Fight Colorectal Cancer, Inc.

Independent Auditors' Report
and Financial Statements
Years Ended June 30, 2023 and 2022

KPM
CPAS & ADVISORS

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Independent Auditors' Report

To the Board of Directors
Fight Colorectal Cancer, Inc.
Springfield, Missouri

Opinion

We have audited the accompanying financial statements of Fight Colorectal Cancer, Inc., (the Organization) (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2023, and the related statements of activities and net assets, functional expenses, and cash flows 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 Fight Colorectal Cancer, Inc. as of June 30, 2023, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Fight Colorectal Cancer, Inc. and to meet our other ethical responsibilities in accordance with 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, 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 Fight Colorectal Cancer, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fight Colorectal Cancer, 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 Fight Colorectal Cancer, 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.

Report on Comparative Information

We have previously audited Fight Colorectal Cancer, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 6, 2023

Fight Colorectal Cancer, Inc.

Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 1,197,636	$ 2,153,409
Investments	1,008,620	932,572
Certificate of deposit	661,529	-
Contributions receivable, current	766,125	696,138
Prepaid expenses	116,760	11,764
Total current assets	3,750,670	3,793,883
Property and Equipment		
Cost	247,681	220,531
Less accumulated depreciation	144,466	91,856
Net property and equipment	103,215	128,675
Other Assets		
Contributions receivable, long-term	130,000	539,109
Operating lease right-of-use assets	433,703	-
Total other assets	563,703	539,109
Total assets	$ 4,417,588	$ 4,461,667
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 186,370	$ 134,990
Accrued expenses	131,598	122,141
Current portion of operating lease liabilities	66,751	-
Total current liabilities	384,719	257,131
Long-term operating lease liabilities	372,378	-
Net Assets		
Without donor restrictions	2,604,039	2,824,766
With donor restrictions	1,056,452	1,379,770
Total net assets	3,660,491	4,204,536
Total liabilities and net assets	$ 4,417,588	$ 4,461,667

Fight Colorectal Cancer, Inc.

Statements of Activities and Net Assets

Year Ended June 30, 2023

With Summarized Financial Information for the Year Ended June 30, 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Revenues				
Contributions and grants	$ 2,409,524	$ 17,874	$ 2,427,398	$ 2,411,106
Special events revenue	178,994	-	178,994	142,565
Less cost of direct benefit to donors	42,851	-	42,851	73,317
Net special events	136,143	-	136,143	69,248
Investment income (loss), net	143,963	-	143,963	(65,022)
Other income	394,704	-	394,704	38,116
Total public support and revenues	3,084,334	17,874	3,102,208	2,453,448
Net assets released from restrictions	341,192	(341,192)	-	-
Total public support, revenues and reclassifications	3,425,526	(323,318)	3,102,208	2,453,448
Expenses				
Program services				
Volunteer	123,949	-	123,949	-
Awareness	877,810	-	877,810	715,030
Advocacy	891,065	-	891,065	875,232
Research	283,005	-	283,005	372,296
Education	877,523	-	877,523	600,278
Total program services	3,053,352	-	3,053,352	2,562,836
Supporting services				
Management and general	380,968	-	380,968	217,309
Fundraising	211,933	-	211,933	177,158
Total supporting services	592,901	-	592,901	394,467
Total expenses	3,646,253	-	3,646,253	2,957,303
Other expense				
Loss on disposition of property and equipment	-	-	-	(15,786)
Decrease in net assets	(220,727)	(323,318)	(544,045)	(519,641)
Net assets - beginning of year	2,824,766	1,379,770	4,204,536	4,724,177
Net assets - end of year	$ 2,604,039	$1,056,452	$ 3,660,491	$ 4,204,536

The accompanying notes are an integral part of these financial statements

Fight Colorectal Cancer, Inc.

Statements of Functional Expenses

Year Ended June 30, 2023

With Summarized Financial Information for the Year Ended June 30, 2022

	2023									2022
	Program Services						Supporting Services			
	Volunteer	Awareness	Advocacy	Research	Education	Total	Management and General	Fundraising	Total	Total
Expenses										
Salaries	$ 42,502	$ 335,818	$ 394,941	$ 87,173	$ 348,043	$ 1,208,477	$ 194,132	$ 51,176	$ 1,453,785	$ 1,159,499
Payroll taxes	3,949	28,607	34,133	7,022	29,651	103,362	11,208	4,134	118,704	99,441
Employee benefits	3,711	31,388	22,415	8,272	35,023	100,809	4,593	3,152	108,554	107,177
Retirement benefits	156	2,559	3,933	805	1,707	9,160	1,190	797	11,147	5,000
Meetings and events	42,162	70,442	78,639	25,647	12,084	228,974	11,862	47,002	287,838	239,241
Depreciation	1,628	15,155	9,969	2,106	15,549	44,407	7,026	1,177	52,610	55,243
Office supplies and maintenance	1,184	8,793	9,203	923	7,708	27,811	8,624	1,157	37,592	52,988
Professional services	10,370	143,447	121,471	119,223	174,772	569,283	27,059	23,021	619,363	430,794
Technology	4,957	51,640	30,449	3,446	32,945	123,437	8,896	26,029	158,362	208,223
Promotion	5,459	63,586	14,464	5,429	44,384	133,322	3,088	19,244	155,654	168,733
Insurance	277	2,593	1,656	326	2,652	7,504	914	199	8,617	7,591
Travel	1,652	52,096	99,990	14,737	49,595	218,070	57,372	26,392	301,834	166,868
Utilities	1,305	6,499	5,271	699	6,870	20,644	1,158	513	22,315	17,675
Postage	996	11,616	3,398	1,923	17,060	34,993	885	1,539	37,417	34,547
Printing	215	16,221	1,600	167	47,803	66,006	160	3,240	69,406	3,293
Grants	-	11,600	33,500	1,650	20,000	66,750	1,000	500	68,250	115,373
Dues and subscriptions	98	372	9,114	181	5,927	15,692	75	62	15,829	24,330
Rent	3,328	24,903	16,831	3,276	25,750	74,088	6,473	2,015	82,576	46,320
Bank and merchant fees	-	-	-	-	-	-	17,260	-	17,260	3,828
Miscellaneous	-	475	88	-	-	563	17,993	584	19,140	11,139
Total expenses	$ 123,949	$ 877,810	$ 891,065	$ 283,005	$ 877,523	$ 3,053,352	$ 380,968	$ 211,933	$ 3,646,253	$ 2,957,303

The accompanying notes are an integral part of these financial statements

Fight Colorectal Cancer, Inc.

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Decrease in net assets	$ (544,045)	$ (519,641)
Adjustments		
Realized loss on investments	2,272	-
Unrealized (gains) loss on investments	(58,439)	69,388
Loss on disposition of property and equipment	-	15,786
Depreciation	52,610	55,243
Net change in operating accounts:		
Contributions receivable	339,122	422,186
Prepaid expenses	(104,996)	2,393
Operating lease assets and liabilities	5,426	-
Accounts payable	51,380	(28,042)
Accrued expenses	9,457	7,310
Net cash from (used in) operating activities	(247,213)	24,623
Cash flows from investing activities		
Acquisitions of certificate of deposits and investments	(746,599)	(997,594)
Proceeds from sale of investments	97,546	-
Reinvestment of earnings on investments and certificates of deposit	(32,137)	(4,366)
Acquisition of property and equipment	(27,370)	(76,775)
Net cash used in investing activities	(708,560)	(1,078,735)
Net decrease in cash and cash equivalents	(955,773)	(1,054,112)
Cash and cash equivalents - beginning of year	2,153,409	3,207,521
Cash and cash equivalents - end of year	$ 1,197,636	$ 2,153,409
Schedule of non-cash investing and financing activities		
Establishment of ROU asset and operating lease liability	$ 501,002	$ -

The accompanying notes are an integral part of these financial statements

1. Summary of Significant Accounting Policies

Nature of business: Fight Colorectal Cancer, Inc. (the Organization) is a 501(c)(3) nonprofit corporation established in March 2005 for the purpose of demanding a cure for colon and rectal cancer, as well as educating and supporting patients, pushing for changes in policy that will increase and improve research, and empowering survivors to raise their voices against the status quo. The primary source of revenue for the Organization is contributions raised throughout the United States.

Specific services and programs provided by the Organization include the following:

> **Volunteer:** The Organization relies on volunteers to accomplish its mission. Volunteer opportunities vary in time commitment and needs. Volunteer opportunities include events such as Call-on Congress, Climb for a Cure, local events hosted by the Community of Relentless Champions, and volunteer positions such as Resource Champions, Social Media Champions, and Donor Gratitude Teams.
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> **Awareness:** The Organization educates the public on key issues regarding prevention, diagnosis, and treatment of colorectal cancer.
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> **Advocacy:** The Organization advocates for increased funding for research, screening, and access to care for patients and their families.
>
> **Research:** The Organization works with researchers to ensure that research and treatment is responsive to patient needs, as well as training patients and caregivers on how to inform the research process.
>
> **Education:** The Organization provides educational resources to patients and their caregivers, including webinars, blogs, publications, podcasts, and downloadable materials.

Adoption of a new accounting standard: Effective July 1, 2022, the Organization adopted FASB ASC 842 *Leases*. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard. Among other things, the Organization elected (i) to not reassess under the new standard any prior conclusions about lease identification, lease classification, and initial direct costs; (ii) to elect the short-term lease recognition exemption for all leases that qualify, meaning the Organization will not recognize right-of-use (ROU) assets or lease liabilities for existing short-term leases; and (iii) to not separate lease and non-lease components.

The Organization adopted the new standard on July 1, 2022, and elected to use the effective date as the date of initial application. Consequently, financial information will not be updated, and the disclosures will not be provided for dates and periods before adoption. Results for periods beginning prior to July 1, 2022 continue to be reported in accordance with historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Organization’s results of operations, cash flows, or debt covenants.

FASB ASC 842 establishes a ROU asset model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. Leases with a term of less than 12 months will not record an ROU asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term. Leases are classified as either operating or financing, based on criteria established in FASB ASC 842. ROU assets resulting from leases represent the Organization's right to use an underlying asset and are based upon the determination of the related lease liability. Lease liabilities represent the present value of the lease payments not yet paid. Operating leases result in lease expense being recognized as the ROU asset and lease liability are reduced. Financing leases result in amortization expense related to the ROU asset and interest expense related to the lease liability being recognized as separate components in the financial statements. At year ended June 30, 2023, the Organization did not have any finance leases.

The adoption of FASB ASC 842 resulted in the recognition of operating ROU assets and operating lease liabilities in the amount of $501,002 on July 1, 2022.

To determine the lease liability, the Organization uses the interest rate implicit in the lease when available. When the implicit rate is not readily available, the Organization has elected to use the U.S. Treasury risk-free discount rate using a period comparable with that of the lease term to be used in calculating lease liabilities as of the adoption date or commencement date.

Adoption of accounting pronouncement: During the year ended June 30, 2023, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), as amended. The ASU applies to the presentation and disclosure of the valuation of contributed nonfinancial assets. Results for reporting the years ending June 30, 2023 and 2022, are presented under FASB Topic 958. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements. The Organization had no material nonfinancial contributions contributed during the years ended June 30 2023 and 2022.

Revenue recognition: The Organization recognizes revenue using the following method:

> **Contributions and grants:** Contributions and grants are recognized when cash, other assets, and an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. The grant received by the Organization is nonreciprocal, therefore, revenue is recognized as obligations are met.
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> **Special events:** Fundraising event revenue consists of event sponsorships and ticket sales. Event sponsorships result in minimal benefit to the sponsor. Therefore, payments are considered to be contributions. Ticket sales, which comprise both exchange and non-exchange transactions, are covered by FASB ASU Topic 606. Management has evaluated these exchange transactions by estimating the value of the goods received and has concluded the value to be immaterial.

Basis of presentation: The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions:** Net assets not subject to donor restriction may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
>
> **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors must be expended in accordance with donor restrictions. 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 the funds be maintained in perpetuity. At June 30, 2023 and 2022, there were no net assets to be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and net assets as net assets released from donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Comparative financial information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Accounting estimates: Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Contributions receivable: Contributions receivable are unconditional promises to give. Amounts that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Property and equipment and related depreciation: Property and equipment has been stated at cost. Depreciation has been computed by applying the straight-line method and estimated lives as follows:

Category	Estimated Life
Furniture, fixtures, and equipment	3-5 years
Software and licenses	3-5 years

Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets are capitalized.

Investments: The Organization carries investments in marketable securities and derivatives with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. The investments, as presented on the statements of financial position, consists of investments held to seek higher returns, while providing reasonable stability of principal. Investment gain and loss includes dividends, interest, realized and unrealized gains on investments carried at fair value, and fees associated with investment maintenance. Investment gain and loss are reflected in the statements of activities and net assets as with donor restrictions or without donor restrictions based upon the existence and nature or any donor of legally imposed restrictions.

Tax exempt status: The Organization has been classified as an exempt organization under Internal Revenue Code Section 501(c)(3) as a public charity qualified for charitable contributions under Internal Revenue Code Section 170.

The Organization has analyzed the tax positions taken and has concluded that as of June 30, 2023 and 2022, there are no uncertain positions taken, or expected to be taken, that would require recognition of an asset or liability or disclosure in the financial statements. A tax asset or liability would be recognized if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization does not believe it likely that changes will occur within the next fiscal year that will have a material impact on the financial statements.

Contributed services: Unpaid volunteers have made contributions of their time to assist with the Organization's programs and fundraising campaigns. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services identified. Such allocations are determined by management on an equitable basis. All other costs have been directly applied.

The allocated expenses include the following:

Expense	Method of Allocation
Salaries and payroll taxes	Time and effort
Employee and retirement benefits	Time and effort
Depreciation	Full time equivalent
Office supplies and maintenance	Full time equivalent
Insurance	Full time equivalent
Professional services	Full time equivalent
Technology	Full time equivalent
Utilities	Full time equivalent
Rent	Full time equivalent

Advertising costs: The Organization expenses non-direct response advertising costs as they are incurred. Advertising expense for the years ended June 30, 2023 and 2022 amounted to $54,168 and $46,239, respectively.

Statements of cash flows: Cash equivalents include time deposits, certificates of deposit, money market funds, and all highly liquid debt instruments with maturities of three months or less at the date of their acquisition.

Fair value measurement: The definition of fair value focuses on the exit price (i.e., the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) not the entry price (i.e., the price that would be paid to acquire the asset or received to assume the liability at the measurement date). Fair value is a market-based measurement, not an entity-specific measurement. Therefore, the fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability.

Reclassifications: Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent events: Management has evaluated subsequent events between the end of the most recent fiscal year end and December 6, 2023, the date the financial statements were available to be issued.

2. Employee Retention Credit

In response to COVID-19, the federal government signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Part of the CARES Act included a provision for the Employee Retention Tax Credit (ERTC). The ERTC is a refundable credit that businesses can claim on qualified wages, including certain health insurance costs, paid to employees. The Organization qualified for $368,600 for the year ended June 30, 2023 in employee retention credits, which are included in other income on the statements of activities and net assets.

3. Availability and Liquidity

The Organization structures its financial assets to meet three months of operating expenses. Excess cash may be invested in short-term investments, including money market accounts and certificates of deposit.

The following represents the Organization's financial assets at June 30, 2023 and 2022 available to meet general expenditures over the next twelve months:

	2023	2022
Financial assets at year end		
Cash and cash equivalents	$ 1,197,636	$ 2,153,409
Investments	1,008,620	932,572
Certificate of deposit	661,529	-
Contributions receivable	896,125	1,235,247
Total financial assets	3,763,910	4,321,228
Less amounts not available to be used within one year		
Contributions receivable - long-term	130,000	539,109
Financial assets available to meet general expenditures over the next twelve months	$ 3,633,910	$ 3,782,119

4. Investments

The carrying amount of investments as shown in the statements of financial position and their approximate market value as of June 30, 2023 and 2022, were as follows:

	2023		
	Cost	**Unrealized Loss**	**Market Value**
Mutual funds/ETFs	$ 1,023,228	$ (14,608)	$ 1,008,620

	2022		
	Cost	**Unrealized Loss**	Market Value
Mutual funds/ETFs	$ 1,001,960	$ (69,388)	$ 932,572

5. Contributions Receivable

Contributions receivable consist of the following unconditional promises to give:

	2023	2022
Due in less than one year	$ 766,125	$ 696,138
Due in one to five years	130,000	544,500
	896,125	1,240,638
Less: Unamortized discount	-	5,391
Total contributions receivable	$ 896,125	$ 1,235,247

The unamortized discount was calculated using an average rate of 1%.

6. Property and Equipment

Category	2023	2022
Furniture, fixtures, and equipment	$ 97,248	$ 97,248
Software and licenses	150,433	123,283
	247,681	220,531
Less accumulated depreciation	144,466	91,856
Total	$ 103,215	$ 128,675

7. Net Assets

Net assets with donor restrictions at June 30, 2023 and 2022 are available for the following purposes or periods:

	2023	2022
Specific Purpose		
Research	$ 160,327	$ 144,534
Passage of Time		
Contribution receivables	896,125	1,235,236
Total net assets with donor restrictions	$ 1,056,452	$ 1,379,770

Net assets released from donor restrictions are as follows:

Satisfaction of purpose restrictions	2023	2022
Research	$ 2,090	$ 160,688
Passage of time	339,102	563,804
Total net assets released from donor restrictions	$ 341,192	$ 724,492

8. Leases

The Organization leases facilities in Springfield, Missouri under noncancelable lease agreements which are accounted for as operating leases. Upon adoption of Topic 842, Organization management reviewed all leases and determined renewals that were reasonably certain to be renewed and included those renewals in determination of lease liabilities and lease assets. The determination of the lease term considered the useful life of the leasehold improvements and the future needs of the Organization. The right-of-use (ROU) assets relate to operating leases for facilities and are amortized on a straight-line basis over the remaining lease terms. Lease expense is recognized as the ROU assets and lease liabilities are reduced.

The Organization is obligated under the terms of an operating lease agreement for building space with an unrelated entity. The lease obligation has an expiration date of April 30, 2029 and has no renewal options. The Organization utilizes the U.S. Treasury risk-free discount rate. The discount rate associated with the operating lease as of June 30, 2023 is 2.92%. The ROU asset is amortized using the straight-line method over the asset’s useful life.

For the year ended June 30, 2023, the Organization made cash payments on operating leases in the amount $75,500. During the year ended June 30, 2023, total rent expense associated with leases is as follows:

Operating lease costs:		
Fixed rent expense	$	80,927
Short-term lease cost		1,649
Total lease cost	$	82,576

The future minimum payments due under operating leases at June 30, 2023 are as follows:

2024	$	78,500
2025		81,000
2026		81,250
2027		82,750
2028		84,000
Thereafter		70,000
Total undiscounted cash flows		477,500
Less: present value discount		(38,371)
Total lease liabilities	$	439,129

9. Retirement Plan

The Organization maintains a 403(b)-retirement plan matching up to two percent of employee contributions at the discretion of the Board of Directors. The plan provides coverage for all employees after eligibility requirements are met.

10. Fair Value Measurement

The Organization has an established process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently sourced market data, including interest rate yield curves, option volatilities and third-party information. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Valuation Hierarchy

ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

> Level 1: inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets
>
> Level 2: inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument
>
> Level 3: inputs to the valuation methodology are unobservable and significant to the fair value measurement

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instrument pursuant to the valuation hierarchy.

Investments – The Organization uses quoted market prices from actively traded markets to estimate the fair value of the Level 1 securities that it holds. If quoted market prices were not available, then fair values would be estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and would be classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities would classified within Level 3 of the valuation hierarchy.

The following tables present the financial instruments carried at fair value on a recurring basis as of June 30, 2023 and 2022, by caption on the statement of financial position and by ASC 820 valuation hierarchy.

	June 30, 2023			
		Fair Value Measurement		
	Fair value	Level 1	Level 2	Level 3
Mutual funds/ETFs	$ 1,008,620	$ 1,008,620	$ -	$ -

	June 30, 2022			
		Fair Value Measurement		
	Fair value	Level 1	Level 2	Level 3
Mutual funds/ETFs	$ 932,572	$ 932,572	$ -	$ -

During the years ended June 30, 2023 and 2022, the Organization had no financial instruments classified within level 2 or level 3 of the valuation hierarchy for assets and liabilities measured at fair value on a recurring basis.

11. Concentrations of Credit Risk

The Organization maintains bank accounts with two financial institutions. On June 30, 2023, the balance with Legacy Bank exceeded the FDIC insurance limit.