First Book

Financial Statements and Independent Auditor's Report
Year Ended December 31, 2022

First Book

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Contents

Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive, Suite 800
McLean, VA 22102

Independent Auditor's Report

Board of Directors
First Book
Washington, D.C.

Opinion

We have audited the financial statements of First Book (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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 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 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

McLean, Virginia
January 31, 2024

Financial Statements

First Book

Statement of Financial Position

December 31,		2022
Assets		
Cash and cash equivalents	$	10,159,347
Accounts receivable, net of an allowance for uncollectible accounts of $32,823		2,431,634
Prepaid expenses		396,763
Investments		41,877
Inventory		-
Donated inventory		21,264,213
Purchased inventory		3,644,428
Right-of-use asset		842,911
Total assets	$	38,781,173
Liabilities		
Accounts payable	$	3,582,880
Accrued expenses		481,714
Grant payable		1,801,750
Deferred revenue		357,799
Operating lease liability		827,179
Total liabilities		7,051,322
Net assets		
Without donor restrictions		23,225,339
With donor restrictions		8,504,512
Total net assets		31,729,851
Total Liabilities and Net Assets	$	38,781,173

See accompanying notes to financial statements.

First Book

Statement of Activities

Year Ended December 31, 2022	Without donor Restrictions	With donor Restrictions	Total
Support and Revenue			
Contributed goods	$ 66,915,172	$ -	$ 66,915,172
Contributions	8,078,451	14,784,809	22,863,260
Marketplace activity	14,837,577	-	14,837,577
Investment return	31,242	-	31,242
Other income	11,151	-	11,151
Net assets released from restrictions	12,438,473	(12,438,473)	-
Total support and revenue	102,312,066	2,346,336	104,658,402
Expenses			
Program services	116,089,636	-	116,089,636
Management and general	2,238,561	-	2,238,561
Fundraising	2,130,975	-	2,130,975
Total expenses	120,459,172	-	120,459,172
Change in net assets	(18,147,106)	2,346,336	(15,800,770)
Net assets, beginning of year	41,372,445	6,158,176	47,530,621
Net assets, end of year	$ 23,225,339	$ 8,504,512	$ 31,729,851

See accompanying notes to financial statements.

First Book

Statement of Cash Flows

Year Ended December 31,	2022
Cash flows from operating activities:	
Change in net assets	$ (15,800,770)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
In-kind contributions of donated inventory	(66,915,172)
Distribution of donated inventory	83,729,423
Write-off of donated inventory	1,027,610
Net change in allowance for uncollectible accounts	19,621
Net realized/unrealized loss on investments	8,944
Loss on disposal of property and equipment	120,374
Non-cash lease expense	525,387
(Increase) Decrease in assets:	
Accounts receivable	185,205
Prepaid expenses	(68,712)
Purchased inventory	707,076
Increase (Decrease) in liabilities:	
Accounts payable	108,965
Accrued expenses	(63,950)
Grant payable	(515,750)
Deferred Revenue	(266,779)
Operating lease liability	(541,119)
Net cash provided by operating activities	2,260,353
Cash flows from financing activity:	
Repayment of borrowings under bank line-of-credit	(1,500,000)
Net cash used by financing activity	(1,500,000)
Net increase in cash and cash equivalents	760,353
Cash and cash equivalents, beginning of year	9,398,994
Cash and cash equivalents, end of year	$ 10,159,347
Supplemental cash flow information:	
Right-of-use asset obtained in exchange for operating lease liability - at inception	$ 1,368,298
Cash paid for interest	$ 25,047

See accompanying notes to financial statements.

First Book

Statement of Functional Expenses

Year Ended December 31, 2022	Program Services	Management and General	Fundraising	Total Expenses
Salaries	$ 4,426,998	$ 1,358,475	$ 1,244,741	$ 7,030,214
Employee benefits and taxes	917,953	281,684	258,101	1,457,738
Donated books	84,757,033	-	-	84,757,033
Purchased books and other educational materials	14,582,186	-	-	14,582,186
Shipping	4,177,046	-	-	4,177,046
Warehouse and fulfillment	2,515,954	-	-	2,515,954
Consulting	1,500,197	123,269	211,708	1,835,174
Equipment and technology	760,451	69,838	166,664	996,953
Other marketplace fees	585,225	-	-	585,225
Rent	278,667	190,667	19,556	488,890
Subgrants	421,933	-	-	421,933
Advertising	225,515	25,105	32,218	282,838
Contract labor	190,541	9,808	46,284	246,633
Dues and subscriptions	136,801	41,979	38,464	217,244
Bank charges	73,139	22,444	20,565	116,148
Telephone and utilities	73,016	22,406	20,530	115,952
Professional fees	71,572	28,044	12,729	112,345
Printing and publications	56,384	17,302	15,854	89,540
Miscellaneous	89,074	-	-	89,074
Travel and lodging	53,729	16,487	15,107	85,323
Office supplies	52,116	15,993	14,654	82,763
Insurance	36,891	11,320	10,373	58,584
Bad debt	32,175	-	-	32,175
Program supplies	25,577	-	-	25,577
Interest	25,047	-	-	25,047
Meetings and conferences	12,189	3,740	3,427	19,356
Fees, licenses and permits	12,227	-	-	12,227
	$ 116,089,636	$ 2,238,561	$ 2,130,975	$ 120,459,172

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies

First Book (the Organization) was organized as a District of Columbia (DC) nonprofit organization in 1992. First Book believes that education transforms lives. The Organization addresses the barriers to education faced by children living in low-income communities – all of which are essential to educational equity. To assist in this mission, a broad array of books and resources are made available, either free or at low cost, to the Organization's member network of more than 575,000 educators who exclusively serve kids in need.

Since 1992, First Book has distributed more than 225 million books and educational resources to programs and schools serving children from low-income communities in all 50 states and provinces in Canada. First Book reaches an average of 5 million children every year and supports more than a third of the estimated 1.3 million classrooms and programs serving children in need.

In addition, First Book has built a research arm, First Book Research & Insights, which performs qualitative and quantitative studies regarding the challenges and needs of educators serving children in poverty across the US. To further support the needs of these educators, the organization also operates The Accelerator, a program that provides access to leading experts in critical fields relevant to the educators and the children they serve.

Basis of Accounting

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes currency on hand, as well as demand deposits with banks. The Organization considers all highly liquid financial instruments purchased with original maturities of three months or less to be cash equivalents. The carrying value of these instruments approximates fair value due to the nature of the investments and the maturity period.

Investments

Investments are carried at readily determinable fair values as determined by quoted market prices from established exchanges. Investments are classified as based upon the nature of the underlying funds and management's intent as to the length of time to remain invested before the funds are used.

Accounts Receivable

Accounts receivable consist of amounts owed to the Organization for program-related purchases and contributions. The Organization provides for probable losses on accounts receivable using the allowance method. The allowance is determined based on historical collection experience. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off.

Inventory

Inventory primarily consists of books and other educational resources that are both donated and purchased. As the inventory is shipped, it is released from inventory and classified as books and other educational resources expense in the accompanying statements of activities and functional expenses.

Purchased inventory is stated at the lower of cost or net realizable value. The donated inventory has been stated at fair value, determined through an annual market pricing assessment and recorded as a discounted percentage of the estimated retail value to approximate the wholesale value.

Management regularly reviews its inventory and provides for write downs when items are deemed obsolete and unrealizable at their stated carrying value. The write downs of the value of donated inventory are included in the donated books in the accompanying statement of functional expenses. The Organization recorded $1,027,610 in donated inventory write downs for the year ended December 31, 2022. The Organization makes every effort to distribute all books and resources directly to children in need in accordance with their mission.

Prepaid Expenses

Expenses paid prior to the related services being rendered are recorded as prepaid expenses. As of December 31, 2022, prepaid expenses consist of insurance, software license costs, and other various services.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of $5,000 per item. Items that met the capitalization policy threshold are classified as furniture and equipment and are recorded at cost, while donated assets are recorded at fair value on the date of donation. The Organization depreciates furniture and equipment over five years. As of December 21, 2022, the Organization did not have any property and equipment.

Leases

The Organization determines if an arrangement is a lease at inception and classifies its leases at commencement. Operating leases are presented as right-of-use (ROU) assets and the corresponding lease liabilities are included in operating lease liabilities on the statement of financial position. Operating lease liabilities represent the Organization's obligation for lease payments in exchange for the ability to use the asset for the duration of the lease term and the ROU assets represent the operating lease liability adjusted for initial direct costs and lease incentives.

ROU assets and lease liabilities are recognized at the commencement date of the lease and determined using the present value of the future minimum lease payments over the lease term. The Organization uses a discount rate based on the risk-free rate for the lease, as the Organization has elected the practical expedient outlined in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases* (ASU 2016-02). The risk-free rate for each lease was determined by using the U.S. treasury bill rates for the remaining lease duration as of January 1, 2022, which is the date of initial application of the new guidance. The lease term may include options to extend when it is reasonably certain that the Organization will exercise that option. In addition, the Organization does not recognize short-term leases that have a term of twelve months or less as ROU assets or lease liabilities. The Organization recognizes operating lease expense on a straight-line basis over the lease term.

The Organization has lease agreements which contain both lease and non-lease components, which it has elected to account for as a single lease component when the payments are fixed. As such, variable lease payments, including those not dependent on an index or rate, such as real estate taxes, common area maintenance, and other costs that are subject to fluctuation from period to period are not included in the measurement of the lease liability and ROU asset. For the year ended December 31, 2022 there were no variable lease payments.

Grants Payable

Grants payable are amounts owed to grantees for program implementation in future years in accordance with unconditional agreements or conditional agreements once the grantee has met the related conditions.

Deferred revenue

Deferred revenue represents cash received related to unearned marketplace revenue until the Organization has met the related performance obligations.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed stipulations. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the purpose for which the resource was restricted has been fulfilled, or both. Net assets with donor restrictions are restricted for the following purposes:

December 31,	**2022**
Education equity	**$ 5,794,012**
Youth empowerment	**2,710,500**
	$ 8,504,512

Net assets with donor restrictions were released from restriction for the following purposes during the year ended:

December 31,	**2022**
Education equity	**$ 10,723,223**
Youth empowerment	**1,715,250**
	$ 12,438,473

Revenue Recognition

Contributed Goods

Contributed goods include non-cash contributions of books of $60,871,846 and other education materials of $6,043,326 for the year ended December 31, 2022. The Organization treats contributed goods as contributions without donor restrictions unless the donor imposes a restriction outside of the general mission of the Organization, resulting in the contribution being recorded as with donor restrictions. Contributed goods are recorded at a discounted percentage of the estimated retail value at the date of donation, which approximates fair value. In-kind contributions of services are recognized if the services received create or enhance nonfinancial assets or if the services require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions of services are recognized at their fair value at the time the services are rendered. There were no in-kind contributions of services recognized for the year ended December 31, 2022.

Contribution of goods are recorded as in-kind revenue at fair value when received and expensed at fair value when distributed. Receipt of donated goods in one year not being distributed until the next year has an impact on change in net assets in a given year, but has no impact over time as the revenue and expense recorded offset each other once the goods are distributed.

The Organization distributes all contributed goods for program services and those contributed goods are not monetized.

Contributions of Cash and Other Financial Assets

Contributions, including unconditional promises to give, are recognized on the date received and recorded at fair value. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, as applicable. Amounts are reclassified to net assets without restrictions once restrictions expire or the donor restriction has been satisfied. Conditional promises to give are recognized when the conditions are substantially met. As of December 31, 2022, the Organization has no conditional contributions for which the conditions have not yet been met.

Marketplace Activity

Marketplace activity revenue relates to the eCommerce sale of books and other educational resources. Revenue is recognized when the performance obligation of transferring the products is met through shipment of the books or other tangible goods. The Organization does not accept returns and all orders from the Marketplace are final. As of December 31, 2022, the Organization has deferred revenue totally $357,799 in which the performance obligation of transferring the product has not yet been fulfilled.

Functional Expenses

Expenses are recognized by the Organization during the period in which they are incurred. The costs of providing various programs and supporting services have been allocated on a functional basis. Costs that can be identified with a specific program or support service are charged directly. Other costs are allocated in the proportion benefited among the program and supporting services in the statement of activities. Salary related costs are allocated between the functions based on a labor study analysis. Costs related to the office space are allocated between the functions based on headcount.

Following is a description of the Organization's program and support services:

Program Services

The Organization provides access to new books and educational resources through a network of educators serving programs and classrooms throughout the United States. Through First Book Research & Insights, the organization conducts studies that aggregate their voices to identify barriers to equitable education and inform strategic solutions. The organization also operates The Accelerator, a program that provides access to leading experts in critical fields relevant to the educators and the children they serve.

Administrative and General Services

Administrative and general service expenditures include expenses necessary to provide for the management of staff, facilities, and the financial controls of the Organization.

Fundraising

Provides the structure necessary to encourage and secure financial support from individuals, foundations, corporations, and other grant makers.

Income Taxes

The Organization has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is classified as a public charity and not a private foundation, therefore, contributions made to the Organization are tax deductible by the donors.

Management has evaluated the Organization's tax positions for open tax years (tax years subsequent to 2019) and concluded that a provision for uncertain tax positions is not required. The Organization has taken no uncertain tax positions nor are there any unrelated penalties or interest that require adjustment to the accompanying financial statements.

Recently Adopted Authoritative Guidance

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC Topic 842). This update, along with related ASU's establishes a comprehensive leasing standard. These updates require the recognition of lease assets and lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The guidance also expands the required quantitative and qualitative lease disclosures as well as provides entities with an additional (and optional) transition method to adopt the new standard. The Organization adopted ASC Topic 842 using the modified retrospective transition method at the beginning of the year of adoption. For contracts existing at the time of adoption, management elected the package of practical expedients and did not reassess (i) whether any are or contain leases, (ii) lease classification, and (iii) initial direct costs. The implicit rates for the Organization's leases are not readily determinable; therefore The Organization has elected the practical expenditure to use a risk-free discount rate at the lease commencement date for all new leases and at January 1, 2022 (the "Adoption Date") for existing leases. The Organization's real estate operating leases typically include non-lease components such as common-area maintenance costs, utilities, and other maintenance costs. The Organization has elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities as they are fixed. For the Organization, the adoption of ASC Topic 842 resulted in the following as of the adoption date of January 1, 2022:

Recognition of:	
Operating lease right-of-use assets	$ 1,368,298
Operating lease liabilities	$ 1,368,298

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*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. The Organization adopted the ASU for its reporting year ended December 31, 2022.

Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13)*, which eliminates the requirement that a credit loss on a financial instrument be "probable" prior to recognition. Instead, a valuation allowance will be recorded to reflect an entity's current estimate of all expected credit losses, based on both historical and forecasted information related to an instrument. The update is effective for private business entities for annual and interim reporting periods beginning after December 15, 2022, and should be adopted using a modified retrospective approach, which applies a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. Early adoption is permitted. Management is currently evaluating the impact of this ASU on the financial statements.

The Organization has assessed other accounting pronouncements issued or effective during the year ended December 31, 2022, and deemed they were not applicable to the Organization and are not anticipated to have a material effect on the financial statements.

2. Concentrations and Credit Risks

Credit Risks

The Organization maintains demand deposits and money market funds at financial institutions. At times, certain balances held within these accounts may exceed Federal Deposit Insurance Corporation (FCID) limits. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. The failure of an underlying institution could result in financial loss to the Organization, however, the Organization has not experienced losses on these accounts in the past, and management believes the risk of loss, if any, to be minimal. The amount not insured by FDIC is $9,409,347.

Concentrations

One donor contributed 30% of the Organization's total support and revenue for the year ended December 31, 2022. This donor has a long- term relationship with the Organization and management does not anticipate a change in the relationship.

3. Fair Value Measurements and Investments

The Organization uses three levels to measure fair value. The definition of each input is described below:

Level 1 - Inputs are valued at quoted prices in active markets that are accessible by the Organization at the measurement date for identical assets and liabilities.

Level 2 - Inputs that are observable are valued, either directly or indirectly with prices that may be based upon quoted prices for identical or comparable securities in active markets or inputs not quoted on active markets but corroborated by market data.

Level 3 - Inputs that are unobservable are valued using comparable securities when little or no market data is available.

Equities and mutual funds are valued using quoted prices in active markets for identical assets to determine fair value.

The following is a summary of the fair values of investments, which are measured on a recurring basis on December 31, 2022:

	Level 1	Level 2	Level 3	Total
Equities	$ 25,092	$ -	$ -	$ 25,092
Mutual Funds	15,785	-	-	15,785
Cash	1,000	-	-	1,000
	$ 41,877	$ -	$ -	$ 41,877

4. Accounts Receivable

Accounts receivable consisted of the following:

December 31,	2022
Contribution receivables	$ 1,004,493
Marketplace receivables	881,311
Related party receivable	578,653
	2,464,457
Less: allowance for doubtful accounts	(32,823)
	$ 2,431,634

5. Line-of-Credit

The Organization entered into a line-of-credit agreement with a bank for $1,500,000 on July 30, 2021 for use in operations with an interest rate at the London Interbank Offering Rate (LIBOR) plus 1.50% paid monthly. As of December 31, 2021, the Organization had outstanding borrowings under the bank line-of-credit of $1,500,000. The line-of-credit initially matured on July 31, 2022, but was extended to October 29, 2022. The outstanding amount was repaid on September 26, 2022. Management did not renew the line-of-credit.

6. Retirement Plans

The Organization sponsors a defined contribution 40l(k) plan (the Plan) with an annual employer option profit share benefit. The plan covers all full-time employees, not considered leased employees, who have completed one year of service, are employed on the last day of the year, and have completed 1,000 hours of service. When applicable, the Organization, on behalf of each eligible participant, according to employee class, makes contributions to the plan. The Organization recorded contributions to the Plan during the year ended December 31, 2022, of $311,780. This amount is included in payroll taxes and employee benefits in the statement of functional expenses. Participants become 50% vested in employer contributions after the completion of two years of employment and 100% vested after the completion of the third year of employment.

7. Related Parties

The Organization has a Canadian affiliate, First Book/Le Premiere Livre (LPL), which provides books to children in need throughout Canada. LPL is a registered charity under paragraph 149(1)(f) of the Income Tax Act in Canada. LPL maintains a separate Board of Directors, reflecting majority representation by independent, Canadian-based board members. Two of the Organization's board members are on the LPL board.

As of December 31, 2022, LPL owed the Organization a balance of $578,653. In 2023, the board of directors of the Organization approved a payment plan from LPL to reduce the balance owed in quarterly payments through the second quarter of 2026.

In 2021, First Book received a contribution with a focus on youth empowerment. Using the funding from this contribution, First Book entered into a subgrant agreement to collaborate with a leading nonprofit partner in this area. An officer of First Book serves on the board of the subgrantee. In 2022, First Book has paid $809,000 to this partner related to the agreement. At December 31, 2022, First Book has future payments of $1,499,500 due to the subgrantee which is included in grant payable in the accompanying statement of financial position and will be paid through 2025.

8. Leases

The Organization has a lease for office space that expires on July 31, 2024. The lease agreement does not provide an implicit borrowing rate. Therefore, the Organization elected to apply a risk-free rate as of January 1, 2022, to derive an appropriate rate to discount remaining lease payments by class of underlying asset for the initial and subsequent measurement of lease liabilities. The Organization’s used a risk free rate of 1.04% with a remaining lease term of 1.6 years. Cash paid for rent during the year ended December 2022 was $503,004 and expense of $488,890 was recorded as rent expense in the statement of functional expenses.

There are no cash payments related to short-term leases.

Minimum future rental payments under non-cancellable operating leases having remaining terms exceeding one year as of December 31, 2022 are as follows:

Years Ending December 31,		**2022**
2023	$	**518,094**
2024		**316,396**
Total minimum future rental payments		**834,490**
Less: imputed interest		**(7,311)**
Operating lease liability	$	**827,179**

On December 6, 2023, the Organization signed an amendment to their office lease to extend it from August 1, 2024 through July 31, 2027. The amendment has monthly rent payments that start at $53,017 and escalate annually to $56,246 and includes rent abatement two months out of each lease year.

9. Liquidity and Availability

The following reflects management's financial assets as of the statement of financial position date, reduced by the amounts not available for general use because of restrictions:

December 31,		**2022**
Cash and cash equivalents	$	**10,159,347**
Investments		**41,877**
Accounts receivable		**2,431,634**
Financial assets at year-end		**12,632,858**
Less:		
Assets restricted by donor for time or purpose		**(8,504,512)**
Financial assets available to meet cash needs for general expenditures within one year	$	**4,128,346**

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenditures within one year, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, and general and administrative expenses, to be general expenditures.

10. Subsequent Events

The Organization has evaluated subsequent events through January 31, 2024, the date the financial statements are available to be issued. There were no other events that would require recognition or disclosure in the financial statements other than as described in Note 8.