

**CIVIC VENTURES,
dba COGENERATE
(formerly dba Encore.org)**

**Financial Statements for the Years Ended
December 31, 2022 and 2021
and Independent Auditors' Report**

**CIVIC VENTURES, dba COGENERATE
(formerly dba Encore.org)**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Civic Ventures, dba CoGenerate
San Francisco, California

Opinion

We have audited the accompanying financial statements of Civic Ventures, dba CoGenerate (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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.

Harrison & Lane, a.c.

Pleasanton, California
May 9, 2023

**CIVIC VENTURES, dba COGENERATE
(formerly dba ENCORE.ORG)**

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,622,109	\$ 8,117,911
Contributions and grants receivable	933,150	649,265
Other receivables	17,377	18,000
Advances to other organizations	207,746	223,542
Prepaid expenses	30,659	21,544
Total current assets	8,811,041	9,030,262
Deposits	11,298	11,298
Right of use asset	265,173	-
Property and equipment, net	21,443	6,116
Total assets	<u>\$ 9,108,955</u>	<u>\$ 9,047,676</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 40,190	\$ 62,280
Grants payable	242,809	78,142
Accrued expenses	217,521	225,633
Refundable advance	-	476,774
Lease liability - current	61,562	-
Total current liabilities	562,082	842,829
Lease liability	212,119	-
Total liabilities	774,201	842,829
NET ASSETS:		
Without donor restrictions:		
Undesignated	3,865,096	4,131,770
Board designated operating reserve	2,000,000	2,000,000
Total without donor restrictions	5,865,096	6,131,770
With donor restrictions	2,469,658	2,073,077
Total net assets	8,334,754	8,204,847
Total liabilities and net assets	<u>\$ 9,108,955</u>	<u>\$ 9,047,676</u>

The accompanying notes are an integral part of these financial statements.

**CIVIC VENTURES, dba COGENERATE
(formerly dba ENCORE.ORG)**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions and grants:			
Corporations	\$ -	\$ 788,475	\$ 788,475
Foundations	87,800	3,117,969	3,205,769
Government grants	-	776,384	776,384
Individuals	59,910	-	59,910
Program service fees	351,270	-	351,270
Membership	10,000	-	10,000
Other income	81,826	-	81,826
	<u>590,806</u>	<u>4,682,828</u>	<u>5,273,634</u>
Total revenue and support			
Net assets released from restrictions	<u>4,286,247</u>	<u>(4,286,247)</u>	<u>-</u>
Total revenue, support, and net assets released from restrictions	<u>4,877,053</u>	<u>396,581</u>	<u>5,273,634</u>
EXPENSES:			
Program services:			
Catalyze Innovation	2,411,124	-	2,411,124
Change the Narrative	1,210,299	-	1,210,299
Incentivize Co-generational National Services	528,814	-	528,814
	<u>4,150,237</u>	<u>-</u>	<u>4,150,237</u>
Total program expenses			
Support services:			
General and administrative	631,088	-	631,088
Fundraising	362,402	-	362,402
	<u>993,490</u>	<u>-</u>	<u>993,490</u>
Total support services expenses			
Total expenses	<u>5,143,727</u>	<u>-</u>	<u>5,143,727</u>
CHANGE IN NET ASSETS	<u>(266,674)</u>	<u>396,581</u>	<u>129,907</u>
NET ASSETS, BEGINNING OF YEAR,	<u>6,131,770</u>	<u>2,073,077</u>	<u>8,204,847</u>
NET ASSETS, END OF YEAR	<u>\$ 5,865,096</u>	<u>\$ 2,469,658</u>	<u>\$ 8,334,754</u>

The accompanying notes are an integral part of these financial statements.

**CIVIC VENTURES, dba COGENERATE
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**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions and grants:			
Corporations	\$ 400,000	\$ 1,337,400	\$ 1,737,400
Foundations	364,900	1,768,000	2,132,900
Government grants	-	501,567	501,567
Individuals	103,312	47,500	150,812
Program service fees	305,000	-	305,000
Membership	7,500	-	7,500
Other income	4,195	-	4,195
	<u>1,184,907</u>	<u>3,654,467</u>	<u>4,839,374</u>
Net assets released from restrictions	<u>4,429,278</u>	<u>(4,429,278)</u>	<u>-</u>
Total revenue, support, and net assets released from restrictions	<u>5,614,185</u>	<u>(774,811)</u>	<u>4,839,374</u>
EXPENSES:			
Program services:			
Catalyze Innovation	2,575,098	-	2,575,098
Change the Narrative	1,273,758	-	1,273,758
Build a Community	300,122	-	300,122
	<u>4,148,978</u>	<u>-</u>	<u>4,148,978</u>
Support services:			
General and administrative	493,101	-	493,101
Fundraising	198,355	-	198,355
	<u>691,456</u>	<u>-</u>	<u>691,456</u>
Total support services expenses	<u>691,456</u>	<u>-</u>	<u>691,456</u>
Total expenses	<u>4,840,434</u>	<u>-</u>	<u>4,840,434</u>
CHANGE IN NET ASSETS	<u>773,751</u>	<u>(774,811)</u>	<u>(1,060)</u>
NET ASSETS, BEGINNING OF YEAR,	<u>5,358,019</u>	<u>2,847,888</u>	<u>8,205,907</u>
NET ASSETS, END OF YEAR	<u>\$ 6,131,770</u>	<u>\$ 2,073,077</u>	<u>\$ 8,204,847</u>

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**CIVIC VENTURES, dba COGENERATE
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**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services				Support Services			
	Catalyze Innovation	Change the Narrative	Incentivize Co- generational National Services	Total Program	General and Administrative	Fundraising	Common Cost	Total
Salaries	\$ 707,774	\$ 766,354	\$ 232,704	\$ 1,706,832	\$ 405,045	\$ 235,824	\$ -	\$ 2,347,701
Grants and assistance	1,151,739	-	175,000	1,326,739	-	-	-	1,326,739
Professional fees	263,574	149,702	63,500	476,776	23,370	62,500	-	562,646
Other employee benefits	72,576	102,062	14,278	188,916	34,880	15,315	539	239,650
Payroll taxes	63,281	59,001	17,911	140,193	37,302	20,077	-	197,572
Pension plan	30,199	37,633	8,155	75,987	18,607	11,872	-	106,466
Conferences and meetings	29,267	3,765	358	33,390	72,195	613	-	106,198
Occupancy	-	-	-	-	893	-	71,853	72,746
Travel	23,385	22,200	3,763	49,348	4,577	3,266	-	57,191
Printing and publications	13,715	23,497	3,752	40,964	294	7	14,621	55,886
Telecommunications	3,212	3,369	690	7,271	2,223	320	12,093	21,907
Insurance	-	-	-	-	3,499	-	8,413	11,912
Staff development	1,942	1,967	1,173	5,082	3,290	1,116	-	9,488
Advertising	6,422	1,898	-	8,320	-	-	-	8,320
Supplies	724	2,623	410	3,757	1,026	23	3,022	7,828
Depreciation	-	-	-	-	-	-	6,433	6,433
Bank charges	-	-	-	-	-	-	3,132	3,132
Postage and delivery	475	-	35	510	712	-	215	1,437
Other expense	-	-	-	-	475	-	-	475
Total expenses before allocation	2,368,285	1,174,071	521,729	4,064,085	608,388	350,933	120,321	5,143,727
Common cost allocation	42,839	36,228	7,085	86,152	22,700	11,469	(120,321)	-
Total	\$ 2,411,124	\$ 1,210,299	\$ 528,814	\$ 4,150,237	\$ 631,088	\$ 362,402	\$ -	\$ 5,143,727

The accompanying notes are an integral part of these financial statements.

CIVIC VENTURES, dba COGENERATE
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				Support Services			Total
	Catalyze Innovation	Change the Narrative	Build a Community	Total Program	General and Administrative	Fundraising	Common Cost	
Salaries	\$ 807,590	\$ 668,520	\$ 195,097	\$ 1,671,207	\$ 351,686	\$ 161,549	\$ -	\$ 2,184,442
Grants and assistance	1,167,235	-	12,500	1,179,735	-	-	-	1,179,735
Professional fees	325,733	347,208	46,700	719,641	31,257	-	-	750,898
Other employee benefits	75,407	85,898	11,452	172,757	26,130	10,011	990	209,888
Payroll taxes	72,635	53,766	15,035	141,436	30,111	12,043	-	183,590
Pension plan	31,123	33,546	9,379	74,048	15,508	6,903	-	96,459
Occupancy	-	-	-	-	-	-	68,768	68,768
Printing and publications	15,836	29,333	-	45,169	1,631	50	12,374	59,224
Depreciation	-	-	-	-	-	-	20,960	20,960
Telecommunications	3,573	3,120	755	7,448	1,200	150	11,025	19,823
Supplies	8,026	4,084	-	12,110	1,499	-	781	14,390
Staff development	10,582	950	356	11,888	367	23	-	12,278
Insurance	-	-	-	-	3,394	-	7,618	11,012
Conferences and meetings	2,309	3,554	62	5,925	4,923	39	-	10,887
Advertising	7,263	1,059	-	8,322	-	-	-	8,322
Travel	35	3,906	-	3,941	11	-	-	3,952
Postage and delivery	757	187	-	944	1,779	29	515	3,267
Bank charges	1	-	-	1	-	-	2,097	2,098
Other expense	-	-	-	-	441	-	-	441
Total expenses before allocation	2,528,105	1,235,131	291,336	4,054,572	469,937	190,797	125,128	4,840,434
Common cost allocation	46,993	38,627	8,786	94,406	23,164	7,558	(125,128)	-
Total	<u>\$ 2,575,098</u>	<u>\$ 1,273,758</u>	<u>\$ 300,122</u>	<u>\$ 4,148,978</u>	<u>\$ 493,101</u>	<u>\$ 198,355</u>	<u>\$ -</u>	<u>\$ 4,840,434</u>

The accompanying notes are an integral part of these financial statements.

CIVIC VENTURES, dba COGENERATE
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 129,907	\$ (1,060)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	6,433	20,960
Amortization of right of use asset	58,732	-
Changes in assets and liabilities that provided (used) cash:		
Contributions and grants receivable	(283,885)	(83,273)
Advances to other organizations	15,796	70,457
Other receivables	623	-
Prepaid expenses	(9,115)	16,317
Accounts payable	(22,090)	25,096
Grants payable	164,667	39,239
Refundable advance	(476,774)	(24,793)
Other accrued expenses	(8,112)	(7,717)
Lease liability	(50,224)	-
Net cash (used in) provided by operating activities	<u>(474,042)</u>	<u>55,226</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(21,760)</u>	<u>(4,304)</u>
Net cash used in investing activities	<u>(21,760)</u>	<u>(4,304)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(495,802)	50,922
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>8,117,911</u>	<u>8,066,989</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 7,622,109</u></u>	<u><u>\$ 8,117,911</u></u>
SUPPLEMENTARY CASH FLOW INFORMATION:		
OPERATING LEASE ASSET OBTAINED IN EXCHANGE FOR NEW OPERATING LEASE LIABILITY - UPON ADOPTION	<u><u>\$ 323,905</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

CIVIC VENTURES, dba COGENERATE (formerly dba Encore.org)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. ORGANIZATION

Civic Ventures, dba CoGenerate (the “Organization”) was founded nearly twenty-five years ago with a mission of expanding the contributions of older people and changing cultural expectations for the years beyond age fifty. In recent years, the Organization has begun to focus on what the vast and growing older population can do in collaboration with younger people to solve today’s most pressing problems. The Organization believes intergenerational collaboration (“cogeneration”) is an essential and effective strategy to forge bonds across differences and combat polarization and ageism. The Organization’s mission today is to bring older and younger people together to solve problems, bridge divides, and co-create the future.

The Organization’s program portfolio includes:

- **Change the Narrative** - The Organization works as a catalyst to shift the cultural narrative and tell a new story about co-generational action. The Organization writes books and essays, sponsors research, partners with media, speaks out, and holds virtual and in-person events.
- **Catalyze Innovation** - The Organization supports innovators bringing generations together for mutual benefit and social impact.
- **Incentivize Co-generational National Services** - The Organization builds a community of leaders, organizations, and funders to scale this work and sustain it.
- **Build a Community** - Of leaders, organizations and networks working to make intergenerational connection and collaboration the norm. Build a Community was discontinued in 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Organization are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America specific to nonprofit organizations.

Classification of Net Assets - The Organization reports information regarding its financial position and activities according to two classes of net assets, as applicable: net asset without donor restrictions and net assets with donor restrictions.

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- **Net Assets With Donor Restrictions** - Net assets subject to donor imposed restrictions.

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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents are all highly liquid investments with an original maturity of three months or less.

Contributions and Grants Receivable - Unconditional contributions and grants receivable are reported at fair value and are recognized in the period promised. Delinquent contributions and grants receivable do not accrue interest. The Organization continually monitors the credit worthiness of each account and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. The Organization regularly adjusts any allowance for subsequent collections and final determination that a receivable is no longer collectible. Bad debt recoveries are included in income as realized. The Organization had no allowance for bad debts at December 31, 2022 and 2021, respectively.

Property and Equipment - The Organization capitalizes property and equipment over \$1,000. Purchased property and equipment is capitalized at cost. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to five years.

Revenue Recognition - Contributions and grants are recognized as revenue in the period unconditionally promised or received. The Organization reports contributions in the net assets with donor restrictions class if they are received with donor stipulations as to their use, or if the contribution contains an implied time restriction. They are initially reported in the net assets with donor restrictions class, even if it is anticipated such restrictions will be met in the current reporting period. If contributions are received without donor stipulations or an implied time restriction, they are considered unrestricted funds and are included as part of the Organization's net assets without donor restrictions. Contributions that require the satisfaction of conditions are recognized upon satisfaction of the conditions. Conditional contributions pledged but unrecognized by the Organization totaled \$1,800,000 at December 31, 2022.

Revenue from program service fees are non-reciprocal, and are recognized upon the completion of any conditions.

Grants and assistance - The Organization awards subgrants and pass-through awards to others as part of the Encore Fellowship Network. Grants are expensed after the unconditional promise to give is approved, and the grantee has been notified and has accepted the award. Conditional grants are recognized as grant expense in the period in which the recipient meets the terms of the condition. Grants paid prior to recipients meeting conditions are recognized on the statements of financial position as advances to other organizations. As of December 31, 2022, conditional grants payable totaled \$282,333. Conditional grants payable are not recorded in the accompanying financial statements until the conditions are met.

Income Taxes - Under provision of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, the Organization is exempt from income taxes, except for net income from unrelated business income. There were no unrelated business activities in 2022 or 2021.

The Organization has evaluated its tax positions for all open tax years. In management's judgment there are no uncertain tax positions as of December 31, 2022 and 2021.

Advertising - The Organization expenses advertising costs as incurred.

Functional Expense Classification - The Organization charges and allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with the program or support service are assigned directly. Payroll is allocated based on estimates of employee time spent on each function. Expenses common to several functions are allocated based on the related employee time ratio.

Credit Risk - Financial instruments which potentially subject the Organization to credit risk consist principally of cash and cash equivalents and contributions and grants receivable. The Organization places its cash and cash equivalent balances with high credit quality financial institutions. Cash balances at December 31, 2022 exceeded federal depository insurance limits by \$4,891,000. The Organization does not require collateral for its receivables, and has not experienced any losses in such amounts during the years ended December 31, 2022 and 2021. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and receivable balances.

Name Change - During 2022, the Organization changed their doing-business-as ("dba") from Encore.org to CoGenerate to better reflect the mission of the Organization.

New Accounting Pronouncements - As of January 1, 2022, the Organization adopted Accounting Standards Update ("ASU") number 2016-02, *Leases* on an effective date basis, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU 2016-02, the Organization recognized right-of-use assets and liabilities of \$323,905 at January 1, 2022 in its statement of financial position. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Technology	\$ 181,760	\$ 160,000
Furniture and equipment	<u>36,901</u>	<u>36,901</u>
Property and equipment at cost	218,661	196,901
Less: Accumulated depreciation	<u>(197,218)</u>	<u>(190,785)</u>
Net property and equipment	<u>\$ 21,443</u>	<u>\$ 6,116</u>

Depreciation expense was \$6,433 and \$20,960 for the years ended December 31, 2022 and 2021.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Encore Intergenerational Activity	\$ 1,832,781	\$ 1,125,681
Encore Fellowship Network	<u>636,877</u>	<u>947,396</u>
Total net assets with donor restrictions	<u>\$ 2,469,658</u>	<u>\$ 2,073,077</u>

5. REFUNDABLE ADVANCE

In March 2021, the Organization obtained a forgivable loan under the U.S. Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). The loan proceeds of \$470,774 were presented as refundable advances on the statements of financial position in accordance with FASB's Accounting Standards Codification Topic 958-605 *Not-For-Profit Entities - Revenue Recognition* until conditions were met. The loans were forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, maintained its payroll levels, and obtained formal forgiveness from the SBA. Funds not used for allowable expenses were repayable, and would have accrued interest at 1% annually.

During 2022, the loan was forgiven and recognized as a government grant in the statements of activities.

6. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year at December 31, 2022 consisted of the following:

Cash and cash equivalents	\$ 7,622,109
Contributions and grants receivable, net	933,150
Other receivables	<u>17,377</u>
Total financial assets	8,572,636
Less: Board designated operating reserve	<u>(2,000,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,572,636</u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization has a goal to maintain financial assets, which consists of cash (checking and money market accounts) on hand in the form of a reserve in the amount of \$2 million dollars, which should cover approximately six months of normal operating expenses, which average \$325,000 a month. Any request to access the operating reserve must be reviewed and approved by the Finance Committee and the Board of Directors.

7. RETIREMENT PLAN

The Organization has a defined contribution plan (the “Plan”) covering all employees who meet minimum requirements. The Plan conforms to the provisions set by the Internal Revenue Service Code Section 403(b). The Organization may make discretionary contributions based on eligible employees’ annual compensation, which are fully vested upon contribution. The Organization contributed \$106,466 and \$96,459 to the Plan during the years ended December 31, 2022 and 2021.

8. OPERATING LEASES

The Organization’s lease consists of office space. The Organization evaluated current contracts to determine which met the criteria of a lease. The right of use asset represents the Organization’s right to use underlying assets for the lease term, and the lease obligation represents the Organization’s obligation to make lease payments arising from these leases. The right of use asset and lease obligation, all of which arise from an operating lease, were calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

For the years ended December 31, 2022 and 2021, total operating lease cost was \$71,853 and \$68,768, respectively. As of December 31, 2022, the weighted-average remaining lease term for the Organization’s operating leases was approximately four years. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022, was 1.26%. Cash paid for operating leases for the years ended December 31, 2022 and 2021, was \$60,659 and \$68,768, respectively.

Future minimum lease cash payments and lease obligation are as follows:

<u>Year end December 31,</u>	
2023	\$ 68,159
2024	70,209
2025	72,323
2026	<u>74,486</u>
Subtotal	285,177
Less present value discount	<u>(11,496)</u>
Total lease obligation	<u>\$ 273,681</u>

9. CONCENTRATIONS

Three donors comprised 98% of contributions and grants receivable, and three donors comprised 68% of contributions and grant revenue for the year ended December 31, 2022.

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 9, 2023, which is the date the financial statements were available to be issued.