



FAMILY STATIONS, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

FAMILY STATIONS, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Family Stations, Inc.
Franklin, Tennessee

Opinion

We have audited the accompanying financial statements of Family Stations, Inc., which comprise the statements of financial position as of December 2021 and 2020, 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 Family Stations, Inc. as of December, 2021 and 2020, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family Stations, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Family Stations, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Family Stations, Inc.
Franklin, Tennessee

Auditors' 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 auditors' 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, including omissions, 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 Family Stations, Inc.'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 Family Stations, Inc.'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.

Capin Crouse LLP

Colorado Springs, Colorado
June 9, 2022

FAMILY STATIONS, INC.

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 63,940,748	\$ 66,234,413
Accounts receivable	39,000	30,353
Investments	208,064	36,640
Prepaid expenses and other assets	236,224	661,563
	64,424,036	66,962,969
Deposits and other assets	1,021,923	255,431
Beneficial interest in trusts	153,236	144,521
Radio broadcast licenses–net	13,261,265	18,840,602
Property held for sale	-	6,148,529
Property and equipment–net	17,945,255	5,915,420
	64,424,036	66,962,969
Total Assets	\$ 96,805,715	\$ 98,267,472
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 184,157	\$ 235,912
Accrued expenses and other liabilities	441,737	579,060
Deferred revenue	-	15,915
Deferred lease incentive-net, current portion	75,368	75,368
Notes payable	240,910	273,080
	942,172	1,179,335
Deferred lease incentive-net, long-term portion	125,613	200,980
Total liabilities	1,067,785	1,380,315
Net assets without donor restrictions	95,737,930	96,887,157
Total Liabilities and Net Assets	\$ 96,805,715	\$ 98,267,472

See notes to financial statements

FAMILY STATIONS, INC.

Statements of Activities (Without Donor Restrictions)

	Year Ended December 31,	
	2021	2020
SUPPORT AND REVENUE:		
Contributions	\$ 7,752,542	\$ 6,960,037
Lease income and airtime revenue	482,178	861,166
Investment income	3,060,582	145,829
Gain on sale of property and equipment and radio broadcast licenses	2,159,773	43,818,164
Loss on impairment of radio broadcast licenses	(5,500,000)	-
Other income	37,736	108,364
Total Support and Revenue	<u>7,992,811</u>	<u>51,893,560</u>
EXPENSES:		
Program services	6,929,308	6,263,226
Supporting activities:		
General and administrative	1,811,609	2,336,452
Fund-raising	401,121	306,389
Total Expenses	<u>9,142,038</u>	<u>8,906,067</u>
Change in Net Assets	(1,149,227)	42,987,493
Net Assets, Beginning of Year	<u>96,887,157</u>	<u>53,899,664</u>
Net Assets, End of Year	<u>\$ 95,737,930</u>	<u>\$ 96,887,157</u>

See notes to financial statements

FAMILY STATIONS, INC.

Statements of Functional Expenses

Year Ended December 31, 2021				
Program Services	Supporting Activities:		Total Expenses	
	General and Administrative	Fund- Raising		
Tower rents and utilities	\$ 3,079,314	\$ 195,577	\$ 6,591	\$ 3,281,482
Salaries and benefits	2,283,073	627,596	45,614	2,956,283
Professional services	411,905	427,144	72,245	911,294
Depreciation and amortization	532,685	173,556	61,279	767,520
Memberships and licenses	495,176	14,383	2,045	511,604
Postage, publications, and printing	63,711	34,241	196,551	294,503
Office and other expenses	11,454	240,126	42	251,622
Insurance	35,594	62,051	777	98,422
Travel and meetings	16,396	36,935	15,977	69,308
Total 2021 Expenses	<u>\$ 6,929,308</u>	<u>\$ 1,811,609</u>	<u>\$ 401,121</u>	<u>\$ 9,142,038</u>

Year Ended December 31, 2020				
Program Services	Supporting Activities:		Total Expenses	
	General and Administrative	Fund- Raising		
Tower rents and utilities	\$ 2,880,259	\$ 338,187	\$ 2,232	\$ 3,220,678
Salaries and benefits	1,900,984	655,425	59,399	2,615,808
Professional services	374,505	555,165	88,500	1,018,170
Depreciation and amortization	632,837	373,055	4,818	1,010,710
Memberships and licenses	362,140	23,491	611	386,242
Postage, publications, and printing	42,628	137,517	141,064	321,209
Office and other expenses	43,582	176,224	424	220,230
Insurance	16,935	56,004	370	73,309
Travel and meetings	9,356	21,384	8,971	39,711
Total 2020 Expenses	<u>\$ 6,263,226</u>	<u>\$ 2,336,452</u>	<u>\$ 306,389</u>	<u>\$ 8,906,067</u>

See notes to financial statements

FAMILY STATIONS, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,149,227)	\$ 42,987,493
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	767,520	1,010,710
Unrealized gain on investments	(2,963,542)	(5,992)
Change in value of beneficial interest in trust	(8,715)	(10,942)
Contribution of beneficial interest in trust	-	(20,924)
Gain on sale of property and equipment, property held for sale, and radio broadcast licenses	(2,159,773)	(43,818,164)
Loss on impairment of radio broadcast licenses	5,500,000	-
Amortization of listener notes payable	(32,170)	(32,170)
Change in operating assets and liabilities:		
Prepaid expenses and other assets	425,339	(163,137)
Accounts receivable	(8,647)	3,722
Deposits and other assets	(766,492)	(117,462)
Accounts payable	(51,755)	74,200
Accrued expenses and other liabilities	(137,323)	(209,248)
Deferred revenue	(15,915)	1,851
Deferred lease incentive-net	(75,367)	276,348
Net Cash Used by Operating Activities	(676,067)	(23,715)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(12,840,043)	(715,690)
Proceeds from sale of property and equipment and property held for sale	8,430,327	49,552,553
Purchases of investments	(37,079,990)	-
Proceeds from sales of investments	39,872,108	-
Net Cash Provided (Used) by Investing Activities	(1,617,598)	48,836,863
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of Paycheck Protection Program loan	-	520,712
Return of funds from Paycheck Protection Program loan	-	(520,712)
Net Cash Provided by Financing Activities	-	-
Net Change in Cash and Cash Equivalents	(2,293,665)	48,813,148
Cash and Cash Equivalents, Beginning of Year	66,234,413	17,421,265
Cash and Cash Equivalents, End of Year	\$ 63,940,748	\$ 66,234,413
SUPPLEMENTAL DISCLOSURES:		
Transfer of property and equipment to property held for sale	\$ -	\$ 6,148,529
Contribution of beneficial interest in trust	\$ -	\$ 20,924

See notes to financial statements

FAMILY STATIONS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

1. NATURE OF ORGANIZATION:

Family Stations, Inc. (FSI) is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, FSI is subject to federal income tax on any unrelated business taxable income. In addition, FSI is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The primary source of support and revenue for FSI is contributions from listeners.

FSI proclaims the Christian message primarily through its radio network and online streaming. They have been spreading the comfort and hope of the Gospel since 1959. FSI broadcasts over eighty signals throughout the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

FSI maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and money market accounts. These accounts, from time to time, exceed federally insured limits. As of December 31, 2021 and 2020, FSI had cash and cash equivalents on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$63,000,000 and \$65,000,000, respectively. However, FSI has not experienced any losses on these accounts and does not believe it is exposed to any significant risk.

INVESTMENTS

Investments consist of equity securities and are reported at fair market value. Donated securities are recorded at fair value on the date of the gift and are carried at fair market value.

BENEFICIAL INTEREST IN TRUSTS

FSI has been named as a beneficiary on two beneficial remainder trusts which are administered by third parties. Payments are made to beneficiaries regularly until the death of the donor, at which time the remaining assets will be distributed to FSI. Annual receipts are included within contributions on the statements of activities. Change in value of the beneficial interest in trusts totaled \$8,715 and \$10,942 during the years ended December 31, 2021 and 2020, respectively, included within investment income on the statements of activities.

FAMILY STATIONS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RADIO BROADCAST LICENSES-NET

Radio broadcast licenses are intangible assets that are recorded at cost, net of impairment. FSI has determined these licenses have an indefinite life. Since the useful life of the licenses is determined to be indefinite, FSI tests the licenses on an annual basis for impairment and no amortization is being recorded. FSI estimates license values based on a variety of factors such as comparable sales of similar licenses, costs related to associated stations and towers, and general demand for similar licenses. Management has evaluated the radio broadcast licenses for impairment and recorded an impairment loss of \$5,500,000 and \$0, which is included in the statements of activities for the years ended December 31, 2021 and 2020, respectively.

PROPERTY HELD FOR SALE

During the year ended December 31, 2020, FSI made a decision to sell its Alameda property, which is reflected as property held for sale on the statements of financial position as of December 31, 2020. It is reported at the lower of cost or net realizable value. As the estimated net realizable value was greater than the cost, no impairment was recorded during the year ended December 31, 2020. During the year ended December 31, 2021, the property was sold for approximately \$7,400,000. A gain on the sale of approximately \$378,000 is included within gain on sale of property and equipment and radio broadcast licenses on the statements of activities for the year ended December 31, 2021.

PROPERTY AND EQUIPMENT-NET

Property and equipment is recorded at cost if purchased or fair value if contributed and include improvements that significantly add to utility or extend useful lives. Depreciation is recorded using the straight-line method to allocate cost over the estimated useful lives, which range from five to forty years. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in support and revenue for the period. Purchases in excess of \$5,000 are capitalized.

NOTES PAYABLE

In 2014, FSI retired all promissory notes by paying them out to sponsors. Notes payable consist of amounts not cashed by sponsors. Therefore, FSI still owes sponsors for these amounts and they continue to be shown as notes payable on the statements of financial position. In 2017, FSI stopped recording accrued interest on these notes payable due the nature of the notes. During the year ended December 31, 2020, FSI began amortizing these notes payable on a straight-line basis over a ten year life. During the years ended December 31, 2021 and 2020, FSI recorded \$32,170 of income related to the amortization of these notes payable, which is included in other income on the statements of activities. Since these notes are due to sponsors on demand, they have been classified as current liabilities on the statements of financial position as of December 31, 2021 and 2020.

FAMILY STATIONS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The net assets of FSI are reported in the following classes:

Net assets without donor restrictions are currently available at the discretion of the board for use in FSI's operations. During the year ended December 31, 2020, the board created a designated fund as a reserve for repaying the outstanding listener notes payable. The balance of board designated net assets as of December 31, 2021 and 2020 was \$64,340 and \$32,170, respectively.

Net assets with donor restrictions are stipulated by donors for specific operating purposes. FSI has no net assets with donor restrictions as of December 31, 2021 and 2020.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. FSI reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, 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. FSI received no contributions with donor restrictions during the years ended December 31, 2021 and 2020.

Lease income and airtime revenue is recognized when earned, which is monthly over the term of the lease. Investment income and other income is recognized when earned.

FUNCTIONAL ALLOCATION OF EXPENSES

The statements of functional expenses reports certain categories of expenses that are attributable to program or supporting activities of FSI. These expenses include depreciation and amortization and tower rents and utilities, which are allocated based on square footage occupancy. Costs of other categories were allocated on estimates of time and effort. FSI had no joint costs during the years ended December 31, 2021 and 2020.

UNRELATED BUSINESS INCOME

FSI incurs income tax on certain tower rental agreements that are unrelated to FSI's normal business operations. Unrelated business income tax incurred for the years ended December 31, 2021 and 2020 was approximately \$23,000 and \$25,000, respectively. An accrual of approximately \$3,000 and \$25,000 for unrelated business income tax as of December 31, 2021 and 2020, respectively, is included in accrued expenses and other liabilities within the statements of financial position.

FAMILY STATIONS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

3. FAIR VALUE MEASUREMENTS:

FSI uses appropriate valuation techniques to determine fair value based on inputs available. When available, FSI measures fair value using Level 1 inputs because they generally provide the most reliable evidence for fair value. Level 3 inputs are only used when Level 1 or level 2 inputs are not available.

The following tables present fair value measurements of assets measured at fair value on a recurring basis recognized in the accompanying statement of financial position as of December 31, 2021 and 2020.

	December 31, 2021	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments:			
Equity securities	\$ 208,064	\$ 208,064	\$ -
Beneficial interest in trusts	\$ 153,236	\$ -	\$ 153,236

	December 31, 2020	Fair Value Measurements Using:	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Investments:			
Equity securities	\$ 36,640	\$ 36,640	\$ -
Beneficial interest in trusts	\$ 144,521	\$ -	\$ 144,521

Valuation techniques: Fair values for equity securities are determined by reference to quoted market prices and other relevant information generated by market transactions, which is considered Level 1 of the fair value hierarchy. Fair value for one beneficial interest in trust is based on the present value of the projected value of the trust at the estimated termination date, net of the present value of amounts due to the income beneficiaries over the term of the trust. The discount rate used in the present value calculation was 7.4% with an assumed growth rate on investments of 5%. As there are no ongoing distributions to income beneficiaries for the second beneficial interest in trust, fair value is measured using the unconditionally promised percentage of the fair value of the trust's assets. Both measurement methods are considered Level 3 of the fair value hierarchy.

Changes in valuation techniques: None.

FAMILY STATIONS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

3. FAIR VALUE MEASUREMENTS, continued:

The following table provides further details of the Level 3 fair value measurements for the years ended December 31, 2021 and 2020. The unrealized gain shown below is included in investment income on the statements of activities.

	Year Ended December 31,	
	2021	2020
Fair value, beginning of year	\$ 144,521	\$ 112,655
Contribution of an interest in a beneficial trust	-	20,924
Unrealized gain	8,715	10,942
Fair value, end of year	\$ 153,236	\$ 144,521

4. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects FSI's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	December 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 63,940,748	\$ 66,234,413
Accounts receivable	39,000	30,353
Investments	208,064	36,640
Beneficial interest in trust	153,236	144,521
Financial assets at year-end	64,341,048	66,445,927
Less those unavailable for general expenditure within one year, due to:		
Board designated net assets	(64,340)	(32,170)
Beneficial interest in trust not expected to be received within one year	(142,764)	(134,523)
Financial assets available to meet cash needs for general expenditures within one year	\$ 64,133,944	\$ 66,279,234

FSI manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As part of FSI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. There is a fund designated by management that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

FAMILY STATIONS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

5. RADIO BROADCAST LICENSES-NET:

Prior to January 1, 2002, the costs of some of FSI's radio broadcast licenses had been amortized on a straight-line basis over a period of forty years as required by generally accepted accounting principles then in effect. In accordance with accounting standards, this systematic amortization of license costs was discontinued. The aggregate station license costs and accumulated amortization are as follows:

	December 31,	
	2021	2020
Radio broadcast licenses, carrying value	\$ 15,537,567	\$ 21,116,904
Less accumulated amortization	(2,276,302)	(2,276,302)
	\$ 13,261,265	\$ 18,840,602

6. PROPERTY AND EQUIPMENT-NET:

Property and equipment—net, consists of:

	December 31,	
	2021	2020
Land and improvements	\$ 11,365,300	\$ 1,964,933
Buildings and improvements	3,588,340	426,654
Leasehold improvements	3,177,000	3,196,305
Towers, transmitters, antenna systems, and translators	6,772,256	7,164,715
Studio and office equipment	4,703,816	4,753,706
Satellite system	1,529,206	1,502,726
Information technology and software development	2,199,074	1,952,563
Vehicles	9,800	9,800
	33,344,792	20,971,402
Less accumulated depreciation and amortization	(15,813,205)	(15,587,449)
	17,531,587	5,383,953
Construction in progress	413,668	531,467
	\$ 17,945,255	\$ 5,915,420

7. RETIREMENT PLAN:

FSI maintains a 403(b) tax deferred annuity plan (the Plan) which covers all employees who have worked for FSI for at least 60 days. FSI matches 50% of an employee's contribution up to 3%. FSI contributed \$30,471 and \$27,225 to the Plan during the years ended December 31, 2021 and 2020, respectively.

FAMILY STATIONS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

8. LEASE INCOME:

FSI leases office space and radio tower space and usage to various tenants. FSI receives monthly payments from these tenants. Total revenue from these agreements was \$482,178 and \$861,166 for the years ended December 31, 2021 and 2020, respectively. Future minimum receipts related to these agreements are:

<u>Year Ending December 31,</u>	
2022	\$ 111,175
2023	102,000
2024	102,000
2025	25,500
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	\$ 340,675
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9. OPERATING LEASE OBLIGATIONS:

FSI has multiple long-term operating leases for various transmitter sites, office space, and satellite channels. These leases are subject to automatic renewal periods ranging from five to ten years with annual escalations. Total rent expense paid during the years ended December 31, 2021 and 2020 amounted to \$1,119,740 and \$1,579,239, respectively. In addition to the amounts paid during the years ending December 31, 2021 and 2020 for the contractually obligated leases, FSI also incurred approximately \$2,162,000 and \$1,641,000 on other tower rent and utility costs.

FSI has entered into a lease agreement with an unrelated third party for use of space. Per the agreement, the lessor agreed to pay for leasehold improvements up to \$389,400. This is considered a lease incentive. The total cost of the leasehold improvements was capitalized and the amount paid by the lessor, \$389,400, was recorded as a deferred lease incentive liability. The deferred lease incentive will be amortized at a rate of \$6,281 per month over the life of the lease as an offset against rent expense. As of December 31, 2021 and 2020, the deferred lease incentive is stated net of amortization of \$188,419 and \$113,052, respectively.

Future minimum lease payments required under all operating leases and contractual obligations as of December 31, 2021 are:

<u>Year Ending December 31,</u>	
2022	\$ 1,268,594
2023	1,253,109
2024	1,198,923
2025	1,020,100
2026	862,035
Thereafter	4,040,633
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	\$ 9,643,394
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FAMILY STATIONS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

10. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the world. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of FSI for future periods. Management is carefully monitoring the situation.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through June 9, 2022, which is the date the financial statements were available to be issued.