

Armed Services Arts Partnership

Notes to Financial Statements December 31, 2021

2. □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

There were no unrecognized tax benefits identified or recorded as liabilities for at December 31, 2021.

ASAP's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during 2021.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2023.

Subsequent Events

Management has evaluated subsequent events through April 25, 2022 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. □ CONCENTRATION OF CREDIT RISK

ASAP maintains its cash balances in banks insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of December 31, 2021, ASAP's balances did not exceed the FDIC insured limit.

4. □ PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2021 consisted of the following:

Equipment	\$ 5,744
Less: Accumulated Depreciation and Amortization	<u>(1,566)</u>
Property and Equipment - Net	<u>\$ 4,178</u>

Depreciation and amortization expense for the year ended December 31, 2021 was \$809.

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5. NET ASSETS

Net assets with donor restrictions activity during the year ended December 31, 2021 was as follows:

	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Releases</u>	<u>End of Year</u>
Comedy Bootcamp	\$ 746	\$ -	\$ (746)	\$ -
Instructors, Staff & Research	36,261	150,000	(101,049)	85,212
Community Arts	10,280	-	(10,280)	-
Alexandria, VA Programs	-	7,500	-	7,500
Washington, DC Programs	-	20,000	(1,525)	18,475
	<u>\$ 47,287</u>	<u>\$ 177,500</u>	<u>\$ (113,600)</u>	<u>\$ 111,187</u>

Net assets without donor restrictions for the year ended December 31, 2021 were undesignated.

6. OPERATING LEASE

During 2020, ASAP entered into a month-to-month lease for office space. Rent expense for the year ended December 31, 2021 was \$5,634.

7. AVAILABILITY AND LIQUIDITY

The following represents ASAP's financial assets at December 31, 2021:

Financial Assets at Year End:

Cash	\$ 255,905
Grants and Contributions Receivable	<u>24,040</u>
Total Financial Assets	<u>279,945</u>
Less Amounts Not Available To Be Used Within One Year:	
Net Assets With Donor Restrictions	111,187
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	<u>(111,187)</u>
	<u>-</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 279,945</u>

As part of ASAP's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.