

## Center for Plain English Accounting

AICPA's National A&A Resource Center

### **Consequences of COVID-19** **Illustrative Public Company Disclosures**

*By: Mike Austin*

Over the course of the last two weeks as the scope of the coronavirus COVID-19 (Covid-19) pandemic has continued to evolve, many members have asked the CPEA to provide illustrative disclosures or example disclosures that companies have made related to the impact of COVID-19. As we covered in our [initial report](#), for most calendar year-end entities, the impact will be a Type II (unrecognized) subsequent event. Unrecognized events are considered for disclosure based on the event to keep the financial statements from being misleading. To that end, some major companies like Walmart, that filed their 10-Ks after the World Health Organization (WHO) declared COVID-19 to be a pandemic and after several large states across the United States issued government mandated shelter in place orders, chose not to include any subsequent event disclosures related to COVID-19. Based on our review of the 10-K filings, more than half of entities included at least some general wording related to COVID-19 as a Type II subsequent event disclosure.

Since the determination as to whether a disclosure should be included in the financial statements is in many cases a judgment call, in this report, we want to provide a wider variety of the types of disclosures that have been included by public companies than we had in our initial report.

We also looked for how often auditors chose to include an emphasis of matter (EOM) paragraph specifically related to the pandemic and only noted 4 10-Ks which included such a paragraph, several of which we have provided below. While the total number of EOM paragraphs compared to total filings was very low, we did note that each of the EOM paragraphs were included in filings that occurred later in our sample period, which may indicate that practitioners are seeing an increased need to include an EOM paragraph as the scope of the pandemic continues to evolve.

**Note:** We are only including 10-K disclosures that were made in the financial statements themselves as opposed to being included in the MD&A portion of the filing. In each 10-K reviewed over the last two weeks, there was discussion of the impact of COVID-19 in the MD&A section of the filing even if there was no disclosure in the financial statements themselves (as was the case with Walmart).

#### Disclaimer



These illustrative disclosures are intended to help accountants and practitioners develop disclosures that meet the unique circumstances of an individual entity. Individuals must exercise professional judgment in using these examples as a basis for developing disclosures. These examples are not a substitute for the original authoritative accounting guidance. Accountants and practitioners are urged to refer directly to applicable authoritative pronouncements to help ensure compliance with required disclosure standards. The CPEA and the AICPA are not providing assurance that these illustrative disclosures comply with authoritative pronouncements and are not recommending or endorsing these examples.

The following disclosures were included in the December 31, 2019 (unless otherwise noted) financial statements of 10-K filings between March 10, 2020 and March 27, 2020.

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#### [Acorn Energy](#)

*Provider of technology consulting services*

The Company's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Company's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Company's customers and revenue, absenteeism in the Company's labor workforce, unavailability of products and supplies used in operations, and a decline in value of assets held by the Company, including inventories, property and equipment, and marketable securities.

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### [My Size Inc.](#)

*Developer of measurement technology*

In late 2019, a novel strain of COVID-19, also known as coronavirus, was reported in Wuhan, China. While initially the outbreak was largely concentrated in China, it has now spread to several other countries, including Israel, and infections have been reported globally. Many countries around the world, including in Israel, have significant governmental measures being implemented to control the spread of the virus, including temporary closure of businesses, severe restrictions on travel and the movement of people, and other material limitations on the conduct of business. These measures have resulted in work stoppages and other disruptions. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact. In particular, the continued spread of the coronavirus globally, could adversely impact our operations and workforce, including our marketing and sales activities and ability to raise additional capital, which in turn could have an adverse impact on our business, financial condition and results of operation.

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### [Akers Bioscience and Pharmaceuticals](#)

*Developer of health information technologies*

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 21, 2020 the Governor of New Jersey declared a health emergency and issued an order to close all nonessential businesses until further notice. As a maker of medical devices, Akers is deemed to be an essential business. Nonetheless, out of concern for our workers and pursuant to the government order, Akers has reduced the scope of its operations and where possible, certain workers are telecommuting from their homes. While the Company expects this matter to negatively impact its results of operations, cash flows and financial position, the related impact cannot be reasonably estimated at this time.

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### [inTest Solutions](#)

*Supplier of precision-engineered solutions for use in manufacturing and testing*

In early January 2020, a human infection originating in China was traced to a novel strain of coronavirus. The virus has subsequently spread to other parts of the world, including the U.S. and Europe, and has caused unprecedented disruptions

in the global economy as efforts to contain the spread of the virus have intensified. On March 11, 2020, the World Health Organization officially declared this coronavirus outbreak (also referred to as COVID-19) a pandemic. Our business has been and will continue to be adversely affected by the coronavirus pandemic. Since March 17, 2020, a number of states, including all of the states in which we have manufacturing facilities, have instituted 'shelter-in place' orders as well as guidance in response to the pandemic and the need to contain it. We are carefully reviewing all rules, regulations, and orders and responding accordingly. On March 17, 2020, we temporarily shut down our EMS manufacturing facility in Fremont, California. As of the date of this filing, all of our other manufacturing facilities remain open. If the current pace of the coronavirus pandemic cannot be slowed and the spread of the virus is not contained, our business operations could be further delayed or interrupted. We expect that government and health authorities may announce new or extend existing restrictions, which could require us to make further adjustments to our operations in order to comply with any such restrictions. These adjustments to our operations could include additional facility closures. We may also experience limitations in employee resources. Global supply chains and the timely availability of products have been and will continue to be materially disrupted by quarantines, factory slowdowns or shutdowns, border closings and travel restrictions resulting from the coronavirus pandemic. The adverse effects of the coronavirus pandemic on our business could be material in future periods.

The duration of any business disruption and related financial impact cannot be reasonably estimated at this time but may materially affect our ability to operate our business and result in additional costs. The extent to which the coronavirus pandemic may impact our operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted as of the time of this filing, including new information that may emerge concerning the severity of the coronavirus and steps taken to contain the coronavirus or treat its impact, among others.

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[Roundtable Equity Holdings](#)

*Executive Consulting Services*



Emphasis of a Matter

As discussed in Note 13 to the consolidated financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be

reasonably estimated at this time. Our opinion is not modified with respect to this matter.

### Subsequent Events

In January 2020, the World Health Organization has declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Company, its performance, and its financial results.

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[TJ Maxx](#) (FYE 2/1/2020)

*Discount retailer*



### Emphasis of Matter

As discussed in Note Q Subsequent Event, effective March 19, 2020, the Company closed all of its stores for at least two weeks and has temporarily closed its online businesses, its distribution centers and its offices in response to COVID-19. At this point, the Company cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on the Company’s business, results of operations, financial position and cash flows in the year ending January 30, 2021. Management’s evaluation of the events and conditions and management’s plans to mitigate these matters are also described in Note Q.

### Note Q Subsequent Event

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. After close monitoring and responses and guidance from federal, state and local governments, in an effort to mitigate the spread of COVID-

19, effective March 19, 2020, the Company closed all of its stores for at least two weeks and has temporarily closed its online businesses, its distribution centers and its offices with Associates working remotely where possible. The Company continues to monitor developments, including government requirements and recommendations at the national, state, and local level to evaluate possible extensions to all or part of such closures.

In addition, we have taken several steps to further strengthen our financial position and balance sheet, and maintain financial liquidity and flexibility, including, suspending our share repurchase program, reviewing operating expenses, evaluating merchandise purchases, reducing capital expenditures and drawing down \$1.0 billion on our revolving credit facilities. As of March 20, 2020, the Company had \$1.0 billion outstanding under these facilities. In addition, the Company does not intend to declare a dividend for the first quarter of fiscal 2021, and we continue to evaluate our dividend program in the near term.

As the COVID-19 pandemic is complex and rapidly evolving, the Company's plans as described above may change. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position and cash flows.

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[Nordstroms](#) (FYE 2/1/2020)

*Department store operator*



### Emphasis of a Matter

As discussed within Note 1 to the financial statements, Subsequent Events, effective March 17, 2020, the Company announced the temporary closure of its stores in the U.S. and Canada for two weeks in response to the novel coronavirus (COVID-19) and that the impacts of COVID-19 may have a material adverse impact on its results of operations, financial position and cash flows in 2020. Additionally, the Company drew \$800 million on its Revolver in March 2020.

### Subsequent Events [amounts in millions]

Effective March 17, 2020, we announced the temporary closure of our stores in the U.S. and Canada for two weeks, including our FLS, Nordstrom Rack stores, Trunk Club clubhouses and Jeffrey boutiques in response to the increased impact from novel coronavirus (COVID-19). We continue to serve customers through our apps and online at Nordstrom.com, Nordstromrack.com, HauteLook and Trunk Club, including digital styling, online order pickup and curbside services at our FLS. While this is expected to be temporary, the current circumstances are dynamic and

the impacts of COVID-19 on our business operations, including the duration and impact on overall customer demand, cannot be reasonably estimated at this time and we anticipate this may have a material adverse impact on our business, results of operations, financial position and cash flows in 2020.

As of February 1, 2020, our existing cash and cash equivalents on-hand were \$853 and had \$800 available on our Revolver, with an option to increase the Revolver by up to \$200, to a total of \$1,000 (see Note 9: Debt and Credit Facilities). As a precautionary measure, to increase our cash position and preserve financial flexibility in light of current uncertainty resulting from the COVID-19 outbreak, we drew down \$800 on our Revolver in March 2020.

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[Kohl's](#) (FYE 2/1/2020)

*Department store operator*

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result, we have temporarily closed some retail locations, reduced store operating hours, and have seen a reduction in consumer traffic, all resulting in a negative impact to Company sales. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, while we expect this matter to negatively impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. As a result, the Company is leveraging its balance sheet and has fully drawn its \$1 billion unsecured credit facility to increase its cash position and help preserve its financial flexibility.

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[Best Buy](#) (FYE 2/1/2020)

*Provider of technology products, services and solutions*

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease (“COVID-19”) as a pandemic, and we expect our operations in all locations to be affected as the virus continues to proliferate. We have adjusted certain aspects of our operations to protect our employees and customers while still meeting customers’ needs for vital technology. We will continue to monitor the situation closely and it is possible that we will implement further measures. In light of the uncertainty as to the severity and duration of the pandemic, the impact on our revenues, profitability and financial position is uncertain at this time.

On March 19, 2020, we drew down the full amount of the Facility to increase our cash position and maximize flexibility in light of the uncertainty surrounding the impact of COVID-19. See Note 6, Debt, for additional information. We also temporarily suspended all share repurchases.

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[Signet Jewelers](#) (FYE 2/1/2020)

*Jewelry retailer*

In December 2019, COVID-19 was identified in Wuhan, China. In March 2020, the World Health Organization declared COVID-19 a global pandemic as a result of the further spread of the virus into all regions of the world, including those regions where the Company's primary operations occur in North America and the UK. COVID-19 has already begun to significantly impact consumer traffic and the Company's retail sales, based on the perceived public health risk and government-imposed quarantines and restrictions of public gatherings and commercial activity to contain spread of the virus. Effective March 23, 2020, the Company has temporarily closed all of its stores in North America, its diamond operations in New York and its support centers in the United States, and effective March 24, 2020, has temporarily closed all of its stores in the UK. The COVID-19 pandemic has also begun to disrupt the Company's global supply chain, and may cause additional disruptions to operations if employees of the Company become sick, are quarantined, or are otherwise limited in their ability to work at Company locations or travel for business. While the Company's eCommerce business has not yet been significantly impacted, additional federal or state mandates ordering the shut-down of additional non-essential businesses could impact the Company's ability to take or fulfill customer orders placed online.

In addition, as a result of the uncertainty surrounding the impacts of COVID-19, beginning in February 2020, there was a significant decline in all major domestic and global financial market indicators. The Company's share price and market capitalization has significantly declined and been reduced below its book value as of the date of this report.

The full extent and duration of the impact of COVID-19 on the Company's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, its impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

The Company is currently evaluating the potential short-term and long-term implications of COVID-19 on its consolidated financial statements. The potential impacts to the Company's consolidated financial statements could occur as early as the first quarter of Fiscal 2021, and include, but are not limited to: impairment of goodwill and indefinite-lived intangible assets; impairment of long lived assets, including property and equipment and operating lease right-of-use assets related to the Company's stores; fair value and collectibility of receivables and other financial assets (including the deferred purchase price described in Note 21); valuation of inventory; and the hedge de-designation of certain foreign currency and commodity derivative financial instruments should those instruments become ineffective.

Any of these outcomes could have a material adverse impact on Signet's business, financial condition, results of operations and cash flows. Management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this report.

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[Ollie's Bargain Outlet](#) (FYE 2/1/2020)

*Retailer of closeouts, excess inventory, and salvage merchandise*

In March 2020, the outbreak of COVID-19 (coronavirus) caused by a novel strain of the coronavirus has recently been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States, including in the markets in which the Company operates. The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to the temporary closures of many businesses, "shelter in place" and other governmental regulations, reduced consumer spending due to both job losses and other effects attributable to the COVID-19 (coronavirus), and there are many unknowns. While to date the Company has not been required to close any of its stores, the Company is currently operating under reduced hours and has seen increased sales pressure in recent days. The Company continues to monitor the impact of the COVID-19 (coronavirus) outbreak closely. The extent to which the COVID-19 (coronavirus) outbreak will impact its operations or financial results is uncertain.

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[Atossa Therapeutics, Inc.](#)

*Developer & marketer of medical devices & tests*



Going Concern Uncertainty *[From Auditor's Report]*

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations and has an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Notes 2 and 15. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Going Concern *[From Notes to Financial Statements]*

The Company has incurred net losses and negative operating cash flows since inception. For the year ended December 31, 2019, the Company recorded a net loss of approximately \$17.2 million and used approximately \$9.1 million of cash in operating activities. As of December 31, 2019, the Company had approximately \$12.6 million in cash and cash equivalents and working capital of approximately \$13.0 million. The Company has not yet established an ongoing source of revenue sufficient to cover its operating costs and is currently expending funds in research and development activities that are expected to continue to require funding. Management believes the currently available funding will only be sufficient to finance the Company's operations for six to nine months from the date of these consolidated financial statements depending on the timing and extent of the Company's clinical trials.

The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. As the Company is currently not generating revenues, continued timely expenditures on trials is important to bring its product(s) to market as soon as able. Management's plans to obtain such resources for the Company include obtaining capital from the sale of its equity securities, entering into strategic partnership arrangements, potential exercise of outstanding warrants, and short-term borrowings from banks, stockholders or other related parties, if needed. The Company can give no assurances that any additional capital that it is able to obtain, if any, will be sufficient to meet its needs, or that any such capital will be obtained on acceptable terms. The continued spread of COVID-19 and uncertain market conditions may limit the Company's ability to access capital. If the Company is unable to obtain adequate capital, the Company may be required to reduce the

scope, delay, or eliminate some or all of its planned commercial activities. These conditions, in the aggregate, raise substantial doubt as to the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities should the Company be unable to continue as a going concern.

#### Subsequent Events

The continued spread of the COVID-19 pandemic is affecting the United States and global economies and may affect the Company's operations and those of third parties on which the Company relies, including by causing disruptions in the supply of the Company's Endoxifen and the conduct of current and future clinical trials. In addition, the COVID-19 pandemic may affect the operations of the Food and Drug Administration and other health authorities including similar entities / agencies in Sweden and Australia, which could result in delays in meetings, reviews and approvals, including with respect to the Endoxifen. The evolving COVID-19 pandemic could also directly or indirectly impact the pace of enrollment in the Company's clinical trials for at least the next several months and possibly longer as patients may avoid or may not be able to travel to healthcare facilities and physicians' offices except for a health emergency. Such facilities and offices may also be required to focus limited resources on non-clinical trial matters, including treatment of COVID-19 patients, and may not be available, in whole or in part, for clinical trial services related to Endoxifen. Additionally, while the potential economic impact brought by, and the duration of, the COVID-19 pandemic is difficult to assess or predict, the impact of the COVID-19 pandemic on the global financial markets may reduce the Company's ability to access capital, which could negatively impact the Company's short-term and long-term liquidity. The ultimate impact of the COVID-19 pandemic is highly uncertain and subject to change. The Company does not yet know the full extent of potential delays or impacts on its business, financing or clinical trial activities or on healthcare systems or the global economy as a whole. However, these effects could have a material impact on the Company's liquidity, capital resources, operations and business and those of the third parties on which we rely.

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#### [Quaker Chemical Corporation](#)

*Producer and marketer of custom-formulated chemical specialty products*

Beginning in early 2020, there has been an outbreak of coronavirus (COVID-19), initially in China and which has spread to other jurisdictions, including locations

where the Company does business. The full extent of the outbreak, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date of the Report as this continues to evolve globally. Therefore, the full extent to which coronavirus may impact the Company's results of operations, liquidity or financial position is uncertain. This outbreak has already had a material disruption on the operations of the Company and its suppliers and customers. Management continues to monitor the impact that the COVID-19 pandemic is having on the Company, the specialty chemical industry and the economies in which the Company operates. The Company anticipates that its future results of operations, including the results for 2020, will be materially impacted by the coronavirus outbreak, but at this time does not currently expect that the impact from the coronavirus outbreak will have a material effect on the Company's liquidity or financial position. However, given the speed and frequency of continuously evolving developments with respect to this pandemic, the Company cannot reasonably estimate the magnitude of the impact to its results of operations, and, if the outbreak continues on its current trajectory, such impacts could grow and become material to its liquidity or financial position. To the extent that the Company's customers and suppliers continue to be materially and adversely impacted by the coronavirus outbreak, this could reduce the availability, or result in delays, of materials or supplies to or from the Company, which in turn could materially interrupt the Company's business operations.

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[UniRoyal](#) (FYE 12/29/2019)

*Manufacturer of tires and synthetic rubber-related products*

Subsequent to year-end 2019, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a public health emergency. There have been mandates from international, federal, state and local authorities requiring forced closures of various schools, businesses and other facilities and organizations. These forced closures could negatively impact the Company's business. While the closures and limitations on movement, domestically and internationally, are expected to be temporary, the duration of the supply chain disruption, and related financial impact, cannot be estimated at this time. Should the closures continue for an extended period of time or should the effects of the coronavirus continue to spread, the impact could have a material adverse effect on the Company's financial position, results of operations and cash flows.

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## Beyond Meat

*Producer of plant-based meat substitutes*

In December 2019, a novel strain of coronavirus disease (“COVID-19”) was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of COVID-19’s effect on the Company’s operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Company’s business. However, if the pandemic continues to evolve into a severe worldwide health crisis, the disease could have a material adverse effect on the Company’s business, results of operations, financial condition and cash flows.

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## Leatt Corporation

*Distributor of neck protection system for all helmeted sports*

The Company’s third-party manufacturers located in China continue to be adversely affected by the global health crisis due to the outbreak of COVID-19 (the “Coronavirus”) in January 2020. Especially as it relates to the closure of factories after the Lunar New Year and restrictions on air travel to and from Asia, as well as travel within Asia, that has restricted the return of production and office workers to the Company’s manufacturers. While the Company does not expect to see a material COVID-19 impact on the Company’s results of operations for the first quarter of 2020, the Company cannot reasonably estimate the related financial impact to the Company’s full-year 2020 and subsequent period financial results given the uncertainties surrounding the duration of the outbreak; its impact on the Company’s manufacturers; and its impact on global consumer recreational and buying behavior. Management is monitoring the situation globally on a daily basis in order to mitigate the potential impact of health crisis’ such as COVID-19 on the Company’s operations and financial performance.

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## Town Sports International

*Owner and operator of health fitness clubs*



Substantial Doubt About the Company’s Ability to Continue as a Going Concern  
(Included in the Auditors Report)

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has a term loan facility maturing in November 2020 and management has determined that it does not have sufficient sources of cash to satisfy this obligation. In addition, as discussed in Note 1, the COVID-19 pandemic has had a material adverse effect on the Company's results of operations, cash flows and liquidity. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties

[Note 1]

On March 16, 2020, the Company was mandated to close approximately 95% of its clubs pursuant to the exercise of emergency executive authority invoked by state and local governments in order to combat the spread of the COVID-19 pandemic. The Florida clubs continue to operate; however, it is likely they will eventually be mandated to close as well. The closure of the Company's clubs will have a material adverse effect on revenue and cash flow. There is significant uncertainty as to when the clubs will be allowed to re-open and as such, the Company is likely to experience reduced customer demand, a significant increase in membership terminations and may be unable to recover these members or generate new ones.

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### [BankCorp](#)

*Bank holding company*

The Company evaluated its December 31, 2019 consolidated financial statements for subsequent events through the date the consolidated financial statements were issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net interest income. Other financial impact could occur though such potential impact is unknown at this time.

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### [Strategic Student & Senior Housing Trust](#)

*REIT focused on student and senior housing*

In December 2019, COVID-19 emerged in Wuhan, Hubei Province, China. While initially the outbreak was largely concentrated in China and caused significant

disruptions to its economy, it has now spread to many other countries and infections have been reported globally, including in the United States and in some of the markets in which we operate. Our rental revenue and operating results depend significantly on the occupancy levels at our properties. While we have not seen a significant impact on our occupancy resulting from the COVID-19 outbreak as of the date of this report, if the outbreak causes weakness in national, regional and local economies that could negatively impact our occupancy levels and/or increase bad debts, or there is an outbreak that directly impacts one of our properties, our business, financial condition, liquidity, results of operations and prospects could be adversely impacted.

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### [SC Health Corporation](#)

*Special purpose healthcare acquisition company*

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, results of its operations and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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As always, the CPEA technical inquiry service is available to answer inquiries from our members on this topic as well as most other accounting and assurance topics. The inquiry service can be accessed on our [website](#).

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If your office currently remains open, we are providing links to the Center for Disease Control (CDC) guidelines for workplace and home cleaning. Please stay safe during this unprecedented time.

[CDC Guidelines for Workplace Cleaning](#)

[CDC Guidelines for Home Cleaning](#)

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