

UNITE 2 FIGHT PARALYSIS

Audited Financial Statements

For the Year Ended December 31, 2022



McDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Unite 2 Fight Paralysis

Opinion

We have audited the accompanying financial statements of Unite 2 Fight Paralysis (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Unite 2 Fight Paralysis as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Unite 2 Fight Paralysis 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 Unite 2 Fight Paralysis'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 Unite 2 Fight Paralysis'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 Unite 2 Fight Paralysis'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.

Other Matter

We have previously audited Unite 2 Fight Paralysis's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
May 2, 2023

UNITE 2 FIGHT PARALYSIS
STATEMENT OF FINANCIAL POSITION
December 31, 2022
(With comparative totals for 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 389,626	\$ 452,475
Pledges receivable within one year	31,115	75,727
Prepaid expenses and deposits	15,111	2,094
 TOTAL ASSETS	 \$ 435,852	 \$ 530,296
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 23,583	\$ 10,950
Deferred revenue - program sponsors	-	27,500
Total liabilities	23,583	38,450
Net assets:		
Without donor restrictions:		
Undesignated	88,429	209,270
Board designated	300,658	250,000
Total without donor restrictions	389,087	459,270
With donor restrictions	23,182	32,576
Total net assets	412,269	491,846
 TOTAL LIABILITIES AND NET ASSETS	 \$ 435,852	 \$ 530,296

See notes to financial statements.

UNITE 2 FIGHT PARALYSIS
STATEMENT OF ACTIVITIES
For the year ended December 31, 2022
(With comparative totals for 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Contributions	\$ 223,314	\$ 16,150	\$ 239,464	\$ 263,944
Program sponsors	120,000	-	120,000	81,000
Program service fees	15,978	-	15,978	9,073
Interest and other income	14,479	-	14,479	1,958
Paycheck Protection Program	-	-	-	26,728
Net assets released from restrictions:				
Satisfaction of purpose restrictions	25,544	(25,544)	-	-
Total support and revenue	399,315	(9,394)	389,921	382,703
Expenses:				
Program	344,388	-	344,388	222,367
Management and general	62,719	-	62,719	36,900
Fundraising	62,391	-	62,391	35,825
Total expenses	469,498	-	469,498	295,092
Change in net assets	(70,183)	(9,394)	(79,577)	87,611
Net assets:				
Beginning of year	459,270	32,576	491,846	404,235
End of year	\$ 389,087	\$ 23,182	\$ 412,269	\$ 491,846

See notes to financial statements.

UNITE 2 FIGHT PARALYSIS
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022
(With comparative totals for 2021)

	2022				2021
	Program	Management and General	Fundraising	Total	Total
Salaries and related costs	\$ 178,587	\$ 43,228	\$ 29,201	\$ 251,016	\$ 194,202
Professional services	29,100	5,266	22,400	56,766	45,187
Conferences and meetings	76,175	370	214	76,759	20,445
Travel	37,364	3,427	1,859	42,650	5,249
Communications	7,881	3,642	2,005	13,528	7,549
Office and other costs	15,281	6,786	6,712	28,779	22,460
 Total expenses	 \$ 344,388	 \$ 62,719	 \$ 62,391	 \$ 469,498	 \$ 295,092

See notes to financial statements.

UNITE 2 FIGHT PARALYSIS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022
(With comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from contributors and grants	\$ 284,076	\$ 198,171
Cash received from program sponsorships	92,500	81,000
Cash received from program services	15,978	9,073
Cash received from Paycheck Protection Program	-	26,728
Cash received from interest and other income	14,479	1,958
Cash paid to employees and related costs	(248,127)	(194,202)
Cash paid to vendors	<u>(221,755)</u>	<u>(96,370)</u>
Net cash flows from operating activities	<u>(62,849)</u>	<u>26,358</u>
Net change in cash and equivalents	(62,849)	26,358
Cash and cash equivalents - beginning of year	<u>452,475</u>	<u>426,117</u>
Cash and cash equivalents - end of year	<u>\$ 389,626</u>	<u>\$ 452,475</u>

See notes to financial statements.

UNITE 2 FIGHT PARALYSIS
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

1. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Unite 2 Fight Paralysis (the Organization) exists to unite and empower the international spinal cord injury community to cure paralysis through advocacy, education, and support and research. Revenue is primarily from donations from individuals, businesses and foundations.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Pledges Receivable

Pledges receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management considers history with donors, and current economic and industry trends when determining the collectability of specific accounts. As a result, management determined that an allowance for doubtful accounts is not necessary.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

UNITE 2 FIGHT PARALYSIS
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022

1. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Leases, Continued

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Revenue Recognition

Revenues from various sources are recognized as follows:

Contributions and Sponsorships: Contributions and sponsorships, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Program sponsorships are considered conditional until the event occurs. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

Program Services Fees: Revenue from conferences, and any other events for which participants pay a registration fee, is recognized when the event occurs. Registration fees, if any, received in advance are reported as unearned revenue on the statement of financial position.

Donated Assets and Services: Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

UNITE 2 FIGHT PARALYSIS
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022

1. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

Paycheck Protection Program: The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the advance has been recognized as revenue. During 2021, the Organization received a PPP loan of \$26,728 and met the allowable expenses conditions and recognized the forgiven loan as revenue.

Income Tax Status

Unite 2 Fight Paralysis is a nonprofit corporation exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC 740 *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related costs and certain other costs, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNITE 2 FIGHT PARALYSIS
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022

1. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New Accounting Standard

Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization determined that all existing leases are considered short-term and did not recognized right-of-use assets of or lease liabilities in its statement of financial position as of January 1, 2022. The adoption did not effect amounts reported in the statement of activities for the year ended December 31, 2022.

Summarized Financial Information for 2021

The financial information as of December 31, 2021 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Subsequent Events

The Organization has evaluated all subsequent events through May 2, 2023, the date the financial statements were available to be issued.

UNITE 2 FIGHT PARALYSIS
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022

2. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets available for general expenditures at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 389,626	\$ 452,475
Pledges receivable within one year	<u>31,115</u>	<u>75,727</u>
	420,741	528,202
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions (Note 3)	(23,182)	(32,576)
Net assets with board designations (Note 3)	<u>(300,658)</u>	<u>(250,000)</u>
Financial assets available for general expenditure	<u>\$ 96,901</u>	<u>\$ 245,626</u>

3. BOARD DESIGNATED NET ASSETS AND NET ASSETS WITH DONOR RESTRICTIONS

During 2021, the Board of Directors designated net assets without donor restrictions of \$250,000 as an operating reserve. During 2022, the Board of Directors increased the reserve to \$300,658. Board designated net assets can be released for use by a majority vote of the board.

Net assets with donor restrictions at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
The Cure Map	\$ 19,894	\$ 24,288
Other programs	<u>3,288</u>	<u>8,288</u>
Total net assets with donor restrictions	<u>\$ 23,182</u>	<u>\$ 32,576</u>

The Organization is maintaining funds held as a fiscal sponsor for the Cure Map which is a project working to film a documentary on living with spinal cord injuries.

UNITE 2 FIGHT PARALYSIS
NOTES TO FINANCIAL STATEMENTS, Continued
December 31, 2022

4. LEASE COMMITMENTS

The Organization leased administrative offices under an operating lease agreement through December 31, 2022, with monthly rent of \$553 (\$536 in 2021). Rent expense for 2022 and 2021 totaled approximately \$6,600 and \$6,400, respectively. The Organization continued to lease the offices on a month-to-month basis through April 2023. Effective May 1, 2023, the Organization entered into a new 12-month lease for a different location from the same lessor. Future lease commitments total \$4,400 and \$2,200 for the years ending December 31, 2023 and 2024, respectively.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable (contract asset) and customer advances and deposits and deferred revenue (contract liabilities) on the statements of financial position.

	2022	2021
Revenue recognized at a point in time:		
Program service fees	\$ 15,978	\$ 9,073
Sale of rights for movie production**	10,000	-
Total contract revenue	\$ 25,978	\$ 9,073

** During 2022, the Organization received revenue for the sale of rights for a documentary film to be made. This is expected to be a one-time source of earned revenue.

There are no contract assets or liabilities related to revenue from contracts with customers at December 31, 2022 and 2021.

6. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions. Balances at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit.

At December 31, 2022, approximately 80% of total pledges receivable are from three individuals (40% from two individuals in 2021).