SHARPE PATEL CPA

LUNG CANCER INITIATIVE

FINANCIAL STATEMENTS

December 31, 2022 and 2021

LUNG CANCER INITIATIVE
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SHARPE PATEL CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lung Cancer Initiative
Raleigh, North Carolina

Opinion

We have audited the accompanying financial statements of Lung Cancer Initiative (a nonprofit organization), which comprises the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the year 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 Lung Cancer Initiative as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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 Lung Cancer Initiative 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 Lung Cancer Initiative 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 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, including omissions, 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 Lung Cancer Initiative '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 Lung Cancer Initiative '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.

Report on Summarized Comparative Information

We have previously audited Lung Cancer Initiative 's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sharpe Patel PLLC

Raleigh, North Carolina
May 15, 2023

LUNG CANCER INITIATIVE
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 619,252	$ 483,639
Investments	492,383	547,528
Accounts receivable	42,757	25,777
Promises to give	-	57,500
Prepaid expenses	57,031	242,566
Total current assets	1,211,423	1,357,010
Property and equipment, net	3,350	6,864
Non-current assets:		
Right to use asset, net	233,934	-
Other assets	3,950	3,950
Total non-current assets	237,884	3,950
Total assets	$ 1,452,657	$ 1,367,824
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 41,098	$ 14,239
Accrued expenses	15,693	14,258
Deferred revenues	450	-
Current portion of lease liability	51,038	-
PPP Loan	-	66,965
Total current liabilities	108,279	95,462
Long-term lease liability	186,114	-
Total liabilities	294,393	95,462
Net assets		
With donor restriction	-	35,960
Without donor restrictions		
Board designated net assets	799,743	1,035,634
Undesignated net assets	358,521	200,768
Total net assets	1,158,264	1,272,362
Total liabilities and net assets	$ 1,452,657	$ 1,367,824

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

LUNG CANCER INITIATIVE
Statements of Activities
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	2021
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Contributions and grants	$ 865,537	$ -	$ 865,537	$ 843,187
Special events	199,289	-	199,289	91,147
In-kind contributions	29,933	-	29,933	24,553
Less: direct benefit to donors	(46,815)	-	(46,815)	(47,634)
Total public support	1,047,944	-	1,047,944	911,253
Investment income	(40,443)	-	(40,443)	67,774
Other revenue	84,377	-	84,377	21,372
Total revenue	43,934	-	43,934	89,146
Net assets released from restriction	35,960	(35,960)	-	-
Total public support and revenue	1,127,838	(35,960)	1,091,878	1,000,399
EXPENSES:				
Program services	907,533	-	907,533	759,839
Supporting services:				
Management and general	126,199	-	126,199	113,127
Fundraising	172,245	-	172,245	100,282
Total supporting services	298,443	-	298,443	213,409
Total expenses	1,205,976	-	1,205,976	973,248
Change in net assets	(78,138)	(35,960)	(114,098)	27,151
Net assets at beginning of year	1,236,402	35,960	1,272,362	1,245,211
Net assets at end of year	$ 1,158,264	$ -	$ 1,158,264	$ 1,272,362

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

LUNG CANCER INITIATIVE
Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	Program Services	Supporting Services				
	Supporting Lung Cancer Research and Education	Management and General	Fundraising	Total Supporting Services	Total Expenses	2021 Total
Grants	$ 358,600	$ -	$ -	$ -	$ 358,600	347,151
Personnel	260,317	67,409	84,369	151,778	412,095	363,193
Office supplies	108,753	12,332	31,081	43,413	152,166	62,287
Conferences, conventions, and meetings	66,453	4,038	21,998	26,036	92,489	51,769
Professional fees	13,402	20,260	11,336	31,596	44,998	36,800
Information technology	35,610	7,630	7,630	15,260	50,870	49,530
Occupancy	2,771	594	594	1,188	3,959	40,591
Advertising	10,962	2,005	4,891	6,896	17,858	12,208
Travel	11,097	418	1,867	2,285	13,382	4,160
Insurance	-	3,034	-	3,034	3,034	2,517
Lease expense	37,108	7,952	7,952	15,903	53,011	-
Depreciation	2,460	527	527	1,054	3,514	3,042
Expenses as reported on the Statement of Activities	907,533	126,199	172,245	298,443	1,205,976	973,248
Less cost of direct benefits to donors included with revenues on the statement of activities	-	-	46,815	46,815	46,815	47,634
Total expenses	$ 907,533	$ 126,199	$ 219,060	$ 345,258	$ 1,252,791	$ 1,020,882

The accompanying notes are an integral part of these financial statements

LUNG CANCER INITIATIVE
Statements of Cash Flows
For the years ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (114,098)	$ 27,151
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	3,514	3,042
Amortization of the right of use asset	40,268	
Debt forgiveness income	(66,935)	-
Net realized and unrealized gain (loss) on investments	42,164	(66,864)
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(16,980)	29,501
Promises to give	57,500	78,352
Prepaid expenses	185,535	(82,039)
Accounts payable	26,859	7,239
Accrued expenses	1,435	79
Deferred revenues	450	(2,500)
Net cash provided (used) by operating activities	159,712	(6,039)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(44,927)	(117,378)
Proceeds from sale of investments	57,878	49,000
Right of use assets obtained through leases	(274,202)	-
Purchases of property and equipment	-	2,539
Net cash provided (used) by investing activities	(261,251)	(65,839)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of principal portion of lease liability	(37,050)	-
Obligations incurred on operating lease liability	274,202	-
Proceeds from PPP loan	-	66,965
Net cash provided (used) by financing activities	237,152	66,965
Net increase (decrease) in cash and cash equivalents	135,613	(4,913)
Cash and cash equivalents, beginning of year	483,639	488,552
Cash and cash equivalents, end of year	$ 619,252	$ 483,639

The accompanying notes are an integral part of these financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Initiative
Lung Cancer Initiative (the "Initiative") is dedicated to decreasing deaths due to lung cancer and helping patients live longer and better, through research, awareness, and advocacy. The Initiative's support is provided primarily by contributions from the general public and corporations in North Carolina.

Basis of Accounting
The financial statements of the Initiative have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses recognized when incurred. This basis is accounting conforms to accounting principles generally accepted in the United States of America.

Basis of Presentation
The Initiative has adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit Initiatives and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without restrictions" and "net assets with restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Net assets and revenue are classified based on the existence or absence of donor- imposed restrictions. Accordingly, the net assets of the Initiative and charges therein, are classified and reported as follows:

Net assets without restrictions – Consists of amounts that are available for use in carrying out the supporting activities of the Initiative and not subject to donor-imposed stipulations. Net assets without restrictions totaled $1,158,264 and $1,236,402 as of December 31, 2022 and 2021, respectively.

Net assets with restrictions – Net assets that are contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the actions of the Initiative and /or the passage of time. Net assets with restrictions totaled $0 and $35,960 as of December 31, 2022 and 2021, respectively.

Prior Year Summarized Comparative Information
The financial statements and certain notes include certain prior year summarized comparative information in total. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended December 31, 2021, from which the summarized comparative information was derived.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates and Assumptions

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Initiative considers cash in the bank and all cash held on hand to be cash and cash equivalents with an original maturity date of three months or less.

Investments

Investments consist of marketable debt and equity securities and mutual funds. The Initiative accounts for investments in accordance with GAAP which requires that investments with readily determinable fair values be measured at fair value in the consolidated statements of financial position. Interest, dividends, realized and unrealized gain and loss on investments are recorded in the consolidated statements of activities. Realized gains and losses are determined on a specific identification basis.

Investment securities are exposed to various risks such as interest rate, market 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 that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Uncollectible promises are written off after management has used reasonable collection efforts and determines the promises will not be collected. All promises to give at December 31, 2022 and 2021 are receivable in less than one year.

Property and Equipment

Purchased and donated property and equipment with a cost of $1,000 or more with a life expectancy of more than one year are capitalized and are stated at cost and estimated fair market value at date of receipt, respectively, and are depreciated on the straight-line basis over the estimated useful lives of the various assets, which range from three to seven years.

Special Events

Revenues from events (for example, ticket sales and registration fees) are considered to be single performance obligations that are satisfied at a point in time and are recognized after the event.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants

Contributions and grants received are recorded as support with or without restrictions depending on the existence and/or nature of any donor/grantor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due more than one year in the future are reported at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions that are met in the same period as receipt are reported as support without restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without 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 restrictions, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net asset without restrictions and are reported in the consolidated statements of changes in net assets as assets released from restrictions.

Donated Assets and Services (Gifts In-Kind)

Donated materials, stock, furniture, equipment, and vehicles are recorded at their estimated fair value at date of receipt. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying Statement of Activities as contributions, memorials and bequests are offset by like amounts included in expenses.

The Initiative reports the donations as support without restriction, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Initiative reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Foundation’s program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Initiative providing those services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses (Continued)

Program services – Comprise activities that contribute to the Initiative's mission and consist of supporting lung cancer research and education.

Supporting services – Includes activities such as management and general services required to ensure an adequate working environment, provide administrative support and manage the Initiative's financial and budgetary functions. Fundraising expenses are the cost of the Initiative to solicit and obtain contributions and funding.

Income Taxes
The Initiative is exempt from income taxes under Internal Revenue Code Section 50l(c)(3) on its exempt function income and is classified by the IRS as a publicly supported Initiative. The Initiative is not aware of any unrelated business income for the years ended December 31, 2022 and 2021.

The Initiative evaluates any uncertain tax positions. Accordingly, the Initiative's policy is to record a liability for any tax position taken that is beneficial to the Initiative, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2022 and 2021.

Advertising Expense
The Initiative uses advertising to promote its programs and fundraising events among the audiences it serves. The cost of advertising is expensed as incurred. The Initiative incurred $17,858 and $12,397 in advertising costs for the years ended December 31, 2022 and 2021, respectively.

Recently Issued Accounting Standards
Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU 2020-07)— Effective in 2022, the amendments in this Update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets.

Effective January 1, 2022, the Initiative adopted the provisions of FASB ASC Topic 842 (ASU 2016-02), *Leases*. ASC 842 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases, except for those with a lease term of twelve months or less. Leases are classified as either finance leases or operating leases. The Initiative has elected to record in its financial statements the effect of FASB ASC 842 as of the beginning of the year of adoption, which is January 1, 2022. The comparative period ending December 31, 2021 is not presented under the provisions of FASB ASC 840.

2. CONCENTRATION OF CREDIT RISK

The Initiative occasionally maintains deposits in excess of federally insured limits. The Initiative maintains its cash balances in reputable financial institutions in the United States of American and accounts at each institution are insured by the Federal Deposit Insurance Corporations up to $250,000 at each financial institution. At December 31, 2022 and 2021, the Initiative's cash deposits exceed the FDIC insured limits by approximately $103,696 and $0, respectively.

3. INVESTMENTS

The Initiative's investments consist of the following:

	2022	2021
Certificates of deposit	$ 18,661	$ 19,831
Equities	322,066	367,369
Short-term bonds	94,001	99,510
Fixed income	57,655	60,818
	$ 492,383	$ 547,528

The following outlines the net investment income during the years ended December 31:

	2022	2021
Interest and dividends	$ 4,818	$ 8,969
Unrealized gain (loss)	(39,142)	63,487
Realized gain (loss)	(576)	(214)
Investment fees	(5,543)	(4,468)
Investment income, net	$ (40,443)	$ 67,774

4. FAIR VALUE MEASUREMENTS

The Initiative values its investments in accordance with a hierarchy that prioritizes the inputs to valuation techniques, giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement) when market prices are not readily available or reliable.

The three levels of the hierarchy under fair value measurements are described below:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs, which are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used.

4. FAIR VALUE MEASUREMENTS (Continued)

Unobservable inputs reflect the Initiative's own assumptions and would be based on the best information available.

Changes in valuation techniques could result in transfers in or out of an assigned level within the hierarchy. Interest income, including unrealized appreciation/depreciation earned on investments, is recognized as revenue without restrictions unless specifically restricted for use by the donor.

The following tables set forth by level, within the fair value hierarchy, the Initiative's investments at fair value on a recurring basis, as of December 31, 2022 and 2021:

December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Certificates of deposit	$ -	$ 18,661	$ -	$ 18,661
Equities	322,066	-	-	322,066
Short-term bond funds	94,001	-		94,001
Fixed income	-	57,655	-	57,655
	$ 416,067	$ 76,316	$ -	$ 492,383

December 31, 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Certificates of deposit	$ -	$ 19,831	$ -	$ 19,831
Equities	367,369	-	-	367,369
Short-term bond funds	99,510	-	-	99,510
Fixed income	-	60,818	-	60,818
	$ 466,879	$ 80,649	$ -	$ 547,528

5. NET ASSETS

Net assets with restrictions are those stipulated by donors for specific operating purposes, those not currently available for use until commitments regarding their use have been fulfilled and are composed of the following as of December 31, 2022 and 2021:

	2022	2021
Events	$ -	$ -
Walk/runs	-	-
Education	-	20,000
Survivor program	-	5,960
Corporate	-	-
Patient support	-	10,000
	$ -	$ 35,960

5. NET ASSETS (Continued)

The Initiative's board of directors has designated net assets without donor restrictions for the following purposes:

	2022	2021
Liquidity reserve	$ 377,520	$ 382,616
Legacy fund	422,223	448,018
Research grant commitments	-	205,000
	$ 799,743	$ 1,035,634

During the years ended December 31, 2022 and 2021, net assets released from restrictions totaled $35,960, and $135,852, respectively. The releases represent funds received from donors with restrictions that were spent during the year, according to the requirements set by the donor.

6. LEASE COMMITMENTS

Under ASC 842, if a contract provides the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

The Initiative has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

During the year ended December 31, 2022, the Initiative is a lessee in a noncancelable operating lease agreement for office space. The lease term began in January 2020 and continues for eight years through December 2027. The lease calls for starting monthly payments of $3,949.50 in the year 2020 with a 2.5% increase each year until expired as written in the lease

The lease liability is measured at a discount rate of 5.15%, based on the short-term lending rate as of the start of lease. As a result of the lease, the Initiative has recorded a right to use asset with original value of $274,202 and net book value of $237,152 as of December 31, 2022.

6. LEASE COMMITMENTS (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2022 were as follows:

Year Ending	Principal	Interest	Total
2023	$ 40,238	$ 10,800	$ 51,038
2024	43,621	8,693	52,314
2025	47,212	6,410	53,622
2026	51,021	3,942	54,963
2027	55,060	1,276	56,336
Total	$ 237,152	$ 31,121	$ 268,273

7. PAYCHECK PROTECTION PROGRAM

On April 27, 2021, the Initiative was granted and received a $66,965 loan under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Initiative initially recorded the loan as debt and recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer exists. The Initiative received notification that the loan was fully forgiven on August 15, 2022 and recognized $66,965 of loan forgiveness income for the year ended December 31, 2022.

8. EMPLOYEE RETENTION CREDIT

The Employee Retention Credit is a refundable tax credit against certain employment taxes equal to 50% Of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. Eligible employers can get immediate access to the credit by reducing employment tax deposits they are otherwise required to make. Also, if the employer's employment tax deposits are not sufficient to cover the credit, the employer may get an advance payment from the IRS.

For each employee, wages (including certain health plan costs) up to $10,000 can be counted to determine the amount of the 50% credit. Employers, including tax-exempt Initiatives, are eligible for the credit if they operate a trade or business during calendar year 2020 and experience either the full or partial suspension of the operation of their trade or business during any calendar quarter because of governmental orders limiting commerce, travel or group meetings due to COVID-19, or a significant decline in gross receipts.

The Initiative recorded a receivable and reimbursement income for the employee retention credit for their quarter one tax period of 2021 totaling $21,374 for the year ended December 31, 2021 and $0 for the year ended December 31, 2022.

9. LIQUIDITY AND AVAILABLITY OF FUNDS

As part of the Initiative's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Initiative invests cash in excess of daily requirements in an investment account.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	2022	2021
Cash	$ 619,252	$ 483,639
Investments	492,383	547,528
Accounts receivable	42,757	25,777
Promises to give	-	57,500
Less: accounts payable	(41,098)	(14,239)
Less: accrued expenses	(15,693)	(14,258)
Total financial assets available to meet general expenditures and liabilities within the next 12 months	$ 1,097,601	$ 1,085,947

At December 31, 2022 and 2021, all net assets without restrictions are available to meet cash needs for general expenditures of the Initiative with one year. Excess funds are available in the Initiative's investment account consisting of certificates of deposit and equities, if needed. Early redemption of the certificates of deposit may result in the Initiative incurring nominal monetary penalties.

10. COMMITMENTS

As of the years ended December 31, 2022 and 2021, the Initiative had multiple grant agreements for research that are committed and owed on January 1, 2022, and 2021, respectively. The amounts committed at year end are $167,000 and $205,000, respectively as of December 31, 2022 and 2021.

11. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through May 15, 2023, which is the date the financial statements were available to be issued.