CORTICO CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

CORTICO CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cortico Corporation
Boston, Massachusetts

Opinion

We have audited the accompanying financial statements of Cortico Corporation, a nonprofit organization (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the results of its operations 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Organization for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 26, 2024.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

ATLAS CPAs & Advisors PLLC

Phoenix, Arizona
March 7, 2025

CORTICO CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,731,753	$ 3,904,198
Accounts receivable, net	127,505	99,720
Current portion of grants receivables	2,521,466	2,382,995
Employee retention credit (ERC) receivable, net	319,864	-
Prepaid expenses and other assets	18,811	7,000
TOTAL CURRENT ASSETS	7,719,399	6,393,913
LONG-TERM ASSETS		
Equipment, at cost, net of accumulated depreciation of $76,349 and $50,996, respectively	43,915	43,813
Software, at cost, net of accumulated depreciation of $767,067 and $502,494, respectively	321,250	585,823
Grants receivable, net of current portion	-	2,271,466
TOTAL LONG-TERM ASSETS	365,165	2,901,102
TOTAL ASSETS	$ 8,084,564	$ 9,295,015
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 9,289	$ 5,658
Accrued expenses	146,114	39,203
Deferred revenue	289,167	-
TOTAL CURRENT LIABILITIES	444,570	44,861
TOTAL LIABILITIES	444,570	44,861
NET ASSETS		
With donor restriction	2,521,466	4,654,461
Without donor restriction	5,118,528	4,595,693
TOTAL NET ASSETS	7,639,994	9,250,154
TOTAL LIABILITIES AND NET ASSETS	$ 8,084,564	$ 9,295,015

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

CORTICO CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	With Donor Restriction	Without Donor Restriction	Total	With Donor Restriction	Without Donor Restriction	Total
REVENUES						
Contributions and grants	$ 250,000	$ 1,329,920	$ 1,579,920	$ 7,500,000	$ 290,255	$ 7,790,255
Program revenues	-	683,155	683,155	-	368,645	368,645
Other revenues	-	326,518	326,518	-	-	-
Interest income	-	201,504	201,504	-	6,430	6,430
Net assets released from restriction	(2,382,995)	2,382,995	-	(3,711,613)	3,711,613	-
TOTAL REVENUES	(2,132,995)	4,924,092	2,791,097	3,788,387	4,376,943	8,165,330
FUNCTIONAL EXPENSES						-
Program expenses	-	3,896,433	3,896,433	-	1,766,281	1,766,281
Management and general expenses	-	449,719	449,719	-	417,221	417,221
Fundraising	-	55,105	55,105	-	51,553	51,553
TOTAL EXPENSES	-	4,401,257	4,401,257	-	2,235,055	2,235,055
CHANGE IN NET ASSETS	(2,132,995)	522,835	(1,610,160)	3,788,387	2,141,888	5,930,275
NET ASSETS, BEGINNING OF YEAR	4,654,461	4,595,693	9,250,154	866,074	2,453,805	3,319,879
NET ASSETS, END OF YEAR	$ 2,521,466	$ 5,118,528	$ 7,639,994	$ 4,654,461	$ 4,595,693	$ 9,250,154

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

CORTICO CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Payroll and related expenses	$ 2,918,086	$ 336,802	$ 41,269	$ 3,296,157	$ 1,168,975	$ 275,896	$ 34,120	$ 1,478,991
Depreciation and amortization	256,671	29,625	3,630	289,926	206,215	48,670	6,019	260,904
Consulting	254,562	29,381	3,600	287,543	146,182	34,500	4,267	184,949
Travel	132,623	15,307	1,876	149,806	40,158	9,478	1,172	50,808
Legal	94,563	10,914	1,337	106,814	77,428	18,275	2,260	97,963
Information technology	89,413	10,320	1,264	100,997	62,361	14,718	1,820	78,899
Program expense	51,260	5,916	725	57,901	9,463	2,234	276	11,973
Accounting	28,617	3,303	405	32,325	30,853	7,281	901	39,035
Office expenses	25,141	2,902	355	28,398	6,998	1,652	204	8,854
Payroll Processing	9,253	1,068	131	10,452	6,111	1,443	178	7,732
Equipment expense	12,643	1,459	179	14,281	435	453	12	900
Office expenses	8,667	1,000	123	9,790	5,594	1,320	163	7,077
Insurance	6,138	708	87	6,933	2,833	669	83	3,585
Meetings and conferences	3,894	449	55	4,398	1,067	252	31	1,350
Rent	2,161	249	31	2,441	1,218	287	36	1,541
Miscellaneous expenses	1,770	204	25	1,999	210	51	6	267
Other expense	635	73	9	717	-	-	-	-
Bank fees	336	39	4	379	180	42	5	227
TOTAL EXPENSES	$ 3,896,433	$ 449,719	$ 55,105	$ 4,401,257	$ 1,766,281	$ 417,221	$ 51,553	$ 2,235,055

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

CORTICO CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (1,610,160)	$ 5,930,275
Adjustments to reconcile net income to cash from operating activities:		
Depreciation	289,926	260,904
Loss on sale of equipment	-	427
Discounts on grants receivable	-	310,231
Change in assets and liabilities:		
Accounts receivable	(27,785)	(88,642)
Grants receivable	2,132,995	(4,000,000)
ERC receivable	(319,864)	-
Prepaid expense	(11,811)	-
Accounts payable	3,631	2,347
Accrued expenses	106,911	10,093
Deferred revenue	289,167	-
Net cash provided by operating activities	853,010	2,425,635
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(25,455)	(108)
Net cash used in investing activities	(25,455)	(108)
Net change in cash and cash equivalents	827,555	2,425,527
Cash and cash equivalents, beginning of year	3,904,198	1,478,671
Cash and cash equivalents, end of year	$ 4,731,753	$ 3,904,198

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

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Cortico Corporation (the "Organization") is a nonprofit organization established in September 2016 that endeavors to foster healthy public spheres for all. The Organization helps journalists tell stories that are more reflective of people's lives on the ground in communities across the United States of America. The Organization is working towards the establishment of an end-to-end machine-learning powered media analytics platform as well artificial intelligence-fueled media technology products that surface under-heard concerns and voices in communities through "ear-to-the-ground" listening, including social media, talk radio, online news, television and prompted local conversations.

The Organization derives its revenue and support primarily from grants and contributions from private foundations and individuals.

Coronavirus Disease (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The Organization may be adversely affected through governmental and business closures resulting in a reduction of labor demand or decrease in revenues. The Organization will continue to monitor the situation surrounding COVID 19 and evaluate the impact it will have on future operations.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) on the accrual basis of. Revenues are recognized when earned rather than when the cash is collected. Costs are recorded when incurred rather than when paid.

Basis of Presentation

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities in two classes of net assets:

- *Net assets without donor restrictions* – are net assets not subject to donor-imposed restrictions or law.
- *Net assets with donor restrictions* – are net assets subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. Contributions restricted by donors whose restrictions are met in the same reporting periods are recorded as without restrictions. Net assets whose use is limited by donor-imposed restrictions are recorded as net assets with restrictions and are released from restrictions when donor stipulations have been met.

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition

The Organization recognizes contributions, which include grants and receipts from foundations, when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions of assets other than cash are recorded at their estimated fair value as of the date of contribution. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Organization records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place. Contributions and grants are accounted for in accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*.

Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. All unconditional promises to give are recorded as receivable at the time the promise is made. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as satisfaction of program restrictions. Contributions whose restrictions expire during the year of the contribution are recognized as revenues without donor restrictions in that year.

In addition, included within the program revenue in the statements of activities and changes in net assets are various reciprocal transactions of commensurate value that are considered exchange transactions in accordance with Accounting Standards Codification (ASC) Topic 606. Revenue for these transactions is recognized when a performance obligation has been satisfied by transferring control of promised products or services to the customer in an amount that reflects the consideration the Organization expects to receive in exchange for these products and services.

Donated Services

Contributions of services are recognized as revenues at fair value only if the services received create or enhance non-financial assets or require specialized skills. These services are provided by individuals possessing those skills that would typically need to be purchased, if not provided by donation. There were no donated services for the years ending December 31, 2023 and 2022.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and a corresponding reserve based on its assessment of the status of individual accounts. Balances that were still outstanding after management had used reasonable collection efforts are written off through a charge to the allowance and credit to grants receivable. Accounts receivable as of December 31, 2023 and 2022 was $127,505 and $99,720, respectively, and allowance for doubtful accounts as of December 31, 2023 and 2022 was $0 and $0, respectively.

Grants Receivable

Grants receivables are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and a corresponding reserve based on its assessment of the status of individual accounts. Balances that were still outstanding after management had used reasonable collection efforts are written off through a charge to the allowance and credit to grants receivable.

Grants receivable that are expected to be collected within one year are recorded at their net realizable value. Grants receivable that are expected to be collected in future years are recorded at the net present value of estimated future cash flows. The discount on these amounts is computed using an appropriate discount rate commensurate with the risks involved. The discount rate for the years ended December 31, 2023 and 2022 were 4.91% and 4.91%, respectively.

Prepaid Expenses

The Organization pays for certain expenses in advance of receipt of services or goods. The amount is expensed over the term of contract or period for which the expenses are paid, using the straight-line method. Prepaid expenses as of December 31, 2023 and 2022 was $- and $0, respectively.

Equipment

Equipment consists of office computers, which are stated at costs, net of accumulated depreciation. Acquisitions of equipment that are expected to have long-term benefit are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of these assets, which is three years.

Expenditures for maintenance and repairs are charged to expenses as incurred.

Software

Software development costs are carried at the cost of producing software less accumulated amortization. The Organization has developed media technology products driven by artificial intelligence as well as an end-to-end machine-learning powered media analytics platform. The Organization capitalizes certain costs relating to the development of the products and platform. The Organization also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditure will result in additional functionality. Maintenance and operating costs are expenses as incurred. The Organization reviews the amounts capitalized for impairment whenever any events or changes and circumstances indicate that the carrying amounts of assets may not be recoverable. After being placed in service, the Organization amortizes the products and the platform using straight-line method over their estimated useful live of five years.

Expenditures for maintenance and repairs are charged to operations as incurred.

Impairment of Assets

The carrying value of long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. No impairment loss was recorded for the years ended December 31, 2023 and 2022.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 Organization allocates its expenses on a function basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. However, legal, rent, consulting, insurance, certain technology supplies, certain travel, certain office expenses, and certain miscellaneous expenses are allocated among program services, management and general, and fundraising based on the time and effort by each of the employees who provided services to the Organization.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Massachusetts income tax under Massachusetts General Law Chapter 180. The Organization had no unrelated business income during the years ended December 31, 2023 and 2022.

Management has evaluated the Organization's tax positions as of December 31, 2023 and concluded that the Organization has taken no uncertain tax positions that require adjustment to or disclosure in the financial statements to comply with the provisions of the accounting guidance for uncertainty in income taxes.

Advertising

The Organization charges the cost of advertising to expense as incurred. Total advertising expense for the years ended December 31, 2023 and 2022 were $0 and $0, respectively.

Fair Value of Financial Instruments

FASB ASC 820-10-50, "*Fair Value Measurements and Disclosures*", requires the Organization to disclose estimated fair values for its financial instruments. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or (Level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Input other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at December 31, 2023 and 2022.

Cash and cash equivalents, accounts receivables, prepaid expenses, accounts payable, accrued expenses, and deferred - the carrying amounts reported in the comparative statements of financial position for these items are a reasonable estimate of fair value using Level 1 inputs.

Leases

In February 2016 the FASB issued ASU No. 2016 02, *Leases* (Topic 842). This new standard is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined by the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

The Organization determines if a contract is, or contains, a lease at inception or modification of the agreement. A contract is, or contains, a lease if there are identified assets and the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. Control over the use of the identified asset means that the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset.

For leases with terms greater than a year, the Organization records right-of-use (“ROU”) assets and lease liabilities on the balance sheet, as measured on a discounted basis. For finance leases, the Organization recognizes interest expense associated with the lease liability and depreciation expense associated with the ROU asset; for operating leases, the Organization recognizes straight-line lease expense.

The Organization will not recognize ROU assets or lease liabilities for leases with a term of 12 months or less. However, costs related to short-term leases with terms greater than one month, which the Organization deems material, will be disclosed as a component of lease expenses when applicable.

Finance and operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term at commencement. As the implicit rate is not determinable in most of the Organization’s leases, management uses the Organization’s incremental borrowing rate in determining the present value of future payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise such option. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term.

The Organization did not have any leases as a lessor. As lessee, the Organization have various leases for storage and workspace on a month-to-month basis. ASC 842 did not have a significant impact to the Organization.

Rent expense for the years ended December 31, 2023 and 2022 were $2,441 and $1,541, respectively.

Credit Losses

Effective January 1, 2023, the Organization adopted the provisions and disclosure requirements described in ASU 2016-13, *Financial Instruments-Credit Losses* (ASC 326). ASC 326 replaces the incurred loss model with a current expected credit loss (CECL) model for the measurement of credit losses on financial assets measured at amortized cost. The CECL model requires the Organization to estimate expected credit losses over the entire contractual life of the financial asset, considering reasonable and supportable forecasts.

The adoption of ASC 326 did not result in a material change to the Organization’s existing methodology for estimating credit losses. The Organization previously considered forward-looking information in its assessment of credit losses, and its existing process was already generally aligned with the core principles of the CECL model. The Organization continues to use the historical loss rate method to estimate expected credit losses for accounts and grants receivable.

NOTE 2: CONCENTRATIONS

Revenues and receivables

Contributions and grants from one of the Organization's donors represented approximately $1,000,000 and $7,154,461 or 63% and 92% of total contributions and grants for the years ended December 31, 2023 and 2022, respectively. Revenues from two of the Organization's customers represented approximately $333,007 and $121,080 or 47% and 33% of total program revenues for the years ended December 31, 2023 and 2022, respectively.

Two customers and one customer accounted for $73,442 and $99,720, or approximately 66% and 100%, of the accounts receivables at December 31, 2023 and 2022, respectively. In addition, grants receivable is composed of contributions and grants from one donor.

Credit Risk

The Organization maintains cash and cash equivalent balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At various times during the year, the Organization 's cash may exceed this limit. As of December 31, 2023 and 2022, the Organization 's cash balance exceeded this limit by $3,998,579 and $3,400,555, respectively.

NOTE 3: GRANTS RECEIVABLE

Grants receivable consist of the following at December 31:

	2023	2022
Receivable in one year or less	$ 2,750,000	$ 2,500,000
Receivable between one and three years	-	2,500,000
Net present value discount	(228,534)	(345,539)
	$ 2,521,466	$ 4,654,461

NOTE 4: EMPLOYEE RETENTION CREDIT (ERC) RECEIVABLE

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted on March 27, 2020, provides for an employee retention tax credit (Employee Retention Credit or ERC) that is designed to encourage eligible employers to keep employees on their payroll despite experiencing an economic hardship related to COVID-19. The Employee Retention Credit provides an Eligible Employer with a tax credit that is allowed against certain employment taxes.

In May 2023, the Organization applied for the ERC credit for a total of $322,052 for 2020 and 2021 wages. The amount was recognized as revenues under Other Revenues for the year ended December 31, 2023. The Organization received $2,459 including interest during the year ended December 31, 2023 and has subsequently received $253,714 including interest. ERC receivable as of December 31, 2023 was $319,864.

NOTE 5: EQUIPMENT AND SOFTWARE

Equipment consist of the following at December 31:

	2023	2022
Computer	$ 45,213	$ 19,758
Hearth hardware	75,051	75,051
Total equipment, at cost	120,264	94,809
Less: accumulated depreciation	(76,349)	(50,996)
	$ 43,915	$ 43,813

Software consists of the following at December 31:

	2023	2022
Software	$ 1,088,317	$ 1,088,317
Less: accumulated amortization	(767,067)	(502,494)
	$ 321,250	$ 585,823

Depreciation and amortization expense related to equipment and software were $289,926 and $260,904 for the years ended December 31, 2023 and 2022, respectively.

NOTE 6: NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions consist of the following at December 31:

	2023	2022
Time restricted grant	$ 2,521,466	$ 4,654,461

Net assets released from restrictions during the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Laboratory for social machines	$ -	$ 173,215
Time restricted grant	2,382,995	3,538,398
Total	$ 14,297,970	$ 3,711,613

NOTE 7: RELATED PARTY TRANSACTIONS

For the years ended December 31, 2023 and 2022, the Organization received contributions and grants from the several Board of Directors and Officers totaling $76,000 and $300,486, respectively.

NOTE 8: 401 (K) PLAN

The Organization maintains a 401(k) plan (the "Plan") for eligible employees. The Organization may provide for an employer match of employee deferral. The Organization may also contribute an additional amount as determined by the Board of Directors. The Organization made $85,190 and $36,918 in contributions to the Plan for the years ended December 31, 2023 and 2022, respectively.

NOTE 9: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available for general expenditure, that is, without donors or other restrictions limiting their use, within one year of the statements of financial position date at December 31, 2023 and 2022, are comprised of the following:

	2023	2022
Cash and cash equivalents	$ 4,731,753	$ 3,904,198
Accounts receivable, net	127,505	99,720
Current portion of grants receivables	2,521,466	4,654,461
Employee retention credit (ERC) receivable, net	319,864	-
Total financial assets at year-end	7,700,588	8,658,379
Less: those unavailable for general expenditures within one year, due to: donor-imposed restrictions	-	(50,996)
Financial assets available to meet cash needs for general expenditures within one year	$ 7,700,588	$ 8,607,383

For the purpose of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support those programs to be general expenditures. Grants receivable whose restrictions are expected to be satisfied within twelve months of the statements of financial position date are considered available for expenditure.

NOTE 10: SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential disclosure through March 7, 2025, the date the financial statements were available to be issued. Management has determined there were no events that have occurred subsequent to December 31, 2023 that would require disclosure.