

INCLUSIVE DEVELOPMENT INTERNATIONAL

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INCLUSIVE DEVELOPMENT INTERNATIONAL

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Inclusive Development International

Opinion

We have audited the accompanying financial statements of Inclusive Development International (a nonprofit 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 Inclusive Development International 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 Inclusive Development International 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 Inclusive Development International'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 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Inclusive Development International'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inclusive Development International'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.

CARTER, P.C.

INCLUSIVE DEVELOPMENT INTERNATIONAL

Statements of Financial Position December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and equivalents	\$ 1,419,331	\$ 1,186,219
Promises to give	878,089	699,002
Other current assets	10,452	14,462
Total current assets	2,307,872	1,899,683
 Operating lease right-of-use-asset	 59,977	
 Total assets	 \$ 2,367,849	 \$ 1,899,683
Liabilities and net assets		
Current liabilities:		
Current maturities of operating lease liability	\$ 40,258	\$
Accounts payable	78,662	57,099
Accrued liabilities	75,308	63,774
Total current liabilities	194,228	120,873
 Operating lease liability, net of current maturities	 20,548	
 Total liabilities	 214,776	 120,873
 Net assets:		
Without donor restrictions	1,070,262	727,219
With donor restrictions	1,082,811	1,051,591
Total net assets	2,153,073	1,778,810
 Total liabilities and net assets	 \$ 2,367,849	 \$ 1,899,683

The accompanying notes are an integral part of these financial statements

INCLUSIVE DEVELOPMENT INTERNATIONAL

Statement of Activities
Year Ended December 31, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Public support and other revenues			
Foundations and grants	\$ 823,622	\$ 974,423	\$ 1,798,045
Less: designations to others		(42,750)	(42,750)
Employee retention credits	238,648		238,648
Individual donations	162,490		162,490
Program service fees	61,066		61,066
In-kind contributions	50,000		50,000
Other income	160		160
Net assets released from restrictions	<u>900,453</u>	<u>(900,453)</u>	
Total public support and other revenues	<u>2,236,439</u>	<u>31,220</u>	<u>2,267,659</u>
 Expenses			
Program services	1,594,957		1,594,957
Supporting services	<u>298,439</u>		<u>298,439</u>
Total expenses	<u>1,893,396</u>		<u>1,893,396</u>
 Increase in net assets	343,043	31,220	374,263
 Net assets at beginning of year	<u>727,219</u>	<u>1,051,591</u>	<u>1,778,810</u>
 Net assets at end of year	<u>\$ 1,070,262</u>	<u>\$ 1,082,811</u>	<u>\$ 2,153,073</u>

The accompanying notes are an integral part of these financial statements

INCLUSIVE DEVELOPMENT INTERNATIONAL

Statement of Activities
Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and other revenues			
Foundations and grants	\$ 481,566	\$ 1,119,550	\$ 1,601,116
Less: designations to others		(23,750)	(23,750)
Individual donations	45,007		45,007
Program service fees	52,459		52,459
Other Income	7,411		7,411
Net assets released from restrictions	<u>1,296,090</u>	<u>(1,296,090)</u>	
Total public support and other revenues	<u>1,882,533</u>	<u>(200,290)</u>	<u>1,682,243</u>
 Expenses			
Program services	1,212,871		1,212,871
Supporting services	<u>251,440</u>		<u>251,440</u>
Total expenses	<u>1,464,311</u>		<u>1,464,311</u>
 Increase (decrease) in net assets	418,222	(200,290)	217,932
 Net assets at beginning of year	<u>308,997</u>	<u>1,251,881</u>	<u>1,560,878</u>
 Net assets at end of year	<u>\$ 727,219</u>	<u>\$ 1,051,591</u>	<u>\$ 1,778,810</u>

The accompanying notes are an integral part of these financial statements

INCLUSIVE DEVELOPMENT INTERNATIONAL

Statement of Functional Expenses Year Ended December 31, 2022

	Supporting Services				Total
	Program Services	Management & General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 768,747	\$ 42,928	\$ 62,434	\$ 105,362	\$ 874,109
Payroll taxes	48,585	2,716	3,916	6,632	55,217
Benefits	62,775	3,015	4,227	7,242	70,017
Workers' compensation	928	1,325	20	1,345	2,273
Payroll service fees	2,702	184	243	427	3,129
Professional development	655	1,071		1,071	1,726
Retirement benefits	28,715	2,082	1,253	3,335	32,050
Total salaries and related expenses	913,107	53,321	72,093	125,414	1,038,521
Travel	112,585		4,947	4,947	117,532
Meetings, conferences, and training	71,295				71,295
Program contractors	341,682				341,682
Translation and interpretation	14,032				14,032
Database licensing	28,809				28,809
Printing and publication	21,271				21,271
Litigation	11,602				11,602
Partner grants	14,476				14,476
Accounting		44,359		44,359	44,359
Video advocacy	8,929				8,929
Legal & other professional fees	50	4,370		4,370	4,420
Rent	3,920	43,765		43,765	47,685
Telecommunications	968	4,648		4,648	5,616
IT services	50,284	13,636		13,636	63,920
Office supplies		2,232		2,232	2,232
Printing and copying		18		18	18
Postage and shipping	158	275		275	433
Computer hardware		1,296		1,296	1,296
Dues and memberships			997	997	997
Staff travel	85	3,590		3,590	3,675
Meals		2,385		2,385	2,385
Meetings		27,683		27,683	27,683
Advertising		2,062		2,062	2,062
Insurance		1,615		1,615	1,615
Fundraising & communications	1,339		11,179	11,179	12,518
Official Fees	322	333		333	655
Interest and bank charges	43	2,924		2,924	2,967
Miscellaneous expenses	711	711	711	711	711
Total expenses	\$ 1,594,957	\$ 209,223	\$ 89,216	\$ 298,439	\$ 1,893,396

The accompanying notes are an integral part of these financial statements

INCLUSIVE DEVELOPMENT INTERNATIONAL

Statement of Functional Expenses Year Ended December 31, 2021

	Supporting Services				Total
	Program Services	Management & General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 643,312	\$ 32,542	\$ 52,807	\$ 85,349	\$ 728,661
Payroll taxes	41,018	2,154	3,431	5,585	46,603
Benefits	47,927	1,927	3,164	5,091	53,018
Workers' compensation	1,421				1,421
Payroll service fees	1,904	88	144	232	2,136
Professional development	1,579	195		195	1,774
Retirement benefits	25,027	1,619	2,015	3,634	28,661
Total salaries and related expenses	762,188	38,525	61,561	100,086	862,274
Travel	13,959				13,959
Meetings, conferences, and training	2,533				2,533
Program contractors	343,662				343,662
Translation and interpretation	18,594				18,594
Database licensing	28,211				28,211
Printing and publication	3,981		4,356	4,356	8,337
Litigation	3,207				3,207
Partner grants	14,825				14,825
Accounting	7,500	29,307		29,307	36,807
Video advocacy	3,915				3,915
Legal & other professional fees	3,300	3,627		3,627	6,927
Rent	3,220	34,847		34,847	38,067
Telecommunications	581	3,912		3,912	4,493
IT services	300	11,336		11,336	11,636
Office supplies	474	2,698		2,698	3,172
Printing and copying		315		315	315
Postage and shipping	474	175		175	649
Computer hardware	1,425	3,954		3,954	5,379
Dues and memberships		150		150	150
Staff travel		5,025		5,025	5,025
Meals		2,253		2,253	2,253
Meetings		10,596		10,596	10,596
Advertising		2,245		2,245	2,245
Insurance		2,778		2,778	2,778
Fundraising & communications	522		24,858	24,858	25,380
Official Fees		210		210	210
Interest and bank charges		2,239		2,239	2,239
Board expenses		2,463		2,463	2,463
Miscellaneous expenses		4,010		4,010	4,010
Total expenses	\$ 1,212,871	\$ 160,665	\$ 90,775	\$ 251,440	\$ 1,464,311

The accompanying notes are an integral part of these financial statements

INCLUSIVE DEVELOPMENT INTERNATIONAL

Statements of Cash Flows Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Increase in net assets	\$ 374,263	\$ 217,932
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Amortization of operating lease right-of-use asset	39,597	
Forgiveness of Paycheck Protection Program loan		(104,147)
Changes in working capital - sources (uses):		
Promises to give	(179,087)	(220,780)
Other current assets	4,010	(7,822)
Accounts payable	21,563	44,894
Accrued liabilities	11,534	39,366
Operating lease liability	(38,768)	
Agency liability		(2,262,545)
Net cash provided (used) by operating activities	233,112	(2,293,102)
Cash flows from financing activities		
Proceeds from long-term debt		104,147
Payments on long-term debt		(4,510)
Net cash provided by financing activities		99,637
Net increase (decrease) in cash and equivalents	233,112	(2,193,465)
Cash and equivalents and restricted cash at beginning of year	1,186,219	3,379,684
Cash and equivalents and restricted cash at end of year	\$ 1,419,331	\$ 1,186,219
Schedule of noncash investing and financing activities		
Operating lease right-of-use asset obtained in exchange for operating lease liability	\$ 99,574	\$ _____

The accompanying notes are an integral part of these financial statements

INCLUSIVE DEVELOPMENT INTERNATIONAL

Notes to Financial Statements
December 31, 2022 and 2021

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization

Inclusive Development International (the Organization) is a nonprofit organization whose purpose is to advance social, economic, and environmental justice by supporting communities around the world to defend their human rights and the environment in the face of harmful investment activities, and by improving the social and environmental policies and practices of international development agencies, financial institutions, and businesses. The Organization's support comes primarily from individual contributions and foundation grants.

Income Tax Status

The Organization is incorporated as a nonprofit corporation under the laws of the State of North Carolina. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities, and is not a private foundation. The Organization is also exempt from State income tax under NC G.S. 105-130.11(a).

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary purpose of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.
- *Net assets with donor restrictions:* Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Organization has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions and grants received for a specific purpose. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Measure of Operations

The statements of activities report all 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 program services. Non-operating activities are limited to other activities considered to be more unusual or nonrecurring nature.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than operating lease right-of-use asset and operating lease liability, approximate fair value due to the relatively short-term nature of the financial instruments.

Amounts reported for the operating lease right-of-use asset and operating lease liability approximate fair value due to present value adjustments determined by the Company's incremental borrowing rate.

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in foundations and grants. Management considers all promises to give to be fully collectible, and accordingly has not recorded an allowance for doubtful accounts.

Other Current Assets

Other current assets consist primarily of prepaid expenses.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Donated Assets

Donated marketable securities are recorded as contributions at their estimated fair value at the date of donation. Donated materials and equipment are reflected as in-kind contributions at their estimated fair value at the date of donation.

Donated Services

Donated services are recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are described in Note 7.

Revenue Recognition

The Organization generates revenue from contributions, grants, and contracts. The Organization recognizes revenue when cash, securities, other assets, or an unconditional promise to give is received. Conditional contributions - that is, those with a measurable performance or other barrier and a right of return of the asset or release of the obligation - are not recognized until the conditions on which they depend have been met.

The Organization recognizes revenue from program service fees in accordance with the terms of the contracts. Program service fees are generated from contracts for performing consulting services. Performance obligations are generally to complete specific tasks on various projects. Customers typically pay a majority of the total expected fee at the time the contract is agreed upon. These amounts are for individual contracts that are completed in a short period of time and rarely extend past year-end. Remaining amounts are paid as the Organization completes further work on the project. Amounts received remaining unspent at year-end are recorded as deferred revenue.

Designations to Others

Certain contributions made to the Organization are designated by the donor to be paid out to other organizations. These contributions are recognized as both grants and designations to others on the accompanying statements of activities. The balance of unpaid designations to other organizations remains a liability until the funds are collected and paid out.

Advertising

The Organization uses advertising to support its programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021, was \$2,062 and \$2,245, respectively.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The cost of providing program and supporting services activities of the Organization have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to programs and support. Travel, meetings, conferences, and training, program contractors, translation and interpretation, database licensing, litigation, printing and publication, partner grants, and video advertising are directly related to program services. Office supplies, printing and copying, computer hardware, dues and memberships, meals, meetings, advertising, insurance, and miscellaneous expenses are directly related to supporting services. All other expenses are based on estimates of time and effort. The Organization receives grants that have a fundraising requirement which result in allocating joint expenses between fundraising and program costs. These expenses include travel, printing and publication, and fundraising & communications.

Newly Adopted Accounting Pronouncements

During the year ended December 31, 2022, the Organization adopted the requirements of the following standards set by the Financial Accounting Standards Board (FASB).

- Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 clarifies and expands the presentation and disclosure requirements of contributed nonfinancial assets for nonprofit entities for the purpose of enhancing transparency of such contributions received. These additional note disclosures are included in Note 7.
- In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC), 842, *Leases*. This new guidance required recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Additional note disclosures are also required.

The Organization adopted the guidance effective January 1, 2022, and recognized and measured leases existing at, or entered into after, the date of adoption. The Organization did not adjust the prior period statement of financial position. Lease disclosures for the year ended December 31, 2021, are presented under the previous guidance.

The Organization elected the available package of practical expedients allowed by the standard, to account for existing operating leases under the new guidance, without reassessing:

- whether the contracts contain leases under the new guidance,
- whether the lease classification would be different under the new guidance, or
- whether initial direct costs would have met the definition in the new guidance at lease commencement.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Newly Adopted Accounting Pronouncements (continued)

An election has been made to apply the short-term lease exception to all leases with a term of 12 months or less. Additionally, an election has been made to account for lease and non-lease components as a single combined lease component.

As a result of the adoption of the new lease accounting guidance, on January 1, 2022, the Organization recognized a lease liability of \$99,574 which represents the present value of the remaining operating lease payments of \$100,527, discounted using the risk-free rate of return of 0.78%. An operating lease right-of-use asset in the amount of \$99,574, was also recorded at that time.

Recently Issued Accounting Pronouncement

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 is intended to improve financial reporting about credit losses on certain receivable balances. The new standard will be effective beginning January 1, 2023. The Organization is in the process of evaluating the effect this guidance will have on its financial statements and related disclosures.

Note 2 - Net Assets

Net assets are described as follows:

<u>At December 31</u>	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions:		
Undesignated	\$ 1,070,262	\$ 727,219
Subject to expenditure for a time period or specified purpose:		
Planet Wheeler		150,538
Oxfam Novib	2,481	
Open Society		14,345
Radiata Foundation	204,150	
Mott Foundation	64,564	189,591
Rockefeller Brothers Fund	47,699	147,699
11 th Hour/Schmidt Foundation	151,493	501,527
Ford Foundation	250,000	
True Cost Initiative		40,000
Sigrid Rausing	362,424	7,891
Net assets with donor restrictions	<u>1,082,811</u>	<u>1,051,591</u>
<u>Total net assets with donor restrictions</u>	<u>\$ 2,153,073</u>	<u>\$ 1,778,810</u>

Note 3 - Liquidity and Availability of Financial Assets

The following reflects the liquidity and availability of the Organization's financial assets:

<u>At December 31</u>	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and equivalents	\$ 1,419,331	\$ 1,186,219
Promises to give	<u>878,089</u>	<u>699,002</u>
Total financial assets	2,297,420	1,885,221
Amounts not available for general expenditure:		
Net assets with donor restrictions	<u>(1,082,811)</u>	<u>(1,051,591)</u>
Net financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,214,609</u>	<u>\$ 833,630</u>

The Organization receives significant contributions restricted by donors, and considers those program contributions, which are ongoing, major, and central to its operations, to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Organization targets year-end reserve balances of net assets without donor restrictions to meet 30 days of expected expenditures.

Note 4 - Contract Assets

Promises to give represents the Organization's contract assets with an unconditional right to receive consideration from customers.

The following provides information about contract assets:

<u>At December 31</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Promises to give	<u>\$ 878,089</u>	<u>\$ 699,002</u>	<u>\$ 478,222</u>

Note 5 - Accrued Liabilities

Accrued liabilities are described as follows:

<u>At December 31</u>	<u>2022</u>	<u>2021</u>
Accrued payroll and benefits	\$ 30,856	\$ 23,402
Accrued vacation	42,140	38,658
Accrued payroll taxes	<u>2,312</u>	<u>1,714</u>
<u>Accrued liabilities</u>	<u>\$ 75,308</u>	<u>\$ 63,774</u>

Note 6 - Leases

The Organization leases office space under an operating lease agreement expiring in June 2024. The discount rate for the operating lease is the Organization's incremental borrowing rate of 0.78%.

The following is a schedule of future minimum payments lease payments under the operating lease agreement:

<u>Years Ending December 31</u>	<u>Payments</u>
2023	\$ 40,563
2024	20,582
2025	
2026	
2027	
Total payments	<u>61,145</u>
Less: imputed interest	<u>(339)</u>
<u>Total operating lease liability</u>	<u>\$ 60,806</u>

Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The following summarize the line items in the accompanying statements of functional expenses which include the components of lease costs:

<u>Year Ended December 31</u>	<u>2022</u>
Short-term leases, included in rent expense	\$ 7,474
Operating lease costs, included in rent expense	<u>40,211</u>
<u>Total lease costs</u>	<u>\$ 47,685</u>

Previous Guidance

Total lease expense under all non-cancellable leases for the year ended December 31, 2021, was \$38,067.

Note 7 - In-kind Contributions

During the year ended December 31, 2022, the Organization received \$50,000 in donated services related to development of data tools to be used in program services. Donated services are valued by the donor based on standard billing rates for comparable services. There were no in-kind contributions recorded for the year ended December 31, 2021.

Note 8 - Retirement Plan

The Organization participates in a defined contribution 401(k) Plan (the Plan). Employees are eligible for participation in the Plan after attaining age eighteen. The Organization can make discretionary matching contributions and discretionary non-elective contributions to the Plan. The Organization contributed \$32,050 and \$28,661, to the Plan during the years ended December 31, 2022 and 2021, respectively.

Note 9 - Commitments and Contingencies

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization carries commercial and professional liability insurance coverage for risks of loss. Claims have not exceeded coverage in any period since inception.

Note 10 - Income Taxes

Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions material to the financial statements.

Open Tax Years

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended December 31, 2021, 2020, and 2019, are open and subject to examination by the IRS, generally for three years after being filed.

Note 11 - Concentrations of Credit Risk

Uninsured Cash Balances

The Organization maintains its cash and equivalents at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. Generally, the amounts will exceed coverage limits insured by the Federal Deposit Insurance Corporation (FDIC) or be partially uninsured.

Concentration of Revenues and Receivables

During the years ended December 31, 2022 and 2021, the Organization received support totaling approximately \$1,346,000 and \$1,183,000, which represents 59% and 70%, respectively, from sources which represent a concentration. At December 31, 2022 and 2021, these sources represent 93% and 98%, of outstanding promises to give totaling approximately \$817,000 and \$683,000, respectively.

Note 12 - Subsequent Events

Management has evaluated subsequent events through June 2, 2023, which is the date the financial statements were available to be issued.