



**Team San Jose
Financial Statements
June 30, 2020 and 2019**

Board of Directors
Team San Jose
San Jose, California



Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Team San Jose, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and change in net assets, 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 our audits 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 Team San Jose as of June 30, 2020 and 2019, and the change 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.

Frank, Rimmerman & Co. LLP

San Jose, California
November 20, 2020

Team San Jose
Statements of Financial Position

	June 30,	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,075,666	\$ 3,131,026
Restricted cash	338,502	534,001
Accounts receivable, net of allowance for doubtful accounts of \$10,000 (\$3,000 in 2019)	813,607	318,688
Prepaid expenses	104,943	209,692
Inventory	8,383	17,345
Investments	1,478,000	4,493,000
Related party receivable	29,805	87,991
Total current assets	<u>9,848,906</u>	<u>8,791,743</u>
Property and Equipment, net	<u>28,381</u>	<u>22,390</u>
Total assets	<u><u>\$ 9,877,287</u></u>	<u><u>\$ 8,814,133</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 432,838	\$ 474,055
Accrued expenses and other current liabilities	618,019	785,399
Deferred revenue	109,819	77,712
Total liabilities	<u>1,160,676</u>	<u>1,337,166</u>
Commitments and Contingencies (Note 5)		
Net Assets		
Without donor restrictions:		
Undesignated	8,383,427	6,767,717
Board designated	333,184	709,250
Total net assets	<u>8,716,611</u>	<u>7,476,967</u>
Total liabilities and net assets	<u><u>\$ 9,877,287</u></u>	<u><u>\$ 8,814,133</u></u>

See Notes to Financial Statements

Team San Jose
Statements of Activities and Change in Net Assets

	Years Ended June 30,	
	2020	2019
Revenues and Support		
City of San Jose:		
Convention and visitors bureau service revenue	\$ 6,579,878	\$ 7,889,000
Incentive fees	250,000	200,000
Donated use of facilities	145,805	138,632
Convention services	382,569	870,734
Visitor services	274,461	406,325
Administrative fees	24,000	24,000
Investment income, net	80,636	80,372
Total revenues and support	<u>7,737,349</u>	<u>9,609,063</u>
Expenses		
Program Services:		
Convention marketing and promotion	1,366,691	2,638,364
Convention services	354,839	482,582
Visitor services	69,047	156,604
Support Services:		
General and administrative	2,968,418	2,429,822
Management services	1,738,710	2,474,964
Total expenses	<u>6,497,705</u>	<u>8,182,336</u>
Change in Net Assets	1,239,644	1,426,727
Net Assets, beginning of year	<u>7,476,967</u>	<u>6,050,240</u>
Net Assets, end of year	<u>\$ 8,716,611</u>	<u>\$ 7,476,967</u>

See Notes to Financial Statements

Team San Jose
Statement of Functional Expenses for the Year Ended June 30, 2020

	Program Services			Support Services		Total
	Convention Marketing and Promotion	Convention Services	Visitor Services	General and Administrative	Sales and Management Services	
Salaries and Benefits	\$ 245,889	\$ 145,298	\$ 59,222	\$ 1,870,358	\$ 1,192,350	\$ 3,513,117
Cost of Sales	24,733	197,104	380	-	-	222,217
General Advertising	572,445	-	-	-	-	572,445
Community Service and Brochures Marketing	176	-	-	10,000	-	10,176
	201,409	5,295	-	61,618	316,494	584,816
Promotional and Other Sales and Marketing	117,685	4,323	4,091	-	54,880	180,979
Professional Services	109,280	-	-	117,294	-	226,574
Telephone	2,575	1,949	1,693	40,121	6,847	53,185
Travel	15,691	870	1,340	133,778	133,646	285,325
Recruiting and Training	4,503	-	1,961	50,354	8,831	65,649
Office Expenses and Supplies	4,650	-	-	352,584	4,388	361,622
In-Kind Rent	-	-	-	145,779	-	145,779
Dues and Subscriptions	67,655	-	360	186,532	21,274	275,821
Total expenses	\$ 1,366,691	\$ 354,839	\$ 69,047	\$ 2,968,418	\$ 1,738,710	\$ 6,497,705
Percent of Total Expenses	21%	5%	1%	46%	27%	100%

See Notes to Financial Statements

Team San Jose
Statement of Functional Expenses for the Year Ended June 30, 2019

	Program Services			Support Services		Total
	Convention Marketing and Promotion	Convention Services	Visitor Services	General and Administrative	Sales and Management Services	
Salaries and Benefits	\$ 433,370	\$ 171,569	\$ 111,073	\$ 1,219,798	\$ 1,868,136	\$ 3,803,946
Cost of Sales	11,163	277,271	14,177	10,968	-	313,579
General Advertising	815,500	-	-	-	-	815,500
Community Service and Brochures Marketing	114,385 1,012,104	- 12,740	158 -	78,020 25,542	404 273,080	192,967 1,323,466
Promotional and Other Sales and Marketing	23,854	9,431	846	-	126,687	160,818
Professional Services	96,756	-	-	225,753	-	322,509
Telephone	1,369	2,005	1,565	49,359	13,395	67,693
Travel	41,868	9,559	23,227	260,085	159,594	494,333
Recruiting and Training	12,482	-	3,449	60,045	8,837	84,813
Office Expenses and Supplies	14,807	7	197	205,196	2,514	222,721
In-Kind Rent	-	-	-	138,632	-	138,632
Dues and Subscriptions	60,706	-	1,912	156,424	22,317	241,359
Total expenses	\$ 2,638,364	\$ 482,582	\$ 156,604	\$ 2,429,822	\$ 2,474,964	\$ 8,182,336
Percent of Total Expenses	32%	6%	2%	30%	30%	100%

See Notes to Financial Statements

Team San Jose
Statements of Cash Flows

	Years Ended June 30,	
	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 1,239,644	\$ 1,426,727
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	17,044	18,824
Change in allowance for doubtful accounts	7,000	9
Changes in operating assets and liabilities:		
Accounts receivable	(501,919)	121,328
Prepaid expenses	104,749	14,768
Inventory	8,962	(17,345)
Related party receivable	58,186	(75,949)
Accounts payable	(41,217)	(367,377)
Accrued expenses and other current liabilities	(167,380)	(103,571)
Deferred revenue	32,107	(332,646)
Net cash provided by operating activities	<u>757,176</u>	<u>684,768</u>
Cash Flows from Investing Activities		
Proceeds from net sale of investments	3,015,000	-
Purchase of property and equipment	(23,035)	-
Purchase of investments	-	(1,523,000)
Net cash provided by (used in) investing activities	<u>2,991,965</u>	<u>(1,523,000)</u>
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	3,749,141	(838,232)
Cash, Cash Equivalents and Restricted Cash, beginning of year	<u>3,665,027</u>	<u>4,503,259</u>
Cash, Cash Equivalents and Restricted Cash, end of year	<u>\$ 7,414,168</u>	<u>\$ 3,665,027</u>
Cash and Cash Equivalents	\$ 7,075,666	\$ 3,131,026
Restricted Cash	<u>338,502</u>	<u>534,001</u>
Total cash, cash equivalents and restricted cash	<u>\$ 7,414,168</u>	<u>\$ 3,665,027</u>

See Notes to Financial Statements

Team San Jose Notes to Financial Statements

1. Nature of Activities

Team San Jose (the Organization) was formed in December 2003 in response to a request for proposal by the City of San Jose (the City) for the management and operations of the convention center. The Organization is incorporated as a nonprofit corporation in the state of California to advertise, promote, and publicize San Jose, California as a site for meetings, conventions, conferences, trade shows, and other events at the City's facilities and area hotels in a manner that results in a positive economic impact for the City. The Organization promotes the City as a destination for business and leisure travel.

The Organization participates in and coordinates activities with the City's Office of Economic Development, and other City agencies, related to the branding of the City for the purpose of local, national, and international identity. The Organization also manages a Convention & Visitor Bureau (CVB) Advisory Group with other organizations that support economic development, communications, and marketing in the City in order to develop and provide input and suggestions that support and cross-promote San Jose as a destination. Under an agreement with the City, certain expenditures made by the Organization in connection with its activities are reimbursed by the City.

2. Significant Accounting Policies

Basis of Presentation:

The Organization segregates its assets, liabilities and operations into two categories: with donor restrictions and without donor restrictions. The Organization's net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions consist of net assets for which there are no donor-imposed restrictions or such donor-imposed restrictions were temporary and expired during the current or previous periods.

Net assets with donor restriction consist of amounts receivable or received that are restricted for specific purposes or for subsequent periods. Some contributions received from donors are required to be maintained in perpetuity, while others expire over time or when the donor-imposed restrictions are satisfied. When a donor restriction expires, 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.

Undesignated Net Assets:

Undesignated net assets are the cumulative excess of revenues and support over expenditures since the inception of the Organization, unless designated by the Board of Directors (the Board).

Team San Jose
Notes to Financial Statements

2. Significant Accounting Policies (continued)

Board Designated Net Assets:

Board designated net assets are net assets without donor restrictions that are designated by the Board as a reserve for unexpected changes in the economy, contracts or specific projects. The reserve is the minimum of one month's operating expenses. At June 30, 2020, \$333,184 has been designated for use for the year ending June 30, 2020 (\$709,250 at June 30, 2019).

Revenue Recognition:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606). This accounting standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers to reflect the consideration to which the entity expects to be entitled to in exchange for goods and services. The Organization adopted Topic 606 on July 1, 2019 using the modified prospective method, for recognizing revenue from the City of San Jose, incentive fees and service fees. The adoption of the new standard had no material impact to the financial statements. The financial statements for fiscal 2020 are presented in accordance with Topic 606.

The Organization determines revenue recognition under Topic 606 through the following steps:

- Identification of the contract or agreement with a grantor or customer
- Identification of the performance obligations in the contract or agreement
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract or agreement
- Recognition of revenue when, or as, the Organization satisfies a performance obligation

Through June 30, 2019, the Organization recognized revenue from the City, incentive fees, services performed, and membership dues under FASB ASC Topic 605, *Revenue Recognition*. Revenue under Topic 605 was recognized when persuasive evidence of an arrangement existed, delivery of services had occurred, the fee was fixed or determinable and collection was probable.

The Organization receives a majority of its revenues and support from the City. The Organization has a convention and visitors services bureau agreement (the Agreement) with the City, effective through June 30, 2024. Under the Agreement, payments are made to the Organization based upon its annual operating budget approved by the City. Revenues were recognized based upon the approved budget over the contract years presented. The Agreement automatically renews for an additional five-year term through June 30, 2029, subject to the Organization meeting stated performance obligations.

Team San Jose
Notes to Financial Statements

2. Significant Accounting Policies (continued)

Revenue Recognition: (continued)

Under a separate management agreement with the City, the Organization receives an incentive fee from the City to operate the San Jose McEnergy Convention Center, the City's cultural facilities and the San Jose Visitors Bureau. Under the Organization's agreement, incentive fees paid are based on the Organization's performance in the prior year. Incentive fees were \$250,000 for the year ending June 30, 2020 (\$200,000 at June 30, 2019).

Convention and visitor services revenues include housing and registration services. The revenues are recognized when the services are provided.

Membership fees, which are included in visitor services revenue, are recognized as revenue ratably over the period of the membership. Deferred revenue consists of membership dues billed or paid but not recognized as revenues.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The standard clarifies the definition of an exchange transaction and provides guidance for evaluating whether contributions are unconditional or conditional. The Organization adopted ASU 2018-08, effective July 1, 2019, using the modified prospective transition approach for its adoption. The adoption of ASU 2018-08 had no impact on the financial statements and related disclosures as the Organization has accounted for its grants as conditional contributions.

In-Kind Donations:

The Organization may receive various donated products and services in connection with providing services to its members. Donated products and services are recorded at their estimated fair value. During the years ended June 30, 2020 and 2019, the Organization received free use of its facilities from the City, which is recorded as donated use of facilities and in-kind rent.

The Agreement with the City provides the Organization with office space and equipment to enable it to perform its obligations. The Organization occupies a building owned by the City, for which it has not been charged rent. The terms for the office space used may be revised or canceled by the City during the term of the Agreement. Therefore, the Organization records the fair value of the free rent received annually. The City has valued the donated rent at \$146,000 for the year ended June 30, 2020 (\$139,000 for the year ended June 30, 2019).

Team San Jose

Notes to Financial Statements

2. Significant Accounting Policies (continued)

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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and reported amounts of revenues, support and expenses in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents:

The Organization considers all short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash:

Restricted cash consists of prepaid ticket sales collected on behalf of other organizations for which an offsetting liability is included in accounts payable. At June 30, 2020, there was \$339,000 designated as restricted cash (\$534,000 at June 30, 2019).

Investments and Investment Income:

Investments in certificates of deposits and money market funds are reported at fair value based on quoted market prices. Certificates of deposit that have original maturities of greater than three months are included in investments and are reported at fair value and accumulated interest. Investment income is recorded on the accrual basis and dividends are recorded at the ex-dividend date. Unrealized gains and losses are included in investment income.

Concentrations of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, investments, and accounts receivable. The Organization maintains its cash accounts at two major commercial banks and a major brokerage firm. The Organization's cash deposits at each major commercial bank are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's cash equivalents and investments held at the major brokerage firm are insured by the Securities Investor Protection Corporation up to \$500,000.

The Organization estimates the collectability of its accounts receivable based on payment due dates and provides an allowance for potential credit losses as necessary. Historically, such losses have been within management's expectations.

Team San Jose
Notes to Financial Statements

2. Significant Accounting Policies (continued)

Property and Equipment:

The Organization capitalizes property and equipment acquisitions over \$5,000. Property and equipment is stated at cost and depreciated over the estimated useful life between three and five years using the straight-line method. Leasehold improvements are amortized over their estimated useful lives of 15 years using the straight-line method.

Income Taxes:

The Organization has been determined to be exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (Code) as an organization described in Section 501(c)(6) of the Code. The Organization is also exempt from California income taxes under Section 23701(e) of the California Revenue and Taxation Code.

Although the Organization is recognized as tax exempt, it is still liable for tax on its unrelated business taxable income (UBTI). The Organization does not believe it has UBTI that will result in an income tax liability. The Organization's federal exempt organization business income tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

The Organization applies the provisions set forth in FASB Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, to account for the uncertainty in income taxes. The Organization assessed all income tax positions taken where the statute of limitations remains open. The Organization believes that its tax filing positions will be sustained upon tax examinations; therefore, no liability for unrecognized income tax benefits has been recorded through June 30, 2020. The Organization does not anticipate any significant increases or decreases to unrecognized income tax benefits during the next twelve months.

Advertising, Marketing and Promotions:

Advertising and marketing expenses consist of collateral, brochures, promotional materials and special promotions. The Organization expenses advertising and marketing costs as incurred. Advertising and marketing expenses were \$1,370,000 and \$2,272,000 for the years ended June 30, 2020 and 2019, respectively.

Team San Jose
Notes to Financial Statements

2. Significant Accounting Policies (continued)

Statements of Functional Expenses:

The costs of providing the Organization's various programs and services have been summarized on a functional basis in the statements of functional expenses. Direct expenses are allocated to the related program or service benefited. Indirect expenses are allocated to programs and services based on operating expenses incurred and management's estimates of time and effort. The expenses allocated include personnel, dues and subscriptions, and marketing costs.

Fair Value Measurement:

The Organization uses a three-level hierarchy for fair value measurement based on the nature of inputs used in the valuation of an asset or liability as of the measurement date. The three-level hierarchy prioritizes within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs or methodology used for valuing assets or liabilities are not necessarily an indication of the risk associated with those assets or liabilities.

The three-level hierarchy for fair value measurement is defined as follows:

- Level I:** Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level II:** Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly.
- Level III:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. At June 30, 2020, all of the Organization's investments are certificates of deposits and are classified as Level I investments under the fair value hierarchy.

Team San Jose
Notes to Financial Statements

2. Significant Accounting Policies (continued)

Recent Accounting Pronouncement Not Yet Effective:

Fair Value Disclosures:

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement*. The standard eliminates certain disclosures and modifies others about recurring and nonrecurring fair value measurement. ASU 2018-13 is expected to reduce the cost of preparing fair value disclosures, while providing more decision-useful information for financial statement users. The standard is effective for the Organization as of July 1, 2020 and early adoption is permitted. The Organization is currently evaluating the impact of ASU 2018-13 on its fair value measurement disclosures.

3. Liquidity and Availability of Resources

The table below represents assets available for general expenditures within twelve months at June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 7,075,666	\$ 3,131,026
Accounts receivable, net	813,607	318,688
Investments	1,478,000	4,493,000
Related party receivable, net	<u>29,805</u>	<u>87,991</u>
Financial assets available to meet general expenditures within twelve months	<u>\$ 9,397,078</u>	<u>\$ 8,030,705</u>

The Organization monitors liquidity and the availability of its resources on an ongoing basis to ensure adherence to donor restrictions, contractual commitments and legal requirements for the use of funds while also maximizing the return on its investments. The Organization may sell investments, if necessary, to meet unexpected liquidity needs.

Team San Jose
Notes to Financial Statements

4. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Computers and equipment	\$ 203,151	\$ 180,116
Furniture and fixtures	90,245	90,245
Leasehold improvements	<u>24,509</u>	<u>24,509</u>
	317,905	294,870
Accumulated depreciation and amortization	<u>(289,524)</u>	<u>(272,480)</u>
Property and equipment, net	<u>\$ 28,381</u>	<u>\$ 22,390</u>

5. Commitments and Contingencies

Subsidy Commitments:

The Organization has committed for certain outside events that will occur between years ending June 30, 2020 and 2024 (between years ending June 30, 2019 and 2023 at June 30, 2018). Subsidies will be paid using future operating funds. At June 30, 2020, the Organization has committed approximately \$225,000 for these events (\$351,000 at June 30, 2019). These balances have not been accrued for at June 30, 2020 as they are conditional upon the event taking place. Therefore they will be expensed when the events occur.

Indemnification Agreements:

Pursuant to the Agreement with the City, the Organization defends, indemnifies, holds harmless, and agrees to reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally the City, its officers, agents and employees, with respect to its services under the Agreement. The term of the indemnifications is generally perpetual any time after execution of the Agreement. The maximum potential amount of future payments the Organization could be required to make under the indemnifications is unlimited. The Organization has never incurred costs to defend lawsuits or settle claims related to the indemnification agreements. As a result, the Organization believes the estimated fair value of potential indemnification obligations is minimal at June 30, 2020.

Team San Jose
Notes to Financial Statements

5. Commitments and Contingencies (continued)

Indemnification Agreements: (continued)

The Organization also indemnifies its officers, directors, employees and other agents for certain events or occurrences, subject to certain limits, while the individuals are or were serving at its request in such capacity. The term of the indemnification period is for the individual's lifetime. The maximum amount of potential future indemnification is unlimited; however, the Organization has a director and officer insurance policy that limits its exposure and enables it to recover a portion of any future amounts paid.

As a result of its insurance policy coverage, the Organization believes the fair value of potential indemnification obligations is minimal.

Legal:

In the normal course of business, the Organization may receive inquiries or become involved in legal disputes that are not covered by insurance. In the opinion of management, any potential liabilities resulting from such claims would not have a material adverse effect on the Organization's financial position or results of operations.

6. Employee Retirement Plan

The Organization has a 401(k) plan (the Plan) to provide defined contribution retirement benefits for all employees meeting certain employment service requirements. Participants may contribute a portion of their compensation to the Plan, up to a prescribed maximum, subject to limitations under the Code. The Organization may make matching or discretionary contributions. The Organization's contributions were \$111,000 for the year ended June 30, 2020 (\$149,000 for the year ended June 30, 2019).

7. Related Party Transactions

The Organization provides accounting and other administrative services to San Jose Hotels, Inc. (SJHI), a related party. The Organization charged SJHI \$24,000 for the years ended June 30, 2020 and June 30, 2019 for the administrative services. The Organization is also reimbursed for certain direct costs incurred. The Organization has a receivable from SJHI of \$29,805 at June 30, 2020 (\$87,991 at June 30, 2019.)

Team San Jose
Notes to Financial Statements

8. Subsequent Events

The global outbreak of the novel coronavirus in 2020 is a rapidly evolving situation. The virus has disrupted much of society, impacted global travel and supply chains, and adversely impacted global commercial activity in most industries. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse effect on economic and market conditions and trigger an extended period of global economic slowdown. Such conditions, which may be across industries, sectors or geographies, may impact the Company's operating performance in the near term.

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were approved by the Organization and available to be issued.