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# **Sharsheret, Inc.**

## **Independent Auditor's Report and Financial Statements**

December 31, 2022 and 2021

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**Sharsheret, Inc.**  
**December 31, 2022 and 2021**

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## Independent Auditor's Report

Board of Directors  
Sharsheret, Inc.  
Teaneck, New Jersey

### **Opinion**

We have audited the financial statements of Sharsheret, Inc., 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 accompanying financial statements present fairly, in all material respects, the financial position of Sharsheret, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Sharsheret, Inc. 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.

### **Emphasis of Matter**

As discussed in *Note 4* to the financial statements, in 2022, Sharsheret, Inc. adopted new accounting guidance for accounting for leases. Our opinion is not modified with respect to this matter.

### **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 Sharsheret, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 GAAS 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 GAAS, 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 Sharsheret, Inc.'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 Sharsheret, Inc.'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.

**FORVIS,LLP**

New York, New York  
November 6, 2023

**Sharsheret, Inc.**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,021,904	\$ 1,284,926
Investments	12,358,925	11,668,234
Investment - 457(b) plan	65,539	58,723
Contributions receivable	880,804	344,528
Government grant receivable	33,192	23,687
Prepaid expenses and other assets	151,643	55,467
Right-of-use assets - operating	112,636	-
Right-of-use assets - financing	16,117	-
	<u>\$ 14,640,760</u>	<u>\$ 13,435,565</u>
Total assets		
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 254,271	\$ 224,818
Deferred rent payable	-	175
Deferred compensation payable	65,539	58,723
Operating lease liability	116,829	-
Financing lease liability	16,251	-
	<u>452,890</u>	<u>283,716</u>
Total liabilities		
<b>Net Assets</b>		
Without donor restrictions	12,953,182	12,443,984
With donor restrictions	1,234,688	707,865
	<u>14,187,870</u>	<u>13,151,849</u>
Total net assets		
Total liabilities and net assets	<u>\$ 14,640,760</u>	<u>\$ 13,435,565</u>

**Sharsheret, Inc.**  
**Statements of Activities**  
**Years Ended December 31, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, Losses, and Other Support</b>						
Contributions	\$ 3,440,016	\$ 1,688,244	\$ 5,128,260	\$ 2,591,106	\$ 809,253	\$ 3,400,359
Contributions - in-kind	30,885	-	30,885	10,363	-	10,363
Special events	\$ 2,176,159			\$ 1,712,149		
Less direct costs of special events	<u>(423,309)</u>	-	1,752,850	<u>(154,164)</u>	-	1,557,985
Government grant	377,838	-	377,838	366,164	-	366,164
Rental income	-	-	-	7,500	-	7,500
Net investment return	(1,263,631)	-	(1,263,631)	871,129	-	871,129
Forgiveness of loans	-	-	-	726,824	-	726,824
Net assets released from restrictions	<u>1,161,421</u>	<u>(1,161,421)</u>	<u>-</u>	<u>1,413,005</u>	<u>(1,413,005)</u>	<u>-</u>
Total revenues, gains, losses, and other support	<u>5,499,379</u>	<u>526,823</u>	<u>6,026,202</u>	<u>7,544,076</u>	<u>(603,752)</u>	<u>6,940,324</u>
<b>Expenses</b>						
Support programs and services	1,824,604	-	1,824,604	1,391,979	-	1,391,979
Education and outreach programs	<u>2,312,644</u>	<u>-</u>	<u>2,312,644</u>	<u>1,992,671</u>	<u>-</u>	<u>1,992,671</u>
Total program services	<u>4,137,248</u>	<u>-</u>	<u>4,137,248</u>	<u>3,384,650</u>	<u>-</u>	<u>3,384,650</u>
Management and general	358,593	-	358,593	302,145	-	302,145
Fundraising	<u>494,340</u>	<u>-</u>	<u>494,340</u>	<u>407,840</u>	<u>-</u>	<u>407,840</u>
Total support services	<u>852,933</u>	<u>-</u>	<u>852,933</u>	<u>709,985</u>	<u>-</u>	<u>709,985</u>
Total expenses	<u>4,990,181</u>	<u>-</u>	<u>4,990,181</u>	<u>4,094,635</u>	<u>-</u>	<u>4,094,635</u>
<b>Change in Net Assets</b>	509,198	526,823	1,036,021	3,449,441	(603,752)	2,845,689
<b>Net Assets, Beginning of Year</b>	<u>12,443,984</u>	<u>707,865</u>	<u>13,151,849</u>	<u>8,994,543</u>	<u>1,311,617</u>	<u>10,306,160</u>
<b>Net Assets, End of Year</b>	<u>\$ 12,953,182</u>	<u>\$ 1,234,688</u>	<u>\$ 14,187,870</u>	<u>\$ 12,443,984</u>	<u>\$ 707,865</u>	<u>\$ 13,151,849</u>

**Sharsheret, Inc.**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2022 and 2021**

	2022								
	Program Services			Support Services					
	Support Programs and Services	Education and Outreach Programs	Program Services Total	Management and General	Fundraising	Direct Costs of Special Events	Total Fundraising Expense	Total Supporting Services	Total
Salaries	\$ 740,306	\$ 1,503,045	\$ 2,243,351	\$ 176,232	\$ 279,112	\$ -	\$ 279,112	\$ 455,344	\$ 2,698,695
Payroll taxes and employee benefits	81,885	166,251	248,136	19,493	30,719	-	30,719	50,212	298,348
Telephone and online communications	42,585	86,461	129,046	6,785	10,747	-	10,747	17,532	146,578
Quality of Life Services	685,539	-	685,539	-	-	-	-	-	685,539
Occupancy	26,662	54,132	80,794	6,347	10,052	-	10,052	16,399	97,193
Equipment rental and purchases	10,138	20,583	30,721	3,822	2,413	-	2,413	6,235	36,956
Professional fees	36,877	74,871	111,748	43,577	358	-	358	43,935	155,683
Publicity and media	25,977	52,742	78,719	-	15,606	-	15,606	15,606	94,325
Postage, printing, and publications	122,073	247,844	369,917	1,000	111,161	-	111,161	112,161	482,078
Travel and conferences	31,529	64,013	95,542	979	26,563	-	26,563	27,542	123,084
Insurance	4,558	9,253	13,811	497	1,394	-	1,394	1,891	15,702
Office supplies	12,626	25,635	38,261	31,584	4,764	-	4,764	36,348	74,609
Caterer, music, and facility rental (including donated tickets and supplies of \$30,885)	-	-	-	-	-	423,309	423,309	423,309	423,309
Credit card fees	-	-	-	59,453	-	-	-	59,453	59,453
Volunteer expenses	3,849	7,814	11,663	916	1,451	-	1,451	2,367	14,030
Bad debt	-	-	-	7,908	-	-	-	7,908	7,908
<b>Total expenses</b>	<b>1,824,604</b>	<b>2,312,644</b>	<b>4,137,248</b>	<b>358,593</b>	<b>494,340</b>	<b>423,309</b>	<b>917,649</b>	<b>1,276,242</b>	<b>5,413,490</b>
Less expenses deducted directly from revenues on the statements of activities									
Direct costs of special events	-	-	-	-	-	(423,309)	(423,309)	(423,309)	(423,309)
<b>Total expenses reported by function on the statements of activities</b>	<b>\$ 1,824,604</b>	<b>\$ 2,312,644</b>	<b>\$ 4,137,248</b>	<b>\$ 358,593</b>	<b>\$ 494,340</b>	<b>\$ -</b>	<b>\$ 494,340</b>	<b>\$ 852,933</b>	<b>\$ 4,990,181</b>

**Sharsheret, Inc.**  
**Statements of Functional Expenses (Continued)**  
**Years Ended December 31, 2022 and 2021**

	2021								
	Program Services			Support Services					
	Support Programs and Services	Education and Outreach Programs	Program Services Total	Management and General	Fundraising	Direct Costs of Special Events	Total Fundraising Expense	Total Supporting Services	Total
Salaries	\$ 633,058	\$ 1,285,300	\$ 1,918,358	\$ 163,795	\$ 279,765	\$ -	\$ 279,765	\$ 443,560	\$ 2,361,918
Payroll taxes and employee benefits	80,268	162,969	243,237	20,768	35,473	-	35,473	56,241	299,478
Telephone and online communications	44,667	90,688	135,355	3,083	3,022	-	3,022	6,105	141,460
Quality of Life Services	410,516	-	410,516	-	-	-	-	-	410,516
Occupancy	24,944	50,644	75,588	6,454	11,023	-	11,023	17,477	93,065
Equipment rental and purchases	8,295	16,842	25,137	2,146	3,664	-	3,664	5,810	30,947
Professional fees	31,317	63,584	94,901	26,933	373	-	373	27,306	122,207
Publicity and media	23,223	47,149	70,372	-	799	-	799	799	71,171
Postage, printing, and publications	80,589	163,620	244,209	1,646	63,430	-	63,430	65,076	309,285
Travel and conferences	46,040	93,475	139,515	5,246	501	-	501	5,747	145,262
Insurance	1,846	3,748	5,594	62	159	-	159	221	5,815
Office supplies	3,372	6,847	10,219	11,901	7,932	-	7,932	19,833	30,052
Caterer, music, and facility rental (including donated tickets and supplies of \$10,363)	-	-	-	-	-	154,164	154,164	154,164	154,164
Credit card fees	-	-	-	48,602	-	-	-	48,602	48,602
Volunteer expenses	3,844	7,805	11,649	995	1,699	-	1,699	2,694	14,343
Bad debt	-	-	-	10,514	-	-	-	10,514	10,514
<b>Total expenses</b>	<b>1,391,979</b>	<b>1,992,671</b>	<b>3,384,650</b>	<b>302,145</b>	<b>407,840</b>	<b>154,164</b>	<b>562,004</b>	<b>864,149</b>	<b>4,248,799</b>
Less expenses deducted directly from revenues on the statements of activities									
Direct costs of special events	-	-	-	-	-	(154,164)	(154,164)	(154,164)	(154,164)
<b>Total expenses reported by function on the statements of activities</b>	<b>\$ 1,391,979</b>	<b>\$ 1,992,671</b>	<b>\$ 3,384,650</b>	<b>\$ 302,145</b>	<b>\$ 407,840</b>	<b>\$ -</b>	<b>\$ 407,840</b>	<b>\$ 709,985</b>	<b>\$ 4,094,635</b>



**Sharsheret, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating Activities</b>		
Change in net assets	\$ 1,036,021	\$ 2,845,689
Items not requiring (providing) cash		
Provision for bad debt	9,251	9,251
Forgiveness of loans	-	(726,824)
Net realized and unrealized (gains) losses on investments	1,478,414	(508,797)
Noncash operating lease expense	4,018	-
Amortization	8,058	-
Changes in		
Contributions receivable	(545,527)	183,362
Government grant receivable	(9,505)	(1,639)
Prepaid expenses and other assets	(96,176)	18,961
Accounts payable and accrued expenses	29,453	34,503
Deferred rent payable	-	(2,960)
Deferred compensation payable	6,816	9,174
Net cash provided by operating activities	1,920,823	1,860,720
<b>Investing Activities</b>		
Proceeds from disposition of investments	1,265,442	1,765,100
Purchases of investments	(3,441,363)	(3,896,819)
Net cash used in investing activities	(2,175,921)	(2,131,719)
<b>Financing Activities</b>		
Proceeds from loan	-	361,043
Principal payments on financing lease liability	(7,924)	-
Net cash provided by financing activities	(7,924)	361,043
<b>Net Change in Cash and Cash Equivalents</b>	(263,022)	90,044
<b>Cash and Cash Equivalents, Beginning of Year</b>	1,284,926	1,194,882
<b>Cash and Cash Equivalents, End of Year</b>	\$ 1,021,904	\$ 1,284,926

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

Sharsheret, Inc. (the Organization) is a national not-for-profit organization supporting young Jewish women and their families facing breast cancer. The Organization's mission is to offer a community of support to women, of all backgrounds, diagnosed with breast cancer or at increased genetic risk, by fostering culturally relevant individualized connections with networks of peers, health professionals, and related resources. The Organization's programs are open to all women and men.

The Organization's revenues and other support are derived principally from contributions and special events.

The Organization offers the following national programs:

***Support Programs and Services***

***Peer Support Network***, connecting women newly diagnosed or at high risk of developing breast cancer or ovarian cancer one-on-one with others who share similar diagnoses and experiences.

***Embrace***, supporting women living with advanced breast cancer and ovarian cancer.

***Genetics for Life***, addressing hereditary breast cancer and ovarian cancer.

***Thriving Again***, providing individualized support, education, and survivorship navigation for breast cancer survivors.

***Busy Box***, for young parents facing cancer.

***Best Face Forward***, addressing the cosmetic side effects of treatment.

***Sharsheret Supports***, developing local support groups and programs.

***Family Focus***, providing resources and support for caregivers and family members.

***Ovarian Cancer Program***, tailored resources and support for young Jewish women and families facing ovarian cancer.

***Best Face Forward 2.0***, provides services and subsidies for eligible individuals for non-medical services that are critical to a woman's quality of life and body image.

***Education and Outreach Programs***

***Health Care Symposia***, on issues unique to younger women facing breast cancer and ovarian cancer.

***Sharsheret on Campus***, outreach to students on campus.

***Sharsheret Educational Resource Booklet Series***, culturally relevant publications for Jewish women, their families, and health care professionals.

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

***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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At December 31, 2022 and 2021, cash equivalents consisted primarily of money market accounts.

At December 31, 2022, the Organization's cash accounts exceeded federally insured limits by approximately \$232,000.

***Investments and Net Investment Return***

Investments are carried at fair value.

The Organization invests in various investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the Organization's financial statements.

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

***Long-Lived Asset Impairment***

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2022 and 2021.

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

**Contributions**

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

***Government Grants***

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

***Allowance for Doubtful Accounts***

The Organization determines whether an allowance for uncollectibles should be provided for contributions and government grants receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information. Contributions and government grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. As of December 31, 2022 and 2021, no allowance for doubtful accounts was deemed necessary.

***Income Taxes***

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction.

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on the time spent by personnel in the various departments.

***Changes in Accounting Principles***

In 2022, The Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 2: Contributions Receivable**

The Organization received unconditional promises to give. Contributions receivable are due as follows:

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Due within one year	\$ 639,449	\$ 137,500	\$ 776,949
Due within one to five years	-	103,855	103,855
	\$ 639,449	\$ 241,355	\$ 880,804
	<b>2021</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Due within one year	\$ 86,528	\$ 195,500	\$ 282,028
Due within one to five years	-	62,500	62,500
	\$ 86,528	\$ 258,000	\$ 344,528

**Note 3: Government Grant**

The Organization entered into a cooperative agreement with the Centers for Disease Control and Prevention to enhance and sustain structured support services for Jewish young women facing breast cancer. The current grant, effective October 2019, is for \$1,800,000 over five years, and is a conditional grant. In addition, the Organization received two budget modifications on the grant for \$100,000 in 2022 for the 2023 fiscal year. In 2022 and 2021, the Organization recognized \$377,838 and \$366,164, respectively. The unspent balance available as of December 31, 2022 and 2021 was \$722,710 and \$1,000,548, respectively.

Subsequent to the end of the year, the Organization received an additional budget modification of \$100,000 for the 2024 fiscal year.

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 4: Leases**

***Changes in Accounting Principles***

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under Accounting Standards Codification (ASC) 840 option.

The Organization adopted Topic 842 on January 1, 2022, using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Organization elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification, or initial direct costs for existing or expired leases prior to the effective date. The Organization has lease agreements with nonlease components that relate to the lease components. The Organization elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Organization elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The Organization did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$189,927 and \$190,102, respectively, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. The standard did not significantly affect the statements of activities or cash flows.

The cumulative effect of the changes made to the statement of financial position for the adoption of this standard was as follows:

	December 31, 2021 As Reported	ASC 842 Adjustment on January 1, 2022	January 1, 2022 As Adjusted
<b>Assets</b>			
Right-of-use assets - operating leases (A)	\$ -	\$ 189,927	\$ 189,927
<b>Liabilities</b>			
Deferred rent (B)	175	(175)	-
Operating lease liabilities (C)	-	190,102	190,102

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- (A) The adjustment represents the capitalization of right-of-use assets – operating leases.
- (B) The adjustment represents the reclassification of straight-line rent accruals.
- (C) The adjustment represents the recognition of operating lease liabilities.

***Accounting Policies***

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines any lease and nonlease components such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and liabilities.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term. Payments on leases in excess of the fixed rent amount used in the determination of the lease liability are variable payments.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

***Nature of Leases***

The Organization has entered into the following lease arrangements:

***Finance Leases***

These leases mainly consist of equipment. Termination of the leases generally is prohibited unless there is a violation under the lease agreement.

***Operating Leases***

The Organization entered into a noncancelable lease for office space in New Jersey. The lease expires May 31, 2024.



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*All Leases*

The Organization has no material related-party leases.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Quantitative Disclosures**

The lease cost and other required information for the year ended December 31, 2022 is:

Lease cost	
Finance lease cost	
Amortization of right-of-use asset	\$ 8,060
Interest on lease liabilities	332
Operating lease cost	80,782
Short-term lease cost	-
	<hr/>
Total lease cost	<u>\$ 89,174</u>
Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	\$ 309
Financing cash flows from finance leases	7,947
Operating cash flows from operating leases	76,764
Right-of-use assets obtained in exchange for new finance lease liabilities	-
Right-of-use assets obtained in exchange for new operating lease liabilities	-
Weighted-average remaining lease term	
Finance leases	2 years
Operating leases	1.42 years
Weighted-average discount rate	
Finance leases	1.67%
Operating leases	2.3%

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Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2022 are as follows:

	<b>Finance Leases</b>	<b>Operating Leases</b>
2023	\$ 8,256	\$ 83,742
2024	8,256	34,893
Total future undiscounted lease payments	16,512	118,635
Less interest	(261)	(1,806)
Lease liabilities	\$ 16,251	\$ 116,829

***Prior Year Disclosures Under Topic 840***

Operating leases are recorded on the straight-line basis over the term of the lease. At December 31, 2021, deferred rent was recorded where there were differences between the payment and the rent expense.

Future minimum lease payments under the terms of the lease are as follows:

2022	\$ 76,764
2023	83,742
2024	34,893
	\$ 195,399

Rent expense for all operating leases for the year ended December 31, 2021 was \$84,504.

***Sublease Arrangement***

In 2020, the Organization subleased part of their New Jersey space for \$1,000 a month. Rental income for the years ended December 31, 2021 was \$7,500.

**Note 5: Pension and Other Postretirement Benefit Plans**

***Defined Contribution Plan***

The Organization has a 403(b) plan covering employees working 12 or more hours per week. The Plan allows for discretionary contributions by the Organization. Pension expense was \$39,645 and \$36,452 for the years ended December 31, 2022 and 2021, respectively.

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**Note 6: Deferred Compensation Agreement**

The Organization established a deferred compensation agreement for executives selected by the Board of Directors. The funds are maintained in segregated investment accounts and are payable under the terms of the agreement. Contributions were \$10,000 in 2022 and 2021. The estimated liability at December 31, 2022 and 2021 was \$65,539 and \$58,723, respectively.

**Note 7: Net Assets With Donor Restrictions**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<b>2022</b>	<b>2021</b>
Subject to expenditure for specified purpose		
Support programs and services	\$ 861,104	\$ 463,681
Education and outreach programs	211,084	134,184
	1,072,188	597,865
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	162,500	110,000
	<b>\$ 1,234,688</b>	<b>\$ 707,865</b>

***Net Assets Released from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<b>2022</b>	<b>2021</b>
Expiration of time restrictions	\$ 47,500	\$ 157,520
Satisfaction of purpose restrictions		
Support programs and services	852,833	941,792
Education and outreach programs	261,088	313,693
	1,113,921	1,255,485
	<b>\$ 1,161,421</b>	<b>\$ 1,413,005</b>

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**Note 8: Liquidity and Availability**

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

	<u>2022</u>	<u>2021</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 1,021,904	\$ 1,284,926
Investments	12,358,925	11,668,234
Investment - 457(b) plan	65,539	58,723
Contributions receivable	880,804	344,528
Government grant receivable	<u>33,192</u>	<u>23,687</u>
Total financial assets	14,360,364	13,380,098
Donor imposed restrictions		
Funds with donor restrictions	<u>(1,234,688)</u>	<u>(707,865)</u>
Net financial assets after donor-imposed restrictions	13,125,676	12,672,233
Internal designations		
Investment - 457(b) plan	<u>(65,539)</u>	<u>(58,723)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,060,137</u>	<u>\$ 12,613,510</u>

The Organization manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term expenditures and operating needs, and maintaining sufficient liquidity to provide reasonable assurance that long-term obligations will be discharged. The Organization monitors liquidity and cash flow on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs.

**Note 9: Investments and Disclosures About Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

**Level 1**     Quoted prices in active markets for identical assets or liabilities

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- Level 2**    Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3**    Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

***Recurring Measurements***

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022 and 2021:

	2022			
	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Blended	\$ 2,982,144	\$ 2,982,144	\$ -	\$ -
Exchange-traded funds (ETF)				
Equity - domestic	8,624,804	8,624,804	-	-
Equities				
Domestic	146	146	-	-
Total investments reported on the fair value hierarchy	11,607,094	<u>\$ 11,607,094</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	817,370			
	<u>\$ 12,424,464</u>			
Reconciliation to statements of financial position				
Investments	\$ 12,358,925			
Investment - 457(b) plan	65,539			
	<u>\$ 12,424,464</u>			

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	2021			
	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Blended	\$ 2,136,861	\$ 2,136,861	\$ -	\$ -
Equity - domestic	<u>8,773,161</u>	<u>8,773,161</u>	<u>-</u>	<u>-</u>
Total investments reported on the fair value hierarchy	10,910,022	<u>\$ 10,910,022</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and cash equivalents	<u>816,935</u>			
	<u>\$ 11,726,957</u>			
Reconciliation to statements of financial position				
Investments	\$ 11,668,234			
Investment - 457(b) plan	<u>58,723</u>			
Total	<u>\$ 11,726,957</u>			

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2022 and 2021.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

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

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**Note 10: Loan Payable**

On December 27, 2020, the *Consolidated Appropriations Act of 2021* was signed into law and, among other things, established a new “Second Draw” Paycheck Protection Program (PPP). The Organization received a second PPP loan of \$361,043 on January 28, 2021 pursuant to the Paycheck Protection Program Second Draw. The loan was due in five years from the date of the first disbursement and had a fixed interest rate of 1% per year.

As of September 10, 2021, the Organization’s second PPP Loan of \$361,043 was approved for full forgiveness and recognized as a gain. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audits, adjustments could be required to any gain recognized.

**Note 11: Revenue from Contracts with Special Event Attendees**

***Special Events Revenue***

Revenue from special events is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event.

***Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations***

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over a period of time is generally recognized when goods are provided to donors over a period of time and the Organization does not believe it is required to provide additional goods or services related to that sale.

***Transaction Price***

The Organization determines the transaction price based on standard charges for goods and services provided. For the years ended December 31, 2022 and 2021, the Organization recognized revenue of approximately \$244,000 and \$28,000, respectively, from goods and services that transfer to the attendee over a period of time.

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**Note 12: Contributed Nonfinancial Assets**

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

	2022	2021
Supplies	\$ 18,038	\$ 1,620
Food	2,783	362
Flowers	4,234	1,213
Hotel	1,100	-
Car service	500	-
Photographer	75	-
Security guard	2,200	-
Donated services	1,800	-
Venue	155	-
Tickets	-	7,168
	-	7,168
Event costs	\$ 30,885	\$ 10,363
Auction items	\$ 6,400	\$ -

Contributed nonfinancial items included items donated for the auction during the special events held by the Organization. The Organization estimated the fair value on the basis of estimates of values that would be received for selling similar products in the United States. In addition, Organization supplies are valued based on the purchase price for similar items.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

**Note 13: Related-Party Transaction**

The Organization uses an investment firm that employs a family member of a board member in a managerial position. The Organization paid fees to the investment company of approximately \$25,000 in 2022 and 2021.

**Note 14: Subsequent Events**

Subsequent events have been evaluated through November 6, 2023, which is the date the financial statements were available to be issued.