation

Net assets, support and revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, LGR's net assets are classified as with or without donor restrictions.

Net assets without donor restrictions include funds having no restrictions as to time or purpose imposed by donors.

Net assets with donor restrictions are those that will be met either by actions of LGR or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Let's Get Ready, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

2. Summary of Significant Accounting Policies (*continued*)

Basis of Presentation

The financial statements of LGR have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP 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, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Gifts 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, or if they are designated as support for future periods.

Unconditional and conditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Gifts of goods and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, LGR reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated services rendered by certain volunteers that do not meet the criteria for recognition are not recorded in the financial statements.

Program service income is for services provided to colleges and universities which is recognized at the time when the related services are provided.

Let's Get Ready, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their present value using a risk adjusted rate. Conditional promises to give are not included as support until conditions are substantially met. The allowance for doubtful accounts is based upon management's assessment of historical and expected net collections and in consideration of business and economic conditions. Management has determined that no allowance is necessary as of August 31, 2020 and 2019.

Investments

Investments are stated at fair value based on quoted prices in active markets. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Fair Value Measurements

LGR follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. All of LGR's investments are categorized as Level 1 investments as of August 31, 2020 and 2019.

Concentration of Credit Risk and Other

Financial instruments that potentially subject to LGR to concentrations of credit risk consist principally of pledges receivables, which are expected to be collected in the normal course of business, cash and investments. LGR's cash account may exceed the federally insured limit during the year. LGR maintains its cash in bank deposits in one financial institution and its investments in two brokerage accounts. At times, these accounts may have exceeded the federally and securities protection insurance limits during fiscal 2020 and 2019, and subjected LGR to a concentration of credit risk.

Furniture and Equipment

Furniture and equipment are stated at cost and depreciated on a straight-line basis over their estimated useful lives of 3 to 7 years.

Let's Get Ready, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Accounting for Website and Software Development Costs

All costs incurred in the planning stage of developing a website are expensed as incurred as are internal and external training costs and maintenance costs. Fees incurred to internet service providers in return for hosting a website on their servers are expensed over the period of benefit. Fees paid to consultants that develop computer systems and software used for LGR's internal reporting and management functions are deferred and amortized on the straight-line method over a 3 to 5 year period from the time the system becomes operational.

External and internal costs incurred during the application development stage of internal use website software are capitalized. Upgrades and enhancements that result in additional functionality to the website software, which enable it to perform tasks that it was previously incapable of performing, are also capitalized.

Capitalized internal use website development costs are amortized using the straight-line method over its estimated useful life of three years and begins when all substantial testing of the website is completed and the website is ready for its intended use.

Deferred Rent Liability

Deferred rent liability is the difference between the cumulative amount recorded for occupancy expense on a straight line basis over the term of the operating lease as compared to the cumulative amounts required under the lease.

Functional Expense Allocations

The costs of providing the various program services and supporting services of LGR have been summarized on a functional basis in the statements of activities. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification; these expenses include tutorial in kind and educational material and expenses. Costs that are common to several functions such as salaries, fringe benefits, rent and utilities, premises, fees and office and other are allocated among the program and supporting services based on: time and effort records, square footage of office space, employee head count and estimates made by LGR's management.

Accounting for Uncertainty in Income Taxes

LGR recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that LGR had no uncertain tax positions that would require financial statement recognition or disclosure. LGR is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to August 31, 2017.

Let's Get Ready, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 5, 2021.

3. Pledges Receivable

LGR received pledges from donors to support its fiscal operations and related programs. These pledges obligate the donors to make payments against their pledges, which are due as follows at August 31:

	2020	2019
Greater than one year	\$ -	\$ 246,109
Discount to present value	-	(11,700)
Greater than one year, net	-	234,409
Less than one year	308,672	386,000
	\$ 308,672	\$ 620,409

Approximately 9% and 22% of LGR's total public support and revenue was received from one donor during the years ended August 31, 2020 and 2019. The amount due from this donor was \$232,472 and \$361,000 as of August 31, 2020 and 2019.

4. Investments

Investments are summarized as follows at August 31:

	2020	2019
Money market fund, at cost	\$ 922,429	\$ 447,232
Fixed income fund	89,945	106,683
Equity fund	94,401	60,413
Common stock	2,745	-
	\$ 1,109,520	\$ 614,328

The following table summarizes the investment income for the years ended August 31:

	2020	2019
Interest and dividends	\$ 6,778	\$ 18,399
Unrealized loss on investments	(92,561)	(45,560)
Realized gain on investments	109,431	52,501
Investment fees	(9)	(42)
	\$ 23,639	\$ 25,298

Let's Get Ready, Inc.

Notes to Financial Statements August 31, 2020 and 2019

5. Furniture and Equipment

Furniture and equipment consist of the following as of August 31:

	<u>2020</u>	<u>2019</u>
Furniture	\$ 85,201	\$ 85,201
Equipment	<u>59,989</u>	<u>59,989</u>
	145,190	145,190
Accumulated depreciation	<u>(109,454)</u>	<u>(97,635)</u>
	<u>\$ 35,736</u>	<u>\$ 47,555</u>

6. Loan Payable

On May 13, 2020, LGR received a \$524,300 Paycheck Protection Program loan (the "PPP Loan") from the Small Business Administration ("SBA") with an interest rate of 1.0% per annum, and no payments due until August 2021. This PPP Loan is scheduled to mature in May 2022. If certain defined conditions are met, the loan may be forgiven.

On June 23, 2021, the SBA notified LGR that the PPP loan was forgiven in full.

Subsequent to year end, in April 2021, LGR received a second PPP Loan from the SBA in the amount of \$302,200 with an interest rate of 1.0% per annum, and no payments due until July 2022. This Loan matures in April 2026. If certain defined conditions are met, this loan may also be forgiven by the SBA, otherwise LGR will be required to repay this loan in full.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions at August 31, 2020 and 2019 were comprised of the following:

	<u>2020</u>	<u>2019</u>
College access program	\$ 256,472	\$ 436,109
Time restriction	<u>50,000</u>	<u>238,150</u>
	<u>\$ 306,472</u>	<u>\$ 674,259</u>

Let's Get Ready, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

7. Net Assets with Donor Restrictions *(continued)*

Net assets released from restrictions during 2020 and 2019 for various purposes are as follows:

	<u>2020</u>	<u>2019</u>
College access program	\$ 711,000	\$ 939,720
Maine statewide expansion project	-	55,656
Success program	109,500	-
Transition program	26,000	-
Programming and equipment	35,300	-
Time restriction	<u>188,150</u>	<u>76,407</u>
	<u>\$ 1,069,950</u>	<u>\$ 1,071,783</u>

8. In-kind Contributions

As a result of the Coronavirus ("COVID-19") pandemic, LGR decided to discontinue using volunteers for tutoring services to provide SAT preparation and assistance with the college application process.

In-kind contributions consist of tutoring services in the amount of \$29,527 and \$453,762, and public relations services of \$-0- and \$30,000 for the years ended August 31, 2020 and 2019.

Volunteer college coaches function as tutors providing intensive SAT preparation and assistance with the college application process to LGR's high school students. For the fiscal years ended August 31, 2020 and 2019, LGR had a total of 191 and 469 coaches. In-kind contributions for tutoring are recorded at estimated fair valued based on average hours per coach and estimated hourly rates.

9. Board Contributions

LGR received contributions of \$582,618 and \$472,930 from the Board of Directors for the years ended August 31, 2020 and 2019.

10. Employee Benefit Plan

LGR has a simple IRA plan covering eligible employees. LGR makes a matching contribution up to 3% of the employee's compensation. Employer contribution amounted to \$32,380 and \$34,703 for the years ended August 31, 2020 and 2019.

Let's Get Ready, Inc.

Notes to Financial Statements August 31, 2020 and 2019

11. Liquidity and Availability of Financial Assets

LGR's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$ 390,771	\$ 44,414
Pledges receivable, net	308,672	620,409
Investments	<u>1,109,520</u>	<u>614,328</u>
Total Financial Assets	<u>1,808,963</u>	<u>1,279,151</u>
Less:		
Contractual or donor imposed restriction amounts		
Purpose restricted	(256,472)	(436,109)
Time restricted	<u>(50,000)</u>	<u>(238,150)</u>
	<u>(306,472)</u>	<u>(674,259)</u>
Purpose or time restrictions expected to be released in the next twelve months	<u>306,472</u>	<u>428,150</u>
Financial Assets Available to Meet General Operating Expenditures over the Next Twelve Months	<u>\$ 1,808,963</u>	<u>\$ 1,033,042</u>

LGR monitors its cash needs regularly and has special events and contributions appeals and support from its Board members throughout the year.

12. Commitments and Contingencies

Lease Commitments

LGR leases office space for its New York and Boston offices under operating leases, which expire on July 31, 2023 and December 31, 2020, respectively. The deposit for the lease of the New York office is secured by both a certificate of deposit and a letter of credit. On January 4, 2021, the Boston lease was extended for the period January 1, 2021 to June 30, 2021 at \$3,039 per month.

Future minimum annual lease obligations are as follows:

2021	\$ 196,765
2022	183,550
2023	<u>188,718</u>
	<u>\$ 569,033</u>

Rental expenses for the years ended August 31, 2020 and 2019 was approximately \$197,000 and \$200,000.

Let's Get Ready, Inc.

Notes to Financial Statements
August 31, 2020 and 2019

12. Commitments and Contingencies (*continued*)

COVID-19 has resulted in substantial volatility in the global financial markets. Because the value of LGR's individual investments has and may fluctuate in response to changing market conditions, the amount of losses, if any, that may be recognized in subsequent periods, cannot be determined.

COVID-19 may also continue to have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

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