

**A CHANCE IN LIFE, INC.**  
**Financial Statements**  
**For the Years Ended**  
**December 31, 2022 and 2021**  
**(Audited)**

**A CHANCE IN LIFE, INC.**  
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**December 31, 2022 and 2021**

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# DASZKOWSKI, TOMPKINS, WEG & CARBONELLA, P.C.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
A Chance In Life, Inc.

### **Opinion**

We have audited the accompanying financial statements of A Chance In Life, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and 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 A Chance In Life, Inc. 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 A Chance In Life, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about A Chance In Life Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 A Chance In Life 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 A Chance In Life 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.

*Daszkowski, Tompkins, Weg & Carbonella, CPA, P.C.*

Daszkowski, Tompkins, Weg & Carbonella, CPA, P.C.  
Matawan, New Jersey  
May 12, 2023

**A CHANCE IN LIFE, INC.**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 173,938	\$ 487,071
Investments, at fair value	2,223,367	2,983,883
Contributions receivable	36,080	59,335
Grant receivable	-	107,979
Prepaid expenses & other assets	63,896	76,523
Inventory	-	17,192
Property and equipment, net	<u>1,048,602</u>	<u>976,361</u>
Total assets	<u><u>\$ 3,545,883</u></u>	<u><u>\$ 4,708,344</u></u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	<u>\$ 108,806</u>	<u>\$ 85,018</u>
Total liabilities	<u>108,806</u>	<u>85,018</u>
<b>Net Assets</b>		
Without donor restrictions	3,377,625	4,623,326
With donor restrictions	<u>59,452</u>	<u>-</u>
Total net assets	<u>3,437,077</u>	<u>4,623,326</u>
Total liabilities and net assets	<u><u>\$ 3,545,883</u></u>	<u><u>\$ 4,708,344</u></u>

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

**A CHANCE IN LIFE, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>
<b>Revenues</b>			
Contributions	\$ 920,500	\$ 1,402,500	\$ 2,323,000
Contributions in-kind	469,031	-	469,031
Special events	929,377	-	929,377
Direct costs of special events	(399,890)	-	(399,890)
Investment income, net	(498,298)	-	(498,298)
Gain upon debt extinguishment		-	-
Net assets released from restrictions	<u>1,343,048</u>	<u>(1,343,048)</u>	<u>-</u>
Total revenues	<u>2,763,768</u>	<u>59,452</u>	<u>2,823,220</u>
<b>Expenses</b>			
Program services- youth development	3,467,175	-	3,467,175
Supporting services			
Management and general	286,902	-	286,902
Fundraising	<u>255,392</u>	<u>-</u>	<u>255,392</u>
Total expenses	<u>4,009,469</u>	<u>-</u>	<u>4,009,469</u>
Change in net assets	(1,245,701)	59,452	(1,186,249)
Net assets - beginning of year	<u>4,623,326</u>	<u>-</u>	<u>4,623,326</u>
Net assets - end of year	<u>\$ 3,377,625</u>	<u>\$ 59,452</u>	<u>\$ 3,437,077</u>

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

**A CHANCE IN LIFE, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>
<b>Revenues</b>			
Contributions	\$ 836,603	\$ 1,778,387	\$ 2,614,990
Contributions in-kind	144,514	-	144,514
Grant Contributions	107,979	-	107,979
Special events	609,546	-	609,546
Direct costs of special events	(240,964)	-	(240,964)
Investment income, net	349,762	-	349,762
Gain upon debt extinguishment	84,180	-	84,180
Net assets released from restrictions	1,778,387	(1,778,387)	-
Total revenues	<u>3,670,007</u>	<u>-</u>	<u>3,670,007</u>
<b>Expenses</b>			
Program services- youth development	2,367,592	-	2,367,592
Supporting services			
Management and general	250,491	-	250,491
Fundraising	212,326	-	212,326
Total expenses	<u>2,830,409</u>	<u>-</u>	<u>2,830,409</u>
Change in net assets	839,598	-	839,598
Net assets - beginning of year	3,783,728	-	3,783,728
Net assets - end of year	<u>\$ 4,623,326</u>	<u>\$ -</u>	<u>\$ 4,623,326</u>

**A CHANCE IN LIFE, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Expenses</u> 2022
	<u>Care for Marginalized Youth</u>	<u>Advance, Study and Promote Positive Youth Development</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 394,830	\$ 98,707	\$ 85,546	\$ 78,966	\$ 658,049
Payroll taxes and employee benefits	73,514	18,378	15,928	14,703	122,523
Total salaries and related expenses	468,344	117,085	101,474	93,669	780,572
Awards and grants	2,003,583	-	-	-	2,003,583
Donated goods and services-the Village	466,263	-	-	-	466,263
Community assistance related expenses	13,615	-	-	-	13,615
Professional fees	33,686	24,060	90,742	1,282	149,770
Advertising and promotions	6,077	6,076	52	28,305	40,510
Transportation and travel	33,059	22,228	17,949	10,324	83,560
Occupancy cost	76,752	34,887	20,933	6,978	139,550
Telecommunications	4,669	2,122	1,273	425	8,489
Technology services and software	5,657	3,771	2,828	314	12,570
Office expense	17,307	8,375	9,857	1,211	36,750
Marketing and business development	69,930	28,090	21,634	67,980	187,634
Insurance	6,637	4,425	3,318	369	14,749
Miscellaneous	639	639	1,915	9,577	12,770
Bank and credit card fees	3,380	2,253	9,577	7,323	22,533
Depreciation	1,783	1,783	5,350	26,747	35,663
Other				400,778	400,778
Total expenses	\$ 3,211,381	\$ 255,794	\$ 286,902	\$ 655,282	\$ 4,409,359
Direct costs of special events				(399,890)	
				\$ 255,392	

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

**A CHANCE IN LIFE, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total Expenses</u> 2021
	<u>Care for Marginalized Youth</u>	<u>Advance, Study and Promote Positive Youth Development</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$ 242,238	\$ 133,994	\$ 80,163	\$ 81,912	\$ 538,307
Payroll taxes and employee benefits	55,550	30,861	18,516	18,517	123,444
Total salaries and related expenses	<u>297,788</u>	<u>164,855</u>	<u>98,679</u>	<u>100,429</u>	<u>661,751</u>
Awards and grants	1,291,332	96,630	-	-	1,387,962
Donated goods and services-the Village	120,752	-	-	-	120,752
Professional fees	89,397	34,438	14,830	35,394	174,059
Advertising and promotions	5,278	29,273	2,639	27,048	64,238
Transportation and travel	9,994	14,082	3,048	5,359	32,483
Occupancy cost	13,398	10,533	68,397	13,003	105,331
Telecommunications	6,181	1,030	1,030	2,060	10,301
Technology services and software	5,114	3,653	2,192	3,653	14,612
Office expense	4,043	2,241	19,807	7,512	33,603
Marketing and business development	106,284	45,751	264	46,725	199,024
Insurance	9,198	1,042	-	177	10,417
Miscellaneous	5,305	-	5,315	10	10,630
Bank and credit card fees	-	-	12,838	-	12,838
Depreciation	-	-	21,452	-	21,452
Other	-	-	-	211,920	211,920
Total expenses	<u>\$ 1,964,064</u>	<u>\$ 403,528</u>	<u>\$ 250,491</u>	<u>\$ 453,290</u>	<u>\$ 3,071,373</u>
Direct costs of special events				(240,964)	
				<u>\$ 212,326</u>	

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

**A CHANCE IN LIFE, INC.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (1,186,249)	\$ 839,598
Adjustments to reconcile change in net asset to cash provided (used) by operating activities		
Depreciation	35,663	21,452
Net change in investment value	524,920	(644,032)
Decrease (increase) in assets		
Contributions receivable	23,255	(1,300)
Grant receivable	107,979	(107,979)
Prepaid expenses and other assets	29,819	31,044
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	23,788	(270,331)
Net cash provided (used) by operating activities	(440,825)	(131,548)
<b>Cash Flows from Investing Activities:</b>		
Purchase of office equipment and furniture	(107,904)	(980,862)
Purchases of investments	(556,141)	(697,772)
Proceeds from sale of investments	791,737	1,629,954
Net cash provided (used) by investing activities	127,692	(48,680)
Net change in cash	(313,133)	(180,228)
Beginning of year	487,071	667,299
End of year	\$ 173,938	\$ 487,071

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

**A CHANCE IN LIFE, INC.**  
**Notes to Financial Statements**  
**For the Years Ended**  
**December 31, 2022 and 2021**

**Note 1 – Nature of Organization**

A Chance In Life, Inc. (the Organization) is located in New York City. The nature of the activities to be conducted and the purpose to be promoted or carried out by the Organization is (a) to solicit funds and contributions to support work throughout the world to provide a chance in life and to make lasting, positive differences in the lives of disadvantaged, poor and at-risk children, their families, and their communities, directly or through other humanitarian organizations and instrumentalities as the corporation may elect to aid or assist, or through agents of the Organization abroad, and (b) to engage in charitable, scientific, literary, or educational activities within the meaning of Section 501(c)(3) of the Internal Revenue Code. The primary sources of revenue are contributions and special events.

**Note 2 – Summary of Significant Accounting Policies**

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (“US GAAP”) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

***Basis of Presentation***

The financial statements of the Organization have been prepared in accordance with U.S. general generally accepted principals (“US GAAP”) which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. 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 with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor’s instructions. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**A CHANCE IN LIFE, INC.**  
**Notes to Financial Statements - Continued**  
**For the Years Ended**  
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***Revenue Recognition***

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

***Classification of Transactions***

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less. Cash and cash equivalents held within the investment account are included with the investment portfolio.

***Fair Value Measurements and Disclosures***

Carrying values of financial instruments, including cash and cash equivalents, prepaid expenses, and accrued expenses, approximated their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the years ended December 31, 2022 and 2021.

***Contributions Receivable***

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than a year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recognized at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

**A CHANCE IN LIFE, INC.**  
**Notes to Financial Statements - Continued**  
**For the Years Ended**  
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The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

***Investments***

Investments are reflected on the statements of financial position at fair value. Changes in unrealized gains and losses resulting from changes in fair value are reflected in the statements of activities and changes in net assets. Dividends and interest are recognized as they are earned.

***Property and Equipment, net***

A Chance in Life, Inc., capitalizes property and equipment in excess of \$1,000, which are stated at cost less accumulated depreciation and amortization, including costs incurred related to the purchase and renovation of its building. Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered. Depreciation and amortization are calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from 3 to 39 years. Maintenance and repair costs are expensed as incurred.

***Grants and Contracts Payable***

Grants and contracts payable include all unconditional awards that have been authorized prior to A Chance In Life Inc.'s fiscal year end but remain unpaid as of December 31, 2022 and 2021. Conditional grants are expensed and considered an obligation in the period the conditions are substantially satisfied. The Organization had no conditional grants during fiscal years 2022 and 2021. There were approximately \$0 and \$0 of grants authorized as of December 31, 2022 and 2021 respectively

***Accounting for Contributions***

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. The organization is a beneficiary under one or more donors' wills. Contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid, and the organization has an irrevocable right to the bequest.

**A CHANCE IN LIFE, INC.**  
**Notes to Financial Statements - Continued**  
**For the Years Ended**  
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***Contributions In-Kind***

Contributions in-kind include donated services, perishable goods, clothing and toys, and are all recorded at their fair value on the date of donation. Volunteers have also donated time to the Organization's program services and fundraising campaigns. These services were not reflected in the accompanying statement of activities and changes in net assets because they do not meet the necessary criteria for recognition under U.S. GAAP.

***Donated Securities***

Donated securities are recorded at their fair values as of the date they are received. Total donated securities for the years ended December 31, 2022 and 2021 was \$42,375 and \$362,298, respectively.

***Expense Recognition and Allocation***

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Occupancy, depreciation, amortization, and interest are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.
- Telephone and internet services, insurance, supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of the employee headcount for each program and supporting activity.

Every year the basis on which costs are allocated is evaluated.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

**A CHANCE IN LIFE, INC.**  
**Notes to Financial Statements - Continued**  
**For the Years Ended**  
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***Tax Status***

The Organization is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Organization has been determined by the IRS to be a publicly supported organization, and not a private foundation. Donors are eligible to receive the maximum charitable tax deduction available for public charities under the IRC. As of December 31, 2022, no amounts have been recognized for uncertain income tax positions. The Organization's tax returns for the year ended 2019 and forward are subject to the usual review by the appropriate authorities.

***Leases***

The Organization determines if the contract is a leasing arrangement and the classification of that lease, if applicable, at inception. Operating lease assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. For operating leases, the Organization uses the risk-free rate of return. The Organization recognizes operating lease expense for operating leases on a straight-line basis over the lease term.

The Organization leases office space and equipment under noncancelable operating leases which may include renewal or termination options. Renewal or termination options are not reasonably certain of exercise and are therefore not recognized in lease assets and liabilities until the date of exercise. Leases with an initial term of 12 months or less are not recorded on the balance sheet and are expenses on a straight-line basis. Lease and non-lease components are accounted for together as a single lease component for operating leases associated with office space and equipment leases.

***Newly Adopted Accounting Pronouncements***

In September 2020, the FASB issued ASU No. 2020-07, Not-For Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets, to increase transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 requires not-for-profit entities to separately present contributed nonfinancial assets on the statement of activities and disclose enhanced qualitative and quantitative information. The ASU is effective for annual periods beginning after June 15, 2022. The Organization has adopted ASU 2020-07 retrospectively for the years ended December 31, 2022 and 2021 and resulted in no material impact on the statements of activities.

**Note 3 – Asset Purchase**

In March of 2021, A Chance In Life has purchased a building located at 1100 Castleton Avenue, Staten Island, NY 10310. This building ("The Village") was purchased for \$875,000 in cash, which will become the center for the programmatic activities in New York City.

**A CHANCE IN LIFE, INC.**  
**Notes to Financial Statements - Continued**  
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**Note 4 – Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2022	2021
Total assets at year-end	\$ 3,545,883	\$ 4,708,344
Less nonfinancial assets:		
Office furniture and equipment, net of accumulated depreciation	1,048,602	976,361
Financial assets at year-end	2,497,281	3,731,983
Less those unavailable for general expenditures within one year:		
Donor restrictions for specific purposes	59,452	-
Financial assets available to meet cash needs for general expenditure within one year	\$ 2,437,829	\$ 3,731,983

The Organization examines liquidity required to meet its ongoing operating expenses regularly, considering all expenditures related to ongoing activities over a twelve-month period. As a part of the Organizations liquidity management plan, cash in excess of daily requirements are invested in a short-term investments and money market funds. Although, the management does not anticipate the need, the funds may be drawn upon, if necessary, to meet unexpected liquidity needs.

**Note 5– Fair Value Measurements**

The Organization follows guidance with respect to accounting and reporting for fair value of its financial assets and liabilities. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. Fair Value requires an Organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

**A CHANCE IN LIFE, INC.**  
**Notes to Financial Statements - Continued**  
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This guidance also establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The three inputs levels are as follows:

- Level 1. Quoted prices in active markets that the Organization has the ability to access for identical assets or liabilities for which significant observable inputs exist. Market price data is generally obtained from exchange or dealer markets. The Organization does not adjust the quoted price for such assets and liabilities. Investments included in level 1 may include certain equity securities, registered mutual funds and exchange traded funds.
- Level 2. Inputs other than level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of assets or liabilities. This includes use of model-based valuations techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers. Investments included in level 2 may include certain U.S. government bonds, money market funds, fixed income, equity and hedge funds and other multi strategy funds for which observable inputs exist and trade in markets not considered to be active.
- Level 3. Unobservable inputs, as they trade infrequently or not at all, that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Investments included in level 3 primarily consist of the Organization's ownership in equity fund investments, hedge funds, private equity funds, real asset funds and other similar funds. The values of these investments represent the ownership interest in the net asset value of the respective partnerships. These investments are primarily made under agreements to participate in investment vehicles and are generally subject to certain withdrawal restrictions. The fair value of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on appraisals or other estimates that require varying degrees of judgment.

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The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 6 – Investments**

Investments are shown in the financial statements at approximate fair value and are composed of the following at December 31, 2022 and 2021 and deemed to be level 1 investments (quoted prices in active markets).

	2022 Level 1	2021 Level 1
Cash equivalents	<u>\$ 38,929</u>	<u>\$ 69,630</u>
Equity securities	<u>1,285,543</u>	<u>1,949,331</u>
Fixed Income:		
Certificates of deposits	-	-
Bonds	428,086	509,392
US Treasury Securities	464,038	449,221
Total accrued interest	<u>6,771</u>	<u>6,309</u>
Total fixed income	<u>898,895</u>	<u>964,922</u>
Total investments	<u>\$ 2,223,367</u>	<u>\$ 2,983,883</u>

The return on investments for December 31, 2022 and 2021 consist of the following:

	2022	2021
Interest and dividends	<u>\$ 50,332</u>	<u>\$ 42,601</u>
Net realized gain (loss) on investments	151,175	519,412
Net unrealized gain (loss) on investments	<u>(687,715)</u>	<u>(198,999)</u>
Total return on investments (loss)	(486,208)	363,014
Less investment fees	<u>12,090</u>	<u>13,252</u>
Net return on investments (loss)	<u>\$ (498,298)</u>	<u>\$ 349,762</u>

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**Note 7 – Property and Equipment, Net**

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

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 952,712	\$ 948,610
Furniture and equipment	98,654	69,663
Vehicles	74,810	-
Total	<u>1,126,176</u>	<u>1,018,273</u>
Less accumulated depreciation	<u>(77,574)</u>	<u>(41,912)</u>
Property and equipment, net	<u>\$ 1,048,602</u>	<u>\$ 976,361</u>

**Note 8 – Contributions In-Kind**

Contributions in-kind consisted of the following for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Contributed goods - the Village	\$ 465,471	\$ 128,694
Contributed goods - events	3,560	5,820
Contributed services - the Village	<u>-</u>	<u>10,000</u>
Total	<u>\$ 469,031</u>	<u>\$ 144,514</u>

**Note 9 – Operating Leases**

The Organization leases office space in New York City. Total rent expense under the operating leases for the years ended December 31, 2022 and 2021 was \$99,665 and \$96,440, respectively. Future minimum annual rental commitments under the cancelable short-term operating leases at December 31, 2022 was \$34,840.

**Note 10 – Retirement Plan**

The Organization allows staff the opportunity to save for retirement through a simple IRA plan. The Organization may provide a discretionary matching amount up to a 3% match. The matching expense for the years ended December 31, 2022 and 2021 was \$16,644 and \$14,948, respectively.

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**Note 11 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are made up of awards and grants that have been designated for a specific region, institution, or a program. As of December 31, 2022, net assets with donor restrictions totaled \$1,402,500, and \$1,343,048 was released from restriction for A Chance In Life’s program resulting in \$59,452 as being restricted for year-end December 31, 2022. As of December 31, 2021, net assets with donor restrictions totaled \$1,778,387, and they were all released in 2021.

**Note 12 – Concentration and Commitment**

The Organization’s financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank deposits and money market accounts.

As of December 31, 2022 and 2021, the Organization’s cash deposited in a bank at an amount above the FDIC’s general deposit insurance rules, was \$0 and \$237,071 respectively.

**Note 13 – Liabilities—Extinguishment of Liabilities**

***Forgivable Loans Received Under the Small Business Administration Paycheck Protection Program***

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In February 2021, the Organization obtained a second PPP loan for \$84,180. The Organization applied for forgiveness, which was fully approved, and the SBA remitted the Forgiven Amount to Bank of America. Forgiven Amount is recognized in the Organization’s statement of activity as a gain upon debt extinguishment for the year ended December 31, 2021.

**Note 14 – Employee Retention Credit (“ERC”)**

The CARES Act provides an employee retention credit (“CARES Employee Retention credit”), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2022. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. The Organization

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qualifies for the tax credit under the CARES Act. During the fiscal year ended December 31, 2021 the organization recorded \$107,979 related to the CARES Employee Retention credit in "Grant Income" on the Organization's Statement of Activities. As of December 31, 2022, the Organization received the funds and has no receivable balance from the United States government related to the CARES Act, which is recorded in "Grant receivable" on the Organization's Statement of Financial Position.

Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

**Note 15 - Subsequent Events**

Subsequent events have been evaluated through May 12, 2023, which is the date the financial statements were available to be issued. The Organization is not aware of any material subsequent events that occurred during such period that would require disclosure.