Atlas Economic Research Foundation
dba Atlas Network

Financial Statements
and Independent Auditor’s Report

December 31, 2022 and 2021

Atlas Economic Research Foundation dba Atlas Network

Financial Statements
December 31, 2022 and 2021

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Atlas Economic Research Foundation
dba Atlas Network

Opinion

We have audited the accompanying financial statements of Atlas Economic Research Foundation dba Atlas Network ("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 Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update (ASU) 2016-02, Accounting Standards Codification (ASC) 842, *Leases,* and all subsequent ASUs that modified ASC 842. The Organization has applied the modified retrospective method to adopt this standard during the year ended December 31, 2022, and adjusted the presentation in the financial statements as permitted by ASC 842. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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, including omissions, 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

Rogers + Company PLLC

Vienna, Virginia
March 29, 2023

Atlas Economic Research Foundation dba Atlas Network

Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 3,287,612	$ 2,076,989
Contributions receivable	3,319,273	3,737,969
Accounts receivable	14,856	16,471
Prepaid expenses	103,792	421,548
Total current assets	6,725,533	6,252,977
Long-term assets:		
Investments	6,293,763	8,380,035
Contributions receivable, long-term portion, net	1,176,872	1,634,956
Deposit	62,016	62,016
Property and equipment, net	480,538	575,433
Intangible assets	251,091	278,621
Right-of-use assets – operating leases	1,830,749	-
Total long-term assets	10,095,029	10,931,061
Total assets	$ 16,820,562	$ 17,184,038
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 278,792	$ 617,909
Grants payable	496,653	872,105
Deferred rent and lease incentives	-	706,722
Lease liabilities – operating leases	2,464,917	-
Total liabilities	3,240,362	2,196,736
Net Assets		
Without donor restrictions	3,493,065	4,677,915
With donor restrictions	10,087,135	10,309,387
Total net assets	13,580,200	14,987,302
Total liabilities and net assets	$ 16,820,562	$ 17,184,038

Atlas Economic Research Foundation dba Atlas Network

Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 10,557,900	$ 9,110,212	$ 19,668,112
Registration income	192,300	-	192,300
Miscellaneous income	52,987	-	52,987
Investment return	82,625	-	82,625
Released from restrictions	9,332,464	(9,332,464)	-
Total revenue and support	20,218,276	(222,252)	19,996,024
Expenses			
Program services	18,878,086	-	18,878,086
Supporting services:			
Management and general	953,850	-	953,850
Fundraising	1,571,190	-	1,571,190
Total supporting services	2,525,040	-	2,525,040
Total expenses	21,403,126	-	21,403,126
Change in Net Assets	(1,184,850)	(222,252)	(1,407,102)
Net Assets, beginning of year	4,677,915	10,309,387	14,987,302
Net Assets, end of year	$ 3,493,065	$ 10,087,135	$ 13,580,200

Atlas Economic Research Foundation dba Atlas Network

Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 9,162,926	$ 8,861,144	$ 18,024,070
Registration income	108,926	-	108,926
Miscellaneous income	490,546	-	490,546
Investment return	9,129	-	9,129
Released from restrictions	8,004,805	(8,004,805)	-
Total revenue and support	17,776,332	856,339	18,632,671
Expenses			
Program services	15,395,305	-	15,395,305
Supporting services:			
Management and general	791,448	-	791,448
Fundraising	1,308,581	-	1,308,581
Total supporting services	2,100,029	-	2,100,029
Total expenses	17,495,334	-	17,495,334
Change in Net Assets	280,998	856,339	1,137,337
Net Assets, beginning of year	4,396,917	9,453,048	13,849,965
Net Assets, end of year	$ 4,677,915	$ 10,309,387	$ 14,987,302

Atlas Economic Research Foundation dba Atlas Network

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

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Fellowships and grants	$ 8,830,995	$ 915	$ 2,407	$ 3,322	$ 8,834,317
Conferences, meetings, and travel	3,789,423	22,128	181,532	203,660	3,993,083
Salaries, payroll taxes, and benefits	3,218,660	658,449	1,099,809	1,758,258	4,976,918
Professional fees	948,549	131,925	69,373	201,298	1,149,847
Advertising	750,466	23,842	44,971	68,813	819,279
Occupancy	325,311	13,140	21,645	34,785	360,096
Office expenses	721,606	83,780	115,121	198,901	920,507
Bank service charges	60,791	1,578	3,758	5,336	66,127
Amortization – leasehold build-out	62,412	2,521	4,153	6,674	69,086
Depreciation and amortization	83,810	3,384	5,577	8,961	92,771
Insurance	17,921	10,985	1,196	12,181	30,102
Miscellaneous	68,142	1,203	21,648	22,851	90,993
Total Expenses	$ 18,878,086	$ 953,850	$ 1,571,190	$ 2,525,040	$ 21,403,126

Atlas Economic Research Foundation dba Atlas Network

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

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Fellowships and grants	$ 6,138,050	$ 928	$ 1,537	$ 2,465	$ 6,140,515
Conferences, meetings, and travel	3,183,960	5,837	142,405	148,242	3,332,202
Salaries, payroll taxes, and benefits	2,872,742	627,885	921,477	1,549,362	4,422,104
Professional fees	855,488	50,597	44,013	94,610	950,098
Advertising	1,055,914	7,076	23,265	30,341	1,086,255
Occupancy	349,506	16,973	28,116	45,089	394,595
Office expenses	779,988	66,315	115,786	182,101	962,089
Bank service charges	30,826	972	1,610	2,582	33,408
Amortization – leasehold build-out	64,800	-	-	-	64,800
Depreciation and amortization	40,151	1,653	2,739	4,392	44,543
Insurance	3,945	12,180	199	12,379	16,324
Miscellaneous	19,935	1,032	27,434	28,466	48,401
Total Expenses	$ 15,395,305	$ 791,448	$ 1,308,581	$ 2,100,029	$ 17,495,334

Atlas Economic Research Foundation dba Atlas Network

Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (1,407,102)	$ 1,137,337
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized (gain) loss on investments	(8,653)	69,858
Stock donations	(38,278)	-
Amortization – leasehold build-out	69,086	64,800
Depreciation and amortization	92,771	44,543
Loss on fixed assets disposal	1,034	-
Change in discount on contributions receivable	258,625	(58,235)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	618,155	881,220
Accounts receivable	1,615	21,197
Prepaid expenses	317,756	(8,143)
Right-of-use assets – operating leases	(1,830,749)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(339,117)	379,803
Grants payable	(375,452)	279,273
Deferred rent and lease incentives	(706,722)	(62,639)
Lease liabilities – operating leases	2,464,917	-
Net cash (used in) provided by operating activities	(882,114)	2,749,014
Cash Flows from Investing Activities		
Purchases of property and equipment	(26,978)	(89,604)
Purchases of intangible assets	(13,488)	(234,991)
Purchases of investments	(11,693,797)	(1,655,943)
Proceeds from sales of investments	13,827,000	28,703
Net cash provided by (used in) investing activities	2,092,737	(1,951,835)
Net Increase in Cash and Cash Equivalents	1,210,623	797,179
Cash and Cash Equivalents, beginning of year	2,076,989	1,279,810
Cash and Cash Equivalents, end of year	$ 3,287,612	$ 2,076,989

1. Nature of Operations

The Atlas Economic Research Foundation dba Atlas Network ("the Organization") is a publicly supported, nonprofit, educational foundation established and incorporated in Delaware in 1981.

The Organization increases opportunity and prosperity by strengthening a global network of independent civil society organizations that promote individual freedom and remove barriers to human flourishing. The Organization also develops regional centers and other initiatives within its Innovation Lab division.

To advance its mission, the Organization undertakes programs in three categories of core services:

- *Coach* – provides world-class training and mentoring to inspire professionalism and improve performance among its independent partners.

- *Compete* – offers grant and prize competitions that fuel its partners' efforts to achieve extraordinary outcomes.

- *Celebrate* – fosters camaraderie and stokes ambitions among its partners by celebrating their greatest accomplishments through its events and media outreach.

2. Summary of Significant Accounting Policies

<u>Basis of Accounting and Presentation</u>

The Organization's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions.

<u>Classification of Net Assets</u>

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Contributions Receivable

Contributions receivable represent unconditional amounts committed to the Organization. All contributions receivable are reflected at either net realizable value or at net present value based on projected cash flows. Amount receivable in more than one year at December 31, 2022 and 2021 were discounted at an average annual rate of 4.55% and 0.33%, respectively. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management believes that all contributions receivable are collectible at December 31, 2022 and 2021, and accordingly, no allowance for uncollectible accounts has been established.

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are reported as a component of investment return in the accompanying statements of activities.

Property and Equipment

Property and equipment acquisitions of $500 or more, with a projected useful life exceeding one year, are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to 10 years. Leasehold improvements are stated at cost and are amortized using the straight-line method over the shorter of their estimated useful lives or the lease term, which is 10.5 years.

2. Summary of Significant Accounting Policies (continued)

Intangible Assets

Intangible assets include website and intellectual property in the form of trademarks. Intangible assets were initially measured at their fair value, which was determined based on the consideration exchanged in conjunction with acquisition of the assets.

The Organization has capitalized certain costs associated with the development of the website. Website development costs are amortized on a straight-line basis over the estimated useful life of up to five years starting in 2022. Costs related to the planning stage of the website, as well as ongoing website operating and supporting costs, are expensed as incurred. The Organization has trademarks with a value of $140,039 and $126,551 at December 31, 2022 and 2021, respectively, that are registered globally and have indefinite lives. These assets are periodically reviewed when impairment indicators are present to assess recoverability from future operations using discounted cash flows. No impairment loss was recognized for the years ended December 31, 2022 and 2021.

Operating Leases

The Organization determines if an arrangement is a lease at inception. Operating lease is included in right-of-use ("ROU") assets, which represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, the Organization used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made and exclude lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

Contributions are recorded as revenue when received or promised and are recorded net of any current year allowance or discount activity. The Organization reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to one of the Organization's programs or to a future year. 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 statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

Revenue Accounted for as Contracts with Customers

Registration income is recognized at the time of the event, which corresponds to when the performance obligation is satisfied.

Revenue from all other sources is recognized when earned.

Donated Services

Donated services meeting the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Revenue Recognition – Contributions Received,* are recognized at fair value at the time of receipt. These services benefit the general programs and consist primarily of advertising, and legal and professional services. The value of these donated services is included in the financial statements as both revenue and expense in the amounts of $540,726 and $397,569 for the years ended December 31, 2022 and 2021, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Adopted Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, ASC 842, *Leases.* The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective for the Organization's fiscal year ended December 31, 2022. The Organization adopted ASC 842 during the year ended December 31, 2022, and adjusted the presentation in the financial statements as permitted by ASC 842. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

Recently Issued Accounting Pronouncement

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* which requires a not-for-profit entity to present contributed nonfinancial assets in the statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Organization's fiscal year ending December 31, 2023 and is not expected to have a significant impact on the Organization's financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 29, 2023, the date the financial statements were available to be issued.

3. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	2022	2021
Cash and cash equivalents	$ 3,287,612	$ 2,076,989
Contributions receivable	4,496,145	5,372,925
Accounts receivable	14,856	16,471
Investments	6,293,763	8,380,035
Total financial assets	14,092,376	15,846,420
Less: restricted by donors with purpose and time restrictions	(10,087,135)	(10,309,387)
Total available for general expenditures	$ 4,005,241	$ 5,537,033

The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses, which are, on average, approximately $3,500,000. As part of this liquidity management, the Organization invests cash and cash equivalents in excess of daily requirements in various short-term investments, including certificates of deposit.

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

4. Concentrations of Risk (continued)

Revenue Risk

For the years ended December 31, 2022 and 2021, a substantial portion of the Organization's revenue was generated from a few donors. For the years ended December 31, 2022 and 2021, $7,283,474 and $7,282,049, respectively, was received from two donors. These contributions approximate 36% and 39% of the Organization's total operating revenue and support for the years ended December 31, 2022 and 2021, respectively.

5. Investments and Fair Value Measurements

The Organization follows FASB ASC 820, *Fair Value Measurements and Disclosures,* for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Level 1 investments include mutual funds, the fair value for which was based on quoted prices for identical assets in active markets. Level 2 investments include certificates of deposit, which are generally valued at original cost plus accrued interest, and government securities, which are valued by pricing vendors using a market approach and pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions.

5. Investments and Fair Value Measurements (continued)

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Mutual funds – equities	$ 5,852	$ -	$ -	$ 5,852
Certificates of deposit	-	249,843	-	249,843
Government securities	-	6,038,068	-	6,038,068
Total investments	$ 5,852	$ 6,287,911	$ -	$ 6,293,763

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Mutual funds – equities	$ 2,947	$ -	$ -	$ 2,947
Certificates of deposit	-	2,779,374	-	2,779,374
Government securities	-	5,597,714	-	5,597,714
Total investments	$ 2,947	$ 8,377,088	$ -	$ 8,380,035

Investment return consists of the following for the years ended December 31:

	2022	2021
Interest and dividends	$ 73,972	$ 78,987
Realized and unrealized gain (loss)	8,653	(69,858)
Total investment return	$ 82,625	$ 9,129

The Organization did not have any investment management expenses for the years ended December 31, 2022 and 2021.

6. Contributions Receivable

Contributions receivable are promised as follows at December 31:

	2022	2021
Due in less than one year	$ 3,319,273	$ 3,737,969
Due in one to five years	1,459,391	1,658,850
Total contributions receivable	4,778,664	5,396,819
Less: present-value discount	(282,519)	(23,894)
Contributions receivable, net	$ 4,496,145	$ 5,372,925

7. Property and Equipment

Property and equipment consists of the following at December 31:

	2022	2021
Furniture and equipment	$ 194,623	$ 183,500
Leasehold improvements	725,398	725,398
Total property and equipment	920,021	908,898
Less: accumulated depreciation	(439,483)	(333,465)
Property and equipment, net	$ 480,538	$ 575,433

8. Intangible Assets

Intangible assets consist of the following at December 31:

	2022	2021
Website	$ 152,070	$ 152,070
Trademarks	140,039	126,551
Total intangible assets	292,109	278,621
Less: accumulated amortization	(41,018)	-
Total intangible assets	$ 251,091	$ 278,621

8. Intangible Assets (continued)

Amortization expense for the estimated remaining life of the intangible assets with definite life is as follows for the years ending December 31:

2023	$	30,414
2024		30,414
2025		30,414
2026		30,414
2027		30,414
Future estimated amortization expense	$	152,070

9. Employee Retention Tax Credit

The Organization became eligible to apply for the Employee Retention Tax Credit (ERTC), a provision of the CARES Act. The ERTC can be claimed through December 31, 2021 by eligible employers who retained employees during the COVID-19 pandemic. Employers are eligible for the credit if they experienced either a full or partial suspension of operations during any calendar quarter because of governmental orders due to the pandemic, or a significant decline in gross receipts based in comparing quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The ERTC is a refundable credit that the Organization can claim on qualified wages paid to employees, including certain health insurance costs. While accepting this form of relief from payroll taxes, the Organization did not participate in other government-funded assistance programs available under CARES Act during the COVID-19 pandemic.

During the year ended December 31, 2021, the Organization received ERTC in the amount of $474,193, which is included in miscellaneous income in the accompanying statement of activities.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at December 31:

	2022	2021
Program restricted	$ 4,029,930	$ 4,759,786
Time restricted	6,057,205	5,549,601
Total net assets with donor restrictions	$ 10,087,135	$ 10,309,387

11. Commitments and Contingencies

Operating Leases

During 2017, the Organization entered into an agreement to lease office space in Arlington, Virginia under the terms of an operating lease that commenced on May 25, 2018 and is set to expire on November 30, 2028. The terms of the lease contain provisions for a free rent period and future rent increases of 2.75% per year. In addition, the Organization was provided a build-out allowance totaling $680,400 as another incentive to lease the office space. Other lease provisions include the Organization's proportionate share of real estate taxes and operating expenses, which are not included in base rental payments.

Occupancy expense totaled $360,096 and $394,595 for the years ended December 31, 2022 and 2021, respectively.

In December 2020, the Organization also entered into a 60-month operating lease for office equipment. The terms of the lease require fixed monthly payments of $487, and provide the option to purchase the equipment at fair value at the end of the lease.

Supplemental qualitative information related to the office lease is as follows:

Operating lease costs	$	333,993
Cash paid for amounts included in the measurement of lease liabilities – Operating cash flows	$	406,548
Right-of-use assets obtained in exchange for lease obligations	$	1,830,749
Weighted-average remaining lease term (in years)		5.1
Weighted-average discount rate		1.55%

11. Commitments and Contingencies (continued)

Operating Leases (continued)

Maturities of the lease liabilities under the Organization's office lease are as follows for the years ending December 31:

2023	$ 416,711
2024	427,129
2025	437,808
2026	448,753
2027	459,972
Thereafter	352,393
Total minimum lease payments	2,542,766
Less: discount to present value at 1.55%	(77,849)
Present value of operating lease liabilities	$ 2,464,917

Hotel Agreements

The Organization has entered into contracts with several hotels for space for meetings and events through the year 2024. In the event of cancellation, the Organization can be held liable for liquidated damages up to the amount of lost profit less the hotel's mitigation, depending upon the date of cancellation. Management believes that no material liability is likely.

12. Methods Used for Allocation of Expenses from Management and General Activities

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. Expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, payroll taxes and benefits, professional fees, office expenses, insurance, and other, which are allocated on the basis of estimates of time and effort.

13. Pension Plan

In 2020, the Organization started to sponsor a 403(b) retirement plan, which covers substantially all employees. Participants may contribute a percentage of their annual compensation on a pretax basis and after-tax basis subject to limitations established by the Internal Revenue Service. The Organization matches 3% of participating employees' salaries. The Organization contributed $106,321 and $92,040 to the plan for the years ended December 31, 2022 and 2021, respectively.

14. Income Taxes

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements as there was no significant net unrelated business taxable income. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated the Organization's tax positions and concluded that the Organization's financial statements do not include any uncertain tax positions.