TWLOHA, Inc.

Financial Statements

December 31, 2022
and 2021

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Grennan Fender
Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
TWLOHA, Inc.
Melbourne, Florida

Opinion

We have audited the accompanying financial statements of TWLOHA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TWLOHA, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 TWLOHA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 TWLOHA, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TWLOHA Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Grennan Fender, LLP

Grennan Fender, LLP
Melbourne, Florida
June 12, 2023

TWLOHA, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 1,989,919	$ -	$ 1,989,919
Accounts receivable, net	30,240	-	30,240
Promises to give, net	125,249	-	125,249
Inventory	208,629	-	208,629
Prepaid expenses	108,675	-	108,675
	2,462,712	-	2,462,712
PROPERTY AND EQUIPMENT, net	1,249,370	-	1,249,370
OTHER ASSETS	181,744	-	181,744
	$ 3,893,826	$ -	$ 3,893,826

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT LIABILITIES			
Payables, trade	$ 150,931	$ -	$ 150,931
Grants payable	15,820	-	15,820
Accrued expenses	102,292	-	102,292
Current portion of long-term debt	59,220	-	59,220
	328,263	-	328,263
LONG-TERM DEBT, net	774,535	-	774,535
NET ASSETS	2,791,028	-	2,791,028
	$ 3,893,826	$ -	$ 3,893,826

See accompanying notes to financial statements.

TWLOHA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 2,767,193	$ -	$ 2,767,193
Accounts receivable, net	1,633	-	1,633
Promises to give, net	233,684	-	233,684
Inventory	146,575	-	146,575
Prepaid expenses	31,103	-	31,103
	3,180,188	-	3,180,188
PROPERTY AND EQUIPMENT, net	1,274,313	-	1,274,313
OTHER ASSETS	197,617	-	197,617
	$ 4,652,118	$ -	$ 4,652,118

LIABILITIES AND NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
CURRENT LIABILITIES			
Payables, trade	$ 59,145	$ -	$ 59,145
Grants payable	20,294	-	20,294
Accrued expenses	71,574	-	71,574
Current portion of long-term debt	73,512	-	73,512
	224,525	-	224,525
LONG-TERM DEBT, net	850,449	-	850,449
NET ASSETS	3,577,144	-	3,577,144
	$ 4,652,118	$ -	$ 4,652,118

See accompanying notes to financial statements.

TWLOHA, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS:			
Revenues, gains and other support:			
Contributions:			
Cash	$ 2,005,687	$ 273,388	$ 2,279,075
Goods and services	20,689	-	20,689
Merchandise sales	1,305,720	-	1,305,720
Fundraising	193,069	-	193,069
Speaking engagements	11,666	-	11,666
Other	15,636	-	15,636
Interest	1,558	-	1,558
Gain on sale of assets	280	-	280
Net assets released from restrictions	273,388	(273,388)	-
Total revenues, gains and other support	3,827,693	-	3,827,693
Expenses:			
Program services	3,743,286	-	3,743,286
Management and general	846,145	-	846,145
Fundraising	24,378	-	24,378
	4,613,809	-	4,613,809
CHANGE IN NET ASSETS	(786,116)	-	(786,116)
NET ASSETS, beginning of year	3,577,144	-	3,577,144
NET ASSETS, end of year	$ 2,791,028	$ -	$ 2,791,028

See accompanying notes to financial statements.

TWLOHA, Inc.

Statement of Activities

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS:			
Revenues, gains and other support:			
Contributions:			
Cash	$ 2,718,785	$ 253,566	$ 2,972,351
Goods and services	78,234	-	78,234
Merchandise sales	1,146,401	-	1,146,401
Fundraising	264,364	-	264,364
Speaking engagements	20,383	-	20,383
Paycheck Protection Program loan forgiveness	244,507	-	244,507
Other	9,212	-	9,212
Interest	750	-	750
Gain on sale of assets	40	-	40
Net assets released from restrictions	332,576	(332,576)	-
Total revenues, gains and other support	4,815,252	(79,010)	4,736,242
Expenses:			
Program services	3,129,361	-	3,129,361
Management and general	648,846	-	648,846
Fundraising	60,675	-	60,675
	3,838,882	-	3,838,882
CHANGE IN NET ASSETS	976,370	(79,010)	897,360
NET ASSETS, beginning of year	2,600,774	79,010	2,679,784
NET ASSETS, end of year	$ 3,577,144	$ -	$ 3,577,144

See accompanying notes to financial statements.

TWLOHA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Program Services							
	Events and Tours	Awareness and Education	Supporter Engagement	Treatment and Recovery	Total	Management and General	Fundraising	Total Expenses
DIRECT ASSISTANCE:								
Grants	$ -	$ -	$ -	$ 265,461	$ 265,461	$ 228	$ -	$ 265,689
OTHER EXPENSES:								
Advertising and promotion	21,387	76,011	5,913	5,527	108,838	101,341	465	210,644
Conferences	-	269	351	-	620	2,649	-	3,269
Contract services	50,387	173,293	50,532	15,060	289,272	33,415	6,853	329,540
Cost of sales	130,862	749,365	0	-	880,227	-	10,102	890,329
Employee benefits	3,908	13,081	4,545	135	21,669	8,644	-	30,313
Event expenses	108,244	45	25,609	-	133,898	624	-	134,522
Insurance	29,278	72,940	33,604	5,290	141,112	27,650	-	168,762
Interest	8,034	20,961	7,070	-	36,065	3,885	-	39,950
Occupancy	7,319	15,863	9,171	-	32,353	2,911	-	35,264
Office expenses	32,912	131,964	37,492	34,724	237,092	85,483	6,481	329,056
Payroll taxes	12,922	53,828	23,858	3,717	94,325	33,632	-	127,957
Professional fees	1,095	3,097	964	-	5,156	77,940	-	83,096
Program supplies	-	-	25,372	-	25,372	-	-	25,372
Repairs and maintenance	-	-	-	-	-	110	-	110
Salaries and wages	172,883	698,575	303,647	49,811	1,224,916	436,593	-	1,661,509
Staff and intern development	1,255	3,087	5,118	510	9,970	5,289	245	15,504
Taxes and licenses	359	2,797	159	-	3,315	6,814	212	10,341
Travel	140,208	11,708	25,731	246	177,893	13,971	20	191,884
	721,053	2,026,884	559,136	115,020	3,422,093	840,951	24,378	4,287,422
Total expenses before depreciation and amortization	721,053	2,026,884	559,136	380,481	3,687,554	841,179	24,378	4,553,111
Depreciation and amortization	15,676	31,670	8,386	-	55,732	4,966	-	60,698
TOTAL EXPENSES	$ 736,729	$ 2,058,554	$ 567,522	$ 380,481	$ 3,743,286	$ 846,145	$ 24,378	$ 4,613,809

See accompanying notes to financial statements.

TWLOHA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services							
	Events and Tours	Awareness and Education	Supporter Engagement	Treatment and Recovery	Total	Management and General	Fundraising	Total Expenses
DIRECT ASSISTANCE:								
Grants	$ -	$ -	$ -	$ 282,717	$ 282,717	$ -	$ -	$ 282,717
OTHER EXPENSES:								
Advertising and promotion	46,326	40,463	14,991	3,593	105,373	28,623	4,529	138,525
Conferences	-	31	195	-	226	65	-	291
Contract services	35,858	227,228	34,815	8,514	306,415	44,170	-	350,585
Cost of sales	2,551	713,323	24,766	-	740,640	5,902	38,950	785,492
Employee benefits	3,346	16,818	3,697	61	23,922	9,027	298	33,247
Event expenses	42,005	48,945	8,060	-	99,010	-	1,005	100,015
Insurance	18,503	37,724	21,127	4,758	82,112	20,949	595	103,656
Interest	12,158	21,474	10,698	-	44,330	8,108	-	52,438
Occupancy	6,416	14,042	39,081	-	59,539	2,359	-	61,898
Office expenses	16,299	100,163	36,363	32,397	185,222	73,900	4,569	263,691
Payroll taxes	9,234	43,850	18,245	3,578	74,907	25,835	729	101,471
Professional fees	603	26,834	726	2,000	30,163	67,746	-	97,909
Repairs and maintenance	217	130	140	-	487	258	-	745
Salaries and wages	126,173	557,763	243,305	47,004	974,245	347,656	9,758	1,331,659
Staff and intern development	1,235	3,431	6,736	-	11,402	2,439	242	14,083
Taxes and licenses	282	3,199	235	-	3,716	7,227	-	10,943
Travel	47,783	1,245	3,414	-	52,442	177	-	52,619
	368,989	1,856,663	466,594	101,905	2,794,151	644,441	60,675	3,499,267
Total expenses before depreciation and amortization	368,989	1,856,663	466,594	384,622	3,076,868	644,441	60,675	3,781,984
Depreciation and amortization	16,981	27,376	8,136	-	52,493	4,405	-	56,898
TOTAL EXPENSES	$ 385,970	$ 1,884,039	$ 474,730	$ 384,622	$ 3,129,361	$ 648,846	$ 60,675	$ 3,838,882

See accompanying notes to financial statements.

TWLOHA, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (786,116)	$ 897,360
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	60,698	56,898
Amortization of loan costs reported as interest expense	993	3,731
Gain on sale of property and equipment	(280)	(40)
Forgiveness of Paycheck Protection Program loan	-	(244,507)
Decrease (increase) in assets:		
Accounts receivable	(28,607)	(1,583)
Promises to give	108,435	(108,329)
Prepaid expenses	(77,572)	14
Inventory	(62,054)	19,141
Other assets	2,815	(1,615)
Increase (decrease) in liabilities:		
Payables, trade	91,786	40,478
Grants payable	(4,474)	6,479
Accrued expenses	30,718	(12,724)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(663,658)	655,303
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(21,127)	(18,391)
Cash payments for software development	(1,950)	(27,000)
Proceeds from sale of property and equipment	660	600
NET CASH USED IN INVESTING ACTIVITIES	(22,417)	(44,791)

See accompanying notes to financial statements.

TWLOHA, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	244,507
Cash payments of loan refinancing costs	-	(1,739)
Payments on long-term debt	(91,199)	(51,389)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(91,199)	191,379
NET CHANGE IN CASH AND CASH EQUIVALENTS	(777,274)	801,891
CASH AND CASH EQUIVALENTS, beginning of year	2,767,193	1,965,302
CASH AND CASH EQUIVALENTS, end of year	$ 1,989,919	$ 2,767,193
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES		
In-kind contributions of goods and services	$ 20,689	$ 78,234
Debt proceeds utilized to satisfy bank loan	$ -	$ 827,359
Debt proceeds utilized to purchase copyright license	$ -	$ 128,931
SUPPLEMENTAL DISCLOSURE OF CASH FLOW		
Cash paid for interest	$ 38,957	$ 48,707

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

TWLOHA, Inc. (the Organization) is a not-for-profit corporation formed in August 2007. The Organization is dedicated to presenting hope and finding help for people struggling with depression, addiction, self-injury, and suicide. The Organization exists to encourage, inform, inspire, and also invest directly in treatment and recovery. It is headquartered in Melbourne, Florida and assistance is available worldwide.

The Organization is supported by various grants, private donations and revenues from events, tours, speaking engagements, and merchandise sales.

Financial Statement Presentation

Financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-profit Entities, as amended by Accounting Standard Update (ASU) No. 2016-14. ASU 2016-14 was effective for fiscal years beginning after December 15, 2017.

FASB ASC 958 requires a not-for-profit entity to present on the face of the statement of financial position amounts for two classes of net assets; net assets without donor restrictions and net assets with donor restrictions, and on the face of the statement of activities the amount of change in each of the two classes. In addition, the Organization is required to present:

- The amounts of expenses by both their natural classification and their functional classification, including disclosures concerning the methods used for cost allocation between functional classifications.
- Qualitative and quantitative disclosure information on liquidity and availability of financial assets to meet the Organization's cash needs for general expenditure within one year.
- The composition of donor restricted net assets at period-end.
- Self-imposed limits on use of resources without donor restrictions at the end of the period, including designations and reserves.
- Investment returns net of external and direct internal investment expenses and no longer require the disclosure of those netted expenses.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization considered all promises to give collectible, therefore, no allowance for doubtful accounts was recorded for the years ended December 31, 2022 and 2021.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Goods and Services

During the years ended December 31, 2022 and 2021, the Organization was the recipient of contributed goods and services. Contributed goods are recorded at their estimated fair market value on the date of receipt. The value of contributed goods totaled $0 (2022) and $48,748 (2021). Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been paid for if not provided by donation. The value of contributed services meeting the requirements for recognition in the financial statements totaled $20,689 (2022) and $29,486 (2021). In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

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. Accordingly, actual results could vary from the estimates that were used.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments and certificates of deposits purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded when invoices are issued and are presented in the statement of financial position net of allowance for doubtful accounts. Accounts receivable consisted of amounts due from the sale of merchandise which management considered fully collectible at year-end. Based on this factor and management's experience, the Organization considered all accounts receivable collectible, therefore, no allowance for doubtful accounts was recorded for the years ended December 31, 2022 and 2021.

Inventory

Inventory consists of apparel and other branded merchandise purchased for resale via the Organization's online store and is stated at average cost or market, whichever is lower.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. It is the Organization's policy to capitalize assets for items in excess of $1,000 when their useful life exceeds one year. Depreciation of property and equipment is computed using the straight-line method over their estimated useful lives of the assets, which are generally from three to forty years.

Intangible Assets

Intangible assets are stated at cost. Trademarks are being amortized over their licensed terms. Copyrights have been determined to have an indefinite life and therefore are not amortized. The Organization periodically reviews the carrying value of its copyright rights to determine whether an impairment exists. If an impairment is identified, the carrying value will be reduced to the determined fair market value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue includes events, grants, contributions, merchandise sales, and speaking engagements. All revenues are recognized when received, with the exception of merchandise sales. The Organization recognizes revenue from merchandise sales when the merchandise is sold.

In May 2014 the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers.

In June 2018 the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in ASU 2018-08 provide guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction, determining whether a contribution is conditional, and modifies the simultaneous release option currently in U.S. GAAP, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns.

Contributions

Contributions received, including unconditional promises to give, are recognized as revenue at fair value upon the receipt of the earlier of either: (i) unconditional pledges or commitments or (ii) cash or other assets. Contributions are considered available for unrestricted use unless the donors restrict the use. Contributions to be received after one year are discounted at an interest rate commensurate with the risk involved. Bequests are recognized at fair value at the time the will is declared valid.

Paycheck Protection Program loan

In April 2020, as a benefit of the CARES Act passed in response to the ongoing COVID-19 pandemic, the Organization received a Paycheck Protection Program (PPP) loan in the amount of $226,695 and additional funding from the second round for $244,507. The loans were forgivable if used for qualifying expenses within a specified period of time. Following the guidance in FASB ASC 958-605, Not-for-Profit Entities, governmental assistance in the form of loan forgiveness can be considered a nonreciprocal or non-exchange transaction referred to in the guidance as a contribution. Because PPP loan forgiveness is dependent on meeting certain conditions, it would be considered a conditional contribution. Conditional contributions are recognized as income when the conditions on which they depend are met.

As of December 31, 2021 and 2020 the Organization met the conditions to qualify for full loan forgiveness in each of the respective years. As such, revenue related to the forgiveness of the loans in those amounts was included on the respective statement of activities for the years ended December 31, 2021 and 2020. Both loans were fully forgiven in their respective years and no PPP funds were received by the Organization during the year ended December 31, 2022.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and statements of functional expenses. Therefore, certain costs have been consistently allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision has been made for income taxes for the years ended December 31, 2022 and 2021.

FASB ASC 740, Accounting for Income Taxes, prescribes a recognition threshold and measurement attribute of the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Management evaluates the Organization's tax positions on an annual basis, both past and current. If management determines that a past or current tax position is uncertain then a tax liability is calculated to represent the increase in taxes anticipated upon examination. As of December 31, 2022, management has determined that all past and current tax positions were likely to be realizable and sustainable upon examination and that the calculation of a tax liability was not necessary.

Tax years ended December 31, 2019 through 2022 remain subject to possible examination by the Internal Revenue Service.

Compensated Absences

Employees of the Organization are entitled to paid vacations, paid sick days, and personal days off, depending on the job classification, length of service, and other factors. The accrual cannot be reasonably estimated, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Advertising and Promotion Costs

The Organization expenses advertising and promotional costs as they are incurred. Advertising and promotional costs expensed to program services and fundraising totaled $210,644 (2022) and $138,525 (2021).

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Cash Balances

The Organization maintains cash and cash equivalents at several financial institutions. Accounts at certain institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2022, the Organization had uninsured cash balances of $932,033. Bank balances differ from the cash balances reflected on the financial statements due to reconciling items.

Major Supplier

One supplier accounted for approximately 62% of TWLOHA's merchandise purchases in 2022. As of December 31, 2022, approximately 29% of accounts payable were owed to this vendor. The same vendor accounted for 42% of merchandise purchases in 2021 and approximately 44% of accounts payable as of December 31, 2021.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

At December 31, 2022 and 2021, property and equipment consisted of the following:

	2022	2021
Building and land	$ 1,331,106	$ 1,325,506
Furniture and equipment	98,929	86,106
Vehicles	56,327	56,327
	1,486,362	1,467,939
Less: accumulated depreciation	(236,992)	(193,626)
	$ 1,249,370	$ 1,274,313

Depreciation expense totaled $45,692 (2022) and $45,686 (2021).

NOTE 4 – OTHER ASSETS

At December 31, 2022 and 2021, other assets consisted of the following:

	2022	2021
Copyrights of essential written works	$ 128,931	$ 128,931
Software development costs, net	48,554	61,200
Trademark costs, net	1,234	1,646
Deposits	3,025	5,840
	$ 181,744	197,617

NOTE 4 – OTHER ASSETS (continued)

Copyrights of essential written works

In 2021, the Organization acquired ownership of the copyrights of essential written works utilized to further the Organizations mission from the author (see Note 8).

Management has evaluated the copyrights and does not consider them impaired as of December 31, 2022.

Trademark costs, net

The Organization's policy is to amortize its trademark costs over fifteen years. Amortization expense related to the trademark was $412 (2022 and 2021).

Software development costs, net

Software development costs consist of costs to develop an application for mobile devices. Costs are capitalized only when the organization believes the development will result in new or additional functionality. In April of 2021, the application was released for use on mobile devices and placed into service. In July of 2022, the Organization incurred additional costs to add functionality and features to the app which were capitalized. Amortization expense associated with the software development costs totaled $14,595 and $10,800 for the years ended December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the accumulated amortization related to the software development totaled $30,335 and $15,329, respectively.

NOTE 5 – LONG-TERM DEBT

In 2018 the Organization purchased a building and signed a promissory note with a bank for $880,000, payable in monthly payments of $5,441, including interest at an annual rate of 5.49%. A final balloon payment of approximately $760,849 is due at maturity on October 1, 2025. In October 2021, the Organization refinanced the note with the same bank. The new note is for a total of $827,231, payable in monthly payments of $4,691, including interest at an annual rate of 3.90%. A final balloon payment of approximately $640,817 due at maturity on October 1, 2028. The loan is secured by the Organization's land and building.

In 2021, the Organization entered into an agreement to purchase the copyright of essential written works from an author for a purchase price of $137,790 (See Note 8). The agreement calls for a series of payments over 36 months ending June 2024. As the terms of the agreement are silent with respect to an interest rate, management has imputed interest at a rate of 5.5% per annum when determining the capitalized cost of the copyrights.

NOTE 5 – LONG-TERM DEBT (continued)

The current and long-term balances as of December 31, 2022 and 2021 for these loans are as follows:

	2022	2021
Building note payable	$ 799,716	$ 823,876
Copyright note payable	34,039	101,078
	833,755	924,954
Less: current portion	(59,220)	(73,512)
Less: unamortized debt issuance costs	-	(993)
	$ 774,535	$ 850,449

Debt issuance costs are amortized over the term of the loan. Amortization expense totaling $993 (2022) and $3,731 (2021) are included in interest expense. Interest expense related to long-term debt, not including amortized loan costs totaled $38,957 (2022) and $48,707 (2021).

Future scheduled maturities of long-term debt are as follows:

2022	$ 59,220
2023	26,194
2024	27,249
2025	28,347
2026	29,489
Thereafter	663,256
	$ 833,755

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

The Organization periodically receives donations with donor restrictions to a specific use. All restricted funds were utilized for their donor identified purposes during the years they were received. As such, there were no net assets with donor restrictions at December 31, 2022 or 2021.

NOTE 7 – RETIREMENT PLAN

Effective September 2019, the Organization sponsored a 401(k) plan (the "Plan") that covers substantially all employees who have met certain age and service requirements. Employees may elect to defer a portion of their compensation, within prescribed limits, to the Plan. The Organization is required to make matching contributions of up to 3% of the active participants' compensation, within certain prescribed limits. Retirement plan contributions totaled $26,254 (2022) and $23,987 (2021).

NOTE 8 – RELATED PARTY TRANSACTIONS

In 2021, TWLOHA acquired ownership of the copyrights in and to essential written works that had previously been utilized by TWLOHA pursuant to a license from an author, a related party. This acquisition of rights ensures that TWLOHA can continue to utilize these written works indefinitely, in furtherance of the TWLOHA mission (see Note 4). The purchase price of $137,790 is spread out over 36 months ending June 2024. The capitalized cost of $128,931 recorded for the copyright of essential written works represents the present value of the stream of future payments discounted by 5.5% per annum, which the Organization considers its implicit borrowing rate (see Note 5).

NOTE 9 – LIQUIDITY

The Organization's board of directors adopts a budget annually based on program requirements and anticipated revenue and expenditures for the year in an effort to manage working capital and cash flows that vary due to the timing of its awareness and fundraising events.

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

Financial assets, at December 31, 2022	$ 2,145,408
Less: those unavailable for general expenditures within one year due to donor-imposed restrictions	-
Financial assets available to meet cash needs for general expenditure within one year	$ 2,145,408

NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 12, 2023, the date on which the financial statements were available to be issued, and is unaware of any subsequent events requiring disclosure.