

Star Valley Ranch Association

Financial Report

December 31, 2022 and 2021

**Star Valley Ranch Association
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Independent Auditor's Report

Board of Directors
Star Valley Ranch Association
Star Valley Ranch, Wyoming

Opinion

We have audited the accompanying financial statements of Star Valley Ranch Association (a nonprofit organization), which are comprised of the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Star Valley Ranch Association as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Star Valley Ranch Association 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.

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 Star Valley Ranch Association'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 Star Valley Ranch Association'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 Star Valley Ranch Association'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.

DeCoria & Company, PC

DeCoria & Company, PC
Afton, Wyoming

June 19, 2023

Financial Statements

Star Valley Ranch Association
Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 506,650	\$ 655,052
Investments (Note 4)	400,705	248,635
Accounts receivable, net (Note 5)	45,131	33,344
Inventories	35,996	33,157
Prepaid expenses	<u>101,254</u>	<u>32,955</u>
Total current assets	<u>1,089,736</u>	<u>1,003,143</u>
Noncurrent assets:		
Restricted investments (Notes 4 and 6)	8,310	8,310
Fixed assets, net (Note 7)	3,631,388	3,688,395
Water rights	<u>220,000</u>	<u>220,000</u>
Total noncurrent assets	<u>3,859,698</u>	<u>3,916,705</u>
Total assets	<u>\$ 4,949,434</u>	<u>\$ 4,919,848</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 4,485	\$ 3,216
Accrued payroll and related liabilities	25,770	38,487
Deposits	150	475
Member deposits	21,411	20,893
Designated funds payable	15,396	12,244
Note payable, due within one year (Note 8)	<u>31,048</u>	<u>29,244</u>
Total current liabilities	<u>98,260</u>	<u>104,559</u>
Noncurrent liabilities:		
Note payable, due after one year (Note 8)	<u>1,337,371</u>	<u>1,368,210</u>
Total noncurrent liabilities	<u>1,337,371</u>	<u>1,368,210</u>
Total liabilities	<u>1,435,631</u>	<u>1,472,769</u>
Commitments and contingencies (Note 9)		
Net assets (Note 10):		
Without donor restriction	3,505,493	3,438,769
With donor restriction	<u>8,310</u>	<u>8,310</u>
Total net assets	<u>3,513,803</u>	<u>3,447,079</u>
Total liabilities and net assets	<u>\$ 4,949,434</u>	<u>\$ 4,919,848</u>

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

Star Valley Ranch Association
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Homeowner assessments	\$ 825,992	\$ 783,807
Golf course fees	778,803	751,963
Facilities rental and other	47,254	55,835
Other administrative income	121,383	156,907
Utilities revenue	-	49
	<u>1,773,432</u>	<u>1,748,561</u>
Total operating revenues		
Operating expenses:		
Program services:		
Facilities	320,724	294,559
Golf courses	829,302	835,291
Lounge	7,083	-
Support services:		
Administration	473,447	587,397
	<u>1,630,556</u>	<u>1,717,247</u>
Total operating expenses		
Operating income	<u>142,876</u>	<u>31,314</u>
Other revenues (expenses):		
Interest income	7,161	12,465
Interest expense	(83,313)	(85,249)
	<u>(76,152)</u>	<u>(72,784)</u>
Total other revenues (expenses), net		
Change in net assets	66,724	(41,470)
Net assets, beginning of year	<u>3,447,079</u>	<u>3,488,549</u>
Net assets, end of year	<u>\$ 3,513,803</u>	<u>\$ 3,447,079</u>

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

Star Valley Ranch Association
Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

	Program services			Support services	Total 2022	Total 2021
	Facilities	Golf Courses	Lounge	Administration		
Payroll related expenses:						
Payroll expenses	\$ 112,464	\$ 345,918	\$ -	\$ 263,467	\$ 721,849	\$ 667,949
Total payroll related expenses	112,464	345,918	-	263,467	721,849	667,949
Other expenses:						
Accounting fees	-	-	-	15,710	15,710	14,250
Advertising	-	992	-	-	992	176
Bad debt expense	-	-	-	-	-	3,825
Bank charges	-	-	-	22,288	22,288	16,752
Committee expenses	-	-	-	23,341	23,341	26,990
Cleaning and janitorial	9,972	-	-	-	9,972	26,030
Contract services	2,734	-	-	-	2,734	3,235
Dues and subscriptions	-	6,130	-	3,102	9,232	11,201
Equipment	-	1,773	-	25,281	27,054	26,427
Insurance	-	-	-	6,612	6,612	78,424
Lease	-	40,957	-	-	40,957	39,818
Legal and professional fees	-	-	-	9,362	9,362	74,939
Licenses and fees	-	-	-	1,272	1,272	1,873
Other	4,226	4,464	-	2,426	11,116	20,969
Postage	-	16	-	4,006	4,022	5,685
Printing and publications	-	30	-	93	123	1,194
Taxes	-	-	-	62,744	62,744	44,659
Repairs and maintenance	83,013	29,818	4,933	12,222	129,986	162,293
Supplies	8,535	213,903	2,031	7,761	232,230	198,037
Telephone	1,469	1,075	-	3,638	6,182	5,856
Training	-	750	-	-	750	625
Travel	-	-	-	82	82	180
Utilities	39,425	17,272	-	458	57,155	59,467
Total other expenses	149,374	317,180	6,964	200,398	673,916	822,905
Total expenses before depreciation	261,838	663,098	6,964	463,865	1,395,765	1,490,854
Depreciation	58,886	166,204	119	9,582	234,791	226,393
Total expenses	\$ 320,724	\$ 829,302	\$ 7,083	\$ 473,447	\$ 1,630,556	\$ 1,717,247

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

Star Valley Ranch Association
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Operating income	\$ 142,876	\$ 31,314
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	234,791	226,393
Change in:		
Accounts receivable, net	(11,787)	36,507
Inventories	(2,839)	(9,885)
Prepaid expenses	(68,299)	5,741
Accounts payable	1,269	661
Accrued payroll and related liabilities	(12,717)	11,682
Deposits	(325)	(75)
Member deposits	518	1,510
Designated funds payable	3,152	5,441
	<u>286,639</u>	<u>309,289</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Interest income	7,161	12,465
Interest expense	(83,313)	(85,249)
Purchases of fixed assets	(177,784)	(22,942)
Change in investments, net	(152,070)	(9,990)
	<u>(406,006)</u>	<u>(105,716)</u>
Net cash used by investing activities		
Cash flows from financing activities:		
Principal payments on notes payable	(29,035)	(28,035)
	<u>(29,035)</u>	<u>(28,035)</u>
Net cash used by financing activities		
Change in cash and cash equivalents	(148,402)	175,538
Cash and cash equivalents, beginning of year	<u>655,052</u>	<u>479,514</u>
Cash and cash equivalents, end of year	<u>\$ 506,650</u>	<u>\$ 655,052</u>
Supplemental disclosure:		
Interest paid	<u>\$ 85,249</u>	<u>\$ 72,260</u>

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

**Star Valley Ranch Association
Notes to Financial Statements
December 31, 2022 and 2021**

1. Organization

Star Valley Ranch Association (“the Association”) is located in Star Valley Ranch, Wyoming and is tax-exempt under Internal Revenue Code Section 501(c)(4).

The Association was incorporated under the laws of the State of Wyoming on November 16, 1970, as a nonprofit corporation to serve the representative owners and inhabitants of the self-contained residential community located in Lincoln County, Wyoming known as Star Valley Ranch. The members of the Association are property owners of Star Valley Ranch Association, which comprises approximately 2,035 lots, 2016 of which are assessed, and recreational facilities, including two golf courses, two pro shops, a swimming pool, two tennis courts, a grill and lounge, an airstrip and other facilities. Recreational facilities are available on a user fee basis. The primary purposes of the Association are to provide community services and recreational facilities for the general use, and the benefit and welfare of the owners of the residential lots situated within the real property area. The Association’s main sources of revenues are annual assessments and golf course fees.

In 2007, residents of the area elected to incorporate as the Town of Star Valley Ranch (“the Town”). Subsequently, the Town took over the roads, culinary water system and other functions from the Association. However, the Association continues to operate the recreational facilities within the boundaries of the Town.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the American Institute of Certified Public Accountants’ *Audit and Accounting Guide for Not-for-Profit Organizations*. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized as incurred.

Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*, establishes standards for external financial statements of not-for-profit organizations. These standards require classification of net assets and revenues, expenses and gains and losses into two categories, based on the existence or absence of donor-imposed restrictions. The categories are net assets without donor restriction and net assets with donor restriction (Note 10). In addition, the organization is required to present a statement of cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, a bank certificate of deposit, other bank deposits and other highly liquid investments which have original maturities of three months or less when purchased.

Investments

The Association’s investments consist of certificates of deposit with local banks and are carried at cost plus accrued interest, which approximates fair value. These certificates of deposit have various interest rates and maturity dates, ranging from three months to one year from the original purchase date.

Star Valley Ranch Association
Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies, Continued

Accounts Receivable

Accounts receivable are stated at the amount that management of the Association expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the current status of individual receivables. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable. Payments received on receivables subsequent to being written off are recorded as a bad debt recovery.

Inventories

Inventories, consisting of pro shop merchandise, pool merchandise, and liquor, are valued at the lower of weighted average cost or net realizable value.

Fixed Assets

Purchased fixed assets are carried at cost. Donated fixed assets, if any, are carried at their estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire fixed assets, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Expenditures for repairs and maintenance that represent betterments or substantially prolong the useful lives of assets are also capitalized. Only assets with a cost or value of \$4,000 or greater are capitalized as fixed assets. Normal maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gains or losses are recognized in the Statements of Activities and Changes in Net Assets.

Depreciation of fixed assets is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Buildings and improvements	5-50
Equipment	5-25
Vehicles	5-7
Land improvements	7-20
Water and irrigation systems	7-40

**Star Valley Ranch Association
Notes to Financial Statements
December 31, 2022 and 2021**

2. Summary of Significant Accounting Policies, Continued

Valuation of Long-Lived Assets

Management of the Association periodically reviews the net carrying value of its assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. These reviews consider the net realizable value of each asset to determine whether an impairment in value has occurred, and whether there is a need for an asset impairment write-down. Impaired assets are reported at the lower of cost or fair value. At December 31, 2022 and 2021, no assets were considered to be impaired.

Financial Instruments

ASC Topic 825, *Financial Instruments*, permits entities to choose to measure many financial assets and liabilities at fair value. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. At December 31, 2022 and 2021, the carrying value of financial instruments, such as receivables, accounts payable and other current liabilities, approximated their fair values based on the short-term maturities of those instruments.

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the organization's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the organization. At December 31, 2022 and 2021, there were no assets or liabilities measured at fair value on a recurring basis.

Certain assets are measured at fair value on a nonrecurring basis; that is, the assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The Association had no assets measured at fair value on a nonrecurring basis during December 31, 2022 and 2021.

Homeowner Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses and future capital acquisitions. Assessments are approved by a vote of the Board of Directors. Prior to 2022, the Association charged an assessment of \$388 for every lot regardless of size or value. Beginning in 2022 the Association charged assessments from \$343 to \$468 depending on a variety of factors including lot size, value, location, and plot number. Assessments are recognized as revenue in the year for which they are levied.

Revenue Recognition

Revenue is recognized when services have been provided and collectability is reasonably assured.

Star Valley Ranch Association
Notes to Financial Statements
December 31, 2022 and 2021

2. Summary of Significant Accounting Policies, Continued

Functional Expenses

Costs associated with providing the various programs and other activities of the Association have been summarized in the Statements of Activities and Changes in Net Assets and have been detailed on a functional basis in the Statements of Functional Expenses. Any program expenses or support costs of the Association not directly chargeable to a specific program are allocated to the programs based on management policies and estimates.

Income Taxes

The Association is a tax exempt organization under the provisions of Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the accompanying financial statements. However, the Association is subject to tax on unrelated business income, if any. The Association had no unrelated business income for the years ended December 31, 2022 and 2021.

The Association has not identified any uncertain income tax positions that would jeopardize its tax-exempt status. The Association's tax returns are subject to possible examination by taxing authorities. With few exceptions, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Credit Risk

Financial instruments which potentially subject the Association to concentration of credit risk consist primarily of cash and cash equivalents and investments, if any. The Association maintains its cash and cash equivalents and certificates of deposit with high quality financial institutions, which at times, may exceed federally insured limits. The Association has not experienced any losses in such accounts and management believes that the Association is not exposed to any significant credit risk on cash and cash equivalents and investments.

Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management of the Association to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates and affect the amounts reported in the financial statements.

Subsequent Events

The Association has evaluated subsequent events through June 19, 2023, the date these financial statements were available to be issued. No material subsequent events have occurred since December 31, 2022 that required recognition or disclosure in these financial statements.

Star Valley Ranch Association
Notes to Financial Statements
December 31, 2022 and 2021

3. Liquidity and Availability of Funds

The Association's financial assets available for general expenditures within one year of the Statement of Financial Position are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 506,650	\$ 655,052
Investments	400,705	248,635
Accounts receivable, net	<u>45,131</u>	<u>33,344</u>
Financial assets available for general expenditures	<u>\$ 952,486</u>	<u>\$ 937,031</u>

Cash and cash equivalents subject to board designated restrictions make them unavailable for general expenditures. The Association does not have established policies regarding their liquidity and availability of funds but strives to maintain financial assets on hand to meet, at minimum, 30 days of normal operating expenses. During 2022 and 2021, 30 days of operating expenses were approximately \$115,000 and \$122,000, respectively.

4. Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments consist of deposits held in checking accounts and certificates of deposit, with local banks. The carrying amount of cash and cash equivalents, investments and restricted investments on the Association's books was \$915,665 and \$911,997 at December 31, 2022 and 2021, respectively, and combined bank balances totaled \$931,452 and \$805,820, respectively. The differences between the carrying amounts of cash and cash equivalents and investments and the bank balances consist of outstanding checks and deposits not processed by the banks as of December 31, 2022 and 2021, respectively.

Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each bank. A summary of the total insured and uninsured cash and cash equivalents and investment balances at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Bank balance of cash and cash equivalents	\$ 522,437	\$ 548,875
Investments (certificates of deposit)	400,705	248,635
Restricted investments (Note 6)	<u>8,310</u>	<u>8,310</u>
Total bank deposits	931,452	805,820
Portion insured by FDIC	<u>(539,026)</u>	<u>(546,506)</u>
Uninsured portion	<u>\$ 392,426</u>	<u>\$ 259,314</u>

Star Valley Ranch Association
Notes to Financial Statements
December 31, 2022 and 2021

5. Accounts Receivable

The Association assesses membership fees to its homeowners annually. A summary of accounts receivable and the related allowance for doubtful accounts at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Assessments due from members	\$ 60,131	\$ 48,344
Allowance for doubtful accounts	<u>(15,000)</u>	<u>(15,000)</u>
Accounts receivable, net	<u>\$ 45,131</u>	<u>\$ 33,344</u>

6. Restricted Investments

Restricted investments were originally received through a member's donation of securities to the Association. The fair market value of the securities was determined using quoted market prices in active markets on the date of the gift (Note 2). Terms of the gift required the proceeds from the sale of the securities to be used to construct two additional tennis courts. The Association used the proceeds from the sale of the securities to purchase a certificate of deposit, now a local checking account (Note 4), which it plans to hold until the tennis courts can be constructed in satisfaction of the terms of the original gift.

7. Fixed Assets

Fixed assets at December 31, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 4,128,092	\$ 4,128,092
Equipment	997,223	925,651
Vehicles	118,802	74,640
Land improvements	304,233	242,183
Water and irrigation system	<u>1,663,526</u>	<u>1,663,526</u>
Total depreciable fixed assets	7,211,876	7,034,092
Accumulated depreciation	<u>(3,697,805)</u>	<u>(3,463,014)</u>
Net depreciable fixed assets	3,514,071	3,571,078
Land	<u>117,317</u>	<u>117,317</u>
Net fixed assets	<u>\$ 3,631,388</u>	<u>\$ 3,688,395</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$234,791 and \$226,393, respectively.

Star Valley Ranch Association
Notes to Financial Statements
December 31, 2022 and 2021

8. Note Payable

During 2020, the Association obtained additional financing to make betterments to the Cedar Creek Center Building, which is used for daily administrative operations. Loan terms require monthly payments of \$9,362, including annual interest at 6.00%, due in 2044.

Future principal payments required under this note payable are as follows:

Year Ending December 31,

2023	\$ 31,048
2024	32,734
2025	34,982
2026	37,140
2027	39,430
Thereafter	<u>1,193,085</u>
Total principal payments	1,368,419
Less amount due within one year	<u>(31,048)</u>
Amount due after one year	<u>\$ 1,337,371</u>

Interest expense pursuant to this note payable was \$83,313 and \$85,249 for the years ended December 31, 2022 and 2021, respectively.

9. Commitments and Contingencies

The Association leases certain equipment under agreements which are accounted for as operating leases, in accordance with accounting principles generally accepted in the United States of America. Lease commitments for operating leases that the Association had entered into as of December 31, 2022 are as follows:

<u>Description of Leased Property</u>	<u>Months</u>	<u>Start Date</u>	<u>End Date</u>	<u>Annual Payments</u>
18 Golf Carts	54	05/01/20	10/31/24	\$ 12,559
27 Golf Carts	61	10/01/18	10/31/23	18,839
12 Golf Carts	60	11/01/20	10/31/25	16,746
Postage Meter Machine	60	11/19/21	11/30/26	<u>684</u>
Total				<u>\$ 48,828</u>

Star Valley Ranch Association
Notes to Financial Statements
December 31, 2022 and 2021

9. Commitments and Contingencies, Continued

Scheduled future minimum payments due under these operating leases are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 45,688
2024	27,896
2025	14,639
2026	627

Lease expense pursuant to lease agreements for the years ended December 31, 2022 and 2021 was \$40,957 and \$39,818, respectively.

10. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions include assets not subject to donor-imposed restrictions, either temporary or permanent, and consist of net assets received that are general in nature as to use and operating purposes. Gifts of long-lived assets without donor-imposed stipulations about how long the assets must be used are classified as unrestricted net assets.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those net assets that either have temporary or permanent restrictions placed upon them. Contributions of cash and other assets with donor-imposed temporary restrictions, where the restrictions have been satisfied in the same reporting period as received, are reported as increases in net assets without donor restriction. Net assets with donor restriction at both December 31, 2022 and 2021 totaled \$8,310.