

**CODE PLATOON, NFP**  
**FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2022 AND 2021**  
**TOGETHER WITH AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Code Platoon, NFP:

### *Opinion*

We have audited the accompanying financial statements of Code Platoon, NFP, which comprise the statement of financial position as of December 31, 2022, and 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Code Platoon, NFP as of December 31, 2022, and 2021, and its changes in 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. 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 Code Platoon, NFP 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 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 aggregate, that raise substantial doubt about Code Platoon, NFP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

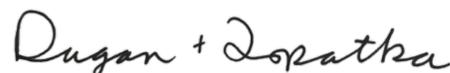
*Auditor's Responsibilities for the Audit of the Financial Statements*

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 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 judgement 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 risk 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 Code Platoon, NFP'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Code Platoon, NFP'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.



DUGAN & LOPATKA

CODE PLATOON, NFP  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

A S S E T S

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 691,304	\$ 1,464,848
Investments	1,210,324	-
Tuition receivable	49,125	99,650
Unconditional promises to give	-	80,000
Prepaid expenses	8,664	4,609
Security deposit	<u>14,256</u>	<u>14,256</u>
OTHER ASSETS:		
Right of use asset - operating lease	<u>47,223</u>	<u>-</u>
Total assets	<u>\$ 2,020,896</u>	<u>\$ 1,663,363</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 37,433	\$ 20,965
Deferred revenue	33,079	-
Lease liability - operating lease	<u>55,800</u>	<u>-</u>
Total liabilities	<u>126,312</u>	<u>20,965</u>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	1,614,584	1,307,398
With donor restrictions	<u>280,000</u>	<u>335,000</u>
Total net assets	<u>1,894,584</u>	<u>1,642,398</u>
Total liabilities and net assets	<u>\$ 2,020,896</u>	<u>\$ 1,663,363</u>

The accompanying notes are an integral part of this statement.

CODE PLATOON, NFP  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>			<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES:						
Tuition, net of scholarships of \$872,000 and \$755,767 for 2022 and 2021, respectively	\$ 1,289,071	\$ -	\$ 1,289,071	\$ 700,360	\$ -	\$ 700,360
Sponsorships	60,000	-	60,000	116,000	-	116,000
Consulting	-	-	-	23,530	-	23,530
Contributions	408,392	230,000	638,392	268,550	335,000	603,550
Investment income	5,440	-	5,440	268	-	268
Net assets released from restrictions	285,000	(285,000)	-	352,367	(352,367)	-
 Total support and revenues	 <u>2,047,903</u>	 <u>(55,000)</u>	 <u>1,992,903</u>	 <u>1,461,075</u>	 <u>(17,367)</u>	 <u>1,443,708</u>
FUNCTIONAL EXPENSES:						
Program services	1,400,639	-	1,400,639	866,439	-	866,439
Management and general	198,189	-	198,189	78,934	-	78,934
Fundraising	141,889	-	141,889	62,333	-	62,333
 Total functional expenses	 <u>1,740,717</u>	 <u>-</u>	 <u>1,740,717</u>	 <u>1,007,706</u>	 <u>-</u>	 <u>1,007,706</u>
CHANGE IN NET ASSETS	307,186	(55,000)	252,186	453,369	(17,367)	436,002
NET ASSETS, Beginning of year	<u>1,307,398</u>	<u>335,000</u>	<u>1,642,398</u>	<u>854,029</u>	<u>352,367</u>	<u>1,206,396</u>
NET ASSETS, End of year	<u>\$ 1,614,584</u>	<u>\$ 280,000</u>	<u>\$ 1,894,584</u>	<u>\$ 1,307,398</u>	<u>\$ 335,000</u>	<u>\$ 1,642,398</u>

The accompanying notes are an integral part of this statement.

CODE PLATOON, NFP  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 252,186	\$ 436,002
Adjustments to reconcile net assets to net cash provided by operating activities:		
Realized and unrealized (gain) on investments	(172)	-
Noncash portion of lease expense for operating leases	71,674	-
Repayments of lease liabilities - operating leases	(63,097)	-
Change in operating assets and liabilities:		
(Increase) decrease in tuition receivable	50,525	(85,150)
(Increase) decrease in unconditional promises to give	80,000	(80,000)
(Increase) decrease in prepaid expenses	(4,055)	5,608
(Increase) decrease in security deposits	-	(12,351)
Increase in accounts payable and accrued liabilities	16,468	16,296
Increase in deferred revenue	33,079	-
Net cash provided by operating activities	<u>436,608</u>	<u>280,405</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net sales of certificates of deposits	-	252,431
Proceeds from sale of investments	2,170	-
Purchases of investments	(1,212,322)	-
Net cash provided by (used in) investing activities	<u>(1,210,152)</u>	<u>252,431</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(773,544)	532,836
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,464,848</u>	<u>932,012</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 691,304</u>	<u>\$ 1,464,848</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Right of use assets acquired through operating lease liabilities	<u>\$ 118,897</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CODE PLATOON, NFP  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management & General	Fundraising	Total
Accounting services	\$ -	\$ 36,800	\$ -	\$ 36,800
Advertising & marketing	79,181	-	-	79,181
Bad debt expense	63,500	-	-	63,500
Bank charges	-	1,352	-	1,352
Benefits expense	50,912	4,463	5,666	61,041
Dues & subscriptions	10,119	3,638	82	13,839
Events	5,850	-	39,762	45,612
HR services	-	24,000	-	24,000
Independent contractors	195,561	-	-	195,561
Insurance	3,326	10,988	370	14,684
Meals & entertainment	50	3,508	-	3,558
Office expense	33,026	3,120	5	36,151
Other	-	7,481	-	7,481
PayPal fees	879	616	-	1,495
Payroll taxes	57,643	16,125	7,040	80,808
Lease expense	71,551	-	-	71,551
Shipping & delivery	-	990	-	990
Software	10,473	-	-	10,473
Supplies	4,413	2,201	-	6,614
Taxes & licenses	277	200	-	477
Travel & parking	13,637	9,792	-	23,429
Utilities	117	110	13	240
Wages	799,231	70,070	88,951	958,252
Website expense	893	2,735	-	3,628
	<u>\$ 1,400,639</u>	<u>\$ 198,189</u>	<u>\$ 141,889</u>	<u>\$ 1,740,717</u>
Total functional expenses	<u>\$ 1,400,639</u>	<u>\$ 198,189</u>	<u>\$ 141,889</u>	<u>\$ 1,740,717</u>

The accompanying notes are an integral part of this statement.

CODE PLATOON, NFP  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting services	\$ -	\$ 5,030	\$ -	\$ 5,030
Advertising & marketing	50,949	-	-	50,949
Bank charges	300	-	-	300
Benefits expense	49,833	-	-	49,833
Curriculum development	1,490	-	-	1,490
Dues & subscriptions	15,887	-	-	15,887
Events	-	-	16,341	16,341
HR services	-	2,000	-	2,000
Independent contractors	52,938	5,000	21,435	79,373
Insurance	8,727	-	-	8,727
Legal & professional fees	-	17,861	-	17,861
Meals & entertainment	-	628	-	628
Office expense	16,247	-	-	16,247
Other	-	4,162	-	4,162
PayPal fees	-	1,625	-	1,625
Payroll taxes	47,680	2,886	1,807	52,373
Lease expense	35,927	-	-	35,927
Supplies	11,893	-	-	11,893
Taxes & licenses	56	-	-	56
Travel & parking	-	3,719	-	3,719
Wages	574,512	32,732	22,750	629,994
Website expense	-	3,291	-	3,291
	<u>\$ 866,439</u>	<u>\$ 78,934</u>	<u>\$ 62,333</u>	<u>\$ 1,007,706</u>
Total functional expenses	<u>\$ 866,439</u>	<u>\$ 78,934</u>	<u>\$ 62,333</u>	<u>\$ 1,007,706</u>

The accompanying notes are an integral part of this statement.

CODE PLATOON, NFP  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Code Platoon, NFP is a non-profit organization incorporated December 19, 2014 for the purpose of providing formal classroom training for veterans, active duty personnel and their spouses in computer programming and placing graduates in internship roles.

The financial statements were available to be issued on June 23, 2023 with subsequent events being evaluated through this date.

The following is the nature of operations and summary of the significant accounting policies applied by management in the preparation of the accompanying financial statements.

Basis of Accounting -

The financial statements are presented using the accrual method of accounting, in which revenues are recorded when earned and expenses are recorded when incurred.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Non-for-Profit Organizations*. Under the ASC, the organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

With donor restrictions - Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Tuition Receivables -

Tuition receivables represent amounts due to the Organization from government agencies and individuals. Tuition receivables are stated at the amount management expects to collect from outstanding balances. The Organization recognizes an allowance for losses on receivables in an amount equal to the estimated probable losses, net of recoveries. The allowance is based on an analysis of historical bad debt experience, current receivables aging, and expected future write-offs, as well as an assessment of specific identifiable customer accounts considered at-risk or uncollectible. The Organization has determined that no allowance for doubtful accounts was deemed necessary at December 31, 2022 and 2021. Bad debt expense for the years ended December 31, 2022 and 2021 was \$63,500 and \$-0-, respectively.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Program Revenue Recognition -

The Organization receives program revenue from tuition. Tuition agreements consist of up to three performance obligations which are all considered to be met at a point in time. The performance obligations and the amount of the contract revenue allocated to each performance obligation varies based on the contracts with the government program that is funding the tuition or the individual student who is enrolled in the course. The three performance obligations are, the student enrolls in the class and begins the class, the student graduates and the student is placed with a job. The revenue associated with each performance obligation is recognized, when the individual performance obligation is met.

The Organization also receives consulting revenues from contracting out its employees to other organizations under time-and-expense billing arrangements, where the Organization bills its customers based on a predetermined rate for actual hours worked. This is considered a single performance obligation and the performance obligation is considered met, and revenue is recognized, as the Organization provides the services to its customers.

Contributions -

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. 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 upon which they depend have been met.

The Organization reports gifts of cash and other assets as with donor restriction revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 reported in the statement of activities as net assets released from restrictions. Restricted contributions received and released in the same period are shown as contributions without donor restrictions on the statement of activities.

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes, except for taxes on unrelated business income generated from unrelated trade or business activities. The Organization files informational returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2019. The organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages and related expenses, dues and subscriptions, office expense, lease expenses, supplies, insurance, and travel and parking, which are allocated on the basis of estimates of time and effort.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Investments -

The Organization has invested funds in money market funds which have been reported at fair market value for financial statement purposes. Due to the level of risk associated with certain investment securities, it is possible that the changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of financial position.

Deferred Revenue -

Deferred revenue consists of deposits from students for classes that have not yet started.

Reclassifications -

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

Leases -

The Organization determines if an arrangement is a lease or contains a lease at inception of the contract. The Organization's operating leases are presented in operating lease right-of-use assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities in the accompanying balance sheet as of December 31, 2022.

Operating lease right-of-use assets and lease liabilities are measured based on the present value of future lease payments over the lease term at each lease's commencement date. As most of the Organization's leases do not specify their implicit rate, the Organization has elected a practical expedient to use the nominal yield, at lease inception, applicable to U.S. Treasury instruments with a maturity of similar length of the lease term.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

Leases - (Continued)

Operating lease right-of-use assets include all fixed contractual lease payments and initial direct costs incurred by the Organization, less any lease incentives the Organization receives from the lessor. The Organization has elected a practical expedient to account for lease and non-lease components together as a single lease component. The terms of the Organization's leases generally contain lease payments and reimbursements to the lessor of the Organization's proportionate share of common area maintenance (CAM), real estate taxes and other pass-through charges. Only the fixed lease components are included in the right-of-use assets and lease liabilities. Additionally, the Organization has elected not to apply these lease accounting policies to leases with a term of one year or less at the commencement date.

Operating lease expense for lease payments is recognized on a straight-line basis over the terms of each lease. Variable lease components include CAM, real estate taxes and other charges and are recorded as lease expense as incurred.

The Organization's leases can contain options granting the right to renew or extend the term of the lease for specified option periods. The decision as to whether the Organization will exercise the renewal options is generally at the Organization's sole discretion. The Organization includes lease extensions in the lease term when it is reasonably certain that the Organization will exercise the extension.

New Accounting Pronouncements -

Effective January 1, 2022, the Organization adopted ASU 2016-02, *Leases* (Topic 842) and subsequent amendments. Under ASU 2016-02, all of the Company's real estate and equipment leases that have lease terms exceeding twelve months will now be required to be recognized on the balance sheet as amortizable right-of-use assets accompanied by liabilities for the present value of the lease payments that the Organization is obligated to make in order to obtain control of the leased assets for the duration of each lease term.

Lease expense, under these amendments, will be recognized in different patterns depending on whether the underlying lease is an operating lease or a finance lease. Lease expense for operating leases will be recognized as a single expense using the straight-line method over the term of the lease, which includes options to renew the lease that the Organization is reasonably expected to exercise. Finance lease expense will consist of two components, interest expense on the lease obligation payable and straight-line amortization of the right-of-use asset.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:  
(Continued)

New Accounting Pronouncements - (Continued)

Implementation of these amendments is reflected using the modified retrospective method as of January 1, 2022. Consequently, the 2021 financial statements and disclosures do not reflect the effects of implementing the new lease standard. As a result of implementation, the Organization recorded additional lease assets and lease liabilities of \$118,897 as of January 1, 2022. Upon implementation, the Organization elected an available package of practical expedients permitted under the transition guidance included in ASU 2018-11, *Leases (Topic 842) – Targeted Improvements* that permits the Organization to carry forward the historical lease identification, classification and initial direct costs associated with the Organization’s pre-existing leases. The implementation of the amendments did not materially impact the Organization’s net earnings or cash flows.

(2) UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give consists of the following:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ -	\$ 80,000
One to five years	<u>-</u>	<u>-</u>
	-	80,000
Less - Discount to present value (at a rate of 3.50%)	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 80,000</u>

(3) LEASES:

The Organization leases an office space in Chicago, Illinois. During 2021 the Organization signed a new lease which expanded the square footage used by the Organization. The lease expires in August 2023, and the terms of the lease result in escalating payments during the life of the lease.

The future minimum rental commitments are as follow:

2023	<u>\$ 55,833</u>
Total minimum lease payments	55,833
Amount representing interest	<u>(3)</u>
Present value of net minimum lease payments	55,800
Current portion	<u>(55,800)</u>
Long-term operating lease obligations	<u>\$ -</u>

(3) LEASES: (Continued)

The components of lease expenses for the year ending December 31, 2022, were as follows:

Operating lease cost	<u>\$ 71,551</u>
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The weighted average remaining lease term is as follows:

Operating leases	8 months
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The weighted average discount rate is as follows:

Operating leases	0.40%
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Cash paid for amounts included in the measurements of lease liabilities is as follows:

Operating cash used for operating leases	<u>\$ 68,191</u>
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For the year ended December 31, 2021 the Organization had lease expense of \$35,927.

The composition of investments is as follows:

(4) INVESTMENTS:

	<u>2022</u>	<u>2021</u>
Money market fund	<u>\$ 1,210,324</u>	<u>\$ -</u>

Investment return consists of the following:

Interest income	\$ 5,268	\$ 268
Realized and unrealized gain on investments	<u>172</u>	<u>-</u>
	<u>\$ 5,440</u>	<u>\$ 268</u>

(5) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements established 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

(5) FAIR VALUE MEASUREMENTS: (Continued)

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.

Level 3:

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on 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.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2022 and 2021.

Money Market Fund: Valued at the closing price (net asset value) reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Fund	\$ 1,210,324	\$ -	\$ -	\$ 1,210,324
Total assets at fair value	\$ 1,210,324	\$ -	\$ -	\$ 1,210,324

(6) SIGNIFICANT CONCENTRATION OF CREDIT RISK:

The organization has concentrated its credit risk for cash by maintaining deposits in the bank, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

(7) REVENUE FROM CONTRACTS WITH MEMBERS:

The following table provides information about significant changes in deferred revenue (or contract liabilities) as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of the year	\$ -	\$ -
Revenue recognized that was included in deferred revenue at the beginning of the year	-	-
Increase in deferred revenue due to cash received during the year	<u>33,079</u>	<u>-</u>
Deferred revenue, end of the year	<u>\$ 33,079</u>	<u>\$ -</u>

(8) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions on December 31, 2022 and 2021 available for future periods consist of the following:

	<u>2022</u>	<u>2021</u>
Time Restricted	<u>\$ 280,000</u>	<u>\$ 335,000</u>

(9) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial Assets -		
Cash and cash equivalents	\$ 691,304	\$ 1,464,848
Investments	1,210,324	-
Tuition receivables	49,125	99,650
Unconditional promises to give	<u>-</u>	<u>80,000</u>
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	<u>\$ 1,950,753</u>	<u>\$ 1,644,498</u>

(9) LIQUIDITY AND AVAILABILITY: (Continued)

The Organization manages its liquidity and reserves adhering to the following principles:

- Operating within a prudent range of financial soundness and stability
- Incurring unbudgeted costs only when costs are funded
- Maintaining adequate liquid assets to fund near-term operating needs

(10) SUBSEQUENT EVENTS:

Subsequent to year end, the Organization signed a new lease agreement. The agreement runs through February 2025 and calls for monthly payments of approximately \$6,600.