

HSPVA Friends

Financial Statements
and Independent Auditors' Report
for the years ended July 31, 2022 and 2021

HSPVA Friends

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Independent Auditors' Report

To the Board of Directors of
HSPVA Friends:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HSPVA Friends, which comprise the statements of financial position as of July 31, 2022 and 2021, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HSPVA Friends as of July 31, 2022 and 2021, 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 HSPVA Friends 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 the 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 HSPVA Friends' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 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 HSPVA Friends' 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 HSPVA Friends' 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.

Blazek & Vetterling

April 25, 2023

HSPVA Friends

Statements of Financial Position as of July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 788,500	\$ 803,796
Contributions receivable	387,447	
Prepaid expenses	11,856	25,131
Cash restricted or designated for downtown campus (<i>Note 3</i>)	2,335,742	2,330,611
Investments (<i>Note 4</i>)	<u>1,239,984</u>	<u>1,350,003</u>
TOTAL ASSETS	<u>\$ 4,763,529</u>	<u>\$ 4,509,541</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 24,839	\$ 31,092
Deferred revenue	5,605	
Refundable advance – Paycheck Protection Program loan (<i>Note 2</i>)	<u> </u>	<u>36,948</u>
Total liabilities	<u>30,444</u>	<u>68,040</u>
Net assets:		
Without donor restrictions	1,460,863	1,104,329
With donor restrictions (<i>Notes 5 and 6</i>)	<u>3,272,222</u>	<u>3,337,172</u>
Total net assets	<u>4,733,085</u>	<u>4,441,501</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,763,529</u>	<u>\$ 4,509,541</u>

See accompanying notes to financial statements.

HSPVA Friends

Statement of Activities for the year ended July 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Cash and other financial assets	\$ 229,297	\$ 680,186	\$ 909,483
Nonfinancial assets (<i>Note 7</i>)	1,200		1,200
Program fees	310,743		310,743
Special events:			
Cash and other financial assets	258,559	77,411	335,970
Proceeds from contributed auction and raffle items (<i>Note 7</i>)	9,228	37,734	46,962
Direct donor benefit costs	(39,977)	(29,342)	(69,319)
Net investment return	<u>(2,560)</u>	<u>(102,200)</u>	<u>(104,760)</u>
Total revenue	766,490	663,789	1,430,279
Net assets released from restrictions:			
Program expenditures	<u>728,739</u>	<u>(728,739)</u>	
Total	<u>1,495,229</u>	<u>(64,950)</u>	<u>1,430,279</u>
EXPENSES:			
Program	931,860		931,860
Management and general	121,234		121,234
Fundraising	<u>85,601</u>		<u>85,601</u>
Total expenses	<u>1,138,695</u>		<u>1,138,695</u>
CHANGES IN NET ASSETS	356,534	(64,950)	291,584
Net assets, beginning of year	<u>1,104,329</u>	<u>3,337,172</u>	<u>4,441,501</u>
Net assets, end of year	<u>\$ 1,460,863</u>	<u>\$ 3,272,222</u>	<u>\$ 4,733,085</u>

See accompanying notes to financial statements.

HSPVA Friends

Statement of Activities for the year ended July 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	\$ 165,799	\$ 259,748	\$ 425,547
Program fees	31,671		31,671
Special events	160,097	100,594	260,691
Direct donor benefit costs	(31,451)	(1,561)	(33,012)
Net investment return	<u>17,908</u>	<u>217,601</u>	<u>235,509</u>
Total revenue	344,024	576,382	920,406
Net assets released from restrictions:			
Program expenditures	<u>372,777</u>	<u>(372,777)</u>	
Total	<u>716,801</u>	<u>203,605</u>	<u>920,406</u>
EXPENSES:			
Program	622,164		622,164
Management and general	123,704		123,704
Fundraising	<u>95,563</u>		<u>95,563</u>
Total expenses	<u>841,431</u>		<u>841,431</u>
CHANGES IN NET ASSETS	(124,630)	203,605	78,975
Net assets, beginning of year	<u>1,228,959</u>	<u>3,133,567</u>	<u>4,362,526</u>
Net assets, end of year	<u>\$ 1,104,329</u>	<u>\$ 3,337,172</u>	<u>\$ 4,441,501</u>

See accompanying notes to financial statements.

HSPVA Friends

Statements of Functional Expenses for the years ended July 31, 2022 and 2021

<u>EXPENSES</u>	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>2022 TOTAL</u>
Salaries and benefits	\$ 82,490	\$ 43,149	\$ 61,175	\$ 186,814
Artist fees	308,350			308,350
Supplies	200,242	1,335	4,048	205,625
Professional fees	149,488	29,876		179,364
Dues and subscriptions	29,627	14,683	5,578	49,888
Scholarship awards	48,197			48,197
Travel	35,043	30		35,073
Technology and equipment	28,705			28,705
Catering	25,503	465	2,717	28,685
Rent and utilities		27,675		27,675
Printing and publications	9,511	945	11,003	21,459
Grants for downtown campus	11,221			11,221
Bank and credit card fees		185		185
Other	<u>3,483</u>	<u>2,891</u>	<u>1,080</u>	<u>7,454</u>
Total expenses	<u>\$ 931,860</u>	<u>\$ 121,234</u>	<u>\$ 85,601</u>	<u>\$ 1,138,695</u>

<u>EXPENSES</u>	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>2021 TOTAL</u>
Salaries and benefits	\$ 82,366	\$ 49,115	\$ 63,794	\$ 195,275
Artist fees	236,539			236,539
Supplies	63,405	1,435	18,329	83,169
Professional fees	119,417	25,331		144,748
Dues and subscriptions		13,299		13,299
Scholarship awards	58,823			58,823
Travel	6,365			6,365
Technology and equipment	17,468			17,468
Catering	7,307			7,307
Rent and utilities		26,828		26,828
Printing and publications	6,601	1,392	8,412	16,405
Grants for downtown campus	2,724			2,724
Bank and credit card fees		4,580		4,580
Other	<u>21,149</u>	<u>1,724</u>	<u>5,028</u>	<u>27,901</u>
Total expenses	<u>\$ 622,164</u>	<u>\$ 123,704</u>	<u>\$ 95,563</u>	<u>\$ 841,431</u>

See accompanying notes to financial statements.

HSPVA Friends

Statements of Cash Flows for the years ended July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 291,584	\$ 78,975
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Net realized and unrealized (gain) loss on investments	139,346	(200,470)
Contributions restricted for perpetual endowment	(30,223)	(42,571)
Changes in operating assets and liabilities:		
Contributions receivable	(387,447)	8,500
Prepaid expenses	13,275	(13,446)
Accounts payable and accrued expenses	(6,253)	(27,930)
Deferred revenue	5,605	
Refundable advance – Paycheck Protection Program loan	<u>(36,948)</u>	<u></u>
Net cash used by operating activities	<u>(11,061)</u>	<u>(196,942)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	243,240	187,214
Purchases of investments	(254,345)	(241,166)
Net change in money market mutual funds held as investments	<u>(18,222)</u>	<u>13,743</u>
Net cash used by investing activities	<u>(29,327)</u>	<u>(40,209)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for perpetual endowment	<u>30,223</u>	<u>42,571</u>
NET CHANGE IN CASH	(10,165)	(194,580)
Cash, beginning of year	<u>3,134,407</u>	<u>3,328,987</u>
Cash, end of year	<u>\$ 3,124,242</u>	<u>\$ 3,134,407</u>
<i>Reconciliation of cash reported in the statements of financial position with cash reported in the statements of cash flows:</i>		
Cash	\$ 788,500	\$ 803,796
Cash restricted or designated for downtown campus	<u>2,335,742</u>	<u>2,330,611</u>
Total cash	<u>\$ 3,124,242</u>	<u>\$ 3,134,407</u>

See accompanying notes to financial statements.

HSPVA Friends

Notes to Financial Statements for the years ended July 31, 2022 and 2021

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – HSPVA Friends was incorporated in 1980 and is a supporting organization for The Houston Independent School District’s Kinder High School for the Performing and Visual Arts (Kinder HSPVA). HSPVA Friends’ mission is to cultivate support for Kinder HSPVA in order to enhance educational, professional, and artistic opportunities for current and future students.

Federal income tax status – HSPVA Friends is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(2).

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are due within one year are reported at net realizable value. Contributions receivable that are expected to be collected in future years are reported at the present value of the expected future cash flows. The contribution receivable as of July 31, 2022 is a bequest from one estate and is expected to be paid within one year.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before HSPVA Friends is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Program fees are recognized at the point in time that services are provided and are primarily generated by performance tickets and student workshops. Revenue is recognized at the amount of consideration expected to be received. There are no contract assets or liabilities resulting from program fees at July 31, 2022, 2021 or 2020.

Special events revenue includes elements of both contributions and exchange transactions and are recognized when an event occurs. Direct donor benefit costs represent the costs of goods and services provided to event attendees. Amounts received in advance are reported as deferred revenue.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of July 31 comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 3,124,242	\$ 3,134,407
Contributions receivable	387,447	
Investments	<u>1,239,984</u>	<u>1,350,003</u>
Total financial assets	4,751,673	4,484,410
Less financial assets not available for general expenditure:		
Endowment investments	(1,142,431)	(1,238,427)
Cash restricted or designated for downtown campus	<u>(2,335,742)</u>	<u>(2,330,611)</u>
Total financial assets available for general expenditure	<u>\$ 1,273,500</u>	<u>\$ 915,372</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, HSPVA Friends considers all expenditures related to its ongoing activities of support for Kinder HSPVA, as well as the conduct of services undertaken to support those activities, to be general expenditures.

HSPVA Friends received a Paycheck Protection Program (PPP) loan of \$36,948 in April 2020 and a second loan of \$36,948 in April 2021. HSPVA Friends received notices of forgiveness and recognized the proceeds as restricted contribution revenue in the year ended December 31, 2021.

NOTE 3 – CASH RESTRICTED FOR DOWNTOWN CAMPUS

As governed by the tri-party agreement dated October 13, 2016, HSPVA Friends is stewarding a grant of \$7,500,000 from the Kinder Foundation that is restricted for capital needs at the Houston Independent School District's downtown campus of Kinder HSPVA. As of July 31, 2022, net assets with donor restrictions of \$1,843,918 remains unreleased from this grant and will be released as capital needs are met.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is 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 three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at July 31, 2022 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Equity mutual funds:				
Domestic large-cap	\$ 285,627			\$ 285,627
Foreign large-cap	149,112			149,112
Domestic small/mid-cap	69,583			69,583
Foreign small-cap	48,255			48,255
Bond mutual funds:				
Intermediate term	348,461			348,461
High yield	149,457			149,457
Inflation protected	14,100			14,100
Global real estate mutual fund	73,781			73,781
Exchange-traded funds:				
Commodities	51,282			51,282
Inflation-protected bond	22,359			22,359
Money market mutual funds	27,967			27,967
Total assets measured at fair value	<u>\$ 1,239,984</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,239,984</u>

Assets measured at fair value at July 31, 2021 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Equity mutual funds:				
Domestic large-cap	\$ 302,232			\$ 302,232
Foreign large-cap	229,151			229,151
Domestic small/mid-cap	74,438			74,438
Foreign small-cap	77,086			77,086
Bond mutual funds:				
Intermediate term	385,478			385,478
High yield	134,092			134,092
Global real estate mutual fund	69,386			69,386
Exchange-traded funds:				
Commodities	55,429			55,429
Inflation-protected bond	12,966			12,966
Money market mutual funds	9,745			9,745
Total assets measured at fair value	<u>\$ 1,350,003</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,350,003</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the published net asset value of shares held at year end.
- *Exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while HSPVA Friends believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Downtown campus	\$ 1,843,918	\$ 1,922,417
Music	95,078	50,192
Scholarships	61,771	59,090
HSPVA at 50 Book	44,656	
Visual arts	41,841	61,055
Vocal	39,069	5,991
Other	<u>3,458</u>	
Total subject to expenditure for specified purpose	2,129,791	2,098,745
Endowments:		
Subject to spending policy and appropriation:		
Scholarship endowments	<u>1,142,431</u>	<u>1,238,427</u>
Total net assets with donor restrictions	<u>\$ 3,272,222</u>	<u>\$ 3,337,172</u>

NOTE 6 – ENDOWMENT FUNDS

HSPVA Friends has donor-restricted endowment funds that are maintained in accordance with explicit donor stipulations.

Changes in donor-restricted endowment funds are as follows:

	WITH DONOR RESTRICTIONS		
	ACCUMULATED NET INVESTMENT RETURN	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Endowment net assets, July 31, 2020	\$ 152,112	\$ 858,820	\$ 1,010,932
Contributions		42,571	42,571
Net investment return	217,601		217,601
Distributions	(32,677)		(32,677)
Endowment net assets, July 31, 2021	337,036	901,391	1,238,427
Contributions		30,223	30,223
Net investment return	(102,200)		(102,200)
Distributions	(24,019)		(24,019)
Endowment net assets, July 31, 2022	\$ 210,817	\$ 931,614	\$ 1,142,431

Endowment net assets consist of the following:

	2022 WITH DONOR RESTRICTIONS	2021 WITH DONOR RESTRICTIONS
Donor-restricted endowment funds:		
Donor-restricted amounts required to be maintained in perpetuity	\$ 931,614	\$ 901,391
Accumulated investment gains	210,817	337,036
Endowment net assets	\$ 1,142,431	\$ 1,238,427

The Board of Directors of HSPVA Friends has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, HSPVA Friends classifies the original value of gifts donated to the perpetual endowment as *net assets with donor restrictions* required to be maintained in perpetuity. The remaining portion of the donor-restricted endowment funds are also classified as *net assets with donor restrictions* until those amounts are appropriated for expenditure by HSPVA Friends in a manner consistent with the standards of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, HSPVA Friends considers the duration and preservation of the funds and other resources of HSPVA Friends in making a determination to appropriate or accumulate donor-restricted endowment funds.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TUPMIFA requires HSPVA Friends to retain as a fund of perpetual duration. Deficiencies of this nature are reported in *net assets without donor restrictions*. These deficiencies result from unfavorable market fluctuations and continued appropriations for certain programs that are deemed prudent by the Board of Directors. There were no such deficiencies at July 31, 2022 or 2021.

Return Objectives and Risk Parameters

HSPVA Friends has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, HSPVA Friends relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and investment return (interest and dividends). HSPVA Friends targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

Scholarship committees approve scholarship awards for students at Kinder HSPVA annually.

NOTE 7 – NONFINANCIAL ASSETS

HSPVA Friends received the following contributed nonfinancial assets for the year ended July 31, 2022:

Auction items for PVA show	\$ 37,734
Raffle items for Encore 50 event	9,228
Instrument for school use	<u>1,200</u>
Total contributed nonfinancial assets	<u>\$ 48,162</u>

Contributed auction and raffle items are valued at the gross sale price received. The donated instrument was recognized at fair value as provided by an independent appraiser.

NOTE 8 – SUBSEQUENT EVENTS

On August 8, 2022, HSPVA Friends signed an office lease for fourteen months. The total commitment is \$29,540.

Management has evaluated subsequent events through April 25, 2023, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.