



**AMERICAN
COUNCIL ON
GERMANY**

Audited Financial Statements

December 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The American Council on Germany, Inc.

Opinion

We have audited the accompanying financial statements of The American Council on Germany, Inc. ("ACG"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 ACG as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 ACG and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 ACG's ability to continue as a going concern within 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

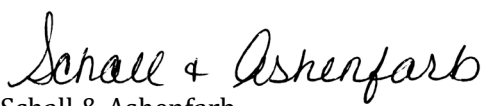
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 ACG'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 ACG'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.

Report on Summarized Comparative Information

We have previously audited ACG's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

September 12, 2022

THE AMERICAN COUNCIL ON GERMANY, INC.
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2021
(With comparative totals at December 31, 2020)

| | <u>12/31/21</u> | <u>12/31/20</u> |
|--|----------------------------|----------------------------|
| Assets | | |
| Cash and cash equivalents | \$618,889 | \$715,816 |
| Investments (Note 3) | 14,012,246 | 12,378,859 |
| Contributions and grants receivable | 124,232 | 48,521 |
| Prepaid expenses and other assets | 3,002 | 14,970 |
| Fixed assets, net (Note 4) | 5,956 | 3,106 |
| Security deposit | <u>35,974</u> | <u>35,974</u> |
| Total assets | <u><u>\$14,800,299</u></u> | <u><u>\$13,197,246</u></u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$151,123 | \$136,160 |
| Fellowship stipends and travel payable | 75,000 | 44,000 |
| Deferred revenue | <u>24,500</u> | <u>18,122</u> |
| Total liabilities | <u><u>250,623</u></u> | <u><u>198,282</u></u> |
| Net assets: | | |
| Without donor restrictions | 14,204,077 | 12,883,365 |
| With donor restrictions (Note 5) | <u>345,599</u> | <u>115,599</u> |
| Total net assets | <u><u>14,549,676</u></u> | <u><u>12,998,964</u></u> |
| Total liabilities and net assets | <u><u>\$14,800,299</u></u> | <u><u>\$13,197,246</u></u> |

The attached notes and auditors' report are an integral part of these financial statements.

THE AMERICAN COUNCIL ON GERMANY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative totals for the year ended December 31, 2020)

| | Without Donor Restrictions | With Donor Restrictions | Total 12/31/21 | Total 12/31/20 |
|--|-------------------------------|----------------------------|---------------------|---------------------|
| Revenue and support: | | | | |
| Contributions and grants | \$632,745 | \$285,000 | \$917,745 | \$1,109,469 |
| Special Events (net of expenses with a direct benefit to donors)(Note 6) | 834,328 | | 834,328 | 0 |
| Membership dues | 163,797 | | 163,797 | 136,640 |
| Discussion programs, luncheons, and meetings | 56,158 | | 56,158 | 14,042 |
| Interest and dividend income | 53,054 | | 53,054 | 99,509 |
| In-kind contributions (Note 2h) | 1,925 | | 1,925 | 4,500 |
| Net assets released from restrictions | 55,000 | (55,000) | 0 | 0 |
| Total revenue and support | 1,797,007 | 230,000 | 2,027,007 | 1,364,160 |
| Expenses: | | | | |
| Program services | 1,219,074 | | 1,219,074 | 1,254,044 |
| Management and general | 192,527 | | 192,527 | 207,770 |
| Fundraising | 107,837 | | 107,837 | 99,099 |
| Total expenses | 1,519,438 | 0 | 1,519,438 | 1,560,913 |
| Change in net assets from operating activities | 277,569 | 230,000 | 507,569 | (196,753) |
| Non-operating activities (Note 3): | | | | |
| Net gain on investments | 1,069,733 | | 1,069,733 | 564,693 |
| (Loss)/gain on currency exchange | (26,590) | | (26,590) | 32,289 |
| Total non-operating activities | 1,043,143 | 0 | 1,043,143 | 596,982 |
| Change in net assets | 1,320,712 | 230,000 | 1,550,712 | 400,229 |
| Net assets - beginning of year | 12,883,365 | 115,599 | 12,998,964 | 12,598,735 |
| Net assets - end of year | \$14,204,077 | \$345,599 | \$14,549,676 | \$12,998,964 |

The attached notes and auditors' report are an integral part of these financial statements.

THE AMERICAN COUNCIL ON GERMANY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative totals for the year ended December 31, 2020)

| | Program Services | Management and General | Fundraising | Total 12/31/21 | Total 12/31/20 |
|---|---------------------|------------------------------|------------------|--------------------|--------------------|
| Salaries | \$757,354 | \$82,604 | \$65,392 | \$905,350 | \$856,500 |
| Payroll taxes and employee benefits | 160,936 | 17,553 | 13,896 | 192,385 | 205,406 |
| Fellowship awards | 35,000 | | | 35,000 | 30,000 |
| Professional fees | 28,765 | 63,103 | 4,015 | 95,883 | 113,911 |
| Public policy program (including in-kind) (Note 2h) | 2,417 | | | 2,417 | 13,049 |
| Communications and information technology | 40,044 | 4,369 | 3,457 | 47,870 | 36,037 |
| Occupancy | 152,614 | 16,645 | 13,177 | 182,436 | 180,243 |
| Travel, events and accommodations | 3,054 | 1,333 | 106,182 | 110,569 | 76,292 |
| Office supplies and equipment | 15,516 | 1,694 | 1,339 | 18,549 | 17,472 |
| Postage and shipping | 110 | 1,197 | 1,607 | 2,914 | 414 |
| Insurance | 7,250 | 791 | 626 | 8,667 | 5,268 |
| Dues and subscriptions | 135 | 1,506 | 645 | 2,286 | 3,025 |
| Miscellaneous | 13,068 | 1,426 | 1,128 | 15,622 | 8,656 |
| Depreciation | 2,811 | 306 | 243 | 3,360 | 14,640 |
| Total expenses | 1,219,074 | 192,527 | 211,707 | 1,623,308 | 1,560,913 |
| Less: direct special event expenses netted with revenue (Note 6) | | | (103,870) | (103,870) | 0 |
| Total expenses for statement of activities | \$1,219,074 | \$192,527 | \$107,837 | \$1,519,438 | \$1,560,913 |

The attached notes and auditors' report are an integral part of these financial statements.

THE AMERICAN COUNCIL ON GERMANY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With comparative totals for the year ended December 31, 2020)

| | <u>12/31/21</u> | <u>12/31/20</u> |
|---|-------------------------|-------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$1,550,712 | \$400,229 |
| Adjustment to reconcile change in net assets to net cash provided by/(used for) operations: | | |
| Depreciation | 3,360 | 14,640 |
| Realized and unrealized gain on investments | (1,102,899) | (597,975) |
| Changes in assets and liabilities: | | |
| Contributions and grants receivable | (75,711) | 143,382 |
| Prepaid expenses and other assets | 11,968 | 4,965 |
| Accounts payable and accrued expenses | 14,963 | 14,187 |
| Fellowship stipends and travel payable | 31,000 | 21,000 |
| Deferred revenue | 6,378 | (85,262) |
| Total adjustments | <u>(1,110,941)</u> | <u>(485,063)</u> |
| Net cash provided by/(used for) operating activities | <u>439,771</u> | <u>(84,834)</u> |
| Cash flows from investing activities: | | |
| Purchases of fixed assets | (6,210) | (1,661) |
| Purchases of investments (including reinvestment of investment income) | (867,616) | (5,750,992) |
| Sale of investments | 337,128 | 5,779,634 |
| Net cash (used for)/provided by investing activities | <u>(536,698)</u> | <u>26,981</u> |
| Net decrease in cash and cash equivalents | (96,927) | (57,853) |
| Cash and cash equivalents - beginning of year | <u>715,816</u> | <u>773,669</u> |
| Cash and cash equivalents - end of year | <u><u>\$618,889</u></u> | <u><u>\$715,816</u></u> |
| Supplement Information: | | |
| Interest and taxes paid | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

The attached notes and auditors' report are an integral part of these financial statements.

THE AMERICAN COUNCIL ON GERMANY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 - Organization and Nature of Activities

The American Council on Germany, Inc. (“ACG”) is a not-for-profit organization that was formed in February 1952 for the purpose of improving understanding between the United States and the Federal Republic of Germany. ACG’s primary sources of revenue are corporate, foundation and individual contributions.

ACG has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of ACG have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

b. Basis of Presentation

As a not-for-profit organization, ACG reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use including the board designated fund that is described in Note 7.
- *Net Assets with Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor (Note 5).

c. Revenue Recognition

ACG follows the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Codification (“ASC”) 958-606 for recognizing revenue from contracts with customers. ACG has the following types of revenue that fall under ASC 606: membership dues, discussion programs, luncheons, and meetings that have been included in the statement of activities. Each different source of revenue is analyzed to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete, which is when the services are provided to the members, or the event takes place.

ACG follows FASB ASC 958-605 for recording contributions which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Conditional promises to give may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized when the conditions on which they depend are substantially met. Total pledges not recorded because they contain conditions totals \$486,000.

Contributions and grants are recognized as revenue at net realizable value if expected to be collected within one year. All contributions and grants receivable at December 31, 2021 are expected to be received within 12 months. Management assesses receivable balances for collectability. Based on a review of several factors, including the credit worthiness of the donor and historical experience, management deems these receivables to be fully collectable and has not established any reserves.

d. Cash and Cash Equivalents

ACG considers cash and liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

e. Concentration of Credit Risk

Financial instruments which potentially subject ACG to concentration of credit risk consist of cash accounts and investment securities, which are placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes that the investment policy is prudent for the long-term welfare of ACG. At times, balances may exceed federally insured limits. ACG has not experienced any losses due to the failure of a financial institution.

f. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are recognized in the statement of activities.

g. Fixed Assets

Equipment, furniture and fixtures that have a useful life of more than one year and exceed predetermined amounts are capitalized at cost or at fair value, if donated. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets.

h. Contributed Services and Space

Donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind, are recognized at fair value.

Board members and other volunteers have donated a significant amount of time, but these services have not been recorded because they do not meet the criteria outlined above.

ACG receives donations of catering and space for board meetings, the Young Leader Conference, and other policy and program meetings held, which are recognized at fair value. These items have been recorded as an expense to the public policy program.

i. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated using time and effort as the basis for allocation:

- Salaries
- Payroll taxes and employee benefits
- Communications and information technology
- Occupancy
- Office supplies and equipment
- Insurance
- Miscellaneous
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

j. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to ACG's ongoing services. Non-operating activity is limited to the investments returns and foreign currency exchange gain or loss.

k. Use of 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, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

l. Comparative Financial Information

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 conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ACG's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

m. Accounting for Uncertainty of Income Taxes

ACG does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2018 and later are subject to examination by applicable taxing authorities.

n. New Accounting Pronouncements

FASB issued Accounting Standards Update (“ASU”) No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding “right to use asset” on the statement of financial position.

ACG is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Investments

Accounting standards have established a fair value hierarchy, giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted, quoted prices in active markets for identical assets or liabilities that ACG has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Level 1 securities are valued at the closing price reported on the active market that they are traded on. ACG’s investments carried at NAV included a partnership of funds that contains various common stocks.

Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

The following summarizes the composition of investments:

| | <u>12/31/21</u> | <u>12/31/20</u> |
|---|---------------------|---------------------|
| Level 1 securities: | | |
| Cash and cash equivalents | \$794,655 | \$301,839 |
| Mutual fund: | | |
| Short Term Bond | 1,088,352 | 1,097,110 |
| U.S. Treasury Money Market Fund | 3,679,031 | 3,679,000 |
| U.S. Equity Securities | <u>2,672,638</u> | <u>2,062,900</u> |
| | <u>8,234,676</u> | <u>7,140,849</u> |
| Investments measured at net asset value: | | |
| Limited partnership – U.S. Equity Securities | 2,997,283 | 2,628,957 |
| Limited partnership – Foreign Equity Securities | 2,764,476 | 2,604,339 |
| Limited partnership – Cash and cash equivalents | <u>15,811</u> | <u>4,714</u> |
| | <u>5,777,570</u> | <u>5,238,010</u> |
| Total | <u>\$14,012,246</u> | <u>\$12,378,859</u> |

The following summarizes net gain on investments:

| | <u>12/31/21</u> | <u>12/31/20</u> |
|---|--------------------|------------------|
| Realized gain/(loss) on sale of investments | \$86,873 | (\$251,403) |
| Unrealized gain on investments | 1,016,026 | 849,378 |
| Investment fees | <u>(33,166)</u> | <u>(33,282)</u> |
| Total | <u>\$1,069,773</u> | <u>\$564,693</u> |

ACG has foreign bank accounts which are adjusted to market based on the exchange rate. ACG had a loss on currency exchange of \$26,590 and a gain of \$32,289 during the years ended December 31, 2021 and 2020, respectively.

Note 4 - Fixed Assets

Fixed assets consist of the following:

| | <u>12/31/21</u> | <u>12/31/20</u> |
|---|------------------|------------------|
| Computers and equipment <i>(3-7 years)</i> | \$127,329 | \$121,119 |
| Leasehold improvements <i>(life of lease)</i> | <u>140,725</u> | <u>140,725</u> |
| | 268,054 | 261,844 |
| Less: accumulated depreciation | <u>(262,098)</u> | <u>(258,738)</u> |
| Total fixed assets, net | <u>\$5,956</u> | <u>\$3,106</u> |

Note 5 - Net Assets With Donor Restrictions

The following summarizes the activity of net assets with donor restrictions:

| | <u>December 31, 2021</u> | | | |
|-----------------------------------|---------------------------------|---|---|-----------------------------------|
| | <u>Balance</u> <u>1/1/21</u> | <u>Restricted</u> <u>Contributions</u> | <u>Released</u> <u>from</u> <u>Restrictions</u> | <u>Balance</u> <u>12/31/21</u> |
| Program restrictions: | | | | |
| Other fellowships | \$90,599 | \$25,000 | (\$30,000) | \$85,599 |
| Conferences & Speaker programs | <u>0</u> | <u>250,000</u> | <u>0</u> | <u>250,000</u> |
| Program restrictions | 90,599 | 275,000 | (30,000) | 335,599 |
| Time | <u>25,000</u> | <u>10,000</u> | <u>(25,000)</u> | <u>10,000</u> |
| Total | <u>\$115,599</u> | <u>\$285,000</u> | <u>(\$55,000)</u> | <u>\$345,599</u> |
| | <u>December 31, 2020</u> | | | |
| | <u>Balance</u> <u>1/1/20</u> | <u>Restricted</u> <u>Contributions</u> | <u>Released</u> <u>from</u> <u>Restrictions</u> | <u>Balance</u> <u>12/31/20</u> |
| Program restrictions: | | | | |
| Other fellowships | \$45,599 | \$45,000 | \$0 | \$90,599 |
| Time | <u>0</u> | <u>25,000</u> | <u>0</u> | <u>25,000</u> |
| Total | <u>\$45,599</u> | <u>\$70,000</u> | <u>\$0</u> | <u>\$115,599</u> |

Note 6 - Special Events

ACG holds the annual McCloy Awards Dinner fundraising event. The event planned for 2020 was cancelled due to the COVID-19 pandemic. The funds raised in lieu of the event totaled \$124,253 and were included with contributions and grants on the statement of activities. The following summarizes the donations for the event held during the year ended December 31, 2021:

| | |
|--|------------------|
| Event income | \$938,198 |
| Less: expenses with a direct benefit to donors | <u>(103,870)</u> |
| | 834,328 |
| Less: other event expenses | <u>(26,645)</u> |
| Total | <u>\$807,683</u> |

Note 7 - Available Funds and Liquidity

The following reflects ACG's financial assets at December 31, 2021 that are available to meet cash needs for general expenditures within one year:

| | | |
|---|------------------|---------------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$618,889 | |
| Investments | 14,012,246 | |
| Contributions and grants receivable | <u>124,232</u> | |
| Total financial assets | | \$14,755,367 |
| Less amounts not currently available for general expenditures: | | |
| Funds not currently authorized by board to support operations | (13,375,569) | |
| Donor restricted support | <u>(345,599)</u> | |
| Total amounts not currently available for general expenditures | | <u>(13,721,168)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | | <u>\$1,034,199</u> |

ACG's investments are board designated and held for long term purposes to sustain the organization's operations. As part of its approval of the annual budget, the board approves an amount that may be withdrawn from the investments to cover projected operating deficits. The 2022 budget contemplates a minimum withdrawal for this purpose of \$96,500; however, the board permits the President to withdraw up to 5% of the average of the total assets of the investments as of December 31 for each of the prior three years to cover actual operating deficits. Board approval is required for the President to withdraw amounts in excess of 5%.

The following table summarizes the activity in the fund:

| | <u>12/31/21</u> | <u>12/31/20</u> |
|------------------------------|---------------------|---------------------|
| Balance at beginning of year | \$11,797,195 | \$11,809,526 |
| Additions | 1,578,374 | 237,669 |
| Appropriations | <u>0</u> | <u>(250,000)</u> |
| Balance at end of year | <u>\$13,375,569</u> | <u>\$11,797,195</u> |

Note 8 - Commitments

ACG has a non-cancellable operating lease for office space that expires in June 2023. Minimum lease commitments are summarized as follows:

| | | |
|--------------|-------------------|------------------|
| Year ending: | December 31, 2022 | \$169,664 |
| | December 31, 2023 | <u>85,536</u> |
| Total | | <u>\$255,200</u> |

Note 9 - Retirement Plan

ACG offers all employees the option of participating in a 401(k)-retirement plan after 2 months of service and who are at least 21 years old. All eligible employees may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. ACG can make a discretionary safe harbor contribution to the plan which gets allocated based on the employee's position. In order to be eligible to receive the employer contribution, the employee must work at least 1,000 hours in the calendar year. ACG contributed \$33,300 and \$32,200 to the 401(k) plan during the fiscal years ended December 31, 2021 and 2020, respectively.

The following vesting periods apply:

| <u>Completed Years of Service</u> | <u>Vesting Percentage</u> |
|-----------------------------------|---------------------------|
| 1 year | 0% |
| 2 years | 20% |
| 3 years | 40% |
| 4 years | 60% |
| 5 years | 80% |
| 6 years or more | 100% |

Note 11 - Subsequent Events

Subsequent events have been evaluated through September 12, 2022, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements

Note 12 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area, in which ACG operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.