



EARTH DAY NETWORK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023





EARTH DAY NETWORK, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

CONTENTS

	PAGE
Independent Auditor's Report	1
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7





INDEPENDENT AUDITOR'S REPORT

Board of Directors
Earth Day Network

Opinion

We have audited the accompanying financial statements of Earth Day Network, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2023, 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 Earth Day Network as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the year ended December 31, 2023 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Earth Day Network 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.

Report on Summarized Comparative Information

We have previously audited Earth Day Network's 2022 financial statements, and our report dated December 7, 2023 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Earth Day Network's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 Earth Day Network'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 Earth Day Network'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.

Calibre CPA Group, PLLC

Bethesda, MD
December 11, 2024



EARTH DAY NETWORK, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 6,296,931	\$ 4,581,456
Investments	7,669,619	44,482
Accounts receivable	91,267	2,468
Prepaid expenses, advances and deposits	<u>21,511</u>	<u>18,145</u>
Total current assets	14,079,328	4,646,551
Property and equipment - at cost, net of accumulated depreciation and amortization	92,823	132,603
Right-of-use asset - operating lease	467,001	660,897
Other assets		
Security deposit	<u>21,170</u>	<u>21,170</u>
Total assets	<u>\$ 14,660,322</u>	<u>\$ 5,461,221</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 153,791	\$ 152,827
Operating lease liability	<u>601,957</u>	<u>853,451</u>
Total liabilities	<u>755,748</u>	<u>1,006,278</u>
Net assets		
Without donor restrictions	10,465,795	1,444,629
With donor restrictions	<u>3,438,779</u>	<u>3,010,314</u>
Total net assets	<u>13,904,574</u>	<u>4,454,943</u>
Total liabilities and net assets	<u>\$ 14,660,322</u>	<u>\$ 5,461,221</u>

See accompanying notes to financial statements.



EARTH DAY NETWORK, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue				
Contributions				
Foundations and trusts	\$ 1,070,330	\$ 141,477	\$ 1,211,807	\$ 1,170,022
Individuals and other	11,181,323	1,400,749	12,582,072	6,279,916
Investment income	157,302	-	157,302	30,598
Miscellaneous	(1,878)	-	(1,878)	663,095
Net assets released from restrictions	<u>1,113,761</u>	<u>(1,113,761)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>13,520,838</u>	<u>428,465</u>	<u>13,949,303</u>	<u>8,143,631</u>
Expenses				
Program services	3,425,845	-	3,425,845	4,064,740
Management and general	724,138	-	724,138	521,970
Fund raising	<u>349,689</u>	<u>-</u>	<u>349,689</u>	<u>191,257</u>
Total expenses	<u>4,499,672</u>	<u>-</u>	<u>4,499,672</u>	<u>4,777,967</u>
Change in net assets	9,021,166	428,465	9,449,631	3,365,664
Net assets				
Beginning of year	<u>1,444,629</u>	<u>3,010,314</u>	<u>4,454,943</u>	<u>1,089,279</u>
End of year	<u>\$ 10,465,795</u>	<u>\$ 3,438,779</u>	<u>\$ 13,904,574</u>	<u>\$ 4,454,943</u>

See accompanying notes to financial statements.

EARTH DAY NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services				Management and General	Fund Raising	Total
	Earth Day	Canopy	Other	Total			
Salaries and fringe benefits	\$ 1,272,965	\$ 220,178	\$ 417,011	\$ 1,910,154	\$ 375,025	\$ 305,599	\$ 2,590,778
Books, dues, and subscriptions	-	-	-	-	11,077	2,777	13,854
Communications	31,635	-	410	32,045	5,627	-	37,672
Computer and network support	3,650	-	360	4,010	74,199	-	78,209
Consulting	15,000	40,000	1,970	56,970	6,025	-	62,995
Contract labor	162,948	-	205,047	367,995	-	-	367,995
Depreciation and amortization	15,399	5,402	9,220	30,021	6,695	3,064	39,780
Event expenses	31,134	315,043	50,671	396,848	7,108	283	404,239
Internet	90	-	1,188	1,278	2,730	-	4,008
Professional fees	-	-	-	-	52,318	-	52,318
Licenses, fees, and permits	-	-	-	-	14,473	425	14,898
Meetings	3,939	-	91,207	95,146	470	968	96,584
Office supplies and expense	12	-	-	12	11,359	-	11,371
Insurance	-	-	-	-	20,619	-	20,619
Postage and delivery	78	322	-	400	1,135	16	1,551
Printing and reproduction	-	1,853	1,658	3,511	725	-	4,236
Rent	119,236	20,598	39,234	179,068	23,635	22,107	224,810
Telephone	16,589	2,796	5,829	25,214	4,092	3,001	32,307
Travel, meals, and entertainment	44,390	-	205,606	249,996	15,827	5,587	271,410
Web hosting and development	29,905	10,229	17,556	57,690	12,172	5,862	75,724
Web marketing and public relations	10,250	-	3,200	13,450	14,053	-	27,503
Other	34	-	2,003	2,037	64,774	-	66,811
Total expenses	\$ 1,757,254	\$ 616,421	\$ 1,052,170	\$ 3,425,845	\$ 724,138	\$ 349,689	\$ 4,499,672



EARTH DAY NETWORK, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Contributions and grants received	\$ 13,793,879	\$ 7,449,938
Investment income received	105,537	37,764
Other operating receipts	590	663,095
Payments to vendors, suppliers and employees	<u>(4,611,159)</u>	<u>(4,721,181)</u>
Net cash provided by (used for) operating activities	<u>9,288,847</u>	<u>3,429,616</u>
Cash flows from investing activities		
Purchases of investments	<u>(7,573,372)</u>	<u>(126)</u>
Net cash used for investing activities	<u>(7,573,372)</u>	<u>(126)</u>
Net change in cash and cash equivalents	1,715,475	3,429,490
Cash and cash equivalents at beginning of year	<u>4,581,456</u>	<u>1,151,966</u>
Cash and cash equivalents at end of year	<u>\$ 6,296,931</u>	<u>\$ 4,581,456</u>



EARTH DAY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Earth Day Network, Inc. (EDN), a New York not-for-profit organization with an office in Washington, D.C., was formed in November 1994 for the purpose of educating the public and developing and promoting ways to inspire individuals and groups to protect and take care of the environment. To this end, EDN's mission is to support a vital, decentralized, action-oriented network of sustainable organizations creating clean, healthy, prosperous environments, and communities. EDN's primary activity during the past few years involved working on K-12 education, re-forestation, and health and the environment.

EDN has adopted the following significant accounting policies:

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic, *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, EDN is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes - EDN is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. EDN has been classified as an organization that is not a private foundation under Section 509(a)(1). EDN's Federal Form 990, *Return of Organization Exempt from Income Tax*, for years ended December 31, 2020 through 2022, are subject to examination by the Internal Revenue Service (IRS), generally for a period of three years after they were filed.



NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EDN accounts for income taxes in accordance with the ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. EDN performed an evaluation of uncertain tax positions for the years ended December 31, 2023, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of December 31, 2023, the statute of limitations for tax years 2020 through 2022 remains open with the U.S. federal jurisdiction and local jurisdictions in which EDN files returns.

Cash and Cash Equivalents - EDN considers amounts immediately available for withdrawal from bank accounts and all highly liquid debt instruments with a maturity of three months or less when purchased to be cash and cash equivalents, except those held as part of EDN's investment portfolio. EDN maintains its cash in bank deposit accounts which at times may exceed the federally insured limit. At December 31, 2023, EDN had approximately \$558,000 in cash that exceeded the balance insured by the Federal Deposit Insurance Corporation (FDIC).

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are reported at net realizable value. Management periodically reviews outstanding amounts and determines whether an allowance for potential uncollectible promises should be reported. As of December 31, 2023 and 2022, management determined there was no need for such an allowance. Unconditional promises to give that are expected to be collected in more than one year are reported at fair value, which is measured as the present value of their expected future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional. EDN had no conditional promises receivable at December 31, 2023 and 2022.

Investments - Investments in debt securities and in equity securities having readily determinable fair values are carried at fair value in the statements of financial position. 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. Realized gains (losses) on securities sold during the year and unrealized gains (losses) on securities held at year-end are included in investment income. Investment income is reported net of any related investment expenses.

Equipment - Equipment is comprised of computers, software, telephones, and office leasehold improvements and is stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets (three years for software and five years for computers and telephones). Leasehold improvements are amortized on a straight-line basis over the life of the lease.



NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases - In its statements of financial position, EDN records a right-of-use asset and lease liability, initially measured at the present value of total lease payments using a risk-free rate that approximates the remaining term of the lease. EDN considers the likelihood of exercising renewal or termination clauses (if any) in measuring its right-of-use assets and lease liabilities. A single lease cost calculated so that the cost of the lease is allocated over the lease term on straight-line basis. Short-term leases (those with an initial term of twelve months or less and no purchase option) are expensed over their terms, with no corresponding right-of-use asset or lease liability recorded. EDN does not separate non-lease components (if any) from lease components in determining the lease payments for leases of office equipment.

Net Assets - Net assets are reported in two distinct classes as follows:

Net assets without donor restrictions - These net assets are available to finance the general operations of EDN. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of EDN, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with temporary donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by EDN is limited by donor-imposed time or purpose restrictions that will expire with the passage of time or with the accomplishment of donor-imposed purpose restrictions.

Support and Revenue - Contributions are recognized when received or when unconditionally promised and are classified as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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 restrictions.

Donated Services - Volunteers have donated significant amounts of their time assisting in the operation and administration of EDN. The value of these services is not reported in the accompanying financial statements, in accordance with U.S. generally accepted accounting principles related to contributed services.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based. Salary, fringe benefits, and common costs such as rent and depreciation are allocated based on employee time and effort studies.



NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of EDN's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table represents EDN's financial assets available to meet cash needs for general expenditures within one year of December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Total financial assets at end of year		
Cash and cash equivalents	\$ 6,296,931	\$ 4,581,456
Investments	<u>7,669,619</u>	<u>44,482</u>
	13,966,550	4,625,938
Less amounts unavailable to meet general expenditures within one year		
Amounts subject to donor purpose restrictions	<u>(3,438,779)</u>	<u>(3,010,314)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 10,527,771</u>	<u>\$ 1,615,624</u>

NOTE 3. INVESTMENTS

The fair value of investments as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Short term investments	\$ 5,336,301	\$ 14,616
Fixed income	1,793,528	-
Equity securities	39,790	29,866
Certificates of deposit	<u>500,000</u>	<u>-</u>
	<u>\$ 7,669,619</u>	<u>\$ 44,482</u>

The components of investment income for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 85,890	\$ 4,872
Unrealized gains	<u>51,765</u>	<u>(7,166)</u>
	<u>\$ 137,655</u>	<u>\$ (2,294)</u>

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows on the next page:

NOTE 3. INVESTMENTS (CONTINUED)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that EDN has the ability to access.

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following tables summarize the inputs used to measure the fair value of investments as of December 31, 2023 and 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2023				
Short-term investments	\$ 5,336,301	\$ 5,336,301	\$ -	\$ -
Fixed income	1,793,528	-	1,793,528	-
Equity securities	39,790	39,790	-	-
Certificates of deposit	500,000	-	500,000	-
	<u>\$ 7,669,619</u>	<u>\$ 5,376,091</u>	<u>\$ 2,293,528</u>	<u>\$ -</u>
December 31, 2022				
Short-term investments	\$ 14,616	\$ 14,616	\$ -	\$ -
Equity securities	29,866	29,866	-	-
	<u>\$ 44,482</u>	<u>\$ 44,482</u>	<u>\$ -</u>	<u>\$ -</u>



NOTE 3. INVESTMENTS (CONTINUED)

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Short-term investments - Represent cash and money market accounts held by investment managers.

Fixed income - Investments in fixed income are valued using comparable securities of issuers with similar credit ratings.

Equity securities - Investments in equities are valued at the closing price reported on the active market on which the securities are traded.

Certificates of deposit - Investments in certificates of deposit have been valued at amortized cost which approximates fair value.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 56,406	\$ 56,406
Computers and software	90,661	90,661
Leasehold improvements	<u>248,630</u>	<u>248,630</u>
	395,697	395,697
Less: accumulated depreciation and amortization	<u>(302,874)</u>	<u>(263,094)</u>
Net property and equipment	<u>\$ 92,823</u>	<u>\$ 132,603</u>

NOTE 5. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions at December 31, 2023 and 2022 were available to support programs and activities of EDN as follows:

	<u>2023</u>	<u>2022</u>
Canopy program	\$ 3,438,779	\$ 2,843,847
Other programs	<u>-</u>	<u>166,467</u>
	<u>\$ 3,438,779</u>	<u>\$ 3,010,314</u>

Net assets released during 2023 and 2022 related entirely to the satisfaction of purpose restrictions.



NOTE 6. EMPLOYEE RETIREMENT PLANS

EDN sponsored a Simple IRA salary reduction plan for its employees whereby EDN matched allowable contributions by eligible employees up to a maximum of 3% of eligible compensation. Effective January 1, 2020, this plan was replaced by an Internal Revenue Code Section 401(k) Plan, covering all employees who work more than 1,000 hours per year and are age 21 or older. This plan provides for elective employee deferrals after three months of service as well as employer matching contributions up to 6% of compensation. In addition, EDN may elect to make profit-sharing contributions to the plan. Participants are fully vested in the employer matching and any profit-sharing contributions after two years of service. The total expense related to these plans was \$96,389 and \$70,288 for 2023 and 2022, respectively.

NOTE 7. OPERATING LEASE

During 2019, EDN entered into an agreement to lease office space, effective January 24, 2020, and expiring April 30, 2026. This agreement requires base monthly rent beginning at \$21,170, with annual fixed increases in the base rent at the beginning of each lease year. In connection with the lease, the landlord provided EDN with a tenant improvement allowance in the amount of \$248,630.

EDN has elected to use the risk-free rate as the discount rate of the lease. The rates are determined at the commencement date for the period comparable with that of the lease term. EDN used the risk-free discount rate of 1.47% for the operating lease.

The maturity of the lease liability under EDN's operating lease as of December 31, 2023 is as follows:

Year Ending December 31,	2024	\$	262,494
	2025		262,638
	2026		<u>87,578</u>
			612,710
Less effects of discounting			<u>(10,753)</u>
		\$	<u>601,957</u>

Operating lease expense for office space for 2023 and 2022, was \$220,264 and \$212,120, respectively.

NOTE 8. UNINSURED CASH

EDN maintains its cash and cash equivalents at various financial institutions, which at times may exceed the federally insured limits per the bank. Accounts at the banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. EDN has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents. At December 31, 2023, EDN's cash balances in excess of FDIC insured limits totaled approximately \$5,771,000.



NOTE 9. RISKS AND UNCERTAINTIES

EDN invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

NOTE 10. SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through December 11, 2024, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.