Pediatric Cancer Research Foundation
(A Nonprofit Organization)

Financial Statements

December 31, 2022
With Comparative Totals for 2021

WINDES
AUDIT | TAX | ADVISORY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Pediatric Cancer Research Foundation

Opinion

We have audited the accompanying financial statements of Pediatric Cancer Research Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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.

Emphasis of Matter

As discussed in Note 1, beginning January 1, 2022, the Foundation adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* and its related amendments using the modified-retrospective transition method. 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 Foundation'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 Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the financial statements of the Foundation as of and for the year ended December 31, 2021, and we have expressed an unmodified opinion on those statements in our report dated March 30, 2022. The summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent in all material respects with the 2021 audited financial statements from which it has been derived.

Windes, Inc.

Irvine, California
June 5, 2023

PEDIATRIC CANCER RESEARCH FOUNDATION

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

ASSETS

	December 31, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 1,348,791	$ 3,125,675
Marketable securities	987,450	-
Contributions receivable	153,450	161,432
Other assets	188,717	89,742
Property and equipment, net	-	558
Operating lease right-of-use asset	352,797	-
Investment, at cost	250,000	250,000
TOTAL ASSETS	$ 3,281,205	$ 3,627,407

LIABILITIES AND NET ASSETS

	2022	2021
LIABILITIES		
Accounts payable and accrued expenses	$ 183,556	$ 68,072
Grants payable	1,068,726	895,784
Deferred revenue	186,355	46,583
Operating lease liability	378,216	-
PPP loan advance	-	82,933
TOTAL LIABILITIES	1,816,853	1,093,372
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,464,352	2,534,035
TOTAL LIABILITIES AND NET ASSETS	$ 3,281,205	$ 3,627,407

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

PEDIATRIC CANCER RESEARCH FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Revenue:		
General public support	$ 1,230,328	$ 1,461,712
Special events, net of direct costs of $1,408,339 in 2022 and $808,395 in 2021	929,685	1,034,219
International symposium conference revenue	371,375	-
In-kind contributions	492,888	326,025
Investment income	10,776	-
Forgiveness of Paycheck Protection Program loan	82,933	-
Total revenue and support	3,117,985	2,821,956
Expenses:		
Program services:		
Pediatric cancer research	2,917,834	2,358,704
International symposium	376,260	-
Support services:		
Management and general	137,042	135,444
Fundraising	756,532	571,973
Total expenses	4,187,668	3,066,121
Change in net assets	(1,069,683)	(244,165)
Net assets without donor restrictions, beginning of year	2,534,035	2,778,200
Net assets without donor restrictions, end of year	$ 1,464,352	$ 2,534,035

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

PEDIATRIC CANCER RESEARCH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	Program Services		Support Services			
	Pediatric Cancer Research	International Symposium	Management and General	Fundraising	2022 Total	2021 Total
Grants for pediatric cancer research	$2,543,802	$ -	$ -	$ -	$2,543,802	$2,078,326
Other program services and support	76,073	-	-	-	76,073	11,555
Speaker and venue related expenses	-	319,060	-	-	319,060	-
Salaries and related costs	202,346	-	64,072	292,686	559,104	496,557
Postage, printing, and supplies	4,356	-	6,534	31,021	41,911	45,536
Rent and utilities	53,303	-	16,575	76,798	146,676	101,483
Professional services	33,730	57,200	31,998	174,758	297,686	112,015
Public relations and marketing	-	-	-	137,192	137,192	126,701
Credit card fees	-	-	958	11,762	12,720	10,787
Insurance	919	-	6,643	4,990	12,552	11,118
Miscellaneous	2,972	-	10,206	27,156	40,334	60,798
Depreciation	333	-	56	169	558	11,245
Total expenses	$2,917,834	$ 376,260	$ 137,042	$ 756,532	$4,187,668	$3,066,121

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

PEDIATRIC CANCER RESEARCH FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	For the Year Ended December 31,	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,069,683)	$ (244,165)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation expense	558	11,245
Forgiveness of Paycheck Protection Program loan	(82,933)	-
Unrealized gain on investments	(2,029)	-
Write off of contributions receivable	10,615	
Changes in assets and liabilities:		
Contributions receivable	(2,633)	(121,770)
Other assets	(98,975)	9,990
Operating lease assets and liabilities	25,419	-
Accounts payable and accrued expenses	115,484	42,873
Grants payable	172,942	600,213
Deferred revenue	139,772	11,549
Net Cash Provided By (Used In) Operating Activities	(791,463)	309,935
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(985,421)	(250,000)
Net Cash Used In Investing Activities	(985,421)	(250,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	82,933
Net Cash Provided By Financing Activities	-	82,933
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,776,884)	142,868
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,125,675	2,982,807
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,348,791	$ 3,125,675

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

NOTE 1 – Summary of Significant Accounting Policies

Organization and Business Activity of the Reporting Entity

Pediatric Cancer Research Foundation (the Foundation) is a nonprofit public benefit corporation incorporated on December 2, 1982 under the laws of the state of California. The Foundation is headquartered in Irvine, California. The Foundation is primarily engaged in fundraising activities and awarding grants to organizations for the purpose of funding pediatric cancer research.

Basis of Presentation

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), which involves the application of accrual accounting; consequently, revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenue, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation has no net assets with donor restrictions as of December 31, 2022 and 2021.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. As restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When donor restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Foundation reports both the revenue and the related expense in the net assets without donor restrictions category.

Net assets with donor restrictions also includes net assets subject to donor-imposed restrictions that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2021 financial statement presentation to correspond to the current year's format.

Prior-Period Comparative Information

The financial statements include certain prior-period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Recently Adopted Accounting Standards

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 to present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The Foundation adopted the standard during the year ended December 31, 2022 and included necessary presentation changes and disclosures herein.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Standards (Continued)

In February 2016, the Financial Accounting Standards Board (FASB) issued new lease accounting guidance in Accounting Standards Update (ASU) 2016-02 *Leases* (Topic 842) (ASU 2016-02), which modifies lease accounting for lessees to increase transparency and comparability by requiring the Foundation to recognize a lease liability and related right-of-use assets for all leases (with the exception of short-term leases) at the commencement date of the lease and to disclose key information about leasing arrangements.

Effective January 1, 2022, the Foundation adopted ASU 2016-02. The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. The Foundation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The Foundation's policy for determining its lease discount rate used measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Foundation has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Foundation has elected a policy to account for short-term leases, defined as any lease with a term less than twelve months, by recognizing all components of the lease payment in the statement of activities and changes in net assets in the period in which the obligation for the payments is incurred.

The Foundation adopted ASU 2016-02 utilizing the modified-retrospective transition method through a cumulative-effect adjustment. The adoption of ASU 2016-02 resulted in the recognition of right-of-use assets and operating lease liabilities of $28,398 as of January 1, 2022. Results for periods beginning prior to January 1, 2022, continue to be reported in accordance with our historical accounting treatment. The adoption of ASU 2016-02 did not have a material impact on the Company's results of operations or cash flows.

Cash and Cash Equivalents

The Foundation includes in cash all cash accounts, certificates of deposit, money market accounts, and all highly liquid investments with original maturities of three months or less.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Marketable Securities

The Foundation's marketable securities are comprised of US treasury notes. US treasury notes with original maturities of less than 90 days are included with cash and cash equivalents. US treasury notes with original maturities of greater than 90 days are included in marketable securities. US treasury notes are reported at fair value.

Contributions Receivable

Receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on receivables using the allowance method. The allowance is based on experience and knowledge of circumstances that may affect the collectability of the receivables. It is the Foundation's policy to write off uncollectible receivables when management determines the receivable will not be collected. During the years ended December 31, 2022 and 2021, write-offs of receivables totaled $10,615 and $500, respectively. At December 31, 2022, management considers receivables fully collectible.

Other Assets

Certain payments to vendors reflect costs or deposits applicable to future accounting periods, are recorded as prepaid items, and are included in other assets in the statement of financial position.

Property and Equipment

Property and equipment are stated at cost if purchased and fair value if donated, and depreciated using the straight-line method over the estimated useful lives (3-5 years) of the assets. Leasehold improvements are amortized over the lesser of their useful lives or the lease term. Expenditures for repairs and maintenance are charged to supporting services when incurred; renewals and betterments are capitalized. Upon sale or disposal of property and equipment, the cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in the statement of activities and changes in net assets.

Investment, at Cost

The Foundation classifies its investment in the right to certain shares of capital stock of a privately held company at cost. (See Note 5.)

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

The Foundation's long-lived assets include property and equipment. In accordance with generally accepted accounting principles, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flows from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized and measured using the fair value of the related asset. As of December 31, 2022 and 2021, management did not identify any material impairment of the Foundation's long-lived assets.

Grants Payable

Grants payable consists of amounts awarded but not paid as of December 31, 2022 and 2021.

Due to grant agreements requiring certain concessions, budgets, and forecasts from the grantees, grants are considered to have been awarded at the time the Foundation and the grantee have executed the grant agreement for the first year of the grant period. Subsequent years of multi-year grants are considered to have been awarded upon receipt of certain reporting requirements from grantee organizations, as provided in the letters of agreements.

Deferred Revenue

Deferred revenue represents funds received in advance of special events to be held in the subsequent year.

Revenue Recognition

Contributions are recognized as revenue when the Foundation receives an unconditional "promise to pay" from the donor.

All contributions are considered to be available for unrestricted use unless restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as additions to net assets with donor restrictions. When a restriction has been satisfied, the related net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Revenue from special events and the international symposium is recognized when the activities are held.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

In-kind contributions are recorded at their estimated fair values on the date received. For the years ended December 31, 2022 and 2021, in-kind contributions recognized within the statement of activities included:

	2022	2021
In-kind contributions – special events	$ 491,438	$ 314,320
In-kind contributions – general	1,450	11,705
	$ 492,888	$ 326,025

In-kind contributions did not have donor-imposed restrictions. In-kind contributions – special events consist primarily of event promotional items, participant gift bag items, and auction items. These in-kind contributions – special events were utilized in 13 of the Foundation's events ran during the year ended December 31, 2022. In-kind contributions – general are items received by individuals that did not specify they were for an event. Generally, these consist of event tickets or gift cards to be utilized at the discretion of the Foundation. These in-kind contributions were utilized by the Foundation in the normal course of business during the year ended December 31, 2022.

The Foundation receives a substantial amount of services donated by individuals interested in the Foundation's objectives. Services provided generally involve the contribution of time to organize and administer fundraising campaigns and to provide necessary services. The value of such volunteers' services has not been reflected in the accompanying financial statements since it does not meet the criteria for revenue recognition.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets, and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Significant expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and related expenses	Time and effort
Professional services	Time and effort
Rent and utilities	Usage by square footage

Income Taxes

The Foundation qualifies as a tax-exempt foundation under Section 501(c)(3) of the Internal Revenue Code and under the corresponding tax codes of California. The Foundation is also registered in the states of New York, New Jersey, and Illinois.

FASB ASC Topic 740, Income Taxes, requires management to evaluate the tax positions taken by the Foundation and to recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of December 31, 2022, there are no uncertain positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by the taxing jurisdictions. The statute of limitations for federal and California purposes is generally three and four years, respectively.

Concentrations of Credit Risk

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, deposits of up to $250,000 at FDIC-insured institutions are covered by FDIC insurance. At times, deposits may be in excess of the FDIC insurance limit; however, management does not believe the Foundation is exposed to any significant related credit risk.

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Subsequent Events

Management has evaluated the impact of any subsequent events through June 5, 2023, the date on which the accompanying financial statements were available to be issued.

NOTE 2 – Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at year-end:	
Cash and cash equivalents	$ 1,348,791
Investments	987,450
Contributions receivable	153,450
	$ 2,489,691

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – Investments

The Foundation follows the guidance required for fair value measurements of financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

NOTE 3 – Investments (Continued)

The Foundation groups its assets measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

At December 31, 2022, the Foundation's investments consisted of US Treasury Notes of $987,450, which are considered level 2 in the fair value hierarchy.

Total investment income for the year ended December 31, 2022 is as follows:

Dividends	$ 8,747
Unrealized gain	2,029
Total investment income	$ 10,776

NOTE 4 – Property and Equipment

Property and equipment is comprised of the following at December 31:

	2022	2021
Equipment	$ 12,566	$ 12,566
Computer software	29,000	29,000
Vehicles	16,785	16,785
Leasehold improvements	3,064	3,064
Total property and equipment	61,415	61,415
Less accumulated depreciation and amortization	(61,415)	(60,857)
Total property and equipment, net	$ -	$ 558

For the years ended December 31, 2022 and 2021, the Foundation recorded depreciation expense of $558 and $11,245, respectively.

NOTE 5 – Investment, at Cost

During the year ended December 31, 2021, the Foundation invested $250,000 in a Simple Agreement for Future Equity (SAFE) with Oncoheroes Biosciences Inc. (Oncoheroes). The SAFE investment gives the Foundation the right to certain shares of Oncoheroes capital stock, which is carried at cost. The right to the shares is available to the Foundation upon a Change in Control or Initial Public Offering by Oncoheroes, either defined as a Liquidity Event in the Agreement. If there is a Liquidity Event, and the right to receive Oncoheroes shares is not exercised by the Foundation, the Foundation will receive a cash payment of 200% of the investment amount. This investment has not been evaluated for impairment because it is not practicable to estimate the fair value due to insufficient information being available and management has not identified any events or changes in circumstances that might have a significant adverse effect on the fair value of the investment. The fair value of this investment may differ from the amount recorded.

NOTE 6 – Paycheck Protection Program Loan

In March 2020, Congress passed the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities, and interest on mortgages. Loans obtained through the program are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain conditions are met.

In February 2021, the Foundation received a loan in the amount of $82,933 through the PPP. In July 2022, the Foundation received notification from the Small Business Administration (SBA) that the loan was forgiven in full. For the year ended December 31, 2022, the Foundation recognized income from the loan forgiveness totaling $82,933 and is included in the accompanying statement of activities and changes in net assets.

NOTE 7 – Leasing Arrangements

The Foundation leased office space in Irvine under an operating lease with a 5-year initial term. The lease expired July 31, 2022. Beginning August 1, 2022, the Foundation began leasing its new Irvine office space under an operating lease with a 5-year and 5-month initial term. The lease includes a renewal option which can extend the lease term an additional 5 years. The exercise of the renewal option is at the sole discretion of the Foundation, and only lease options that the Foundation believes are reasonably certain to exercise are included in the measurement of the lease asset and liability.

Variable payments that are not determinable at the lease commencement are not included in the measurement of the lease asset and liability. The lease agreement does not include any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the balance sheet which include amounts for operating leases as of December 31, 2022

Operating lease right-of-use asset	$ 352,797
Operating lease liability	$ 378,216

The components of operating lease expenses that are included in "rent and utilities" in the statement of functional expenses were as follows for the year ended December 31, 2022:

Operating lease costs	$ 59,647

The following summarizes the cash flow information related to leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 34,653
Noncash investing and financing activity:	
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 408,615

NOTE 7 – Leasing Arrangements (Continued)

Weighted-average lease terms and discount rate as of December 31, 2022 were as follows:

Weighted-average remaining lease term - operating leases	5.0 years
Weighted-average discount rate - operating leases	2.7%

The maturities of operating lease liabilities as of December 31, 2022 are as follows:

Year Ending December 31,	Operating Lease
2023	$ 69,719
2024	78,999
2025	82,222
2026	85,446
2027	88,791
Total minimum lease payments	405,177
Less amount representing interest	(26,961)
Present value of minimum lease payments	$ 378,216

NOTE 8 – Commitments and Contingencies

Legal

In the normal course of business, the Foundation may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statement of the Foundation as of December 31, 2022.

NOTE 9 – Employee Benefit Plan

The Foundation adopted a SIMPLE IRA retirement program. The Foundation expects to make matching contributions of 1% to 3%, with a mandatory matching contribution of 3% to be made in at least one year of every three-year period. The Foundation made $9,994 and $8,268 in matching contributions under the SIMPLE IRA retirement program during the years ended December 31, 2022 and 2021, respectively.