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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC  
Mail Processing  
Section

SEC FILE NUMBER
8-23406

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

MAR 03 2021  
Washington DC  
406

REPORT FOR THE PERIOD BEGINNING 01/01/2020 AND ENDING 12/31/2020  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Centennial Securities Company, Inc.**

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**3075 Charlevoix Dr. SE**

(No. and Street)

**Grand Rapids**

**MI**

**49546**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Randall L. Hansen 616-942-7680

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Lumsden & McCormick, LLP**

(Name - if individual, state last, first, middle name)

**Cyclorama Bldg. 369 Franklin Street Buffalo**

**NY**

**14202**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

*\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)*

OATH OR AFFIRMATION

I, Randall L. Hansen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Centennial Securities Company, Inc. of December 31, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

[Handwritten Signature]

President

Title

[Handwritten Signature: Elizabeth Tsironis]
Notary Public

ELIZABETH TSIRONIS
Notary Public, Kent County, MI
My Commission Expires 5/14/2023

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income...
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors  
Centennial Securities Company, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying statement of financial condition of Centennial Securities Company, Inc. (the Company) as of December 31, 2020, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements and supplemental information (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial condition of the Company as of December 31, 2020, and the results of its operations 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**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### **Supplementary Information**

The accompanying supplementary information as presented in the table of contents has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplementary information is the responsibility of the Company's management. Our audit procedures included determining whether the supplementary information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplementary information. In forming our opinion on the supplementary information, we evaluated whether the supplementary information, including its form and content, is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Lyndon & McCormick, LLP". The signature is written in black ink and is positioned above the text "We have served as the Company's auditor since 2019."

We have served as the Company's auditor since 2019.

February 24, 2021

## FINANCIAL STATEMENTS

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**CENTENNIAL SECURITIES COMPANY, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2020**

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**ASSETS**

**CURRENT:**

Cash and cash equivalents	\$ 2,904,231
Receivables:	
Commissions and clearing	285,818
Employee	47,500
Affiliate	29,840
Prepaid income taxes	36,000
Prepaid expenses	<u>113,316</u>

**TOTAL CURRENT ASSETS** 3,416,705

**PROPERTY AND EQUIPMENT:**

Leasehold improvements	100,556
Furniture	<u>504,927</u>
	605,483
Less accumulated depreciation	<u>(478,435)</u>

**NET PROPERTY AND EQUIPMENT** 127,048

**OTHER ASSETS:**

Right-of-use assets - office leases	686,000
Deposit with clearing organization	<u>100,000</u>

**TOTAL OTHER ASSETS** 786,000

\$ 4,329,753

## LIABILITIES AND STOCKHOLDERS' EQUITY

### **CURRENT LIABILITIES:**

Accounts payable	\$ 2,972
Commissions payable	490,382
Deferred revenue - current	218,750
Lease liability - current	227,718
Other accrued liabilities	49,500

**TOTAL CURRENT LIABILITIES** 989,322

### **NON-CURRENT LIABILITIES**

Deferred revenue, net of current	1,421,870
Lease liability, net of current	458,282
Deferred income tax	12,780

**TOTAL NON-CURRENT LIABILITIES** 1,892,932

**TOTAL LIABILITIES** 2,882,254

### **STOCKHOLDERS' EQUITY:**

Common stock - \$0.10 par, 50,000 shares authorized; 5,636 issued and outstanding	564
Additional paid-in capital	342,146
Retained earnings	1,104,789

**TOTAL STOCKHOLDERS' EQUITY** 1,447,499

\$ 4,329,753

**CENTENNIAL SECURITIES COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Method of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash and deposits with maturities fewer than 90 days. The Company held no cash equivalents at December 31, 2020.

**Receivables**

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts, if needed, through a provision for bad debt expense and an adjustment to an allowance for bad debt based on its assessment of the current status of individual accounts. Accounts still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for bad debt and a credit to accounts receivable. No allowance for doubtful accounts was considered necessary as of December 31, 2020.

**Revenue from Contracts with Customers**

The recognition and measurement of revenue is based on the assessment of individual contract terms. Significant judgment is required to determine whether performance obligations are satisfied at a point in time or over time; how to allocate transaction prices where multiple performance obligations are identified; when to recognize revenue based on the appropriate measure of the Company's progress under the contract; and whether constraints on variable consideration should be applied due to uncertain future events.

***Investment Advisory Fees (RIA Income)***

The Company provides investment advisory services for various investment products on a daily basis. The Company believes the performance obligation for providing advisory services is satisfied over time because the customer is receiving and consuming the benefits as they are provided by the Company. Fee arrangements are based on a percentage applied to the customers' assets under management. Fees are received monthly and quarterly and are recognized as revenue to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved.

*Note 1 continued on next page*

**CENTENNIAL SECURITIES COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Investment Advisory Fees (continued)*

For variable amounts, as the uncertainty is dependent on the value of assets under management at various points in time as well as the length of time the customers retain the product, both of which are highly susceptible to factors outside the Company's influence, the Company does not believe that it can overcome this constraint until the market value of the investments and the customers' activities are known, which are usually monthly or quarterly.

*Commissions*

The Company employs a clearing broker to buy and sell securities on behalf of its customers. Each time a customer enters into a buy or sell transaction, the Company charges a commission. Commissions and related expenses are recorded on the trade date (the date that the Company fills the trade order by finding and contracting with a counterparty and confirms the trade with the customer). The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument is identified, the pricing is agreed upon, and the risks and rewards of ownership have been transferred to/from the customer.

*Distribution Fees (12b-1 Fees) from Mutual Funds*

The Company enters into arrangements with managed accounts and pooled vehicles (funds) to distribute shares to customers. The Company believes its performance obligation is the sale of securities to customers and as such is fulfilled at the trade date. Any fixed amounts are recognized on the trade date, and variable amounts are recognized to the extent it is probable that a significant revenue reversal will not occur once the uncertainty is resolved. For variable amounts, as the uncertainty is dependent on the value of the shares at future points in time as well as the length of time the customer remains in the fund, both of which are highly susceptible to factors outside the Company's influence, the Company does not believe that it can overcome this constraint until the market value of the fund and the customer activities are known, which are usually monthly or quarterly.

*Principal Transactions (Net Dealer Inventory and Investment Gains)*

For instruments in the form of corporate bonds, government bonds (treasuries), municipal bonds and certificates of deposit, the Company may find a seller for a client wishing to sell or buy such instruments and will execute the transaction through inventory accounts. The Company believes its performance obligation is the purchase or sale of securities to customers, and the transaction is fulfilled on the trade date.

*Note 1 continued on next page*

**CENTENNIAL SECURITIES COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Liabilities Subordinated to Claims of General Creditors**

The Company does not have any liabilities subordinated to claims of general creditors.

**Property, Equipment and Depreciation**

Property and equipment are recorded at cost. Major improvements and renewals are capitalized while maintenance and repairs generally are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Management annually reviews these assets to determine whether carrying values have been impaired.

The following useful lives are used to depreciate property and equipment:

Leasehold improvements	5-8 years
Furniture and equipment	5 years

**Advertising**

The Company expenses advertising costs as incurred.

**Income Taxes**

Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

**Estimates**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

*Note 1 continued on next page.*

**CENTENNIAL SECURITIES COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these financial statements the Company has evaluated events and transactions for potential recognition or disclosure through February 24, 2021, the date the financial statements were available to be issued.

**NOTE 2 - NATURE OF ORGANIZATION**

Centennial Securities Company, Inc. (the Company) is a securities broker-dealer and is registered with the Securities and Exchange Commission and the states of Michigan, Ohio, Indiana, Illinois, Florida, and various other states. The Company is a licensed member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

The Company has entered into a membership agreement with the FINRA under which it is exempt from the provisions of the Securities and Exchange Commission's Rule 15c3-3 pursuant to paragraph (k)(2)(ii). As such, the Company must clear all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer and promptly transmit all customer funds and securities to the clearing broker or dealer. The Company must refrain from holding customer funds or safe-keeping customer securities.

The Company introduces transactions and conducts business on a fully disclosed basis. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, it operates under certain exempted regulatory provisions.

Commissions and clearing organization receivables were substantially collected subsequent to year-end and are likewise considered subject to minimal risk. The Company's customers reside principally in western Michigan and northern Illinois.

**NOTE 3 - CASH**

Substantially all cash is on deposit with two financial institutions. At various times the Company's cash balances exceed the Federally Insured limits. At December 31, 2020, the Company's institutional balances totaled \$2,965,460 of which \$2,445,939 was uninsured by the Federal Deposit Insurance Corporation (FDIC).

**CENTENNIAL SECURITIES COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

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**NOTE 4 - DEPOSIT WITH CLEARING ORGANIZATION**

The Company is required to maintain a collateral account with its clearing organization with a minimum market value of \$50,000. As of December 31, 2020, the Company had two accounts with different clearing organizations which totaled \$100,000.

**NOTE 5 - RELATED PARTIES**

C.S.C. II, Inc. owns an office building and leases office space to the Company pursuant to an arrangement that expires May 2023. Total rent amounted to \$148,656 for the year ended December 31, 2020, and the lease details are included in Note 8 amounts. The Company has no ownership interest in C.S.C. II, Inc., however the stockholders of the Company are the same stockholders of C.S.C. II, Inc. The creditors of C.S.C. II, Inc. generally have no recourse against the credit of the Company.

The Company on occasion will advance commissions or cover expenses incurred by its financial advisors. Balances due from financial advisors under this arrangement were \$47,500 at December 31, 2020.

**NOTE 6 - DEFERRED REVENUE**

In January 2020, the Company entered into an agreement with a new brokerage firm to provide clearing and other services over an eight-year period, whereby the Company received a \$1,750,000 incentive payment as part of the agreement. Revenue from the incentive payment is recognized monthly over the term of the agreement as service fees are incurred. The Company recognized revenue of \$109,380 during 2020 and \$1,640,620 of the incentive payment is included in deferred revenue in the accompanying balance sheet as of December 31, 2020.

**NOTE 7 - LINE OF CREDIT**

The Company has available a \$150,000 line of credit with TCF Bank. There were no borrowings against the line at December 31, 2020. The line bears interest at the bank's prime lending rate less 0.25% at December 31, 2020. The line of credit expires on June 10, 2021 and is secured by the unlimited guarantee of C.S.C. II, Inc. The Company's agreement with the bank also includes certain affirmative and negative covenants. The Company is in compliance with these covenants at December 31, 2020.

**CENTENNIAL SECURITIES COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

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**NOTE 8 - LEASES**

The Company has operating leases for office space and equipment. At inception of arrangements with vendors, the Company determines whether the contract is or contains a lease based on each party's rights and obligations under the arrangement. For leases longer than one year, a lessee recognizes in the statements of financial condition a right-of-use asset (ROU), representing the right to use the underlying asset for the lease term, and a lease liability, representing the present value of future lease payments. At inception, any new additional operating lease liabilities and corresponding (ROU) assets are based on the present value of the remaining minimum rental payments. If the lease arrangement also contains non-lease components, the Company elected the practical expedient not to separate any combined lease and non-lease components for all lease contracts. For office leases, the remaining fixed minimum rental payments used in the calculation of the new lease liability include fixed payments and variable payments (if the variable payments are based on an index) over the remaining lease term.

The present value of the Company's lease liability was calculated using an incremental borrowing rate of 5%. In determining the incremental borrowing rate, the Company considered estimated borrowing data for similar arrangements as of the transition date. As of December 31, 2020, the Company recognized an operating ROU asset and lease liability of \$686,000.

As permitted by Accounting Standards Codification (ASC) 842, leases with expected durations of less than 12 months from inception (i.e. short-term leases) were excluded from the Company's calculation of its lease liability and ROU asset. Furthermore, as permitted by ASC 842, the Company elected to apply the package of practical expedients, which allows companies not to reassess: (a) whether its expired or existing contracts are or contain leases, (b) the lease classification for any expired or existing leases, and (c) initial direct costs for any existing leases.

The following is a summary of the Company's total lease costs for the year ended December 31, 2020:

Operating lease cost	<u>\$ 276,887</u>
Total operating lease cost	<u>\$ 276,887</u>

The following is a summary of cash paid for amounts included in the measurement of lease liabilities for the year ended December 31, 2020:

Operating cash flows used for operating leases	<u>\$ 256,328</u>
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*Note 8 continued on next page.*

**CENTENNIAL SECURITIES COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

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**NOTE 8 - LEASES (CONTINUED)**

The following is a summary of the Company's maturity of operating lease liabilities:

2021	\$ 256,844
2022	258,905
2023	174,381
2024	<u>50,502</u>
Total lease payment	740,632
Less interest	<u>(54,632)</u>
Total lease liability	<u>\$ 686,000</u>

**NOTE 9 - INCOME TAXES**

The Company is a C Corporation subject to federal income tax liabilities and also certain state income tax liabilities.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The provision for income taxes in the statement of income for the year ended December 31, 2020 is made up of the following components:

Federal income tax:	
Current	\$ 47,360
State income tax:	
Current	<u>23,749</u>
<b>TOTAL</b>	<u><u>\$ 71,109</u></u>

*Note 9 continued on next page.*

**CENTENNIAL SECURITIES COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

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**NOTE 9 - INCOME TAXES (CONTINUED)**

The Company's effective tax rate varies from the federal statutory income tax rate primarily as a result of state taxes net of federal benefits and certain nondeductible expenses.

The deferred tax liability results from charitable contributions deductible against future taxable income, and the net difference in the timing of depreciation expense for financial reporting and tax reporting purposes.

Income tax positions taken by the Company are recognized and measured under a more-likely-than-not success threshold. Management has evaluated the Company's various tax positions under this criteria for recognition, derecognition, and measurement in these financial statements.

The Company files income tax returns in U.S. federal and several state jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal tax examinations for the years before 2017 and state tax examinations for the years before 2016.

The Company accrues interest related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the year ended December 31, 2020, there was no interest or penalties relating to unrecognized tax benefits.

**NOTE 10 - REGULATORY NET CAPITAL REQUIREMENT**

As a registered broker-dealer and member of FINRA, the Company is subject to the SEC Uniform Net Capital Rule 15c3-1 which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2020, the Company had regulatory net capital of \$827,378 and a minimum regulatory net capital requirement of \$146,417. The ratio of aggregate indebtedness to net capital was 2.26 to 1 at December 31, 2020.

**NOTE 11 - RETIREMENT PLAN**

The Company maintains a retirement plan which covers substantially all employees and is qualified under Section 401(k) of the Internal Revenue Code. The plan is a safe harbor 401(k) plan. The Company contributed approximately \$180,429 to the plan for 2020.

**CENTENNIAL SECURITIES COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

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**NOTE 12 - STOCK REPURCHASE AGREEMENT**

The stockholders and the Company have the option to purchase any company stock offered for sale by stockholders.

In the event of the death, disability, retirement, or termination of a stockholder, the Company may repurchase any company stock not purchased by the remaining stockholders. The purchase price under this provision is the amount agreed to periodically by the stockholders. For 2020, the buyback provision was 160% of net book value.

**NOTE 13 - COMMITMENTS, GUARANTEES AND CONTINGENCIES**

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company. The Company also indemnifies some clients against potential losses incurred in the event specified third-party service providers, including sub-custodians and third-party brokers, improperly executed transactions. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company has never been called upon to make payments under such guarantees and believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

The Company provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. These indemnifications generally are standard contractual terms and are entered into in the normal course of business. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company has never been called upon to make payments under such guarantees and believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

**CENTENNIAL SECURITIES COMPANY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(CONTINUED)**

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**NOTE 14 - RISKS AND UNCERTAINTIES**

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations for many organizations. The full extent of the impact of COVID-19 on the Company's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, and its impact on customers, employees, and financial markets, none of which can be predicted.

In 2020, the Company received a loan totaling \$568,438 from the Small Business Administration (SBA) under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security (CARES) Act, in response to the pandemic described above. The Company obtained forgiveness of this loan from the SBA in November 2020, and accordingly the proceeds from this loan are recognized as other revenue in the 2020 statement of income.