4:13 STRONG, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022 AND 2021

4:13 STRONG, INC.

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December 31, 2022 and 2021

PURYEAR & NOONAN, CPAs

Independent Auditor's Report

The Board of Directors
4:13 Strong, Inc.
Nashville, Tennessee

Opinion
We have audited the accompanying financial statements of 4:13 Strong, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements 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 Auditor's 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 opinions.

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.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

(Auditor's report continued on next page)

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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 audits.

Puryear & Noonan, CPAs PLLC

Puryear & Noonan, CPAs
Nashville, Tennessee
June 15, 2023

4:13 Strong, Inc.
Statements of Financial Position
December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash	$ 414,799	$ 151,899	$ 566,698
Investments	198,603	-	198,603
Other assets	3,002	-	3,002
Total Current Assets	616,404	151,899	768,303
Property and equipment, net	33,978	-	33,978
Total Assets	$ 650,382	$ 151,899	$ 802,281
Liabilities and Net Assets			
Current Liabilities			
Credit cards payable	$ 2,360	$ -	$ 2,360
Deposits	1,300	-	1,300
Other liabilities	218	-	218
Total Current Liabilities	3,878	-	3,878
Net Assets			
Without donor restrictions	597,354	-	597,354
Without donor restrictions - Board designated	49,150	-	49,150
With donor restrictions	-	151,899	151,899
Total Net Assets	646,504	151,899	798,403
Total Liabilities and Net Assets	$ 650,382	$ 151,899	$ 802,281

See independent auditor's report and accompanying notes to financial statements.

4:13 Strong, Inc.
Statements of Financial Position (Continued)
December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash	$ 473,107	$ 1,899	$ 475,006
Other assets	1,698	-	1,698
Total Current Assets	474,805	1,899	476,704
Property and equipment, net	35,923	-	35,923
Total Assets	$ 510,728	$ 1,899	$ 512,627
Liabilities and Net Assets			
Current Liabilities			
Credit cards payable	$ 3,955	$ -	$ 3,955
Deposits	500	-	500
Other liabilities	149	-	149
Total Current Liabilities	4,604	-	4,604
Net Assets			
Without donor restrictions	476,124	-	476,124
Without donor restrictions - Board designated	30,000	-	30,000
With donor restrictions	-	1,899	1,899
Total Net Assets	506,124	1,899	508,023
Total Liabilities and Net Assets	$ 510,728	$ 1,899	$ 512,627

See independent auditor's report and accompanying notes to financial statements.

4:13 Strong, Inc.
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Grants	$ 102,500	$ -	$ 102,500
Contributions	416,028	150,000	566,028
Special events, net of direct cost of $63,000	185,070	-	185,070
Rental income	39,219	-	39,219
Miscellaneous income	3,400	-	3,400
Interest income	2,479	-	2,479
Investment loss	(1,397)	-	(1,397)
Total Public Support and Revenue	747,299	150,000	897,299
Expenses			
Program Services			
Program	546,730	-	546,730
Supporting Services			
Management and general	51,896	-	51,896
Fundraising	8,293	-	8,293
Total Expenses	606,919	-	606,919
Change in Net Assets	140,380	150,000	290,380
Net Assets - Beginning of Year	506,124	1,899	508,023
Net Assets - End of Year	$ 646,504	$ 151,899	$ 798,403

See independent auditor's report and accompanying notes to financial statements.

4:13 Strong, Inc.
Statements of Activities and Changes in Net Assets (Continued)
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Grants	$ 52,600	$ -	$ 52,600
Contributions	328,381	-	328,381
Special events, net of direct cost of $47,695	298,582	-	298,582
Rental income	29,270	-	29,270
Miscellaneous income	8,140	-	8,140
Interest income	542	-	542
Total Public Support and Revenue	717,515	-	717,515
Expenses			
Program Services			
Program	523,382	-	523,382
Supporting Services			
Management and general	35,938	-	35,938
Fundraising	2,707	-	2,707
Total Expenses	562,027	-	562,027
Change in Net Assets	155,488	-	155,488
Net Assets - Beginning of Year	350,636	1,899	352,535
Net Assets - End of Year	$ 506,124	$ 1,899	$ 508,023

See independent auditor's report and accompanying notes to financial statements.

4:13 Strong, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	$ 290,380	$ 155,488
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	27,258	25,802
Bad debt expense	-	7,250
Unrealized loss on investments	1,397	-
(Increase) Decrease in Operating Assets		
Accounts receivable	-	20,799
Other assets	(1,304)	5,361
Increase (Decrease) in Operating Liabilities		
Accounts payable	-	(19,129)
Credit cards payable	(1,595)	(2,424)
Deposits	800	450
Other liabilities	69	(34)
Net Cash Provided by Operating Activities	317,005	193,563
Cash Flows from Investing Activities		
Purchases of property and equipment	(25,313)	(3,505)
Purchases of investments	(200,000)	-
Net Cash Used for Investing Activities	(225,313)	(3,505)
Increase in Cash	91,692	190,058
Cash - Beginning of Year	475,006	284,948
Cash - End of Year	$ 566,698	$ 475,006

See independent auditor's report and accompanying notes to financial statements.

4:13 Strong, Inc.
Statements of Functional Expenses
For the Year Ended December 31, 2022

	Program	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Accounting	$ -	$ 12,096	$ -	$ 12,096
Bank fees	489	5,388	-	5,877
Benevolence	1,832	-	-	1,832
Contract services	16,875	1,241	4,900	23,016
Depreciation	27,258	-	-	27,258
Equipment maintenance	25	-	-	25
Event expense	4,125	133	118	4,376
Food and beverage	16,871	-	48	16,919
Fieldtrip	3,353	-	-	3,353
Insurance	-	18,341	-	18,341
Office expenses	1,852	918	3,227	5,997
Payroll processing	87	2,276	-	2,363
Payroll taxes	25,993	-	-	25,993
Rent	49,020	-	-	49,020
Retirement contributions	1,631	2,775	-	4,406
Salary	337,716	-	-	337,716
Supplies	13,436	1,032	-	14,468
Software	1,681	5,751	-	7,432
Staff development	-	625	-	625
Telephone	12,108	-	-	12,108
Vehicle expenses	32,378	-	-	32,378
Web hosting and support	-	1,320	-	1,320
Total Expenses	$ 546,730	$ 51,896	$ 8,293	$ 606,919
Percent of Total Expenses	90%	9%	1%	

See independent auditor's report and accompanying notes to financial statements.

4:13 Strong, Inc.
Statements of Functional Expenses (Continued)
For the Year Ended December 31, 2021

	Program	Supporting Services		Total
		Management and General	Fundraising	
Accounting	$ -	$ 8,057	$ -	$ 8,057
Bank fees	5,550	85	-	5,635
Benevolence	848	-	-	848
Contract services	50,863	842	1,463	53,168
Depreciation	25,802	-	-	25,802
Equipment maintenance	2,665	-	-	2,665
Event expense	3,801	-	-	3,801
Food and beverage	16,958	-	-	16,958
Fieldtrip	2,533	-	-	2,533
Insurance	6,420	10,136	-	16,556
Office expenses	2,930	7,795	364	11,089
Payroll processing	-	2,111	-	2,111
Payroll taxes	21,405	-	-	21,405
Rent	49,020	-	-	49,020
Retirement contributions	1,899	-	-	1,899
Salary	276,167	-	-	276,167
Supplies	26,300	254	-	26,554
Software	270	4,652	880	5,802
Staff development	50	462	-	512
Telephone	16,336	-	-	16,336
Vehicle expenses	13,565	104	-	13,669
Web hosting and support	-	1,440	-	1,440
Total Expenses	$ 523,382	$ 35,938	$ 2,707	$ 562,027
Percent of Total Expenses	94%	6%	0%	

See independent auditor's report and accompanying notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

Organization and Purpose

4:13 Strong, Inc. (the Organization), was incorporated under the laws of the State of Tennessee as a nonprofit organization in 2014. The Organization's mission is to break the cycle of poverty, crime and dependency by providing faith-based educational, vocational and life skills training.

Basis of Accounting

The accompanying financial statements of the Organization are prepared using the accrual basis of accounting, under which revenues are recognized when earned rather than when collected and expenses are recognized when incurred rather than when disbursed.

Financial Statement Presentation

The accompanying financial statements of the Organization reports its financial information according to two classes of net assets (net assets with and without restrictions) based on the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be extended for any purpose in performing the primary objectives of the Organization. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors (the Board).

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Changes in Net Assets.

Measure of Operations

The Statements of Activities and Changes in Net Assets report changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from donor-restricted contributions, net assets released for capital expenditure, and other activities considered to be of a more unusual or non-recurring nature. There were no non-operating activities for the years ended December 31, 2022 and 2021.

Program and Supporting Services - Functional Expenses

The following program and supporting services are included in the accompanying financial statements on the Statements of Functional Expenses:

Program Services - include activities carried out to fulfill the Organization's mission of breaking the cycle of poverty, crime and dependency by providing faith-based educational, vocational and life skills training.

Supporting Services - Management and General - relates to the overall direction of the Organization. These expenses are not identifiable with a particular program, event or fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organizational oversight, business management, record keeping, budgeting, financing, and other administrative activities.

Supporting Services - Fundraising - includes cost of activities directed toward appeals for financial support and the cost of solicitations and creation and distribution of fundraising materials.

Classification of Expenses

Expenses are classified functionally as a measure of service efforts and accomplishments. Direct expenses, incurred for a single function, are allocated entirely to that function. Joint expenses applicable to more than one function, are allocated on the basis of objectively summarized information or management estimates.

Use of Estimates

Management and the Organization have made a number of estimates and assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Actual results could differ from these estimates.

Fair Value Measurements

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 820-10, *Fair Value Measurements*, with respect to its financial assets and liabilities. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP established a fair value hierarchy that prioritized investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are as follows:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

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

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

U.S. GAAP requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, investments, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Investment Valuation
Investments in money funds, mutual funds, and marketable equity securities with readily determinable fair values are measured on a recurring basis at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the Statements of Activities and Changes in Net Assets.

Property and Equipment
Property and equipment are stated at cost or, if donated, at their estimated market value at the date of gift, less accumulated depreciation. Depreciation is provided over the assets' estimated useful lives using the straight-line method. Property and equipment are depreciated over three to seven years.

Expenditures for maintenance and repairs and items less than $1,500 are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in other income on the Statements of Activities and Changes in Net Assets.

In accordance with FASB ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at December 31, 2022 or 2021.

Right-of-Use Assets and Liabilities
Right-of-use (ROU) assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. ROU assets and liabilities are recognized at commencement date based on the present value of future lease payments over the lease term, which includes only payments that are fixed and determinable at the time of commencement. When readily determinable, the Organization uses the interest rate implicit in a lease to determine the present value of future lease payments. For leases where the implicit rate is not readily determinable, the Organization's incremental borrowing rate is used. The Organization calculates its incremental borrowing rate on a periodic basis using a third-party financial model that estimates the rate of interest the Organization would have to pay to borrow an amount equal to the total lease payments on a collateralized basis over a term similar to the lease. The Organization applies its incremental borrowing rate using a portfolio approach. The ROU assets also includes any lease payments made prior to commencement and is recorded net of any

lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise such options. The Organization has no ROU assets or liabilities as of December 31, 2022.

Revenue Recognition

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects consideration the Organization expects to be entitled to in exchange for transferring those goods or services.

Revenue is recognized based on the following five step model:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price
- Recognition of revenue when, or as, the Organization satisfies a performance obligation

The Organization's revenue and support comes primarily from contributions from individuals, foundations, and businesses, as well as from private grants. Contributions are recognized when received and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization licenses cottages to individuals in the program, for $200 per month, and to graduates of the program, for $400 per month. License fees are collected using an online application at which point revenue is recognized.

The Organization has the following three major special events each year: spring dinner, fall breakfast, and golf tournament. Revenue is recognized upon completion of the events. Any revenue received in advance is deferred.

Income Taxes

The Organization is exempt from income taxes under the provisions of Internal Revenue Code Section (IRCS) 501(c)(3), and, accordingly, no provision for income taxes is included in the financial statements.

The Organization follows FASB 740-10, *Accounting for Uncertainty in Income Taxes*, as it relates to uncertain tax positions. For all tax positions taken by the Organization, management believes it is clear that the likelihood is greater than 50% that the full amount of the tax position taken will be ultimately realized. Therefore, management believes that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns for the three most recent years filed, or expected to be taken in the Organization's tax return. The Organization identifies its major tax jurisdictions as the U.S. Federal and the State of Tennessee. However, the Organization is not currently under audit nor has the Organization been contacted by either of these jurisdictions.

As of December 31, 2022 and 2021, the Organization has accrued no interest and no penalties related to uncertain tax positions.

Events Occurring After Reporting Date
The Organization has evaluated events and transactions that occurred between December 31, 2022 and June 15, 2023 which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Note 2 - Adoption of New Accounting Pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. ASU 2020-07 was issued to increase the transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in an Organization's programs and other activities. The Organization adopted the new standard effective December 31, 2022. There was no effect on changes in net assets as a result of this adoption and it did not have a significant impact on the financial statements, with the exception of increased disclosure.

In February 2016, the FASB issued ASU 2016-02, *Lease*s (ASU 2016-02). ASU 2016-02 which requires lessees to recognize leases on the Statement of Financial Position and disclose key information about leasing arrangements. ASU 2016-02 was subsequently amended by ASU 2018-01, *Land Easement Practical Expedient for Transition* to Topic 842; ASU 2018-10, *Codification Improvements* to Topic 842*, Leases*; and ASU 2018-11, *Targeted Improvements*. ASU 2016-02 establishes ROU model that requires a lessee to recognize a ROU asset and lease liability on the Statements of Financial Position for all leases with a term longer than 12 months. Leases are also classified as finance or operating, with classification affecting the pattern and classification of expense recognition on the Statements of Activities and Changes in Net Assets. The Organization adopted the new standard effective January 1, 2022 using the optional alternative method of adoption. This method allows the Organization to apply the new requirements to only those leases that exist as of December 31, 2021. There was no effect on the Statements of Activities and Changes in Net Assets as a result of this adoption.

Using the adoption of the new lease standard, the Organization has elected to apply the following package of practical expedients:

- Contracts need not be reassessed to determine whether they are or contain leases.
- All existing leases that were previously classified as operating leases continue to be classified as operating leases, and all existing leases that were previously classified as capital leases continue to be classified as finance leases.
- Initial direct costs need not be reassessed.

The Organization has also elected the following practical expedients: (1) not to separate lease components from non-lease components, (2) as an accounting policy election, to apply the short-term lease exception, which does not require the capitalization of leases with terms of 12 months or less, (3) the use of hindsight in determining the lease term and in assessing impairment of ROU assets, and (4) to apply the option not to assess whether existing or expired land easements that were not previously evaluated are or contain a lease.

From time-to-time, new accounting pronouncements are issued by the FASB or other standards setting bodies that the Organization adopts as of the specified effective date. Unless otherwise discussed, management believes the impact of any other recently issued standards that are not yet effective are either not applicable at this time or will not have a material impact on the financial statements upon adoption.

Note 3 - Availability and Liquidity

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position date, are as follows:

	2022	2021
Cash	$ 566,698	$ 475,006
Investments	198,603	-
Total financial assets available to be used within one year	765,301	475,006
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time restrictions	151,899	1,899
Financial assets available to meet general expenditures over the next twelve months	$ 613,402	$ 476,905

As of the date of this report, the Organization does not have a specific policy for how much cash needs to be in reserve at any given point, nor does it have a policy as to what can be done with any surplus funds. The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Organization are expected to be met on a monthly basis from its various sources of support as reported on its Statements of Activities and Changes in Net Assets.

Note 4 - Investments

Investments are stated at fair value (Level 1) and are summarized at December 31, 2022 as follows:

	Cost	Fair Value	Carry Value
Mutual funds	$ 175,000	$ 173,159	$ 173,159
Money market	25,000	25,444	25,444
Total financial assets	$ 200,000	$ 198,603	$ 198,603

No investments were held at December 31, 2021.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

At December 31, 2022, the amounts invested, market value, and yields are summarized as follows:

Market value	$	198,603
Carrying value - Cost		(200,000)
Unrealized loss	$	(1,397)
Investment income	$	2,300
Net unrealized loss on investments		(1,397)
Investment income, net	$	903

Note 5 - Property and Equipment

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

		2022		2021
Leasehold improvements	$	35,439	$	35,439
Computer equipment		30,721		23,208
Furniture and fixtures		87,611		69,812
Automobiles		76,895		76,895
		230,666		205,354
Accumulated depreciation		(196,688)		(169,431)
	$	33,978	$	35,923

Depreciation expense related to property and equipment totaled $27,258 and $25,802 for the years ended December 31, 2022 and 2021, respectively.

Note 6 - Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

		2022		2021
Subject to expenditure for specified purposes:				
Training and classroom supplies	$	1,899	$	1,899
Subject to time restrictions		150,000		-
Total net assets with donor restrictions	$	151,899	$	1,899

No net assets were released from donor restrictions during 2022 or 2021.

Note 7 - Board Designated Restrictions

The Board has designated that certain types of support received to not be used for current operating purposes. Such designation may be terminated at the discretion of the Board and does not represent donor restrictions. A summary of designations at December 31, 2022 and 2021 is as follows:

	2022	2021
Board-designated:		
New van	$ 40,000	$ 30,000
Computers	9,150	-
Total Board-designated	$ 49,150	$ 30,000

Note 8 - Pension Plan

Effective January 2016, the Organization implemented a Simple IRA plan which covers employees receiving at least $5,000 in eligible compensation during the prior year and is reasonably expected to receive $5,000 in eligible compensation in the current year. The Plan requires a match equal to 100% of the employee elective deferral up to 3% of eligible compensation. Total matching contributions to the plan totaled $4,406 and $1,899 for the years ended December 31, 2022 and 2021, respectively.

Note 9 - Credit Risk and Other Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains cash accounts at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits. The standard FDIC insurance amount is limited to $250,000 per depositor, per insured bank. Therefore, amounts in excess of this $250,000 held by the Organization during the years ended December 31, 2022 and 2021 were uninsured and uncollateralized.

The majority of the Organization's revenue is derived from special events which are held several times a year. The Organization received 19% and 35% of its contributions from the spring dinner event in the years ended December 31, 2022 and 2021, respectively. During 2022, one individual and one organization each contributed more that 10% of total revenue and other support.

Note 10 - Lease Arrangement

The Organization leases facilities to carry out its programs. Rent expense under the lease amounted to $49,020 in 2022 and 2021. Cash payments totaled $49,020 in 2022 and 2021. The current lease expires in January 2023 and the Organization has negotiated a new lease. (See Note 11).

Note 11 - Subsequent Event

Subsequent to December 31, 2022, the Organization entered into a new facilities lease. The new lease commences on February 1, 2023 and expires on January 31, 2027. Under the new lease**,** the Organization is required to make leasehold improvements of $214,320 within 24 months from the lease commencement date. Monthly rent under the new lease is $4,085. As a result, the Organization will record a ROU asset and related liability of $174,484, effective February 1, 2023. The leasehold improvements haven't been started as of the report date.