TEAM IMPACT, INC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

LMHS, P.C.
Certified Public Accountants and Advisors

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Team Impact, Inc.
Quincy, Massachusetts

We have audited the financial statements of Team Impact, 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 Team Impact, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Team Impact, Inc. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Team Impact, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 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 Team Impact, 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 Team Impact, 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.

LMHS, P.C.

LMHS, P.C.
Norwell, Massachusetts

September 29, 2023

TEAM IMPACT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 4,013,239	$ 4,565,269
Pledges Receivable	659,319	1,361,385
Prepaid Expenses and Other	65,729	67,614
	4,738,287	5,994,268
PROPERTY AND EQUIPMENT:		
Computer Software	54,530	54,530
Furniture	61,228	61,228
Website and Digital Technology	546,360	546,360
	662,118	662,118
Accumulated Depreciation	(377,634)	(290,671)
	284,484	371,447
OTHER ASSETS:		
Pledges Receivable	166,000	-
Right of Use Assets	501,082	-
	$ 5,689,853	$ 6,365,715
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current Portion of Long-Term Lease Liabilities	$ 262,325	$ -
Accounts Payable and Accrued Expenses	110,762	93,378
Accrued Payroll and Related	284,641	220,190
	657,728	313,568
LONG-TERM LIABILITIES:		
Deferred Rent	-	39,287
Long-Term Lease Liabilities, Net of Current Portion	277,628	-
	277,628	39,287
TOTAL LIABILITIES	935,356	352,855
NET ASSETS:		
Without Donor Restrictions	3,770,973	4,087,408
With Donor Restrictions	983,524	1,925,452
	4,754,497	6,012,860
	$ 5,689,853	$ 6,365,715

See Notes to Financial Statements

TEAM IMPACT, 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
REVENUE AND OTHER SUPPORT:						
Contributions of Cash and Other Financial Assets	$ 3,206,512	$ 350,000	$ 3,556,512	$ 3,809,901	$ 688,871	$ 4,498,772
Contributions of Nonfinancial Assets	1,279,509	-	1,279,509	419,795	-	419,795
Special Events:						
Events Revenue - Cash and Other Financial Assets	3,577,139	45,000	3,622,139	2,965,610	110,000	3,075,610
Events Revenue - Nonfinancial Assets	188,393	-	188,393	91,021	-	91,021
Events Expense	(1,147,477)	-	(1,147,477)	(1,053,635)	-	(1,053,635)
	2,618,055	45,000	2,663,055	2,002,996	110,000	2,112,996
Dividend Income	5,595	-	5,595	27	-	27
Interest Income	11	-	11	7	-	7
Other Income (Loss)	16,460	-	16,460	(95,728)	-	(95,728)
Net Assets Released From Restrictions	1,336,928	(1,336,928)	-	668,349	(668,349)	-
TOTAL REVENUE AND OTHER SUPPORT	8,463,070	(941,928)	7,521,142	6,805,347	130,522	6,935,869
EXPENSES:						
Program Expense	7,354,721	-	7,354,721	4,601,021	-	4,601,021
Fundraising Expense	882,247	-	882,247	610,443	-	610,443
Management and General	542,537	-	542,537	364,357	-	364,357
	8,779,505	-	8,779,505	5,575,821	-	5,575,821
CHANGE IN NET ASSETS	(316,435)	(941,928)	(1,258,363)	1,229,526	130,522	1,360,048
NET ASSETS AT BEGINNING OF YEAR	4,087,408	1,925,452	6,012,860	2,857,882	1,794,930	4,652,812
NET ASSETS AT END OF YEAR	$ 3,770,973	$ 983,524	$ 4,754,497	$ 4,087,408	$ 1,925,452	$ 6,012,860

See Notes to Financial Statements

TEAM IMPACT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Program Expense	Fundraising Expense	Management and General	Total	Program Expense	Fundraising Expense	Management and General	Total
PERSONNEL EXPENSES:								
Salaries and Wages	$ 3,637,723	$ 555,654	$ 259,599	$ 4,452,976	$ 2,701,860	$ 386,228	$ 135,012	$ 3,223,100
Payroll Taxes	325,955	44,255	23,770	393,980	198,158	25,421	9,629	233,208
Employee Benefits	605,323	75,153	43,588	724,064	585,341	55,777	23,925	665,043
TOTAL PERSONNEL EXPENSES	4,569,001	675,062	326,957	5,571,020	3,485,359	467,426	168,566	4,121,351
Case Management	328,473	-	-	328,473	243,197	-	-	243,197
Dues and Subscriptions	30,949	15,206	10,609	56,764	23,414	11,000	7,943	42,357
Events	41,889	1,147,477	-	1,189,366	16,168	1,053,635	-	1,069,803
Grants	48,223	-	-	48,223	32,721	-	-	32,721
Information Technology	18,713	-	9,087	27,800	50,441	237	5,484	56,162
Insurance	20,016	406	-	20,422	14,283	-	-	14,283
Marketing and Communications	1,581,419	22,903	8,186	1,612,508	273,374	44,923	7,630	325,927
Miscellaneous Expense	390	270	4,999	5,659	90	12	2,276	2,378
Office Equipment	21,902	528	3,534	25,964	-	-	-	-
Office Expense	50,535	43,967	20,720	115,222	25,451	15,291	47,129	87,871
Processing Fees	109,503	12,207	9,665	131,375	-	-	-	-
Professional Fees	106,297	7,711	98,553	212,561	95,505	15,202	81,918	192,625
Rent and Occupancy	217,434	20,146	26,431	264,011	219,957	21,180	27,895	269,032
Telephone	24,882	400	150	25,432	16,884	1,828	1,080	19,792
Travel	113,786	76,484	14,949	205,219	19,487	25,082	4,108	48,677
Depreciation	71,309	6,957	8,697	86,963	84,690	8,262	10,328	103,280
TOTAL EXPENSES	7,354,721	2,029,724	542,537	9,926,982	4,601,021	1,664,078	364,357	6,629,456
Less: Special Events Expense netted against Special Events Revenue	-	(1,147,477)	-	(1,147,477)	-	(1,053,635)	-	(1,053,635)
TOTAL FUNCTIONAL EXPENSES	$ 7,354,721	$ 882,247	$ 542,537	$ 8,779,505	$ 4,601,021	$ 610,443	$ 364,357	$ 5,575,821

See Notes to Financial Statements

TEAM IMPACT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ (1,258,363)	$ 1,360,048
Adjustments to Reconcile Changes in Net Assets to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	86,963	103,280
Loss on Disposal of Property and Equipment	-	95,092
Change in Measurement of Operating Lease	(416)	-
Change in Operating Assets and Liabilities:		
(Increase) Decrease In:		
Pledges Receivable	536,066	(185,385)
Prepaid Expenses and Other	1,885	(9,111)
Increase (Decrease) In:		
Accounts Payable and Accrued Expenses	17,384	46,272
Accrued Payroll and Related	64,451	49,464
Deferred Rent	-	12,264
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(552,030)	1,471,924
CASH AND CASH EQUIVALENTS - BEGINNING	4,565,269	3,093,345
CASH AND CASH EQUIVALENTS - ENDING	$ 4,013,239	$ 4,565,269

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	2022	2021
Schedule of Noncash Investing and Financing Transactions:		
Assumed Right of Use Assets as a Result of ASC 842 Adoption	$ 747,837	$ -
Assumed Lease Liabilities as a Result of ASC 842 Adoption	$ 787,124	$ -
Deferred Rent Derecognized as a Result of ASC 842 Adoption	$ 39,287	$ -

See Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Organization - Team Impact, Inc. (the Organization) is a non-profit corporation that was incorporated under the laws of the Commonwealth of Massachusetts and commenced operations on May 10, 2011.

2. Operations - The Organization is a national nonprofit that promotes healthy social and emotional development for children living with serious and chronic illnesses and medical conditions by matching them with a local college athletic team. The team provides an extended support network for the children and their families using a strengths-based, future-focused perspective. This two-year therapeutic program provides children with a true sense of belonging and focuses on building confidence and resilience and encouraging healthy behaviors. Parents and siblings gain a community of support and a distraction from medical realities, while student-athletes gain invaluable inspiration and perspective that will be carried with them long after graduation.

3. Method of Accounting - The Organization's policy is to prepare its financial statements on the accrual method of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. This method of accounting conforms to generally accepted accounting principles.

4. Financial Statement Presentation - The Organization’s financial statements are presented in accordance with FASB ASC Update 2016-14. As such, net assets are classified based upon the existence or absence of donor imposed restrictions, as follows: without donor restrictions, with donor restrictions. A description of the two net asset categories is as follows:

   Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

   With Donor Restrictions - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time, or that must remain intact, in perpetuity.

   Under FASB ASC 958-210-45, expenses are generally reported as decreases in net assets without donor restrictions.

5. Concentration of Credit Risk - The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related accounts.

6. Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

7. Investments - The Organization accounts for investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. As of December 31, 2022 and 2021, the Organization included certain equity securities in cash and cash equivalents on a trade date basis.

8. Allowance for Uncollectible Pledges Receivable - Management deems all pledges receivable to be fully collectible and has not established a bad debt reserve. Write-offs, should they occur, will be recorded as expenses in the year they are deemed to be uncollectible.

A. <u>ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>: (Continued)

9. Property and Equipment - Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred whereas major betterments are capitalized. Depreciation is provided for using the straight-line method over the estimated useful lives of these assets in periods ranging from three to ten years.

10. Deferred Rent - Prior to the January 1, 2022 adoption of ASC 842, rent expense was recognized evenly over the life of the lease using the straight-line method. In the earlier years of the lease, as rent expense exceeded amounts paid, a deferred rent liability was created. In the later years of the lease, as payments exceeded the amount of rent expense recognized, deferred rent would be reduced until it was zero at the end of the lease. Deferred rent totaled $39,287 at December 31, 2021, and was derecognized upon the adoption of ASC 842.

11. Fair Value of Financial Instruments - The Organization's financial instruments include cash and cash equivalents, pledges receivable, prepaid expenses, accounts payable and accrued expenses. The recorded values of cash and cash equivalents, pledges receivable, prepaid expenses, accounts payable and accrued expenses approximate their fair values based on their short-term nature.

12. Revenue Recognition - The Organization follows the guidance of ASC Topic 958, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The accounting standard clarifies and improves the guidance for (1) evaluating whether transactions should be accounted for as contributions within the scope of ASC Topic 958-605 or as exchange transactions subject to ASC Topic 606 and (2) determining whether a contribution is conditional.

    Additionally, the Organization follows ASC Topic 606, Revenue from Contracts with Customers, with respect to its revenue recognition policy. The core principle of the accounting guidance is that an entity should recognize revenue when it satisfies a performance obligation by transferring promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

    Contributions are recognized in full when received or unconditionally promised, in accordance with professional standards. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

    Special events revenue is recognized when the event takes place. The value of an event ticket is an exchange transaction, in accordance with ASC Topic 606. The excess of the ticket price over the value of the benefit received is recognized as a contribution.

    Donated materials and services are recorded as in-kind donations and recognized at their estimated fair value as of the date of donation or service.

    Contributions of marketable securities are recorded in the financial statements at their quoted market price at the date of donation.

13. Contributions - Contributions are recorded in net assets without donor restrictions or net assets with donor restrictions class of net assets depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported as net assets released from restriction in the statement of activities.

14. Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

A. <u>ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>: (Continued)

15. Uncertainty In Income Taxes - The Organization adopted the standards for *Accounting for Uncertainty in Income Taxes* (income, sales, use and payroll), which required the Organization to report any uncertain tax positions and to adjust its financial statements for the impact thereof. As of December 31, 2022 and 2021, the Organization determined that it had no tax positions that did not meet the "more likely than not" threshold of being sustained by the applicable tax authority. The Organization files tax and information returns in the United States Federal and applicable state jurisdictions. These returns are generally subject to examination by tax authorities for the last three years.

16. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

17. Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

    The following expenses were allocated using time and effort basis:
    - Salaries and Wages, Payroll Taxes, and Employee Benefits
    - Payroll Processing Fees

    The following expenses were allocated using the square footage of the building as the basis:
    - Rent and Occupancy
    - Office Equipment
    - Information Technology
    - Depreciation

18. New Accounting Standard Adopted - Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases* (ASC Topic 842) and subsequent amendments. ASC 842 affects all companies that enter into lease arrangements, with certain exclusions under limited scope limitations. Under ASU 2016-02, an entity recognizes right-of-use assets and lease obligations on its statement of financial position for all leases with a lease term of more than 12 months. Short-term rentals under year-to-year leases or remaining lease terms of 12 months or less are exempt from being capitalized.

    In adopting the new lease standard, the Organization elected to use a transition method under which existing leases were measured and capitalized as of the date of adoption, January 1, 2022, in lieu of applying the standard retrospectively to January 1, 2021. Consequently, the 2021 financial statements and disclosures do not reflect the effects of implementing the new lease standard.

    Additionally, as part of the implementation, the Organization elected to use a package of optional practical expedients which permit the Organization to avoid reassessing previous lease identifications within contracts, the existence of initial direct costs, and the lease classifications of any expired and existing leases. Moreover, in accordance with the expedients, all leases classified as operating leases under previous U.S. Generally Accepted Accounting Principles (U.S. GAAP) are automatically classified as operating leases under the new standard, and all leases previously classified as capital leases are recorded as finance leases.

    Leases recognized under the new standard include leases that were not capitalized under previous U.S. GAAP, as well as certain other leases that were capitalized based on different GAAP criteria.

    On January 1, 2022, the Organization recorded on its statement of financial position a right-of-use asset and lease obligation for operating leases in the amounts of $747,837 and $787,124, respectively.

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

19. Lease Policies - The new standard requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Organization expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, the Organization is not expected to consume a major part of the economic benefits of assets classified as operating leases. The Organization has made a policy election not to capitalize certain short-term leases with a lease term of 12 months or less.

    The lease classification affects both the pattern and presentation of expense recognized in the statements of activities, the categorization of assets and liabilities in the statements of financial position, and classification of cash flows in the statements of cash flows.

    For finance leases, total lease cost is recorded on an accelerated basis and consists of two components; amortization expense related to the write-off of right-of-use assets, and interest expense from lease obligations. Interest expense is recorded using the effective interest method and right-of-use assets are amortized on a straight-line basis over the remaining lease term. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term.

    The Organization has elected to apply a practical expedient under which it does not separate lease and nonlease components for its real estate leases. Under the election, the Organization combines base rents with fixed, nonlease common area maintenance charges and computes its lease obligations based on the combined lease and nonlease components.

    Lease obligations are measured and recorded at the present value of future lease payments using a discount rate. The Organization has made an accounting policy election to use a risk-free rate as the discount rate in measuring its lease obligations. Under this election, the risk-free rate used is the rate for a United States Treasury instrument with a term consistent with the remaining lease term of a applicable lease. This election is made for all real estate leases.

    The Organization has elected to use a portfolio approach to apply a single incremental borrowing rate of .97% on its real estate and equipment leases.

    Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

B. PLEDGES RECEIVABLE:

Unconditional promises to give in future periods are recorded in the financial statements as Pledges Receivable, net of an allowance for uncollectible gifts. As of December 31, 2022, unconditional promises to give amounted to $825,319, of which $792,319 is unrestricted for general support and $33,000 represents gifts with donor restrictions. As of December 31, 2021, unconditional promises to give amounted to $1,361,385, of which $1,236,385 is unrestricted for general support and $125,000 represents gifts with donor restrictions. The Organization expects to collect all pledges receivable in 2023.

The Organization allows for estimated losses on pledges receivable based on prior bad debt experience and a review of existing pledges. Based on these factors, there was no allowance for uncollectible gifts for the years ended December 31, 2022 and 2021.

C. LIQUIDITY AND AVAILABILITY:

The following reflects the Organization's financial assets at December 31, 2022 and 2021, reduced by amounts that are not available for general use because of donor-imposed restrictions, within one year of the statement of financial position date. As part of its liquidity management plan, the Organization operates its programs within a balanced budget and relies on grants and contributions to fund its operations and program activities:

	2022	2021
Cash and Cash Equivalents	$ 4,013,239	$ 4,565,269
Pledges Receivable	825,319	1,361,385
Total Financial Assets	4,838,558	5,926,654
Contributions Restricted For Purpose	(163,524)	(235,452)
Contributions Restricted For Time	(166,000)	(475,000)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 4,509,034	$ 5,216,202

The Organization has certain donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above.

D. NET ASSETS WITH DONOR RESTRICTIONS:

	2022	2021
Time Restricted	$ 820,000	$ 1,690,000
Purpose Restricted	163,524	235,452
Total Net Assets with Donor Restrictions	$ 983,524	$ 1,925,452

E. CONTRIBUTED NONFINANCIAL ASSETS:

For the years ending December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities include:

	2022	2021
Goods:		
Auction Items for Events	$ 188,393	$ 91,021
Assorted Hats/Clothing/Swag, etc.	245,995	245,995
Media and Advertising	890,300	-
Books	-	119,800
Services:		
Marketing Consulting Services	139,689	54,000
Legal Services	3,525	-
	$ 1,467,902	$ 510,816

The Organization recognized contributed nonfinancial assets within revenue. Contributed nonfinancial assets did not have donor-imposed restrictions. All contributed nonfinancial assets were valued using estimated fair values provided by the donors.

Auction Items for Events include both Gala and YoPro events, and are included as part of events expense - nonfinancial assets on the statements of activities. These items were sold as part of the event.

Assorted Hats/Clothing/Swag, etc. and Books were used by the Organization as promotional items, case management, and outreach.

Media and advertising were used by the Organization to promote its programs across the country.

F. PPP FUNDS FORGIVENESS:

On February 5, 2021, the Organization received proceeds from Boston Private Bank & Trust Organization in the amount of $593,248, under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for advances to qualifying Organizations for amounts up to 2.5 times the average qualifying monthly payroll expenses of the qualifying Organization. The advances and accrued interest are forgivable as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of forgiveness will be reduced if the borrower is unable to re-hire to the same employment level, reduces salaries during the covered period, or uses more than forty percent of the money spent on non-employment expenses.

On December 31, 2021, the Organization was granted forgiveness from the Small Business Administration (SBA) for the full amount of the advance. Given these circumstances and under the guidance of ASC 958-605, *Not-for-Profit Entities-Revenue Recognition*, $593,248 of PPP funds were recognized as a contribution on the statements of activities for the year ended December 31, 2021.

G. EMPLOYEE RETENTION CREDIT:

The CARES Act provides an employee retention credit (ERC), which is a refundable tax credit against certain employment taxes. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and expand the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter. The Organization qualifies for the tax credit under the CARES Act. Under the guidance of ASC 958-605, *Not-for-Profit Entities-Revenue Recognition*, the Organization recorded $89,158 and $382,673 related to the ERC in contributions on the statements of activities for the years ended December 31, 2022 and 2021, respectively. The Organization qualified for additional ERC funds totaling $418,878 which have not been received. In accordance with ASC 958-605, these amounts are recognized in the year of receipt and are not recorded as a contribution as of December 31, 2022.

H. LEASES OBLIGATIONS:

On December 1, 2019, the Organization entered into a five-year lease, which is due to expire in December, 2024, for office space in North Quincy, Massachusetts. According to the terms of the lease, monthly rent payments range from $17,963 to $22,190. Rent expense charged to operations under this lease for the year ended December 31, 2022 and 2021 amounted to $240,504 and $240,595, respectively.

On December 17, 2019, the Organization entered into a five-year lease arrangement for office equipment, two copier/printer machines. According to the terms of the lease, monthly rent payments of $1,049 plus insurance. Rent expense charged to operations under this lease for the year ended December 31, 2022 and 2021 amounted to $13,072 and $13,072, respectively.

The following is a schedule by years of the future minimum rental payments as of December 31,:

2023	$ 266,188
2024	278,859
	545,047
Less effects of present value	(5,094)
Lease obligations recorded at December 31, 2022	539,953
Less current portion	(262,325)
Long-term lease obligations	$ 277,628
Weighted-average Remaining Lease Term	2.0 years

I. RETIREMENT PLAN:

The Organization has a voluntary 401(k) plan covering all of its eligible employees. Employees can contribute up to the maximum amount applicable by law on a yearly basis. The Organization matches up to 3% of employee eligible earnings. Employer contributions for the years ended December 31, 2022 and 2021, amounted to $91,748 and $64,694, respectively.

J. ADVERTISING AND MARKETING:

The Organization follows the policy of charging the costs of advertising and marketing to expense as incurred. For the years ended December 31, 2022 and 2021, advertising costs amounted to $1,612,508 and $325,927, respectively. Included in advertising costs for the years ended December 31, 2022 and 2021 were in-kind donations amounting to $1,045,334 and $198,400, respectively.

K. RECLASSIFICATIONS:

Certain amounts for the year ended December 31, 2021 have been reclassified to conform with the presentation of the December 31, 2022 amounts. The reclassifications have no effect on the change in net assets for the year ended December 31, 2021.

L. SUBSEQUENT EVENTS:

Management has evaluated events occurring after the statement of financial position date through September 29, 2023, the date in which the financial statements were available to be issued. No material events have been identified which would require disclosure.