

JUST Capital Foundation, Inc.

**Financial Statements
(Together with Independent Auditors' Report)**

For the Years Ended December 31, 2022 and 2021

JUST CAPITAL FOUNDATION, INC.
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
JUST Capital Foundation, Inc.

Opinion

We have audited the financial statements of JUST Capital Foundation, Inc. (the "Foundation"), 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2M to the financial statements, the Foundation changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective January 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Mayer Hoffman McCann CPAs

New York, NY
June 29, 2023

JUST CAPITAL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
Cash (Notes 2C and 6B)	\$ 2,052,323	\$ 2,253,576
Accounts receivable, net (Note 2E)	71,557	235,762
Grants and contributions receivable (Notes 2G and 8)	1,117,682	1,300,361
Prepaid expenses and other assets	923,547	212,069
Property and equipment, net (Notes 2D and 4)	29,756	56,214
Intangible assets (Note 2J)	216,667	256,667
Right-of-use asset (Notes 2L and 5)	<u>2,146,467</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 6,557,999</u>	<u>\$ 4,314,649</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 320,285	\$ 270,223
Grants payable (Note 2H)	-	164,000
Deferred revenue	93,769	125,750
Deferred rent	-	370,664
Lease liability (Notes 2L and 5)	<u>2,481,879</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,895,933</u>	<u>930,637</u>
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS (Note 2B)		
Without donor restrictions	1,103,140	673,629
With donor restrictions (Note 7)	<u>2,558,926</u>	<u>2,710,383</u>
TOTAL NET ASSETS	<u>3,662,066</u>	<u>3,384,012</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,557,999</u>	<u>\$ 4,314,649</u>

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

JUST CAPITAL FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total 2022	Without Donor Restrictions	With Donor Restrictions	Total 2021
SUPPORT AND REVENUE:						
Contributions (Notes 2G and 6A)	\$ 6,366,765	\$ 715,514	\$ 7,082,279	\$ 6,398,264	\$ -	\$ 6,398,264
Grants (Note 2G)	1,225,200	2,734,713	3,959,913	1,066,500	3,376,111	4,442,611
In-kind contributions (Note 2F)	419,258	-	419,258	234,654	-	234,654
Program revenue (Note 2E)	771,719	-	771,719	260,701	-	260,701
Other revenue	598,485	-	598,485	29,448	-	29,448
Net assets released from restrictions (Notes 2B and 7)	<u>3,601,684</u>	<u>(3,601,684)</u>	<u>-</u>	<u>2,770,981</u>	<u>(2,770,981)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>12,983,111</u>	<u>(151,457)</u>	<u>12,831,654</u>	<u>10,760,548</u>	<u>605,130</u>	<u>11,365,678</u>
EXPENSES (Note 2I):						
Program services	10,818,198	-	10,818,198	9,776,463	-	9,776,463
Management and administration	1,162,329	-	1,162,329	853,895	-	853,895
Fundraising	<u>573,073</u>	<u>-</u>	<u>573,073</u>	<u>558,363</u>	<u>-</u>	<u>558,363</u>
TOTAL EXPENSES	<u>12,553,600</u>	<u>-</u>	<u>12,553,600</u>	<u>11,188,721</u>	<u>-</u>	<u>11,188,721</u>
CHANGE IN NET ASSETS	429,511	(151,457)	278,054	(428,173)	605,130	176,957
Net assets - beginning of year	<u>673,629</u>	<u>2,710,383</u>	<u>3,384,012</u>	<u>1,101,802</u>	<u>2,105,253</u>	<u>3,207,055</u>
NET ASSETS - END OF YEAR	<u>\$ 1,103,140</u>	<u>\$ 2,558,926</u>	<u>\$ 3,662,066</u>	<u>\$ 673,629</u>	<u>\$ 2,710,383</u>	<u>\$ 3,384,012</u>

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

JUST CAPITAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	For The Year Ended December 31, 2022					
	Supporting Services					
	Program	Management and Administration	Fundraising	Total 2022		Total 2021
Salaries and wages	\$ 6,261,241	\$ 609,266	\$ 353,359	\$ 7,223,866		\$ 6,232,272
Payroll taxes, fringe benefits and employment costs (Note 9)	1,923,453	177,230	74,231	2,174,914		1,579,675
Research	734,084	53,640	10,417	798,141		743,850
Marketing	165,547	-	-	165,547		155,863
Occupancy (Note 5)	532,729	53,660	27,706	614,095		601,145
Staff recruitment, training and development	17,712	1,784	921	20,417		8,908
Consultants	249,700	175,546	92,700	517,946		360,021
Accounting and auditing	-	31,470	-	31,470		30,293
Legal fees (Note 2F)	364,608	11,520	-	376,128		248,154
Travel and related expenses	35,570	10,737	721	47,028		5,702
Meetings and conferences	118,706	19,422	3,697	141,825		1,265
Office expenses	53,602	5,339	2,788	61,729		43,457
Non-capital purchases, equipment	21,269	2,142	1,106	24,517		58,881
Grant expense	235,616	-	-	235,616		947,759
Other	46,709	4,765	2,429	53,903		105,017
Depreciation and amortization (Notes 2J and 4)	57,652	5,808	2,998	66,458		66,459
	\$ 10,818,198	\$ 1,162,329	\$ 573,073	\$ 12,553,600		\$ 11,188,721

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

JUST CAPITAL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

For The Year Ended December 31, 2021				
		Supporting Services		Total 2021
	Program	Management and Administration	Fundraising	
Salaries and wages	\$ 5,322,024	\$ 487,157	\$ 423,091	\$ 6,232,272
Payroll taxes, fringe benefits and employment costs (Note 9)	1,394,211	110,300	75,164	1,579,675
Research	692,907	45,931	5,012	743,850
Marketing	155,863	-	-	155,863
Occupancy (Note 5)	521,629	42,043	37,473	601,145
Staff recruitment, training and development	7,730	623	555	8,908
Consultants	260,283	99,738	-	360,021
Accounting and auditing	-	30,293	-	30,293
Legal fees (Note 2F)	234,654	13,500	-	248,154
Travel and related expenses	1,539	4,163	-	5,702
Meetings and conferences	268	997	-	1,265
Office expenses	37,709	3,039	2,709	43,457
Non-capital purchases, equipment	51,093	4,118	3,670	58,881
Grant expense	947,759	-	-	947,759
Other	91,126	7,345	6,546	105,017
Depreciation and amortization (Notes 2J and 4)	57,668	4,648	4,143	66,459
	<u>\$ 9,776,463</u>	<u>\$ 853,895</u>	<u>\$ 558,363</u>	<u>\$ 11,188,721</u>

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

JUST CAPITAL FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 278,054	\$ 176,957
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	<u>66,458</u>	<u>66,459</u>
	344,512	243,416
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	164,205	(55,033)
Grants and contributions receivable	182,679	(555,361)
Prepaid expenses and other assets	(711,478)	(7,883)
(Decrease) Increase in liabilities:		
Accounts payable and accrued expenses	50,062	(75,776)
Grants payable	(164,000)	164,000
Deferred revenue	(31,981)	125,750
Deferred rent	<u>(35,252)</u>	<u>8,935</u>
Net Cash Used in Operating Activities	<u>(201,253)</u>	<u>(151,952)</u>
NET DECREASE IN CASH	(201,253)	(151,952)
Cash - beginning of year	<u>2,253,576</u>	<u>2,405,528</u>
CASH - END OF YEAR	<u><u>\$ 2,052,323</u></u>	<u><u>\$ 2,253,576</u></u>

JUST CAPITAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

JUST Capital Foundation, Inc. (the “Foundation”) is a not-for-profit corporation established in 2013 for charitable purposes and is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The Foundation, an independent, nonprofit research organization, uses the power of information and markets to address some of the most pressing social, economic, and environmental challenges of our time. JUST Capital’s mission is to build an economy that works for all Americans by helping companies improve how they serve all their stakeholders – workers, customers, communities, the environment, and shareholders.

Uniquely, JUST Capital engages the American public to determine what matters most to them when it comes to just business behavior. Since 2015, JUST Capital has surveyed more than 160,000 Americans, representative of the U.S. adult population, who agree that companies should pay a living wage, create good jobs, provide fair pay and good benefits, meet supply chain labor standards, treat customers well, reduce environmental impacts, promote gender and racial equity, and support local communities. The Foundation then does extensive research to define metrics, gather data, analyze performance, and ultimately rank the largest 1,000 publicly traded U.S. corporations on these issues. The Foundation’s methodology is recognized as one of the most analytically robust, unbiased, transparent, and data-driven approaches currently deployed. The Foundation leverages data, rankings, and analysis to incentivize and influence more just corporate behavior.

Our Rankings of America’s JUST Companies, which feature the JUST 100 and Industry Leader lists, celebrate business leadership on just issues to promote a “race to the top.” The top performers – who provide a powerful benchmark to incentivize more just business behavior – are recognized in partnership with CNBC and awarded our JUST Seal.

JUST Capital also drives capital toward more just companies from conducting our JUST Alpha research to using platforms like a media partnership with CNBC to uplift leadership to building investable indexes and licensing our data. As of 2022, JUST Capital’s partnerships with investment firms covered a total over \$400 million in AUM across 11 different investment products. Our flagship index based on JUST Capital’s proprietary research and rankings – the JUST U.S. Large Cap Diversified Index (“JULCD”) – was licensed by Goldman Sachs Asset Management in 2018 to launch its first ever environmental, social, and governance (ESG) focused exchange-traded fund (ETF) – the JUST ETF. The Index includes the top 50% of Russell 1000 companies ranked by JUST Capital by industry and is constructed to match the Russell’s industry weights. It features companies driving positive change on the issues the American public cares about most – issues like worker pay and well-being, beneficial products, the environment, strong communities, and more. The JUST Index has outperformed the Russell 1000 by 9.3% since inception through December 30, 2022 and the ETF was awarded Morningstar Analyst’s Rating of Bronze in 2021. Our JUST 100 Index (JUONE), which tracks the top 100 companies in our Rankings of America’s Most JUST Companies, has also outperformed the Russell 1000 by 13.3% since inception through December 30, 2022.

The Foundation’s definitive polling, rankings, indexes, and data empower all market participants – workers, investors, business leaders, consumers, advocacy groups – with the information they need to support, purchase from, invest in, and work for companies that perform best on the issues they care about.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Presentation*

The Foundation’s financial statements have been prepared on the accrual basis of accounting. The Foundation adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).

JUST CAPITAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Net Assets*

The Foundation's net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.
- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Foundation or the passage of time. This net asset class might also include those resources whose stipulations are to be maintained in perpetuity by the Foundation. The Foundation had no net assets with donor restrictions maintained in perpetuity as of December 31, 2022 and 2021.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled, the stipulated time period has elapsed) are reported as net assets released from restrictions.

C. *Cash*

The Foundation considers all highly liquid investments with original maturities of 90 days or less when acquired to be cash equivalents.

D. *Property and Equipment*

Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. The Foundation capitalizes acquisitions that have a cost of \$5,000 or more and a useful life of greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Amortization of leasehold improvements is calculated over the lesser of the estimated useful lives of the assets or the length of the lease.

E. *Program Revenue*

Program revenue consists primarily of data licensing fees. The Foundation recognizes revenue under data licensing agreements at the point in time when the Foundation's performance obligations have been satisfied, which is generally when the relevant data has been provided. Some of the Foundation's license agreements contain usage-based royalties. Usage-based fee agreements are recognized as revenue when the usage occurs or when the related performance obligation has been satisfied, whichever occurs later. The Foundation bases its allowance for doubtful accounts on its historical loss experience, the age of the receivables, and an evaluation of the creditworthiness of the customer. As of December 31, 2022 and 2021, the Foundation determined that an allowance of \$0 and \$25,000, respectively, should be provided for accounts receivable.

F. *Donated Services*

Donated services are recognized in the accompanying financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation.

JUST CAPITAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated goods and services for the year ended December 31, 2022 consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Professional services	\$ 364,608	Program services	No associated donor restriction	Based on costs of market price
Conference space	54,650	Program services	No associated donor restriction	Based on costs of market price
Total	<u>\$ 419,258</u>			

Donated services for the year ended December 31, 2021 consisted of the following:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor-imposed Restrictions</u>	<u>Fair Value Techniques</u>
Professional services	<u>\$ 234,654</u>	Program services	No associated donor restriction	Based on costs of market price

G. *Grants and Contributions*

Grants and contributions are nonexchange transactions and are recognized at fair value when received or when an unconditional promise is received. The Foundation bases its allowance for doubtful accounts on its historical loss experience, the age of the receivables, and an evaluation of the creditworthiness of the donor. Grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Historically, the Foundation has not had collection issues with grants and therefore has determined that no allowance was necessary as of December 31, 2022 and 2021 for grants receivable.

H. *Grants Payable*

Grants payable are recorded as a liability and related expense when an unconditional promise to give has been made. Grants payable are expected to be paid within one year.

I. *Functional Allocation of Expenses*

The cost of providing the various program and supporting services has been summarized on a functional basis in the accompanying statements of activities and functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The expenses that are allocated include occupancy, office expenses, depreciation, and amortization, which are allocated on a headcount basis, as well as salaries and wages, benefits, payroll taxes, and interest, which are allocated on the basis of estimates of time and effort.

J. *Intangible Assets*

During 2018, the Foundation entered into a licensing agreement for the use of the Foundation's JULCD. The costs incurred to position the Foundation to be able to enter into such an agreement were estimated to be \$400,000, consisting mostly of legal expenses, which are being amortized over ten years. These costs were valued under the Cost Approach using the current replacement cost basis. Amortization of this intangible asset amounted to \$40,000 for each of the years ended December 31, 2022 and 2021.

K. *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

JUST CAPITAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *Operating Leases*

The Foundation enters into operating leases as further described in Note 5. The Foundation assesses whether an arrangement qualifies as a lease at inception and only reassess its determination if the terms and conditions of the arrangement are changed. The Foundation has elected to apply the practical expedients that allow it to discount the lease liability to present value using a risk-free rate.

M. *Recent Accounting Pronouncements*

The Foundation adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02, *Leases*, (Topic 842) for the year ended December 31, 2022. The ASU requires organizations that lease assets to recognize the present value of the assets and liabilities for the rights and obligations created by those leases. The Foundation adopted Topic 842 as of January 1, 2022, which required the recognition of lease assets and liabilities as of that date. The lease liability was valued using the present value of future lease commitments. The adoption of Topic 842 was done using a modified retrospective approach that does not require restating prior periods, and as such, the adoption had no impact to the prior year financial statements, including the change in net assets as previously reported.

The Foundation adopted FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) for the year ended December 31, 2022. The core guidance in this update is to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure as further described in Note 2F. The adoption of this ASU had no effect on the change in net assets as previously reported.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Foundation considers all expenditures related to its ongoing programs, as well as management and administration to support those activities, to be general expenditures.

As of December 31, the financial assets available to meet general expenditures over the next 12 months were as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 2,052,323	\$ 2,253,576
Accounts receivable, net	71,557	235,762
Grants and contributions receivable	<u>559,588</u>	<u>1,300,361</u>
Total	<u>\$ 2,683,468</u>	<u>\$ 3,789,699</u>

JUST CAPITAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Website	\$ 17,085	\$ 17,085	15 years
Computers and networking equipment	16,205	16,205	5 years
Furniture and fixtures	151,038	151,038	7 years
Leasehold improvements	<u>44,910</u>	<u>44,910</u>	12 years
Total costs	229,238	229,238	
Less: accumulated depreciation and amortization	<u>(199,482)</u>	<u>(173,024)</u>	
Net book value	<u>\$ 29,756</u>	<u>\$ 56,214</u>	

Depreciation and amortization expense of property and equipment amounted to \$26,458 and \$26,459 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 – OPERATING LEASES

In January 2016, the Foundation signed a lease for new office space that ends in 2027. This lease is guaranteed by a Board member of the Foundation. As of December 31, 2022, the right-of-use asset amounted to \$2,146,467, and the lease liability amounted to \$2,481,879 on the accompanying statement of financial position. The lease liabilities were discounted to present value using the risk-free rate of 4.5%.

Minimum rental payments for years subsequent to December 31, 2022 are as follows:

<u>Years ending December 31,</u>	
2023	\$ 566,310
2024	579,052
2025	592,081
2026	605,403
2027	<u>412,683</u>
	2,755,529
Less: discount to present value	<u>(273,650)</u>
Lease liability	<u>\$ 2,481,879</u>

Rent expense for each of the years ended December 31, 2022 and 2021, amounted to \$518,596 and is included in occupancy expense in the accompanying statements of functional expenses. Cash paid for the operating lease amounted to \$553,848 for the year ended December 31, 2022 and is reflected as operating cash flows in the accompanying statement of cash flows.

NOTE 6 – CONCENTRATIONS

- A. For the years ended December 31, 2022 and 2021, contributions from a Board member of the Foundation made up approximately 40% and 49%, respectively, of total revenue.
- B. Cash that potentially subjects the Foundation to a concentration of credit risk includes cash accounts with banks that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Accounts are insured up to \$250,000 per depositor, per FDIC-insured institution and per ownership category. As of December 31, 2022 and 2021, there was approximately \$1,800,000 and \$1,940,000, respectively, of cash held by one bank that exceeded FDIC limits. Such excess includes outstanding checks.

JUST CAPITAL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Time restricted	\$ 558,904	\$ 325,000
Restricted for specific purposes	<u>2,000,022</u>	<u>2,385,383</u>
	<u>\$ 2,558,926</u>	<u>\$ 2,710,383</u>

Net assets released from restrictions amounted to \$3,601,684 and \$2,770,981 for the years ended December 31, 2022 and 2021, respectively.

NOTE 8 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable amounted to the following as of December 31:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 559,588	\$ 1,300,361
Due in one to five years	600,000	-
Less: discount to present value (at rates from 4.22%-4.73%)	<u>(41,906)</u>	<u>-</u>
	<u>\$ 1,117,682</u>	<u>\$ 1,300,361</u>

NOTE 9 – PENSION PLAN

Effective July 1, 2016, the Foundation's employees can participate in a 401(k) profit-sharing pension plan covering all eligible employees. Eligible employees can make elective deferrals under a salary reduction agreement. The Foundation matches, dollar for dollar, up to 4% of an employee's compensation. The Foundation may also make discretionary contributions. For the years ended December 31, 2022 and 2021, contributions from the Foundation amounted to \$205,506 and \$175,847, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Foundation believes it had no uncertain tax positions as of December 31, 2022 and 2021, in accordance with FASB Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 29, 2023, the date the financial statements were available to be issued.