THE SENTENCING PROJECT

FINANCIAL STATEMENTS

DECEMBER 31, 2022

THE SENTENCING PROJECT

TABLE OF CONTENTS
DECEMBER 31, 2022

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Independent Auditor's Report

Board of Directors
The Sentencing Project

Opinion

We have audited the accompanying financial statements of The Sentencing Project (a nonprofit 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 financial statements referred to above present fairly, in all material respects, the financial position of The Sentencing Project 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Sentencing Project 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 2 of the financial statements, The Sentencing Project adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Board of Directors
The Sentencing Project

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 The Sentencing Project'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 Sentencing Project'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.

Councilor, Buchanan & Mitchell, P.C.

Bethesda, Maryland
July 19, 2023

Certified Public Accountants

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

Assets	
Current Assets	
Cash and Cash Equivalents	$ 2,209,222
Investments	3,811,791
Contributions Receivable	1,504,825
Prepaid Expenses	48,594
Total Current Assets	7,574,432
Contributions Receivable, Net of Current Portion	300,000
Operating Right-of-Use Asset	201,106
Property and Equipment, Net	
Furniture	8,819
Software and Computers	295,635
Leasehold Improvements	49,745
Total Property and Equipment	354,199
Less Accumulated Depreciation	(86,879)
Property and Equipment, Net	267,320
Security Deposit	8,747
Total Assets	$ 8,351,605
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	$ 110,034
Accrued Expenses	65,100
Refundable Advance	312,260
Operating Lease Liability	135,104
Total Current Liabilities	622,498
Operating Lease Liability, Net of Current Portion	69,240
Total Liabilities	691,738
Net Assets	
Net Assets Without Donor Restrictions	
Board Designated	500,000
Undesignated	3,229,454
Total Net Assets Without Donor Restrictions	3,729,454
Net Assets With Donor Restrictions	3,930,413
Total Net Assets	7,659,867
Total Liabilities and Net Assets	$ 8,351,605

See accompanying Notes to Financial Statements.

The Sentencing Project

Statement of Activities
For the Year Ended December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues			
Contributions	$ 1,930,590	$ 2,921,500	$ 4,852,090
Honoraria and Other Income	9,260	-	9,260
Investment Loss	(795,552)	-	(795,552)
Net Assets Released from Restrictions	1,567,679	(1,567,679)	-
Total Revenues	2,711,977	1,353,821	4,065,798
Program and Supporting Services			
Expenses			
Program Services			
Policy Reform Advocacy	251,691	-	251,691
Research and Public Education	411,915	-	411,915
Extreme Sentencing	1,228,354	-	1,228,354
Voting Rights	537,869	-	537,869
Youth Justice	441,925	-	441,925
Total Program Services	2,871,754	-	2,871,754
Supporting Services			
Fundraising	537,586	-	537,586
Management and General	312,676	-	312,676
Total Supporting Services	850,262	-	850,262
Total Expenses	3,722,016	-	3,722,016
Change in Net Assets	(1,010,039)	1,353,821	343,782
Net Assets, Beginning of Year	4,739,493	2,576,592	7,316,085
Net Assets, End of Year	$ 3,729,454	$ 3,930,413	$ 7,659,867

See accompanying Notes to Financial Statements.

THE SENTENCING PROJECT

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services						Supporting Services			
	Policy Reform Advocacy	Research and Public Education	Extreme Sentencing	Voting Rights	Youth Justice	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total Expenses
Salaries and Benefits	$ 106,748	$ 285,136	$ 802,784	$ 177,802	$ 259,638	$ 1,632,108	$ 338,027	$ 79,535	$ 417,562	$ 2,049,670
Consultants	130,868	46,451	190,943	239,185	102,842	710,289	77,024	33,385	110,409	820,698
Grants to Others	-	-	102,000	39,000	43,120	184,120	-	-	-	184,120
Meetings	812	2,256	6,670	31,036	1,975	42,749	21,129	4,995	26,124	68,873
Printing	136	363	1,021	226	330	2,076	2,862	835	3,697	5,773
Mail House Services	-	-	-	-	-	-	28,970	-	28,970	28,970
Travel	1,543	7,653	29,263	21,181	3,998	63,638	3,565	1,604	5,169	68,807
Accounting	-	-	-	-	-	-	-	121,170	121,170	121,170
Postage and Delivery	124	335	983	206	301	1,949	7,765	761	8,526	10,475
Occupancy	5,693	15,205	42,810	9,482	13,846	87,036	18,026	35,020	53,046	140,082
Office Supplies	445	1,449	3,722	743	1,254	7,613	1,410	2,739	4,149	11,762
Telephone and Fax	278	742	2,089	463	676	4,248	880	1,709	2,589	6,837
Office Equipment and Maintenance	34	90	253	55	82	514	106	207	313	827
Depreciation and Amortization	1,790	4,781	13,462	2,982	4,354	27,369	5,668	11,012	16,680	44,049
Insurance	180	482	1,356	300	438	2,756	571	1,109	1,680	4,436
Bank Service Charges	915	2,443	6,897	1,524	2,225	14,004	2,897	5,627	8,524	22,528
Dues/Subscriptions/Registration Fees	1,197	12,560	14,209	3,641	4,557	36,164	8,183	7,355	15,538	51,702
Website	708	29,434	5,331	1,181	1,724	38,378	19,829	4,361	24,190	62,568
Other	220	2,535	4,561	8,862	565	16,743	674	1,252	1,926	18,669
Total Expenses	$ 251,691	$ 411,915	$ 1,228,354	$ 537,869	$ 441,925	$ 2,871,754	$ 537,586	$ 312,676	$ 850,262	$ 3,722,016

See accompanying Notes to Financial Statements.

THE SENTENCING PROJECT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities	
Change in Net Assets	$ 343,782
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation and Amortization	44,049
Net Loss on Investments	897,739
Operating Lease Expense	135,046
(Increase) Decrease in Assets	
Contributions Receivable	(508,400)
Prepaid Expenses	29,084
Increase (Decrease) in Liabilities	
Accounts Payable	69,514
Accrued Expenses	(7,702)
Refundable Advance	312,260
Operating Lease Liability	(131,808)
Net Cash Provided by Operating Activities	1,183,564
Cash Flows from Investing Activities	
Purchases of Property and Equipment	(212,863)
Purchases of Investments	(35,021)
Proceeds from Sales of Investments	350,000
Net Cash Provided by Investing Activities	102,116
Net Increase in Cash and Cash Equivalents	1,285,680
Cash and Cash Equivalents, Beginning of the Year	923,542
Cash and Cash Equivalents, End of Year	$ 2,209,222
Noncash Transactions from Investing and Financing Activities	
Establishment of Operating Right-of-Use Asset	$ 333,512
Establishment of Operating Lease Liability	333,512

See accompanying Notes to Financial Statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Sentencing Project (the Organization) is a non-profit organization incorporated in the District of Columbia on July 1, 1986. The Organization engages in research and public education on criminal justice policy issues, advocates for policy reform toward a more fair and effective justice system, and conducts outreach to the media to influence the public debate on crime and justice. The Organization's main source of support is contributions.

The Organization's programs are:

Policy Reform Advocacy - The Organization advocates at the federal, state, and local level for reducing the use of incarceration to address crime, decreasing the number of people in prison in favor of more community-based solutions, reforming sentencing policies that produce mass incarceration and racial, gender or economic injustice, expanding and restoring voting rights to Americans with convictions, and protecting youth from the adult criminal legal system.

Research and Public Education - The Organization monitors the criminal justice system and produces research and policy analyses to educate the public about the impact of criminal justice laws, policies, and practices. Findings are shared through highly visible public education campaigns that include earned media, webinars, newsletters, action alerts, and social media. Policy priorities include extreme sentencing, voting rights, youth justice, and racial and ethnic disparities.

Extreme Sentencing - The Organization plays a leadership role in campaigns and coalitions at the national, state, and local level in support of policies that expand the use of post-conviction release mechanisms, eliminate virtual life sentences and life sentences without parole, cap sentences at 20 years, and foster a culture that rejects excessive punishment in favor of restorative approaches to safety. The Organization produces cutting-edge research and promotes media and stakeholder engagement on sentencing policies, reforms, and impacts to foster a shift in the national narrative around extreme sentences.

Voting Rights - The Organization is a leader in national efforts to educate the public about the disenfranchisement of justice-involved people, the racially disparate impacts of current felony disenfranchisement laws and jail practices, and the need to implement universal suffrage for all citizens in order to end the role of the criminal legal system in mediating the central right of voting in a democracy. It works at the federal, state, and local level to advocate for full voting rights for individuals in jail, prison, and the community regardless of conviction status.

Youth Justice - The Organization works to safeguard youth from the ravages of the adult criminal legal system and explore alternatives to youth involvement in both the juvenile and adult justice systems. In addition to advocating for an end to policies that transfer youth to the adult criminal legal system, the Organization advocates for the shielding of minors from avoidable involvement in the youth justice system, including ending the presence of police in schools, and promoting treatment-based approaches to youthful behavioral problems rather than punishment. In all this work a racial justice lens is paramount.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Cash and Cash Equivalents

The Organization considers all short-term investments with original maturities of three months or less to be cash and cash equivalents.

Contributions Receivable

Contributions receivable are recorded at the amount the Organization expects to collect on balances outstanding at the end of the year. Amounts to be received over multiple years are discounted to their net present value using the applicable interest rate if such discount would be material. Management closely monitors receivables and charges off to expense any balances that are determined to be uncollectible. No reserve for doubtful accounts has been established because management expects to collect receivables in full.

Investments

Investments are carried at fair market value based on quotations available on national security exchanges.

Right-of-Use Assets and Lease Liabilities

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring the Organization's right-of-use assets and lease liabilities. Operating lease expense is allocated over the remaining lease term on a straight-line basis.

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, the Organization does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair market value on donation date, if contributed. Depreciation is calculated on a straight-line basis over a three-year or five-year estimated useful life. Leasehold improvements are amortized over the shorter of the useful life or lease term. The Organization capitalizes property and equipment purchases of $1,000 or more.

Contributions and Support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, 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. Amounts received for conditional grants and contributions are reported as refundable advances until the date that the conditions have been substantially met or explicitly waived by the donor. Unconditional restricted contributions for which the restrictions are met in the year received are considered contributions without donor restrictions for financial statement purposes.

Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as contributions without donor restrictions and increase net assets without donor restrictions.

Honoraria and Other Income

Honoraria and other income is recognized when earned, at the point in time that performance obligations are met.

Income Taxes

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income.

No provision for income tax is required for the year ended December 31, 2022, as the Organization had no net unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization's IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by taxing authorities generally for three years after filing.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include benefits, occupancy and other indirect costs as well as overhead. These expenses are generally allocated on the basis of staff time and effort. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

2. ADOPTION OF ACCOUNTING STANDARD UPDATE 2016-02

During the year ended December 31, 2022, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in *Topic 840*. The Organization also adopted the following ASUs, which amend and clarify *Leases (Topic 842)*: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2021-05, *Leases (Topic 842): Lessors - Certain Leases with Variable Lease Payments*; and ASU 2021-09*, Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities.* The most significant change in the new lease guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the statement of financial position.

The Organization adopted the leasing standards effective January 1, 2022, using the modified retrospective approach with January 1, 2022, as the initial date of application. Management has elected to apply all practical expedients available under the new guidance, which allows the Organization to: (1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; (2) not reassess the lease classification for any expired or existing leases; and (3) not reassess initial direct costs for any existing leases. The Organization also elected to apply the practical expedient to use hindsight in determining the lease term.

The most significant impact was the recognition of right-of-use assets and lease liabilities for all leases with terms greater than twelve months. Accordingly, an operating right-of-use asset and lease liability totaling approximately $333,512 and $333,512, respectively, was recognized as of January 1, 2022.

3. CONCENTRATIONS AND INVESTMENT RISK

As of December 31, 2022, approximately 55% of contributions receivable consisted of amounts due from two donors. For the year ended December 31, 2022, 43% of contributions revenue was from two donors.

The Organization's demand deposits with financial institutions exceeded federally insured limits at certain times during the year. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk.

The balance of the Vanguard Life Strategy Moderate Growth Fund as of December 31, 2022, of approximately $3,807,000 represents approximately 46% of total assets. Due to the level of risk associated with such an investment, it is at least reasonably possible that changes in market conditions in the near term could materially affect investment balances and the amounts reported in the financial statements.

4. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets (examples include equity securities);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate and municipal bonds); and

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities, alternate investments, and split-interest agreements).

The following presents the Organization's assets measured at fair value as of December 31, 2022:

	Fair Value	Level 1	Level 2	Level 3
Vanguard Life Strategy Moderate Growth Fund	$ 3,806,674	$ 3,806,674	$ -	$ -
Other Mutual Funds	5,117	5,117	-	-
Total Investments at Fair Value	$ 3,811,791	$ 3,811,791	$ -	$ -

5. OPERATING LEASE UNDER TOPIC 842

The Organization leases office space under an operating lease agreement that expires June 30, 2024. Under the terms of the lease, the base lease payment increases annually based on scheduled increases provided in the lease. The lease does not contain an option to extend the lease term or terminate early.

5. OPERATING LEASE UNDER TOPIC 842 (CONTINUED)

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term. Operating lease expense for the year ended December 31, 2022, was approximately $135,000 and is included in occupancy in the statement of functional expenses. The Organization had no variable or short-term lease expense in 2022.

Maturity of the operating lease liability as of December 31, 2022, is as follows:

For the Years Ending December 31,	Amount
2023	$ 136,422
2024	69,384
Total Undiscounted Minimum Lease Payments	205,806
Less Discount to Present Value	(1,462)
Total Operating Lease Liability	$ 204,344

The supplementary qualitative operating lease information is as follows:

Supplementary Qualitative Operating Lease Information	
Weighted-Average Remaining Lease Term (Years)	1.5
Weighted-Average Discount Rate	1%

6. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2022, net assets with donor restrictions were available for the following purposes:

Youth Justice	$ 139,650
Extreme Sentencing	559,036
Voting Rights	1,613,013
Policy Reform Advocacy	130,000
Time Restrictions	1,488,714
Total Net Assets With Donor Restrictions	$ 3,930,413

Net assets released from restrictions for the year ended December 31, 2022, were as follows:

Youth Justice	$ 160,000
Extreme Sentencing	625,000
Voting Rights	27,273
Policy Reform Advocacy	181,481
Time Restrictions	573,925
Total Net Assets Released from Restrictions	$ 1,567,679

7. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s cash flows have seasonal variations due to the timing of receipts of contribution revenue and vendor payments. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

7. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

As of December 31, 2022, the following financial assets and liquidity sources were available for general operating purposes:

Cash and Cash Equivalents	$ 2,209,222
Investments	3,811,791
Contributions Receivable, Current Portion	1,504,825
	7,525,838
Less Net Assets With Donor Purpose Restrictions	(2,141,699)
Financial Assets Available to Meet Cash Needs for General Expenditures in the Year Ending December 31, 2023	$ 5,384,139

Included in the financial assets available is an operating reserve fund (the Reserve) designated by the Board of Directors to ensure the stability of the mission, programs, employment, and ongoing operations of the Organization. The Reserve is funded with surplus net assets without donor restrictions and is commingled with the Organization's general cash and investment accounts. The Board of Directors' investment objectives for the Reserve are to create financial stability by the preservation of capital that earns a reasonable rate of return. The balance of the board designated operating net assets was $500,000 at December 31, 2022. When originally established in 2011, this represented approximately six months of operating costs. The Board of Directors is currently reviewing the board designated amount to determine if it should be increased based on the current financial position of the Organization. These net assets can be used to fund the Organization's operations if necessary, with Board approval.

8. RETIREMENT PLAN

The Organization sponsors a 403(b) plan (the Plan) for its employees. The Organization may make a discretionary matching contribution and nonelective contributions to the Plan. Employees that work 20 hours per week are eligible to participate in the Plan after four months of service. The employees are fully vested in the employer contribution when it is made. For the year ended December 31, 2022, the Organization contributed approximately $78,000 to the Plan.

9. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due as follows as of December 31, 2022:

Less than One Year	$ 1,504,825
One to Two Years	300,000
Total Contributions Receivable	$ 1,804,825

10. CONDITIONAL CONTRIBUTION

As of December 31, 2022, the Organization was promised a conditional contribution of approximately $1,003,000. Approximately $312,000 of the contribution was received in advance and recorded as a refundable advance as of December 31, 2022. The contribution will be recognized as a contribution as the required milestones are met to build the initial infrastructure for a Second Local Network.

11. COVID-19 FINANCIAL RISK

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

12. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through July 19, 2023, which is the date the financial statements were available to be issued.