Combined Arms

Financial Statements

December 31, 2022

Combined Arms

December 31, 2022

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Pannell Kerr Forster of Texas, P.C.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Combined Arms

Opinion

We have audited the accompanying financial statements of Combined Arms (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 change 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.

Pannell Kerr Forster of Texas, P.C.

July 31, 2023

Combined Arms

Statements of Financial Position

	December 31, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 498,491	$ 1,273,007
Investments at fair value	646,578	726,007
Accounts receivable	57,290	168,098
Unconditional promises to give	320,235	396,081
Employee retention credit receivable	409,001	-
Prepaid expenses	66,733	86,623
Total current assets	1,998,328	2,649,816
Unconditional promises to give, non-current	-	25,000
Property and equipment, net	120,376	134,560
Right-of-use assets - operating leases	1,058,468	-
Total assets	$ 3,177,172	$ 2,809,376
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	$ 201,936	$ 175,787
Deferred rent liability	-	98,738
Refundable advances	240,648	52,151
Current lease liabilities - operating leases	273,210	-
Deferred revenue	83,138	62,053
Total current liabilities	798,932	388,729
Long-term lease liabilities - operating leases	876,470	-
Total liabilities	1,675,402	388,729
Commitments and contingencies		
Net assets		
Without donor restrictions	813,354	1,457,309
With donor restrictions	688,416	963,338
Total net assets	1,501,770	2,420,647
Total liabilities and net assets	$ 3,177,172	$ 2,809,376

See notes to financial statements.

Combined Arms

Statements of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	$ 2,469,595	$ 698,500	$ 3,168,095
Program service fees	382,197	-	382,197
Event sponsorships	99,170	-	99,170
Rent and amenities fees	126,716	-	126,716
Investment loss, net	(84,287)	-	(84,287)
Donated materials	68,159	-	68,159
Net assets released from restrictions	973,422	(973,422)	-
Total revenue and support	4,034,972	(274,922)	3,760,050
Expenses			
Program services	4,107,178	-	4,107,178
Management and general	289,903	-	289,903
Fundraising	281,846	-	281,846
Total expenses	4,678,927	-	4,678,927
Change in net assets	(643,955)	(274,922)	(918,877)
Net assets at beginning of year	1,457,309	963,338	2,420,647
Net assets at end of year	$ 813,354	$ 688,416	$ 1,501,770

See notes to financial statements.

Combined Arms

Statements of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	$ 2,076,241	$ 1,189,900	$ 3,266,141
Program service fees	219,783	-	219,783
Event sponsorships	199,921	-	199,921
Less: direct benefit to donors	(12,223)	-	(12,223)
Rent and amenities fees	107,726	-	107,726
Investment income, net	9,337	-	9,337
Donated materials	36,900	-	36,900
Other income	215	-	215
Net assets released from restrictions	993,011	(993,011)	-
Total revenue and support	3,630,911	196,889	3,827,800
Expenses			
Program services	3,195,911	-	3,195,911
Management and general	284,015	-	284,015
Fundraising	243,648	-	243,648
Total expenses	3,723,574	-	3,723,574
Change in net assets	(92,663)	196,889	104,226
Net assets at beginning of year	1,549,972	766,449	2,316,421
Net assets at end of year	$ 1,457,309	$ 963,338	$ 2,420,647

See notes to financial statements.

Combined Arms

Statements of Functional Expenses

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Expenditures
Year ended December 31, 2022				
Salaries and related costs	$ 2,094,243	$ 168,929	$ 170,538	$ 2,433,710
Professional and contract services	668,667	53,728	61,793	784,188
Lease expense	257,703	20,787	20,985	299,475
Communication and technology	319,112	7,182	2,390	328,684
Utilities	69,217	5,583	5,636	80,436
Bad debt	1,000	12,007	-	13,007
Travel and conferences	161,609	3,515	3,025	168,149
Marketing and promotion costs	60,634	-	-	60,634
Office supplies	29,676	2,394	2,417	34,487
Food and entertainment	256,251	10,072	3,778	270,101
Depreciation	30,495	2,460	2,483	35,438
Direct assistance	109,189	-	-	109,189
Grants	36,236	-	1,500	37,736
Other	13,146	3,246	7,301	23,693
Total expenses	$ 4,107,178	$ 289,903	$ 281,846	$ 4,678,927
Year ended December 31, 2021				
Salaries and related costs	$ 1,645,589	$ 143,832	$ 162,893	$ 1,952,314
Professional and contract services	614,475	87,228	37,479	739,182
Lease expense	251,377	21,971	24,883	298,231
Communication and technology	153,560	6,915	-	160,475
Utilities	55,584	4,858	5,502	65,944
Travel and conferences	95,590	970	4,182	100,742
Marketing and promotion costs	121,288	116	498	121,902
Office supplies	16,965	1,483	1,679	20,127
Food and entertainment	141,102	10,155	7,800	159,057
Depreciation	27,965	2,444	2,768	33,177
Direct assistance	40,054	-	-	40,054
Grants	18,382	-	-	18,382
Other	13,980	4,043	8,187	26,210
	3,195,911	284,015	255,871	3,735,797
Less: direct benefit to donors	-	-	(12,223)	(12,223)
Total expenses	$ 3,195,911	$ 284,015	$ 243,648	$ 3,723,574

See notes to financial statements.

Combined Arms

Statements of Cash Flows

	Year Ended December 31, 2022	2021
Cash flows from operating activities:		
Change in net assets	$ (918,877)	$ 104,226
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	35,438	33,177
Bad debt	13,007	-
Donated securities	(4,865)	(24,341)
Realized and unrealized loss	102,728	14,823
Changes in operating assets and liabilities		
Accounts receivable	110,808	(126,271)
Unconditional promises to give	87,839	(353,431)
Employee retention credit receivable	(409,001)	-
Prepaid expenses	19,890	(20,559)
Accounts payable and accrued expenses	26,149	117,081
Deferred rent liability	(98,738)	98,738
Refundable advances	188,497	52,151
Right-of-use asset and operating lease liability, net	91,212	-
Deferred revenue	21,085	53,747
Net cash used in operating activities	(734,828)	(50,659)
Cash flows from investing activities:		
Purchase of equipment	(21,254)	(69,748)
Purchase of investments	(18,434)	(111,959)
Proceeds from sales of investments	-	87,803
Net cash used in investing activities	(39,688)	(93,904)
Net decrease in cash and cash equivalents	(774,516)	(144,563)
Cash and cash equivalents - beginning of year	1,273,007	1,417,570
Cash and cash equivalents - end of year	$ 498,491	$ 1,273,007
Supplemental cash flow information		
Cash paid for amounts included in operating leases	$ 307,000	$ -
Non-cash investing and financing activity:		
Right-of-use assets obtained in exchange of operating lease obligations	$ 1,406,110	$ -

See notes to financial statements.

Combined Arms

Notes to Financial Statements

December 31, 2022

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

Nature of operations

Combined Arms (the "Organization") is a forward-thinking nonprofit organization whose mission is to unite the community to accelerate and unleash the impact of veterans on Texas. Through streamlined assessments and customized resources based on individual veteran needs, the Organization is simplifying and accelerating the connection point between veterans and resources. The Organization deploys a data-driven approach and a collaborative, connected model of service delivery so that veterans and the community are united, after the uniform.

The organization receives monetary contributions from corporations, foundations and individual donors. During 2022, one donor accounted for approximately 19% of the Organization's revenue. During 2021, one donors accounted for approximately 18% of the Organization's revenue.

Income tax status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. It recognizes the impact of an uncertain tax position only if that position is more likely than not of being sustained upon examination by the taxing authority based on the technical merits. The Organization accounts for interest and penalties relating to uncertain tax positions in the current period statement of activities, if necessary.

Basis of presentation

The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, these financial statements present the financial position, change in net assets, and cash flows of the Organization.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958-205, net assets, revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions, as follows:

- Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
- Net assets with donor restrictions - net assets subject to donor-imposed stipulations that specify a use for a contributed asset. When a purpose restriction or a time restriction ends, net assets with donor restrictions are released to net assets without donor restrictions and reported in the statements of activities.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible into cash and have an original maturity of three months or less on the date of acquisition.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values are reported at fair value in the statements of financial position. Gains and losses are included in net assets without donor restrictions, unless the gain or loss is restricted by donor or law. See Note 2 for discussion of fair value measurements.

Accounts receivable, program service, rent and amenity fees

Program service fees are derived from contracts with customers to provide workflow efficiency implementation, training and assistance services and tools. Revenue is recognized in the amount of consideration that the Organization expects to be entitled to receive when performance obligations are satisfied either at a point in time or over time depending on the nature of the services provided, which is generally one year or less. Revenue is recognized using the output method as performance obligations are met. Amounts are billed as work progresses in accordance with agreed-upon terms, either at periodic intervals or upon achievement of milestones. Amounts billed that represent the Organization's right to consideration that is conditioned only upon the passage of time, are reported as accounts receivable.

Rent and amenity fees are recognized as space and other services provided to other not-for-profit organizations which serve the veteran community. Revenue is recognized in an amount that reflects the consideration the Organization expects to receive on a month-to-month basis over time when the services have been provided.

Costs incurred related to revenue not yet recognized result in a contract asset. There were no contract assets as of December 31, 2022 and 2021. Payments collected but not yet recognized as revenue result in a contract liability and are reported as deferred revenue on the statements of financial position.

The following table shows the Organization's accounts receivables and contract liabilities at December 31, 2022, December 31, 2021 and January 1, 2021.

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable	$ 57,290	$ 168,098	$ 41,827
Deferred revenue	$ 83,138	$ 62,053	$ 8,306

The Organization provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of accounts receivable. This estimate is based upon historical experience coupled with a review of the current status of existing receivables. The allowance and associated accounts receivables are reduced when the receivables are determined to be uncollectible. Management considered all amounts collectible at December 31, 2022 and 2021, and therefore no allowance has been recorded.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Contributions and unconditional promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor for future periods or a specific purpose are reported as increases in net assets with donor restrictions depending upon the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions in which the restrictions are met in the same year as received are recorded as unrestricted contributions in the accompanying statements of activities. Non-current unconditional promises to give are expected to be collected through 2023 and are reflected at present value. Conditional promises to give have a barrier to overcome and include a right of return, and are not included as support until the promise becomes unconditional. At December 31, 2022 and 2021, the Organization had conditional promises to give of $1,186,878 and $2,484,076, respectively, which relate to unutilized grants.

The Organization provides an allowance for doubtful promises to give equal to the estimated losses that will be incurred in the collection of unconditional promises to give. This estimate is based on historical experience coupled with a review of the current status of existing promises. The allowance and associated promises are reduced when the promises are determined to be uncollectible. The Organization considers unconditional promises to give to be fully collectible at December 31, 2022 and 2021, and therefore no allowance has been recorded.

Promises to give at December 31 are due as follows:

	2022	2021
Receivable within one year	$ 320,235	$ 396,081
Receivable in one to five years	-	25,000
	$ 320,235	$ 421,081

Event sponsorships

Event sponsorships are considered special event revenue and is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Property and equipment

Property and equipment is recorded at cost, if purchased and at fair value, if donated. The Organization’s policy is to capitalize all expenditures for property in excess of $5,000. Depreciation is recognized on a straight-line basis over the estimated useful life. Expenditures for additions and betterments are capitalized, and expenditures for maintenance and repairs are charged to activities as incurred.

Leases

Lease obligations primarily relate to real estate leases for the Organization’s facility. For any lease with an initial term in excess of 12 months, the right-of-use assets and lease liabilities are recognized on the statements of financial position as either an operating or finance lease at the inception of an agreement where it is determined that a lease exists.

Right-of-use assets represent the right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are recognized based on present value of future payments over the lease term at the commencement date. The incremental borrowing rate used for each lease is based on an evaluation of the Organization’s credit ratings and the prevailing market rates for collateralized debt in a similar economic environment with similar payment terms and maturity dates commensurate with the terms of the lease. Operating leases also typically require payment of real estate taxes, common area maintenance and insurance. These components comprise the majority of the variable lease costs and are excluded from the present value of the lease obligations. Right-of-use assets also include prepaid lease payments and initial direct costs and are reduced by lease incentives. The lease terms generally do not include options to extend or terminate the lease unless it is reasonably certain that the option will be exercised. Fixed payments may contain predetermined fixed rent escalations.

Donated materials

Effective January 1, 2022, the Organization adopted FASB Accounting Standard Update (“ASU”) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* . The intention of the ASU is to clarify the presentation and disclosure of contributed nonfinancial assets to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the not-for-profit. The ASU will not change the accounting and recognition of nonfinancial assets but will increase the disclosure requirements in the financial statements. The Organization adopted the ASU as of January 1, 2022 on a retrospective basis. No adjustments to the financial statements were required to adopt the ASU, but disclosures were added.

Donated nonfinancial assets are recorded as contributions at their fair values at the date of donation and reported as expense when utilized. The Organization receives donated facilities, food and toys by various individuals and organizations for one of the Organization’s program events to provide assistance to the families of veterans. Additionally, the Organization received computers for relocated refugees also under one of the Organization’s program events. The Organization did not monetize any contributed nonfinancial assets and contributed nonfinancial assets did not have donor restrictions.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Donated materials (continued)

Donated nonfinancial assets were as follows for the years ended December 31:

	2022	2021
Toy donations	$ 11,300	$ 36,900
Venue usage	13,000	-
Catering	11,359	-
Computers	32,500	-
	$ 68,159	$ 36,900

Functional expense allocation

The Organization allocates expenses on a functional basis among various programs and supporting activities. Expenses that can be identified with a specific program and supporting activities are allocated directly according to their natural expenditure classifications. Expenses related to more than one function are allocated to programs and supporting services on the basis of estimated time expenses or usage by function.

Marketing and promotion costs

Marketing and promotion costs are expensed as incurred. The Organization expensed $60,634 and $121,902 in marketing and promotion costs for the years ended December 31, 2022 and 2021, respectively.

Financial instruments, credit risk and concentration of credit risk

Financial instruments that potentially subject the Organization to credit risk include cash and cash equivalents, investments, accounts receivables and unconditional promises to give. Cash and cash equivalents are deposited in demand accounts with federally-insured institutions to minimize risk. From time to time, the balances in these accounts may exceed the federally-insured limits. The Organization has not incurred losses related to these deposits. The investments in marketable securities are exposed to various risks such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

Unconditional promises to give consist of contributions receivable from individuals, private foundations, and corporations across the United States. Although the Organization is directly affected by the financial stability of its donors, management does not believe significant credit risk exists at December 31, 2022 and 2021.

Generally, no collateral or other security is required to support receivables. An allowance for doubtful accounts is established as needed based upon factors surrounding credit risk of specific customers, historical trends, and other information. When management determines that a receivable is uncollectible, the balance is removed from the receivables balance and is charged against the allowance.

Note 1 - Nature of Operations and Summary of Significant Accounting Policies (Continued)

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Management believes its estimates are reasonable.

Reclassification

Certain amounts in the 2021 financial statements have been reclassified in order to conform to the current year presentation. These reclassifications had no effect on total net assets or change in net assets for the year ended December 31, 2021.

Note 2 - Fair Value Measurements

U.S. GAAP provides a framework for measuring fair value using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon whether the inputs to those valuation techniques are observable or unobservable. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical financial instruments and the lowest priority to unobservable inputs. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The financial instrument's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

These inputs are summarized in the three broad levels listed below

- Level 1 – observable inputs such as quoted prices in active markets at the measurement date for identical assets or liabilities.
- Level 2 – other inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

- Corporate and government bonds – valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes, to calculate fair value.
- Mutual funds – valued daily using quoted market prices.

Note 2 - Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the valuation methods are considered appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes, set forth by level, within the fair value hierarchy, the Organization's investments at fair value:

December 31, 2022	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 81,352	$ -	$ -	$ 81,352
Mutual funds	171,892	-	-	171,892
Corporate and government	-	393,334	-	393,334
Total investments	$ 253,244	$ 393,334	$ -	$ 646,578

December 31, 2021	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 72,066	$ -	$ -	$ 72,066
Mutual funds	206,528	-	-	206,528
Corporate and government	-	447,413	-	447,413
Total investments	$ 278,594	$ 447,413	$ -	$ 726,007

Note 3 - Property and Equipment

Property and equipment as of December 31, consists of the following:

	2022	2021
Leasehold improvements	$ 188,962	$ 167,708
Office furniture and equipment	80,688	80,688
Computer equipment and software	28,843	28,843
Total property, at cost	298,493	277,239
Less: accumulated depreciation	(178,117)	(142,679)
Property and equipment, net	$ 120,376	$ 134,560

Depreciation expense amounted to $35,438 and $33,177 for the years ended December 31, 2022 and 2021, respectively.

Note 4 - Line of Credit

The Organization is party to a $620,000 revolving line of credit agreement with a financial institution. Interest is based on the prime rate as published by the Wall Street Journal, which is 7.50% at December 31, 2022. The agreement requires interest only payments until the end of the agreement on June 30, 2023, at which time any unpaid interest and the principal are due. The line of credit had no balance at December 31, 2022 and 2021. In June 2023, the line of credit was increased to $1,000,000 and date of maturity was extended until June 30, 2025.

Note 5 - Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, consist of the following:

	2022	2021
New market expansion	$ 592,916	$ 529,308
Call center	-	13,561
Special immigrant visa	70,500	166,410
Disaster relief and response	-	77,509
Time restricted	25,000	175,000
Other	-	1,550
Total net assets with donor restrictions	$ 688,416	$ 963,338

During the years ended December 31, 2022 and 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes in the amounts of $973,422 and $993,011, respectively.

Note 6 - Leases

The Organization adopted ASC Topic 842, *Leases*, effective January 1, 2022, using a modified retrospective method recognizing the cumulative effect on the date of adoption without restating any prior year amounts or disclosures. A one-time cumulative effect adjustment of $1,307,372 was made in order to record right-of-use assets and $1,406,110 to record lease liabilities for operating leases with no impact to retained earnings.

The following accounting policy elections were made in connection with implementation of the new standard:

- Short-term leases – The Organization has elected to not apply the new guidance to leases with terms of 12 months or less. Instead, these leases are recognized as expense on a straight-line basis over the lease term.

- Discount rates – The Organization elected to use its incremental borrowing rate as the discount rate when the rate implicit to the leases is not readily determinable.

- Lease and non-lease components – The Organization elected the practical expedient to choose whether to separate non-lease components from lease components by class of underlying assets or account for them as a single lease component. The Company elected not to separate lease and non-lease components for all leases.

Note 6 - Leases (Continued)

- Lease classification – The Organization has elected not to reassess the lease classification or initial direct costs for leases expired during 2022, or lease in place at the time of adoption.

- Lease term – The Organization has elected to apply hindsight in determining the appropriate lease term.

At December 31, 2022, operating lease right-of-use assets and lease liabilities included office space. Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term.

The components of lease costs for the year ended December 31, 2022 are as follows:

Operating lease costs	$ 299,475
Sublease income	(126,716)
Total lease costs, net	$ 172,759

Net lease costs recognized under operating leases during the year ended December 31, 2021, prior to adoption of the new accounting standard were $190,505.

The weighted-average remaining lease term at December 31, 2022 was 3.83 years. The weighted-average discount rate at December 31, 2022 was 4.00%.

The Organization has the following minimum future rental income under non-cancelable lease terms as of December 31, 2022:

Year Ended December 31,	Minimum Future Rental Income
2023	$ 87,654
2024	88,614
2025	95,849
2026	1,820
	$ 273,937

Note 6 - Leases (Continued)

Undiscounted cash flows related to operating lease liabilities at December 31, 2022 are as follows:

	Operating
2023	$ 313,199
2024	320,200
2025	326,800
2026	279,000
Total undiscounted cash flows	1,239,199
Less discount to present value	(89,519)
Discounted present value of lease liabilities	1,149,680
Less: current portion of lease liabilities	(273,210)
Long-term portion of lease liabilities	$ 876,470

Note 7 - Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure within one year at December 31, is as follows:

	2022	2021
Cash and cash equivalents	$ 498,491	$ 1,273,007
Investments at fair value	646,578	726,007
Accounts receivable	57,290	168,098
Unconditional promises to give	320,235	396,081
Employee retention credit receivable	409,001	-
Total financial assets	1,931,595	2,563,193
Donor-imposed restrictions	(688,416)	(988,338)
Time-imposed restrictions	-	25,000
Financial assets available to meet general expenditures within one year	$ 1,243,179	$ 1,599,855

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 manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization also has the ability to access funding through the line of credit (see Note 4) through June 30, 2025, if needed.

Note 8 - Special Grant Assistance

During 2021, the Organization applied for and received a $324,157 loan issued pursuant to the Paycheck Protection Program (the "PPP") under the provision of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") with a maturity in January 2026. The loan can be fully or partially forgiven, and requires the funds to be used to pay for designated expenses as defined in the terms of the PPP. The conditions of the loan were met during 2021, fully forgiven and recognized as contribution revenue, in the statement of activities.

Under the provisions of the CARES Act and the subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention credit subject to certain criteria. The Organization applied for $409,001 which erroneously included previously applied federal funds of $240,648. The Organization recognized $168,353 of contribution revenue during the year ended December 31, 2022, that were recorded in the accompanying statement of activities for the year then ended. The portion that will be required to be repaid once received was recorded as refundable advances on the statements of financial position as of December 31, 2022.

Note 9 - Subsequent Events

Management has evaluated subsequent events as of July 31, 2023, which was the date the financial statements were available for issuance and has determined that there are no other subsequent events to be reported.