THE ULMAN CANCER FUND FOR YOUNG ADULTS
T/A ULMAN FOUNDATION

Financial Statements
Together with Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Ulman Cancer Fund for Young Adults:

Opinion

We have audited the accompanying financial statements of The Ulman Cancer Fund for Young Adults (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ulman Cancer Fund for Young Adults as of December 31, 2022, and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Ulman Cancer Fund for Young Adults and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Ulman Cancer Fund for Young Adults 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.

SC&H Attest Services, P.C.

November 15, 2023

THE ULMAN CANCER FUND
FOR YOUNG ADULTS
T/A ULMAN FOUNDATION

Statements of Financial Position

As of December 31,		*2022*		*2021*
Assets				
Cash and cash equivalents	$	1,202,095	$	1,075,563
Pledges receivable, net		142,128		266,020
Other receivables, net		238,582		115,025
Investments		439,893		537,394
Prepaid expenses and other assets		61,122		68,890
Property and equipment, net		2,424,752		2,515,411
Right-of-use assets - finance, net		8,613		-
Total Assets	$	4,517,185	$	4,578,303
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	110,670	$	113,235
Deferred revenue - special events		30,970		180,626
Capital lease obligations		-		10,300
Lease liabilities - finance		8,613		-
Note payable, net of debt issuance costs		837,500		864,845
Total Liabilities		987,753		1,169,006
Commitments and Contingencies (Notes 8 and 9)				
Net Assets				
Without Donor Restrictions				
Undesignated		1,483,407		1,812,166
Board designated		1,642,445		1,151,537
Total Net Assets Without Donor Restrictions		3,125,852		2,963,703
With Donor Restrictions		403,580		445,594
Total Net Assets		3,529,432		3,409,297
Total Liabilities and Net Assets	$	4,517,185	$	4,578,303

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

THE ULMAN CANCER FUND FOR YOUNG ADULTS T/A ULMAN FOUNDATION

Statements of Activities

For the Years Ended December 31,	*2022*			*2021*		
	Without Donor Restrictions	*With Donor Restrictions*	*Total*	*Without Donor Restrictions*	*With Donor Restrictions*	*Total*
Operating Revenues and Support						
Contributions	$ 1,271,318	$ 546,103	$ 1,817,421	$ 982,156	$ 413,569	$ 1,395,725
Special events, net of direct expenses of $66,202 and $47,153	494,783	-	494,783	304,062	-	304,062
Program fees	40,000	-	40,000	40,000	-	40,000
In-kind contributions	3,700	-	3,700	1,341	-	1,341
Net assets released from restrictions	588,117	(588,117)	-	567,606	(567,606)	-
Total Operating Revenues and Support, net	2,397,918	(42,014)	2,355,904	1,895,165	(154,037)	1,741,128
Operating Expenses						
Program services	1,714,046	-	1,714,046	1,386,555	-	1,386,555
General and administrative	174,262	-	174,262	101,294	47,600	148,894
Fundraising	261,188	-	261,188	148,910	-	148,910
Total Operating Expenses	2,149,496	-	2,149,496	1,636,759	47,600	1,684,359
Change in Net Assets from Operating Activities	248,422	(42,014)	206,408	258,406	(201,637)	56,769
Non-Operating Revenues and Expenses						
Other revenue, net	33,619	-	33,619	15,041	-	15,041
Paycheck Protection Program income (Note 11)	-	-	-	166,775	-	166,775
Interest expense	(50,534)	-	(50,534)	(55,021)	-	(55,021)
Gain on disposal of property and equipment	-	-	-	3,013	-	3,013
Investment income (loss), net	(69,358)	-	(69,358)	61,438	-	61,438
Total Non-Operating Revenues and Expenses, net	(86,273)	-	(86,273)	191,246	-	191,246
Change in Net Assets	162,149	(42,014)	120,135	449,652	(201,637)	248,015
Net Assets, beginning of year	2,963,703	445,594	3,409,297	2,514,051	647,231	3,161,282
Net Assets, end of year	$ 3,125,852	$ 403,580	$ 3,529,432	$ 2,963,703	$ 445,594	$ 3,409,297

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

THE ULMAN CANCER FUND
FOR YOUNG ADULTS
T/A ULMAN FOUNDATION

Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 789,683	$ 73,380	$ 136,060	$ 999,123
Community outreach	466,209	45	66,513	532,767
Employee benefits	95,094	6,952	14,157	116,203
Depreciation and amortization	90,085	293	293	90,671
Payroll taxes	60,342	5,709	10,566	76,617
Bank charges	45,255	2,540	2,517	50,312
Bad debts	-	44,025	-	44,025
Accounting and legal fees	4,860	34,263	270	39,393
Website	22,199	1,509	13,178	36,886
Insurance	26,012	1,445	1,445	28,902
Contractual services	23,064	1,256	1,602	25,922
Travel	11,997	66	8,461	20,524
Advertising and branding	15,261	68	1,579	16,908
Postage and delivery	14,266	99	2,414	16,779
Dues and subscriptions	9,094	1,276	1,190	11,560
Support groups	11,353	-	-	11,353
Office expenses	10,696	488	488	11,672
Meetings and conferences	7,537	603	210	8,350
Telephone	4,373	104	104	4,581
Scholarships	3,000	-	-	3,000
Automobile repairs	1,820	99	99	2,018
Utilities	988	-	-	988
Printing and publications	858	42	42	942
Total Operating Expenses	$ 1,714,046	$ 174,262	$ 261,188	$ 2,149,496

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

THE ULMAN CANCER FUND
FOR YOUNG ADULTS
T/A ULMAN FOUNDATION

Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 710,935	$ 23,698	$ 55,295	$ 789,928
Community outreach	254,710	-	48,793	303,503
Depreciation and amortization	81,587	612	612	82,811
Payroll taxes	57,737	1,925	4,491	64,153
Employee benefits	54,439	1,815	4,234	60,488
Bad debts	-	58,779	-	58,779
Bank charges	38,563	7,420	7,502	53,485
Accounting and legal fees	5,173	41,869	287	47,329
Office expenses	28,683	3,435	7,853	39,971
Rent	35,800	1,796	1,770	39,366
Contractual services	30,040	3,755	3,755	37,550
Insurance	20,501	1,139	1,139	22,779
Meetings and conferences	16,227	776	3,871	20,874
Advertising and branding	11,194	-	5,645	16,839
Postage and delivery	13,605	91	2,555	16,251
Dues and subscriptions	10,057	1,367	320	11,744
Telephone	5,014	167	218	5,399
Support groups	3,239	-	-	3,239
Utilities	2,859	113	114	3,086
Website	2,133	48	177	2,358
In-kind expenses	1,266	-	75	1,341
Automobile repairs	1,188	64	64	1,316
Printing and publications	883	-	103	986
Travel	722	25	37	784
Total Operating Expenses	$ 1,386,555	$ 148,894	$ 148,910	$ 1,684,359

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

Statements of Cash Flows

For the Years Ended December 31,	*2022*	*2021*
Cash Flows from Operating Activities		
Change in net assets	$ 120,135	$ 248,015
Adjustments to reconcile change in net assets to		
net cash and cash equivalents provided by operating activities		
Contributions designated for capital improvements	-	(230,000)
Depreciation	88,984	82,811
Amortization of right-of-use assets - finance	1,687	-
Provision for uncollectible pledges receivable	-	56,779
Provision for uncollectible other receivables	44,025	2,000
Increase in discount on pledges receivable	296	6
Amortization of debt issuance costs	4,082	4,082
Net realized and unrealized gain (loss) on investments	80,848	(49,043)
Interest and dividends reinvested	(12,841)	(14,648)
Gain on disposal of property and equipment	-	(3,013)
Changes in operating assets and liabilities:		
Pledges receivable	123,596	74,656
Other receivables	(167,582)	(47,350)
Prepaid expenses and other assets	7,768	(1,163)
Accounts payable and accrued expenses	(2,565)	(216)
Deferred revenue - special events	(149,656)	35,451
Deferred rent	-	(3,157)
Net Cash and Cash Equivalents Provided by Operating Activities	138,777	155,210
Cash Flows from Investing Activities		
Purchases of property and equipment	(8,625)	(440,687)
Proceeds from sale of property and equipment	-	5,000
Proceeds from sale of investments	217,337	107,252
Purchases of investments	(187,843)	(103,785)
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	20,869	(432,220)
Cash Flows from Financing Activities		
Contributions designated for capital improvements	-	230,000
Principal payments on note payable	(31,427)	(26,813)
Repayments of lease liabilities - finance	(1,687)	(4,474)
Net Cash and Cash Equivalents (Used in) Provided by Financing Activities	(33,114)	198,713
Net Increase (Decrease) in Cash and Cash Equivalents	126,532	(78,297)
Cash and Cash Equivalents, beginning of year	1,075,563	1,153,860
Cash and Cash Equivalents, end of year	$ 1,202,095	$ 1,075,563
Supplemental Cash Flow Information		
Cash paid for interest	$ 46,452	$ 50,939
Supplemental Disclosure of Noncash Investing and Financing Activities		
Acquisition of property and equipment financed with capital leases	$ -	$ 11,904
Recognition of current year lease liabilities - finance	$ 10,300	
Recognition of current year right-of-use assets - finance previously classified as property and equipment	$ 10,300	$ -

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

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization

The Ulman Cancer Fund for Young Adults (Organization), trading as Ulman Foundation, provides support programs, education and resources, free of charge, to young adults affected by cancer and their families and friends. The Organization also promotes awareness and prevention of cancer through various programs and printed material.

Basis of Accounting

The accompanying financial statements of the Organization are prepared on the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Entities: Presentation of Financial Statements* (ASC 958). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions: Net assets without donor restrictions are the net assets that are not restricted by donor-imposed stipulations:

Undesignated – Represents resources available for support of operations. Contributions with donor-imposed restrictions that are met in the same reporting period that the contribution is received are reported as net assets without donor restrictions.

Board designated – Represents certain amounts designated by the Organization's Board of Directors (the Board), to be spent only for purposes approved by the Board.

*Net assets with donor restriction*s: Net assets with donor restrictions result from contributions whose use is limited by donor-imposed stipulations. Net assets may be donor restricted for use in future periods or use for specified purposes. Donor restrictions may expire by the passage of time or can be fulfilled by actions of the Organization pursuant to these stipulations. Net assets with donor restrictions may also result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled by the Organization's actions.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

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 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 and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less. The Organization maintains substantially all of its cash with one commercial bank. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. The Organization periodically maintains cash balances in excess of FDIC coverage. Management considers this to be a normal business risk.

Pledges Receivable

Pledges receivable are recognized when donors and corporate sponsors make a promise to contribute to the Organization that is, in substance, unconditional.

In accordance with ASC 958-310, *Not-for-Profit Entities: Receivables*, pledges receivable to be received in a future period are discounted to their net present value at the time the promise to give is recorded.

The Organization uses the allowance method to determine the reserve for uncollectible pledges. The allowance is based on historical experience and management's analysis of specific pledges. The allowance for doubtful pledges receivable totaled $49,358 as of December 31, 2022 and 2021.

Other Receivables

The Organization utilizes the allowance method to provide for doubtful accounts based on management's evaluation of the collectability of other receivables. The Organization determines other receivables to be delinquent when greater than 90 days past due. Other receivables are written off when management determines amounts to be uncollectible. The allowance for doubtful other receivables totaled $46,025 and $2,000 as of December 31, 2022 and 2021, respectively.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Property and Equipment

Property and equipment is recorded at cost if purchased and fair value if donated. The Organization's current policy is to capitalize all property and equipment greater than $500. Upon disposal of property and equipment, the cost of the asset and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Expenditures for repairs and maintenance are charged to operations as incurred. Depreciation of property and equipment are determined on a straight-line basis over the estimated useful lives as follows:

Computer Equipment	5 years
Vehicles	5 years
Leasehold Improvements	39 years
Race Equipment	10 years
Furniture and Fixtures	7 years
Buildings	39 years

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets in accordance with ASC 360, *Property, Plant and Equipment*. ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. Management has determined that there is no impairment indicated or assets held for disposal as of December 31, 2022 and 2021.

Revenue Recognition

In accordance with ASC 606, *Revenue from Contracts with Customers*, revenue is recognized when a customer obtains control of promised goods or services (performance obligation) in an amount that reflects the consideration the Organization expects to receive in exchange for those goods or services (transaction price). The Organization recorded the following exchange transaction revenue in its statements of activities for the years ended December 31, 2022 and 2021:

Program fees: The Organization enters into contracts with hospitals to help navigate cancer patients of the hospital through the treatment process. The hospital pays a fixed-fee contract price in equal installments over the contract period. Program fee revenue is recognized as the services are rendered.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Revenue Recognition – cont'd.

Special event revenue: The Organization conducts special events and a portion of the gross proceeds paid by the participant represent an exchange component and a non-exchange component. The special event exchange component consists of the event fee, which is paid to attend the event. The event fee is set by the Organization. The performance obligation is the delivery of the event. The special event revenue exchange component totaled $84,410 and $82,395 during the years ended December 31, 2022 and 2021, respectively. The special event non-exchange component consists of sponsorships and contributions that are received from the event. The non-exchange component is the excess of gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the participant rather than the Organization, are netted against special events revenue in the accompanying statements of activities.

Deferred Revenue

The Organization receives payments in advance of the date of special events. The payments are initially deferred and are recognized as revenue once the special event takes place.

Contributions

The Organization records contribution revenue in accordance with FASB ASC 958-605 *Not-for-Profit Entities Revenue Recognition*. In accordance with ASC 958-605, contributions received, including unconditional promises to give (pledges), are recorded as contributions with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes an unconditional promise to give to the Organization. If an unconditional promise to give is not previously made, then the contribution is recognized when received. Contribution revenue is reported at the fair value of expected future cash flows.

Contributions received, including unconditional promises to give (pledges), are recognized as revenues, in the appropriate category of net assets in the period received. Conditional promises to give are not recognized until the related conditions are substantially met.

In-Kind Contributions

The Organization receives in-kind contributions, which consist of, but are not limited to donated goods and services. The donated services are recognized if the service creates or enhances long-lived assets or if the service is provided by an individual possessing a specialized skill, which would typically be purchased had it not been provided in-kind. Donated goods and services are recorded at the fair value of the good or service provided. For the years ended December 31, 2022, and 2021, in-kind contributions totaled $3,700 and $1,341, respectively, and are classified as in-kind contributions within the accompanying statements of activities.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

In-Kind Contributions – cont'd.

In-kind contributions consists of the following as of December 31,:

	2022	2021
Vehicles	$ 3,700	$ 1,341
Total In-kind contribution	$ 3,700	$ 1,341

Donated goods and services that create or enhance long-lived assets are capitalized. For the years ended December 31, 2022 and 2021, there were no donated goods and services which enhanced long-lived assets.

Fair Value Measurement

ASC 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets to which the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement – cont'd.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Common Stocks: Valued at the closing price reported in the active market in which the individual securities are traded.

Exchange Traded Funds and Mutual Funds: Valued at the closing price reported in the active market in which the funds are offered (open-end mutual fund) or traded (closed-end mutual fund), as appropriate.

Mortgage Backed Securities: Valued utilizing the quoted prices and yields currently available on comparable bonds of issuers with similar credit ratings.

Real Estate Investment Trusts: Valued at the closing price reported in the active market in which the individual securities are traded.

Treasury Stripped Interest Security: Valued at the most recent bid price of the equivalent quoted yield for such securities or those of comparable maturity, quality and type.

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 instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used as of December 31, 2022 and 2021, respectively.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Fair Value Measurement – cont'd.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Common Stocks	$ 191,870	$ -	$ -	$ 191,870
Exchange Traded Funds and Mutual Funds	172,215	-	-	172,215
Mortgage Backed Securities	-	13,425	-	13,425
Real Estate Investment Trusts	43,124	-	-	43,124
Treasury Stripped Interest Security	-	19,259	-	19,259
	$ 407,209	$ 32,684	$ -	$ 439,893

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Common Stocks	$ 219,701	$ -	$ -	$ 219,701
Exchange Traded Funds and Mutual Funds	232,524	-	-	232,524
Mortgage Backed Securities	-	16,513	-	16,513
Real Estate Investment Trusts	46,313	-	-	46,313
Treasury Stripped Interest Security	-	22,343	-	22,343
	$ 498,538	$ 38,856	$ -	$ 537,394

Investments and Investment Income (Loss)

Investments are recorded at fair value. The cost of investments sold is determined using the specific identification method. Realized and unrealized gains or losses on investments are recorded in the period in which the gain or loss occurs.

Realized gains or losses on the sale of investments are computed on a specific identification basis and are recorded on the settlement date of the transaction in the appropriate net asset category.

The Board determines when investment funds can be spent. The Organization's investment policy is to have a diversified, risk-averse balanced portfolio which will provide a high total return over the long-term.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Investment Risks and Uncertainties

The Organization invests in a professionally managed portfolio. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Debt Issuance Costs

The Organization accounts for debt issuance costs in accordance with ASC 835, *Simplifying the Presentation of Debt Issuance Costs*. ASC 835 requires that debt issuance costs be presented in the accompanying statements of financial position as a reduction from the related note payable.

As of December 31, 2022, and 2021, the debt issuance costs totaled $28,574 and consist of costs incurred in connection with the issuance of a Note Payable (Note 5). The debt issuance costs are being amortized to interest expense over the term of the loan agreement using the straight-line method which is not materially different from the effective interest method. Amortization expense totaled $4,082 for each of the years ended December 31, 2022 and 2021. Accumulated amortization as of December 31, 2022 and 2021 totaled $22,110 and $18,028, respectively. The note payable on the accompanying statements of financial position has been reduced by the net debt issuance costs totaling $6,464 and $10,546 as of December 31, 2022 and 2021, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis within the accompanying statements of functional expenses. Expenses that could not be specifically traced to a particular function or expenses that benefit more than one functional category are allocated on the basis of estimates. The functional expense allocation is based on management's judgment over the portion of time an employee spends on a specific program or the perceived benefit to the program for which the expense was incurred.

Advertising

The Organization expenses advertising costs as incurred. Advertising costs totaled $16,908 and $16,839 for the years ended December 31, 2022 and 2021, respectively.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Income Taxes

The Organization is described in Section 170(c) of the Internal Revenue Code (the Code) and is exempt from taxation under Section 501(c)(3) of the Code. ASC 740, *Income Taxes*, prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return as well as guidance on de-recognition, classification, interest and penalties, and financial statement reporting disclosures. For these benefits to be recognized, a tax position must be more-likely-than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has not identified any unrecognized tax exposures. The Organization recognizes interest and penalties accrued on any unrecognized tax exposures as a component of income tax expense. The Organization does not have any amounts accrued relating to interest and penalties as of December 31, 2022 and 2021. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress.

Recently Adopted Accounting Pronouncements

Effective January 1, 2022, the Organization adopted the FASB Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which modifies the guidance for lease accounting. Under this ASU, a lessee is required to recognize a lease liability and a right-of-use asset, except for leases with an original term of 12 months or less, thereby enhancing the relevance and consistency of information about the Organization's leasing activities. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

The Organization implemented ASU 2016-02 during the current year using a modified retrospective approach, which allows a cumulative effect adjustment to apply the new lease standard at the adoption date and does not require adjustments to comparative periods or modified disclosures in those comparative periods.

In addition, the Organization made the following elections:

- The Organization elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs for all leases upon transition.
- The Organization did not elect the hindsight practical expedient upon transition for all leases.

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Recently Adopted Accounting Pronouncements – cont'd.

- The Organization elected the short-term lease measurement and recognition exemption, resulting in lease payments being recorded as an expense on a straight-line basis over the lease term.
- The Organization elected to include both lease and non-lease components as a single component for all leases.

The adoption of this guidance did not have a material impact on the Organization's results of operations or cash flows and lease expense did not change materially as a result of the adoption of the new guidance.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures for Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. Under this new standard, contributed nonfinancial assets are required to be presented as a separate line item on the statement of activities. Additionally, the standard requires the disclosure and disaggregation of contributed nonfinancial assets by category based on the type of gift received. For each category, disclosures should include qualitative information regarding monetization or utilization, policies, donor-imposed restriction, valuation techniques and fair value measurement of the asset. The Organization implemented ASU 2020-07 during the current year and the new standard was applied retrospectively to the accompanying financial statements. The adoption of the new standard did not have a material impact on the accompanying financial statements.

Subsequent Event

The Organization evaluated, for disclosure, any subsequent events through November 15, 2023, the date the financial statements were available to be issued, and determined there were no material events that warrant disclosure.

2. PLEDGES RECEIVABLE

Pledges receivable consist of the following as of December 31,;

	2022	2021
Gross pledges receivable	$ 191,832	$ 315,428
Less: allowance for uncollectible pledges	(49,358)	(49,358)
Less: present value discount	(346)	(50)
Pledges receivable, net	$ 142,128	$ 266,020

Pledges receivable are expected to be received as follows as of December 31,;

	2022	2021
Less than one year	$ 130,332	$ 310,928
One to five years	61,500	4,500
Gross pledges receivable	$ 191,832	$ 315,428

Pledges receivable due in more than one year are recorded at the present value of future cash flows. The Organization uses the U.S. Treasury Bill rates to discount pledges receivable due in more than one year, which ranged from 0.10% to 0.36% for the year ended December 31, 2022 and 0.73% to 0.97% for the year ended December 31, 2021. Pledges receivable are payable at the discretion of the donors. As of December 31, 2022, two donors accounted for approximately 52% of gross pledges receivable. As of December 31, 2021, one donor accounted for approximately 71% of gross pledges receivable.

3. INVESTMENTS

Cost and fair value of investments consist of the following as of December 31,:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Common Stocks	$ 149,713	$ 191,870	$ 135,455	$ 219,701
Exchange Traded Funds and Mutual Funds	186,540	172,215	218,269	232,524
Mortgage Backed Securities	12,263	13,425	12,263	16,513
Real Estate Investment Trusts	39,730	43,124	40,192	46,313
Treasury Stripped Interest Security	20,450	19,259	20,450	22,343
Total Investments	$ 408,696	$ 439,893	$ 426,629	$ 537,394

3. INVESTMENTS – cont'd.

Investment income (loss) consists of the following for the years ended December 31,:

	2022	2021
Interest and dividends	$ 16,669	$ 17,545
Realized gain on investments	2,088	43,957
Unrealized gain (loss) on investments	(82,936)	5,086
Investment management fees	(5,179)	(5,150)
Investment income (loss), net	$ (69,358)	$ 61,438

4. PROPERTY AND EQUIPMENT

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

	2022	2021
Buildings	$ 2,552,103	$ 2,552,103
Computer Equipment	145,386	152,365
Furniture and Fixtures	60,793	60,793
Vehicles	26,852	23,152
Race Equipment	10,631	10,631
	2,795,765	2,799,044
Less: Accumulated Depreciation	(371,013)	(283,633)
Property and equipment, net	$ 2,424,752	$ 2,515,411

Depreciation expense totaled $88,984 and $82,811 for the years ended December 31, 2022 and 2021, respectively.

5. NOTE PAYABLE

Effective July 31, 2017, the Organization entered into a credit agreement (Construction Loan) with a financial institution which allowed for borrowings up to $950,000. The construction loan was used to finance the construction of the Ulman House. During the construction period, the Organization was required to make interest only payments until the earlier of January 31, 2019 or the date of the final advance, at which point the construction loan would be converted to a permanent loan. The construction period commenced on July 31, 2017 (closing date) and concluded on January 31, 2019. The construction loan bore interest at the prime rate plus 2.00% per annum.

5. NOTE PAYABLE – cont'd.

Effective February 1, 2019, the construction loan converted to a permanent loan. Commencing on March 1, 2019, monthly installments of principal and interest are due through July 31, 2025 (maturity date). The permanent loan bears interest at the seven-year treasury bill yield plus 2.50% per annum. Interest expense on the permanent loan totaled $44,431 and $48,670 during the years ended December 31, 2022 and 2021, respectively.

On June 29, 2020, the loan was amended for the deferment of loan principal payments for a period of six months, beginning with the payment due on June 30, 2020, through and including the payment due on December 30, 2020 (Deferment Period). Interest on the outstanding principal balance continued to be due and payable throughout the deferment period. All principal payments deferred will be due and payable upon maturity of the loan.

As of December 31, 2022 and 2021, the amount outstanding on the note payable totaled $843,964 and $875,391, respectively.

Future maturities under the note payable are as follows during the years ended December 31,:

2023	$ 33,801
2024	35,562
2025	774,601
Total	843,964
Less: unamortized debt issuance costs	(6,464)
Note payable, net of debt issuance costs	$ 837,500

Borrowings under the note payable are collateralized by substantially all assets of the Organization. The Organization is subject to certain financial covenants under the terms of the note payable. The Organization is in compliance with all covenants as of December 31, 2022 and 2021.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of December 31,:

	2022	2021
Capital Campaign	$ 89,636	$ 267,688
General Program	79,386	-
Shearer Fund	68,651	67,451
Patient Navigation	56,026	22,574
Capital Project Fund - UCF House Renovations	50,000	25,000
Other	39,278	39,278
Scholarships	20,603	23,603
Total	$ 403,580	$ 445,594

During the years ended December 31, 2022 and 2021, net assets totaling $588,117 and $567,606, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes, passage of time, or by occurrence of other events specified by donors such as special events or capital events.

7. RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan for eligible employees. Employees who elect to contribute a percentage of their compensation to the plan will receive a matching contribution up to 3% of their annual compensation. For the years ended December 31, 2022 and 2021, employer matching contributions totaled $26,188 and $11,876, respectively.

8. FINANCING LEASES

The Organization assesses its contracts to determine if they contain a lease. This assessment is based on (i) the right to control the use of an identified asset; (ii) the right to obtain substantially all of the economic benefits from the use of the identified asset; and (iii) the right to use the identified asset.

The Organization has entered into several furniture and equipment agreements that contain varying terms and renewal options, which are at the sole discretion of the Organization. Renewal options that the Organization is reasonably certain to accept are recognized as part of the lease liability – finance and right-of-use asset – finance.

Right-of-use assets represent the Organization's right to use any underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments per the lease. As the rate implicit in the Organization was readily determinable, the Organization used the implicit rate to determine the present value of lease payments on all of the Organization's financing leases.

8. FINANCING LEASES – cont'd.

The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise, are not recorded on the accompanying statements of financial position.

Lease costs and other applicable disclosures for finance leases are as follows for the year ended December 31, 2022:

Lease cost		
Finance lease cost		
Amortization of right-of-use assets	$	1,687
Interest on lease liabilities		2,021
Total lease costs	$	3,708
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$	1,872
Financing cash flows from finance leases		1,836
Right-of-use asset obtained in exchange for finance lease liabilities	$	10,300
less: right-of-use assets - finance accumulated amortization		(1,687)
Right-of-use assets - finance, net	$	8,613
Weighted average remaining lease term - finance leases		3.08 years
Weighted average discount rate - finance leases		19.05%

The following table presents the future annual minimum lease payments required under finance leases as of December 31,:

Year ending December 31,:	Total	Principal	Interest
2023	$ 3,710	$ 2,262	$ 1,448
2024	3,710	2,733	977
2025	3,710	3,301	409
2026	322	317	5
Total future minimum lease payments	$ 11,452	$ 8,613	$ 2,839

9. OPERATING LEASE

Effective April 1, 2016, the Organization entered into a non-cancelable operating lease for office and storage which expired during March 2021 and was not renewed. The lease provided for base monthly rent of $10,260, an annual rent escalation of 2.50% and rent abatement for the first three months of the lease. The rent expense for office facilities totaled $0 and $39,366 during the years ended December 31, 2022 and 2021, respectively.

The Organization subleased a portion of the office space to a tenant under a non-cancelable operating lease which expired during March 2021 and was not renewed. The Organization generated sublease revenue of $0 and $15,000 during the years ended December 31, 2022 and 2021, respectively. Sublease rental revenue is recorded in other revenue within the accompanying statements of activities.

10. LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization's financial assets available to meet cash needs for general expenditures within one year are as follows as of December 31,:

	2022	2021
Cash and cash equivalents	$ 1,202,095	$ 1,075,563
Pledges receivable, net	142,128	266,020
Other receivables, net	238,582	115,025
Investments	439,893	537,394
Total Financial Assets	2,022,698	1,994,002
Less: Pledges receivables, net,:		
To be collected in more than one year	(61,500)	(4,500)
Less: Donor-imposed restrictions:		
Restricted by purpose	(313,944)	(177,906)
Less: Board designated net assets	(1,642,445)	(1,151,537)
Financial assets able to meet cash needs for general expenditures within one year	$ 4,809	$ 660,059

As part of the liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity constraints, the Organization has a spending policy for their investment portfolio. The Organization's spending policy is to draw a fixed percentage, typically between 0% to 4.5%, of the investment's market value. During the years ended December 31, 2022 and 2021, the Organization did not make any withdrawals from their investment portfolio.

11. PAYCHECK PROTECTION PROGRAM LOANS

On March 27, 2020, Congress passed a $2 trillion stimulus bill, the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provided significant tax and non-tax stimulus to individuals and businesses.

In April 2020, the Organization obtained a term note in the amount of $210,872 with a financial institution under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP), which was established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). In February 2021, the Organization obtained a second PPP term note in the amount of $166,775.

The loans were eligible for forgiveness pursuant to the CARES Act, which minimally required that (1) the loan proceeds be used to cover eligible expenses, which included payroll costs, mortgage interest, rent and utility costs, and (2) the number of employees and compensation levels were generally maintained.

The portion of the loans that was not forgiven bore interest at 1.0% and is due in monthly payments over a period of five years. In October 2020, the SBA extended the deferral period for loan repayments to either (1) the date that the SBA remitted the Organization's loan forgiveness amount to the lender or (2) if the Organization did not apply for loan forgiveness, 10 months after the end of the Organization's loan forgiveness covered period. The SBA approved the first and second PPP loans for forgiveness on February 10, 2021 and August 26, 2021, respectively.

The Organization elected to account for the forgivable loans as a conditional grant in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Accordingly, the Organization recorded the initial loan proceeds as a loan payable and reduced the loan payable and recognized revenue once the conditions were substantially met or explicitly waived. In accordance with the CARES Act, the Organization used the loan proceeds to cover eligible expenses and maintained the required employee and compensation levels to be eligible for loan forgiveness. The Organization recognized Paycheck Protection Program loan income totaling $0 and $166,775 on the accompanying statements of activities for the years ended December 31, 2022 and 2021, respectively.