



# **Virginia Law Foundation**

## **Independent Auditor's Report and Financial Statements**

December 31, 2023



**Contents**

<b>Independent Auditor's Report</b> .....	1
<b>Financial Statements</b>	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7

## **Independent Auditor's Report**

Board of Directors  
Virginia Law Foundation  
Charlottesville, Virginia

### ***Opinion***

We have audited the financial statements of Virginia Law Foundation, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Virginia Law Foundation as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***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 Virginia Law Foundation'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 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 Virginia Law 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 Virginia Law 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.

**Forvis Mazars, LLP**

**Richmond, Virginia  
November 13, 2024**

**Virginia Law Foundation**  
**Statement of Financial Position**  
**December 31, 2023**

---

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 463,806
Accounts receivable	306,512
Inventories	194,989
Prepaid expenses	220,682
Investments	21,702,995
Property and equipment, net	1,570,063
Right of use asset, operating lease	201,559

Total assets	<u>\$ 24,660,606</u>
--------------	----------------------

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 118,429
Accrued liabilities	256,176
Deferred revenue	926,988
Note payable - leasehold improvements	60,358
Operating lease liability	262,499

Total liabilities	<u>1,624,450</u>
-------------------	------------------

**Net Assets**

Without donor restrictions	1,333,161
Without donor restrictions, reserve account	2,436,332
Without donor restrictions, Board designated, endowment	19,266,663

Total net assets without donor restrictions	<u>23,036,156</u>
---	-------------------

Total liabilities and net assets	<u>\$ 24,660,606</u>
----------------------------------	----------------------

**Virginia Law Foundation**  
**Statement of Activities**  
**Year Ended December 31, 2023**

**Revenue and Support**

Conduct of institute and programs	\$ 4,953,583
Sales of publications and materials	328,927
Contributions	162,418
Miscellaneous revenue	16,445
Transfer of endowment earnings for grant expenditures	<u>675,000</u>

**Total Revenue and Support**

6,136,373

**Expenses**

Program services	4,947,994
Management and general	<u>2,768,258</u>

Total expenses 7,716,252

Change in net assets from operations (1,579,879)

**Nonoperating Income**

Investment income, net of investment expenses totaling \$89,996	441,386
Net unrealized gains	1,516,719
Net realized gains	618,634
Transfer of endowment earnings for grant expenditures	<u>(675,000)</u>

Change in net assets from nonoperating activities 1,901,739

**Change in Net Assets**

321,860

**Net Assets Without Donor Restrictions, Beginning of Year**

22,714,296

**Net Assets Without Donor Restrictions, End of Year**

\$ 23,036,156

**Virginia Law Foundation**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2023**

	Program	Management and General	Total Expenses
<b>Expenses</b>			
Payroll, payroll taxes and benefits	\$ 2,194,352	\$ 1,462,902	\$ 3,657,254
Conduct of institutes and programs	1,371,640	-	1,371,640
Abandonment loss on website and other	-	783,832	783,832
Grants	746,190	-	746,190
Computer	142,410	94,940	237,350
Credit card fees	-	221,187	221,187
Advertising	170,000	-	170,000
Depreciation and amortization	69,181	46,121	115,302
General and administrative	59,141	39,428	98,569
Rent and building occupancy	49,771	33,181	82,952
Insurance	44,483	29,655	74,138
Professional services	34,368	22,912	57,280
Office equipment and maintenance	29,177	19,451	48,628
Real estate taxes	14,683	9,789	24,472
Coordinator	15,308	-	15,308
Miscellaneous	6,230	4,154	10,384
Travel and meetings	1,060	706	1,766
	\$ 4,947,994	\$ 2,768,258	\$ 7,716,252
Total expenses	\$ 4,947,994	\$ 2,768,258	\$ 7,716,252

**Virginia Law Foundation**  
**Statement of Cash Flows**  
**Year Ended December 31, 2023**

**Cash Flows from Operating Activities**

Change in net assets	\$ 321,860
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation and amortization	115,302
Bad debts	6,519
Realized and unrealized gains on investments	(2,135,353)
Noncash operating lease expense	57,911
Abandonment of website design costs	763,054
Change in operating assets and liabilities	
Accounts receivable	(55,140)
Inventories	15,216
Prepaid expenses	(48,236)
Accounts payable and accrued liabilities	36,837
Operating lease liability	(71,152)
Deferred revenue	145,322
	<u>                    </u>
Net cash used by operating activities	<u>(847,860)</u>

**Cash Flows from Investing Activities**

Proceeds from the sale of marketable securities	8,412,244
Purchases of marketable securities	(7,028,609)
Purchases of property and equipment	(546,361)
	<u>                    </u>
Net cash provided by investing activities	<u>837,274</u>

**Cash Flows from Financing Activities**

Payments on note payable	(15,194)
	<u>                    </u>
Net decrease in cash and cash equivalents	(25,780)

**Cash and Cash Equivalents, Beginning of Year**

489,586

**Cash and Cash Equivalents, End of Year**

\$ 463,806

**Supplemental Disclosure of Cash Flow Information**

Cash paid for interest	<u><u>\$ 5,495</u></u>
------------------------	------------------------

## Note 1. Foundation and Nature of Activities

The Virginia Law Foundation (“Foundation”) is a Virginia nonstock corporation organized under the laws of the Commonwealth of Virginia and qualified as a 501(c)(3) charitable Foundation under regulations of the Internal Revenue Service to provide support for charitable and educational purposes related to the legal profession in Virginia. Based in Charlottesville, Virginia, the Foundation derives revenue from gifts and contributions, investments and Virginia Continuing Legal Education with primary sources of revenue generated from continuing legal education programming and publication of legal treatises, form books and other continuing legal education materials. The financial statements include all Foundation accounts.

## Note 2. Summary of Significant Accounting Policies

### ***Basis of Accounting***

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

### ***Basis of Presentation***

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The financial statements report amounts separately by class of net assets as follows:

**Net assets with donor restrictions** are subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. The Foundation currently has no net assets with donor restrictions.

**Net assets without donor restrictions** are those currently available at the discretion of the Foundation’s Board of Directors for use in the Foundation’s operations.

### ***Cash and Cash Equivalents***

The Foundation considers as cash and cash equivalents all cash accounts not subject to withdrawal restrictions or penalties. Cash and highly liquid investments restricted for long-term purposes are included with investments.

### ***Accounts Receivable***

Accounts receivable consist of charges for educational programs and other charges. Accounts receivable are reported at their estimated realizable value, net of an estimated allowance for expected credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. The Foundation does not charge interest on past due accounts. The accounts receivable balances as of December 31, 2023 are considered by management to be fully collectible and no provision for uncollectible accounts has been made in these financial statements. The balance of accounts receivable as of January 1, 2023 was \$257,891.

### **Revenue Recognition**

Revenues accounted for under U.S. GAAP include seminars, bundles of available seminars, passes for seminars and webcasts, handbooks, other media, and access to an online law library that are reported at amounts that reflect the consideration to which the Foundation expects to be entitled in exchange for providing the contracted good or services. The Foundation determines the transaction price based on the stated fixed price of the good or annual subscription. The nature of the Foundation's exchange contracts generally do not include variable consideration that require significant judgements to estimate the transaction price or related constraints due to risk of significant reversal.

Performance obligations are determined based on the nature of delivery of the goods and services provided. Performance obligations for bundles, passes, and access to an online law library are generally recognized over time based on the available use period. Performance obligations for seminars, handbooks and other media are recognized at a point in time when the seminar is held, or the product is provided to the customer.

The following table disaggregates the Foundation's revenue based on timing of the satisfaction of performance obligations for the year ended December 31, 2023:

Performance obligations satisfied at a point in time	\$ 3,968,543
Performance obligations satisfied over time	<u>1,330,411</u>
Total	<u>\$ 5,298,954</u>

The Foundation does not incur costs to obtain customer contracts that are incremental to a given contract (e.g., commissions) or recoverable. In some cases, the Foundation may receive payment prior to recognition of revenue. These contract liabilities are reported as deferred revenue on the statement of financial position. The balance of deferred revenue as of January 1, 2023 was \$781,666.

### **Estimates**

The preparation of the Foundation's 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 the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates and assumptions.

### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position.

Investment securities are exposed to several risks, such as interest rate, currency, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Foundation's financial statements.

Realized and unrealized gains and losses are included in the statement of activities. Interest income on investments in debt securities is computed by the effective interest rate method over their contractual lives. Dividend income on marketable equity securities is recognized in income when dividends are declared. Investment income is shown net of investment expenses.

### **Inventory**

Inventories of educational materials used to provide continuing education have been stated at the lower of cost or net realizable value determined on a first-in, first-out basis.

### ***Prepaid Expenses***

The Foundation records expenses incurred as of year-end, which are applicable to the subsequent year's educational programs, as prepaid expenses.

### ***Property and Equipment***

Property and equipment are stated at cost. Expenditures for repairs and maintenance are expensed as incurred. Additions and betterments with a cost in excess of \$500 are capitalized. The cost and related accumulated depreciation and amortization on property and equipment sold or otherwise disposed are removed from the accounts and any gain or loss is reported in current year's operations.

Depreciation and amortization are computed using the straight-line method based on the following estimated useful lives.

Buildings	39 years
Building improvements	39 years
Computers and equipment	3 – 7 years

### ***Deferred Revenue***

Conference and seminar fees collected in advance are reported as unearned revenue and recognized as revenue in the period when they occur.

### ***Income taxes***

The Foundation is a qualifying nonprofit Foundation as defined in Section 501(c)(3) Internal Revenue Code and the tax statutes of the Commonwealth of Virginia, and therefore is exempt from federal and state income taxes; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes.

### ***Contributions***

Unconditional contributions are recognized as revenues when received. They are recognized at fair value and are classified in the appropriate net asset class based on donor stipulation. Conditional contributions are recognized as revenue when the conditions are substantially met. All donor-restricted support is reported as an increase in net assets with donor restrictions.

### ***Advertising Costs***

The Foundation expenses general advertising as incurred, while specific seminar or conference advertising costs are matched and expensed against the respective event revenue. General advertising expense was \$170,000 for 2023.

### ***Concentrations***

Financial instruments that potentially subject the Foundation to concentration of credit risk consist of cash and cash equivalents, receivables and investments. The Foundation maintains cash balances in various financial institutions. Certain accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, balances may exceed insured amounts. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash equivalents when purchased.

### ***Shipping and Handling Costs***

The Foundation incurred shipping and handling expenses related to its educational program. Due to the immaterial amounts charged to registrants for shipping and handling, these amounts are netted against shipping expenses as cost of sales and are included in program services on the statement of activities.

### **Sales Tax**

The Foundation collects sales tax from customers and remits the entire amount to the taxing jurisdictions. The Foundation's accounting policy is to exclude the tax collected and remitted to the taxing jurisdictions from revenues and cost of sales.

### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Payroll and related costs are allocated on the basis of time and effort. Occupancy and related costs as well as administrative expenses are allocated based on square footage. The remaining categories are allocated based on the specific activity to which the expenses are attributable.

### **Leases**

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right of use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings and equipment.

The Foundation uses the implicit rate when readily determinable. If the lease does not provide an implicit rate, the Foundation has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Foundation has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

### **Recently Issued Accounting Standard**

Effective July 1, 2023, the Foundation adopted ASU 2016-13, *Financial Instrument – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, related to the impairment of financial instruments. This guidance, commonly referred to as current expected credit loss (CECL), changes impairment recognition to a model that is based on expected losses rather than incurred losses. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including notes receivables, trade receivables, and held-to-maturity debt securities. It also applies to off-balance-sheet credit exposures and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. In addition, Topic 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities that management does not intend to sell or believes that it is more likely than not they will be required to sell. The adoption of ASU 2016-13 did not have a material impact on the financial statements

### **Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 13, 2024, the date the financial statements were available to be issued.

### Note 3. Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2023:

Financial assets at year-end	
Cash and cash equivalents	\$ 463,806
Accounts receivable	306,512
Investments	<u>21,702,995</u>
Total financial assets	22,473,313
Less amounts not available to be used within one year	
Board designated net assets	<u>19,266,663</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,206,650</u>

The Foundation's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of the Foundation's liquidity plan, excess cash is invested in highly liquid investments. Although the Foundation does not intend to spend from its board designated endowment (other than amounts appropriated for general expenditures as part of the Board approved annual budget), these amounts could be made available for expenditure if necessary.

### Note 4. Investments

The fair values of investments held at December 31, 2023 are as follows:

Cash	\$ 1,160,828
Equity securities	13,167,835
Money market funds	803,720
Fixed income securities	715,186
Mutual funds	<u>5,855,426</u>
	<u>\$ 21,702,995</u>

## Note 5. Fair Value Measurement

Accounting standards establish 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 liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation 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 similar or identical assets or liabilities in inactive markets;
- inputs 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 input 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 or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any 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.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

***Equity securities, cash equivalents, mutual funds and money market funds***

Valued at the closing price reported on the active markets on which the individual securities are traded.

***Fixed income***

Corporate bonds are valued at the closing price reported on the active markets on which the individual securities are traded. U.S. government agency bonds are also valued at the closing price reported on the active markets on which the individual security is traded, however a portion of interest income is allocated to be a recovery of principal marking down the value of the individual security. Asset and mortgage backed securities are valued based on the underlying pools of assets which collateralize the financial instrument.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Virginia Law Foundation**  
**Notes to Financial Statements**

The following table sets forth, by level within the fair value hierarchy, the Foundation's assets at fair value at December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities				
U.S. large cap growth	\$ 7,907,374	\$ -	\$ -	\$ 7,907,374
U.S. mid cap growth	548,203	-	-	548,203
EAFE equity	1,431,803	-	-	1,431,803
European large cap	962,858	-	-	962,858
Japanese large cap	757,059	-	-	757,059
Asia ex-Japan equity	-	-	-	-
Emerging market	1,364,866	-	-	1,364,866
Global	195,673	-	-	195,673
Fixed income securities				
Government bonds	-	715,186	-	715,186
Cash equivalents	1,160,828	-	-	1,160,828
Money market funds	803,720	-	-	803,720
Mutual funds	<u>5,855,426</u>	<u>-</u>	<u>-</u>	<u>5,855,426</u>
	<u>\$ 20,987,809</u>	<u>\$ 715,186</u>	<u>\$ -</u>	<u>\$ 21,702,995</u>

**Note 6. Property and Equipment**

Property and equipment consist of the following at December 31, 2023:

Land	\$ 328,900
Buildings	1,560,600
Building improvements	280,393
Computers and equipment	<u>1,188,055</u>
	3,514,335
Accumulated depreciation and amortization	<u>(1,944,272)</u>
Property and equipment, net	<u>\$ 1,570,063</u>

**Note 7. Endowment Funds**

The Foundation's endowment consists of a board-designated fund established to provide grants and support the operations of the Foundation. As required by U.S. GAAP, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

A summary of the activity in unrestricted board-designated endowment fund is as follows:

Endowment net assets, December 31, 2022	\$ 20,951,277
Investment return	
Investment income, net	334,958
Net realized and unrealized gain	2,110,860
Appropriation for expenditure – grants	(675,000)
Appropriation for expenditure – operating expenses	(50,000)
Redesignation of reserve account	<u>(3,405,432)</u>
Endowment net assets, December 31, 2023	<u>\$ 19,266,663</u>

As noted above, a portion of the endowment earnings are used to fund grants. While the investment earnings of the endowment are included in nonoperating income on the statement of activities, the expense related to the grants is included in operating activities. During 2023, the Foundation transferred \$675,000 from the endowment investment to operating cash to fund the grant expenditures.

## Note 8. Retirement Plan

The Foundation provides a defined contribution pension plan covering all eligible employees. Participants may make voluntary contributions to the plan up to the maximum amount permitted by law. In addition, at the discretion of the Board of Directors, the Foundation may make contributions to the plan, based on a percentage of each eligible employee's compensation. Contributions to the plan amounted to \$285,131 for 2023.

## Note 9. Leases

The Foundation entered an agreement to lease a building for use in its professional educational mission. The lease has a term of 62 months and began on March 1, 2022. As part of the lease, the Foundation received rent abatement for the first two months and lease incentives of \$71,358 for leasehold improvements. Operating lease expense was \$63,083 for 2023.

	<u>2023</u>
Other Information	
Operating cash flows from operating leases	\$ 75,754
Weighted-average remaining lease term in years for operating leases	3.33
Weighted-average discount rate for operating leases	1.56%

Future minimum payments under the lease agreement are as follows:

2024	\$ 78,027
2025	80,368
2026	82,779
2027	<u>28,143</u>
Total future undiscounted lease payments	269,317
Less: imputed interest	<u>(6,818)</u>
	<u>\$ 262,499</u>

## Note 10. Note Payable

In connection with the lease entered into in 2022, the Foundation financed \$85,029 of leasehold improvements in excess of the lease incentive with the lessor. The note payable has a term of sixty months ending April 2027 with an interest rate of 8.0%. Monthly payments are \$1,724 including principal and interest.

The aggregate annual principal maturities for the years subsequent to December 31, 2023 are as follows:

2024	\$ 16,455
2025	17,821
2026	19,300
2027	<u>6,782</u>
	<u>\$ 60,358</u>