

**AIDS LEGAL REFERRAL PANEL OF
THE SAN FRANCISCO BAY AREA**

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

AIDS LEGAL REFERRAL PANEL OF THE SAN FRANCISCO BAY AREA

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-15

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
AIDS Legal Referral Panel of the San Francisco Bay Area
San Francisco, California

Opinion

We have audited the accompanying financial statements of AIDS Legal Referral Panel of the San Francisco Bay Area (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, "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 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 audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Organization for the year ended December 31, 2021, were audited by other auditors, who expressed an unmodified opinion on those statements on May 19, 2022.

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.

Karissou & Lane, a.c.

Pleasanton, California
April 25, 2023

AIDS LEGAL REFERRAL PANEL OF THE SAN FRANCISCO BAY AREA

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>	2022	2021
CURRENT ASSETS:		
Cash	\$ 747,922	\$ 1,092,830
Restricted cash - held in trust	9,231	6,031
Investments	195,356	149,894
Other investments	201,255	200,252
Contributions and grants receivable	512,875	738,986
Prepaid expenses	24,590	19,594
Total current assets	1,691,229	2,207,587
Investments	396,496	-
Deposits	9,995	9,995
Right-of-use assets	632,737	-
Property and equipment, net	3,609	6,140
Total assets	\$ 2,734,066	\$ 2,223,722
 <u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 46,529	\$ 20,141
Accrued liabilities	123,783	138,456
Client trust liability	9,231	6,031
Current portion of lease obligation	96,785	-
Total current liabilities	276,328	164,628
Lease obligation	569,439	-
Total liabilities	845,767	164,628
 NET ASSETS:		
Without donor restrictions:		
Without board designations	1,461,296	1,457,515
Board designated reserve	243,973	250,000
Total net assets without donor restrictions	1,705,269	1,707,515
With donor restrictions	183,030	351,579
Total net assets	1,888,299	2,059,094
Total liabilities and net assets	\$ 2,734,066	\$ 2,223,722

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

AIDS LEGAL REFERRAL PANEL OF THE SAN FRANCISCO BAY AREA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Government grants	\$ 1,383,187	\$ -	\$ 1,383,187
Other grants and contributions	325,729	391,330	717,059
In-kind legal services	813,506	-	813,506
Events:			
Events revenue	212,898	-	212,898
Less: direct benefit to attendees	(93,171)	-	(93,171)
Investment loss	(4,640)	-	(4,640)
Other income	8,851	-	8,851
	2,646,360	391,330	3,037,690
Net assets released from restrictions	559,879	(559,879)	-
	3,206,239	(168,549)	3,037,690
EXPENSES:			
Program services	2,881,762	-	2,881,762
Support services:			
General and administrative	148,931	-	148,931
Fundraising	177,792	-	177,792
	3,208,485	-	3,208,485
CHANGE IN NET ASSETS	(2,246)	(168,549)	(170,795)
NET ASSETS, BEGINNING OF YEAR,	1,707,515	351,579	2,059,094
NET ASSETS, END OF YEAR	\$ 1,705,269	\$ 183,030	\$ 1,888,299

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

AIDS LEGAL REFERRAL PANEL OF THE SAN FRANCISCO BAY AREA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Government grants	\$ 1,370,489	\$ 195,400	\$ 1,565,889
Other grants and contributions	488,374	170,500	658,874
In-kind legal services	763,452	-	763,452
Events:			
Events revenue	151,766	-	151,766
Less: direct benefit to attendees	(18,422)	-	(18,422)
Investment income	21,091	-	21,091
Other income	4,990	-	4,990
	2,781,740	365,900	3,147,640
Net assets released from restrictions	398,611	(398,611)	-
	3,180,351	(32,711)	3,147,640
EXPENSES:			
Program services	2,585,249	-	2,585,249
Support services:			
General and administrative	122,361	-	122,361
Fundraising	226,902	-	226,902
	2,934,512	-	2,934,512
CHANGE IN NET ASSETS	245,839	(32,711)	213,128
NET ASSETS, BEGINNING OF YEAR,	1,461,676	384,290	1,845,966
NET ASSETS, END OF YEAR	\$ 1,707,515	\$ 351,579	\$ 2,059,094

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

AIDS LEGAL REFERRAL PANEL OF THE SAN FRANCISCO BAY AREA

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program	General and administrative	Fundraising	Total
Salaries	\$ 1,390,651	\$ 70,532	\$ 111,556	\$ 1,572,739
Legal services	813,506	-	-	813,506
Professional and contract services	196,339	32,205	36,913	265,457
Employee benefits	145,676	6,397	7,124	159,197
Payroll taxes	112,681	4,951	5,421	123,053
Rent	99,493	4,370	4,826	108,689
Special event expenses	-	124	93,171	93,295
Office expense	71,708	10,858	10,267	92,833
Insurance	25,498	345	333	26,176
Dues and subscriptions	16,591	2,081	330	19,002
Travel	3,739	8,121	118	11,978
Professional development	5,841	412	58	6,311
Other expense	39	4,988	846	5,873
Depreciation	-	2,531	-	2,531
Outreach	-	1,016	-	1,016
	<u>2,881,762</u>	<u>148,931</u>	<u>270,963</u>	<u>3,301,656</u>
Total expense by function				
Less direct benefit to donors included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>(93,171)</u>	<u>(93,171)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 2,881,762</u>	<u>\$ 148,931</u>	<u>\$ 177,792</u>	<u>\$ 3,208,485</u>

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

AIDS LEGAL REFERRAL PANEL OF THE SAN FRANCISCO BAY AREA

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program	General and administrative	Fundraising	Total
Salaries	\$ 1,300,633	\$ 62,885	\$ 143,051	\$ 1,506,569
Legal services	763,452	-	-	763,452
Employee benefits	138,850	7,209	13,703	159,762
Professional and contract services	61,390	24,281	34,170	119,841
Payroll taxes	103,097	4,933	10,483	118,513
Rent	94,050	4,498	9,641	108,189
Office expense	52,095	9,422	12,272	73,789
Insurance	29,944	307	797	31,048
Other expense	20,456	3,162	2,235	25,853
Special event expenses	-	-	18,422	18,422
Dues and subscriptions	13,590	1,407	427	15,424
Professional development	7,276	465	3	7,744
Depreciation	-	2,531	-	2,531
Travel	416	460	120	996
Outreach	-	801	-	801
Total expense by function	2,585,249	122,361	245,324	2,952,934
Less direct benefit to donors included with revenues on the statement of activities	-	-	(18,422)	(18,422)
Total expenses included in the expense section of the statement of activities	\$ 2,585,249	\$ 122,361	\$ 226,902	\$ 2,934,512

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

AIDS LEGAL REFERRAL PANEL OF THE SAN FRANCISCO BAY AREA

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (170,795)	\$ 213,128
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	2,531	2,531
Right-of-use asset amortization	92,973	-
Forgiveness of debt		(238,200)
Investment loss (income)	4,640	(14,126)
Changes in assets and liabilities that provided (used) cash:		
Contributions and grants receivable	226,111	(194,363)
Prepaid expenses	(4,996)	1,685
Accounts payable	26,388	23,627
Accrued liabilities	(14,673)	14,676
Client trust liability	3,200	-
Lease obligation	(59,486)	-
	105,893	(191,042)
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Purchases) sales of investments	(447,601)	307,990
	(447,601)	307,990
Net cash (used in) provided by investing activities		
NET CHANGE IN CASH AND RESTRICTED CASH	(341,708)	116,948
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR	1,098,861	981,913
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 757,153	\$ 1,098,861
SUPPLEMENTARY CASH FLOW INFORMATION:		
CASH	\$ 747,922	\$ 1,092,830
RESTRICTED CASH	9,231	6,031
TOTAL CASH AND RESTRICTED CASH	\$ 757,153	\$ 1,098,861

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

AIDS LEGAL REFERRAL PANEL OF THE SAN FRANCISCO BAY AREA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. ORGANIZATION

Nature of Operation - AIDS Legal Referral Panel of the San Francisco Bay Area (the “Organization”) is a nonprofit organization that was founded in 1983 to help people with HIV/AIDS maintain or improve their health by resolving their legal issues. ALRP accomplishes this by providing free and low-cost legal services to people with HIV/AIDS in the San Francisco Bay Area.

The Organization is the only institution in the San Francisco Bay Area solely dedicated to providing free and low-cost legal assistance and education on virtually any civil matter to persons living with HIV/AIDS. This includes such widely disparate areas as housing, bankruptcy/credit, immigration, employment, insurance, confidentiality matters, family law, government benefits, and public accommodations. This is accomplished through either direct representation of clients by one of the Organization’s staff attorneys or by careful placement of clients with one of the Organization’s panel attorneys.

The Organization aims to provide legal counsel and representation on often-complex legal matters with respect to HIV/AIDS for a community of individuals often least able to afford it, and to leverage the resources of the private bar for the public good. In the process, the Organization increases resources dedicated to the public interest through the private market, and increases the skill and capacity of the legal community to handle the intricacies of HIV/AIDS-related law and representation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations.

Classification of Net Assets - The Organization reports information regarding its financial position and activities according to two classes of net assets:

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value - ASC 820, *Fair Value Measurement*, includes a fair value hierarchy that is intended to increase the consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

- Level 1 - instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.
- Level 2 - instrument valuations are obtained from readily-available pricing sources for comparable instruments.
- Level 3 - instrument valuations are obtained without observable market values and require a high level of judgment to determine the fair value.

Cash - Cash consists of highly liquid investments with an original maturity of three months or less.

Restricted Cash Held in Trust - The Organization deposits cash for certain program participants in a trust account until such funds are to be distributed.

Investments - Investments are recorded at fair value based on real time quotes for transactions in active exchange markets involving identical assets (Level 1).

Other investments - Other investments consist of non-negotiable certificates of deposit with original maturities greater than ninety days and are presented at cost plus accrued interest.

Contributions and Grants Receivable - Contributions and grants receivable consist of unconditional promises to give. Delinquent grants receivable do not accrue interest. Unconditional promises to give that are expected to be collected in excess of one year are recorded at the present value of their estimated future cash flows. The Organization continually monitors the credit worthiness of each account and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. The Organization adjusts any allowance for subsequent collections and final determination that a receivable is no longer collectible. There was no allowance considered necessary at either December 31, 2022 or 2021.

Property and Equipment - Property and equipment is stated at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

Leases - The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use assets and lease liabilities in the statement of financial position. Right-of-use assets and lease obligations reflect the present value of the future minimum lease payments over the lease term, and right-of-use assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report right-of-use assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Revenue Recognition - Contributions and grants are recognized as revenue in the period unconditionally promised or received. The Organization reports contributions in the net assets with donor restrictions class if they are received with donor stipulations as to their use, or if the contribution contains an implied time restriction. They are initially reported in the net assets with donor restrictions class, even if it is anticipated such restrictions will be met in the current reporting period. Conditional promises to give for restricted purposes are presented as contributions without donor restrictions upon meeting the conditions if the condition and restriction are met in the same reporting period. If contributions are received without donor stipulations or an implied time restriction, they are considered unrestricted funds and are included as part of the Organization's net assets without donor restrictions. Cash received before conditions of contributions are met are deferred and presented as refundable advances on the statements of financial position.

In-Kind Legal Services - The Organization relies on in-kind services provided by attorneys. Each year, volunteer attorneys are asked to report their contributed hours, which are valued and recorded as revenue and expense in the accompanying financial statements. In addition, the Organization calculates and records an estimate of hours known contributed, but not reported by attorneys, based on the average hours contributed by each reporting volunteer. For both actual and estimated hours, the Organization applies a composite hourly rate of \$350 for small firms and solo practitioners and \$650 for larger firms. The in-kind services are expensed as programmatic legal services in the statements of functional expenses. In-kind service revenue and expense of \$813,506 and \$763,452 were recognized in the years ending December 31, 2022 and 2021, respectively.

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

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

Functional Expense Classification - The Organization charges and allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with the program or support service are assigned directly. Expenses common to several functions are allocated proportionate to personnel full time equivalent allocations assigned to each function.

Program costs include activities that result in goods and services being distributed to beneficiaries, customers, or members that fulfill the purpose or mission for which the Organization exists.

Support services include general and administrative costs and fundraising costs. General and administrative costs include oversight, business management, general record keeping, budgeting, financing, and related administrative activities. Fundraising costs include outreach to members; writing grant proposals; and conducting other activities involved with soliciting contributions.

Credit Risk - Financial instruments which potentially subject the Organization to credit risk consist principally of cash and cash equivalents, other investments, investments, and contributions and grants receivable. Cash and other investments are insured by the Federal Deposit Insurance Corporation. The Organization places its cash and other investments balances with high credit quality financial institutions and distributes deposits across institutions to reduce credit risk. As of December 31, 2022, deposits of approximately \$304,186 were held in excess of federally insured limits. Investments 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 near-term could materially affect the amounts reported in the statement of financial position. The Organization does not require collateral for its receivables, and has not experienced any losses in such amounts. Management believes that the organization is not exposed to any significant credit risk with respect to its cash, other investments, investments, or receivable balances.

New Accounting Pronouncements - As of January 1, 2022, the Organization adopted Accounting Standards Update (“ASU”) number 2016-02, *Leases* on an effective date basis, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU 2016-02, the Organization recognized right-of-use assets and liabilities of \$725,710 at January 1, 2022 in its statement of financial position. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

Reclassifications - Certain 2021 balances have been reclassified to conform to the 2022 financial statement presentation.

3. INVESTMENTS

Investments consisted of the following at December 31, 2022 and 2021, respectively.

	<u>2022</u>	<u>2021</u>
Fixed income securities	<u>\$ 591,852</u>	<u>\$ 149,894</u>

4. PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Furniture and office equipment	20,746	20,746
Less: Accumulated depreciation	<u>(17,137)</u>	<u>(14,606)</u>
Net property and equipment	<u>\$ 3,609</u>	<u>\$ 6,140</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Housing advocacy and prevention of homelessness	\$ 135,000	\$ 175,001
Senior programming	36,161	167,033
Other programmatic purposes	<u>11,869</u>	<u>9,545</u>
Total net assets with donor restrictions	<u>\$ 183,030</u>	<u>\$ 351,579</u>

6. BOARD DESIGNATED RESERVE

The Board of Directors has designated a portion of the Organization's *net assets without donor restrictions* to support future services in the event of possible funding reductions.

7. LIQUIDITY AND AVAILABILITY

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

Financial assets:

Cash and cash equivalents	\$	747,922
Restricted cash - held in trust		9,231
Investments		591,852
Investments - other		201,255
Contributions and grants receivable		<u>512,875</u>
Total financial assets		2,063,135

Less amounts unavailable for general expenditures within one year due to:

Cash restricted for program participants	(9,231)
Investments with maturities beyond one year	(396,496)
Board designated reserve	<u>(243,973)</u>
Total financial assets available for general expenditures within one year	<u>\$ 1,413,435</u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization 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.

8. RETIREMENT PLAN

The Organization has a defined contribution plan (the "Plan") covering all employees who meet minimum requirements. The Plan conforms to the provisions set by the Internal Revenue Service Code Section 403(b), *Tax Sheltered Annuity Plans*. Under the 403(b) Plan, the Organization may make discretionary contributions on behalf of employees to the Plan. The Organization made no contributions to the Plan during the years ended December 31, 2022 and 2021, respectively.

9. LEASES

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

For the years ended December 31, 2022 and 2021, total operating lease cost was \$108,689 and \$109,257, respectively. As of December 31, 2022, the weighted-average remaining lease term for the Organization's operating leases was approximately 6 years. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022, was 1.8%. Cash paid for operating leases for the year ended December 31, 2022, was \$100,370. There were no noncash investing and financing transactions related to leasing.

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

<u>Year end December 31,</u>	
2023	\$ 108,214
2024	111,064
2025	113,914
2026	116,764
2027	119,371
2028	116,801
2029	<u>19,475</u>
Subtotal	705,603
Less present value discount	<u>(39,379)</u>
Total lease obligation	<u>\$ 666,224</u>

10. CONCENTRATIONS

Approximately 95% of contributions and grants receivable at December 31, 2022 are due from local government agencies and one nonprofit organization. Approximately 44% of all revenues are derived from contracts with local governments.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 25, 2023, which is the date the financial statements were available to be issued.