Focused Ultrasound Foundation

Financial Report
December 31, 2021

Contents

Independent Auditor's Report

Board of Directors
Focused Ultrasound Foundation

Opinion
We have audited the financial statements of Focused Ultrasound Foundation (collectively, the Foundation), which comprise the statement of financial position as of December 31, 2021, 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 Focused Ultrasound Foundation as of December 31, 2021, 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 (GAAS). 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 the 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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.

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 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 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.

Report on Summarized Comparative Information
We have previously audited the Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

McLean, Virginia
October 20, 2022

Focused Ultrasound Foundation

Statement of Financial Position
December 31, 2021
(With Comparative Totals for 2020)

	2021	2020
Assets		
Cash and cash equivalents	**$ 14,694,406**	$ 12,960,274
Investments	**13,038,417**	9,986,346
Accounts receivable	**86,096**	159,759
Promises to give, net	**15,490,196**	22,498,736
Prepaid expenses	**86,104**	34,665
Property and equipment, net	**212,336**	262,391
Investments—SAFE	**463,833**	463,833
Total assets	**$ 44,071,388**	$ 46,366,004
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 119,896**	$ 149,969
Awards payable	**567,587**	955,959
Refundable advance	**89,243**	685,800
Total liabilities	**776,726**	1,791,728
Commitment (Note 8)		
Net assets:		
Net assets without donor restrictions	**24,815,283**	21,418,855
Net assets with donor restrictions	**18,479,379**	23,155,421
Total net assets	**43,294,662**	44,574,276
Total liabilities and net assets	**$ 44,071,388**	$ 46,366,004

See notes to financial statements.

Focused Ultrasound Foundation

Statement of Activities
Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	2020 Total
Revenue and support:				
Contributions	**$ 7,151,333**	**$ 1,372,028**	**$ 8,523,361**	$ 30,410,388
Symposium fees	**-**	**-**	**-**	92,500
Miscellaneous	**44,679**	**-**	**44,679**	161,730
Investment income, net	**56,055**	**-**	**56,055**	170,152
Net assets released from restrictions	**6,048,070**	**(6,048,070)**	**-**	-
Total revenue and support	**13,300,137**	**(4,676,042)**	**8,624,095**	30,834,770
Expenses:				
Program services:				
Research and collaboration	**7,243,582**	**-**	**7,243,582**	6,326,081
Supporting services:				
Management and general	**1,527,643**	**-**	**1,527,643**	1,178,126
Fundraising	**1,132,484**	**-**	**1,132,484**	1,172,034
Total expenses	**9,903,709**	**-**	**9,903,709**	8,676,241
Increase (decrease) in net assets	**3,396,428**	**(4,676,042)**	**(1,279,614)**	22,158,529
Net assets:				
Beginning	**21,418,855**	**23,155,421**	**44,574,276**	22,415,747
Ending	**$ 24,815,283**	**$ 18,479,379**	**$ 43,294,662**	$ 44,574,276

See notes to financial statements.

Focused Ultrasound Foundation

Statement of Functional Expenses
Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021				
	Program Services	Support Services			
	Research and Collaboration	Management and General	Fundraising	Total	2020 Total
Salaries and wages	$ 3,187,897	$ 797,181	$ 833,106	$ 4,818,184	$ 4,342,860
Program awards	1,834,996	-	-	1,834,996	905,123
Payroll taxes and fringe benefits	595,393	115,393	155,995	866,781	840,093
Professional services	398,761	322,667	2,826	724,254	546,912
Contract labor	593,552	63,671	40,592	697,815	752,577
IT support	106,961	105,878	9,357	222,196	266,484
Occupancy	137,163	34,299	35,845	207,307	195,440
Collaboration dues	108,500	-	-	108,500	108,500
Office and other	46,745	33,471	16,835	97,051	63,400
Honorarium	65,000	-	-	65,000	255,000
Depreciation	42,503	10,628	11,107	64,238	80,287
Insurance	38,065	9,518	9,947	57,530	48,907
Internet and telecommunications	33,594	8,401	8,779	50,774	55,256
Conference and meetings	10,964	11,292	3,657	25,913	75,256
Travel and meals	16,396	238	2,493	19,127	70,347
Sponsorships	12,587	-	1,500	14,087	31,185
Project supplies	7,557	5,920	372	13,849	14,091
Bank fees	278	8,786	73	9,137	9,064
Public relations	3,860	300	-	4,160	11,796
Grant related travel and entertainment	2,810	-	-	2,810	3,663
	$ 7,243,582	$ 1,527,643	$ 1,132,484	$ 9,903,709	$ 8,676,241

See notes to financial statements.

Focused Ultrasound Foundation

Statement of Cash Flows
Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	**$ (1,279,614)**	$ 22,158,529
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**64,238**	80,287
Donated securities held at year end	**(187,009)**	-
Realized and unrealized loss on investments	**502,998**	6,888
Decrease (increase) in:		
Accounts receivable	**73,663**	(115,471)
Prepaid expense	**(51,439)**	13,467
Promises to give, net	**7,008,540**	(16,866,127)
(Decrease) increase in:		
Accounts payable and accrued expenses	**(30,073)**	(48,477)
Awards payable	**(388,372)**	(521,526)
Refundable advance	**(596,557)**	685,800
Net cash provided by operating activities	**5,116,375**	5,393,370
Cash flows from investing activities:		
Purchase of property and equipment	**(14,183)**	(22,113)
Sale of investments	**10,583,382**	10,006,794
Purchase of investments	**(13,951,442)**	(20,071,228)
Net cash used in investing activities	**(3,382,243)**	(10,086,547)
Net increase (decrease) in cash and cash equivalents	**1,734,132**	(4,693,177)
Cash and cash equivalents:		
Beginning	**12,960,274**	17,653,451
Ending	**$ 14,694,406**	$ 12,960,274
Supplemental schedule of noncash investing activity:		
Donated securities not immediately liquidated upon receipt	**$ 187,009**	$ -
Donated securities immediately liquidated upon receipt	**$ 5,110,013**	$ 1,200,364

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Focused Ultrasound Foundation (the Foundation) is a nonprofit organization established exclusively for charitable, educational and scientific purposes. The mission of the Foundation is to accelerate the development and worldwide adoption of focused ultrasound. The Foundation plans to achieve these goals by organizing and funding research, fostering collaboration, building awareness and cultivating the next generation.

The Foundation has established international affiliates, Focused Ultrasound Hong Kong Limited and UK Focused Ultrasound Foundation, both formed in August 2020. The affiliates have separate boards and management and are therefore not consolidated. There is a memorandum of understanding with Focused Ultrasound Hong Kong Limited for the Foundation to provide some services for project support, communications, fundraising, legal and financial matters. Both affiliates have had limited activity since inception.

A summary of the Foundation's significant accounting policies follows:

Basis of presentation: The Foundation's financial statement presentation follows the recommendations under the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the ASC, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions: Net assets that are subject to donor-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: The Foundation consider all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Financial risk: The Foundation maintains their cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believe they are not exposed to any significant risk on cash and cash equivalents.

The Foundation invests in a portfolio that contains corporate bonds and certificates of deposit, which are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the financial statements.

Investments: All investments in securities with readily determinable fair values are reflected at fair value. Unrealized gains and losses on investments are reported in the statement of activities as part of investment income.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Accounts receivable: Receivables are carried at original invoice amounts, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Based on management's evaluation of the collectability of accounts receivable, the Foundation considered accounts receivable to be fully collectible. There was no allowance for doubtful accounts recorded for the year ended December 31, 2021.

Promises to give: Unconditional promises to give are recognized as support in the period that the Foundation is notified of the contribution by the donor and acknowledged and identified by the donor. Unconditional promises to give are initially recorded at fair value, less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Promises to give to be collected after one year are discounted at an appropriate discount rate commensurate with the risks involved. Management determines the allowance for doubtful promises by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible. Based on management's evaluation of the collection of the promise to give, there was no provision for uncollectible accounts at December 31, 2021.

Property and equipment: Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, generally three years. Leasehold improvements are amortized of the shorter of the lease term or the estimated useful life of the improvement. The cost of maintenance and repairs is recorded as expenses are incurred. The Foundation's policy is to capitalize all property and equipment over $500.

Valuation of long-lived assets: Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Awards payable: Awards payable consists of amounts awarded, but not paid, to program participants that have met the conditions of the awards. In addition, the Foundation has awarded conditional awards as of December 31, 2021, in the amount of $1,869,542. These conditional awards are not recorded in the financial statements because the conditions necessary to make them due and payable have not yet occurred.

Refundable advance: In 2020, the Foundation received proceeds from the Paycheck Protection Program (PPP). The Foundation recognized the funds as a refundable advance which is presented as a liability on the accompanying statement of financial position. The Foundation reduced the refundable advances balance and recognized revenue when the forgiveness conditions were substantially met. The Foundation considers the conditions to be substantially met once forgiveness determination has been received. Other conditional contributions are recognized when the conditions on which they depend on are substantially met.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions: Unconditional contributions are recognized as support when the promise is received. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. Restrictions that are met by the Foundation in the year in which they were received are recognized as unrestricted support.

Donated services: A legal vendor made contributions of services to the Foundation, which are measured objectively at fair value for the services provided. During the year ended December 31, 2021, the services were valued at $240,787, which is included in the statement of activities as contribution revenue and professional services expense.

Functional allocation of expenses: The costs of providing the various programs and other activities are summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classification. Payroll and related expenses are allocated based on level of efforts. Depreciation, insurance, bank fees, occupancy and internet and communications expenses are allocated based on payroll and related expenses.

Income taxes: The Foundation is organized as a Commonwealth of Virginia nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRS Section 501(a) as an organization described in IRS Section 501(c)(3). The Foundation qualifies for the charitable contribution deduction under Internal Revenue Code Sections 170(b)(1)(A)(vi) and (viii) and has been determined not to be a private foundation under IRS Sections 509(a)(1) and (3). The Foundation is required to annually file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. The Foundation did not incur any unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Prior year information: The financial statements include certain prior year summarized comparative information in total but not by net asset class or function. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles in the Unites States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Upcoming accounting pronouncement: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is evaluating the impact of adoption, if any, to the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is applicable to not-for-profit entities that receive contributions of nonfinancial assets. Nonfinancial assets include fixed assets (such as land, buildings and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services and unconditional promises of those assets. Contribution revenue may be presented in the financial statements using different terms with this amendment. The amendment addresses presentation and disclosure of contributed nonfinancial assets. ASU 2020-07 should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021. The Foundation is currently evaluating the impact of the adoption of this guidance on the financial statements.

Subsequent events: Subsequent events have been evaluated through October 20, 2022, which was the date the financial statements were available to be issued.

Note 2. Simple Agreement for Future Equity Investments

The Foundation has Simple Agreement for Future Equity (SAFE) agreements with Artenga Inc. and VeinSound, SAS in the amounts of $116,993, and $168,514, respectively, at December 31, 2021. The SAFE agreements have no maturity date and bear no interest. The agreements provide the right of the Foundation to future equity in the companies per the terms of the agreement.

The agreement with Artenga Inc. is subject to a valuation cap of $8,000,000. Per the terms of the SAFE agreement entered into with Artenga Inc., if there is an equity financing before the instrument expires or is terminated, the company will automatically issue to the Foundation either (1) a number of shares of standard preferred stock sold in the equity financing equal to the purchase amount, divided by the price per share of the standard preferred stock, if the pre-money valuation is less than or equal to the valuation cap or (2) a number of shares of standard preferred stock equal to the purchase amount, divided by the SAFE price, if the pre-money valuation is greater than the valuation cap.

The agreement with VeinSound, SAS is subject to a valuation cap of $3,480,000. Per the terms of the SAFE agreement entered into with VeinSound, SAS, if there is an equity financing before the instrument expires or is terminated, the company will automatically issue to the Foundation either (1) a number of shares of standard preferred stock sold in the equity financing equal to the purchase amount, divided by the price per share of the standard preferred stock, if the pre-money valuation is less than or equal to the valuation cap or (2) a number of shares of standard preferred stock equal to the purchase amount, divided by the SAFE price, if the pre-money valuation is greater than the valuation cap.

Note 2. Simple Agreement for Future Equity Investments (Continued)

If there is a liquidation event before the expiration or termination of the SAFE agreements, the Foundation will at its option either (1) receive a cash payment equal to the purchase price or (2) automatically receive from the companies a number of shares of common stock equal to the purchase amount, divided by the liquidity price, if the Foundation fails to select the cash option. Thereafter, the SAFE agreements will terminate. In connection with a cash payment through a liquidity event, if there are not enough funds to pay the Foundation in full, funds will be distributed pro rata and based on the purchase price and the remaining amounts will be covered with common stock equal to the remaining unpaid purchase price, divided by the liquidity price.

Per the agreements with Artenga Inc. and VeinSound, SAS, in a dissolution event, the Foundation will be paid out of remaining assets prior to the holders of Artenga Inc.'s capital stock.

In lieu of the issuance of stock to the investor pursuant to any of the triggering events, on or before the date of the equity financing, the company may pay to the Foundation an amount equal to two times the purchase amount (Opt-Out Payment). This clause was included in the Artenga Inc. SAFE and VeinSound, SAS SAFE.

FUSMobile, Inc SAFE and NaviFUS Corporation SAFE have been converted to preferred stock equity totaling $178,326. There were no SAFE agreements that were converted into equity, nor have any terminated, expired or became impaired, based on the terms of the agreements during the year ended December 31, 2021.

Note 3. Investments and Fair Value Measurements

The Fair Value Measurement Topic of the FASB ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable input corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Foundation performs a detailed analysis of the assets and liabilities that are subject to the accounting standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 assets or liabilities held by the Foundation at December 31, 2021.

The table which follows present the balances of assets measured at fair value on a recurring basis by level within the hierarchy at December 31, 2021:

	Total	Level 2
Certificate of deposit	$ 2,000,338	$ 2,000,338
Corporate bonds	11,038,079	11,038,079
	$ 13,038,417	$ 13,038,417

Note 3. Investments and Fair Value Measurements (Continued)

Corporate bonds and certificates of deposit are included in Level 2 assets as identical assets and are not actively traded. The fair values are based on quoted prices for similar assets in active markets or quoted prices for identical assets in markets that are not active.

Investment income for the year ended December 31, 2021, consists of following:

Interest and dividends	$ 559,053
Realized and unrealized loss	(502,998)
	$ 56,055

Note 4. Promises to Give

Promises to give to be collected in more than one year from the date of the donor's commitment are measured using the present value of future cash flows based on a discount rate of the applicable Treasury bill rate on the date of the pledge, plus 1.5%. Promises to give at December 31, 2021, consists of the following:

Less than one year	$ 5,840,159
One to five years	9,745,000
More than five years	50,000
	15,635,159
Less discount to net present value	(144,963)
	$ 15,490,196

During the year ended December 31, 2021, the Foundation received a conditional contribution from a donor totaling $100,000 of which $89,243 was included as a refundable advance on the statement of financial position until the conditions for recognition are met.

Note 5. Property and Equipment

Property and equipment and accumulated depreciation at December 31, 2021, consists of the following:

Equipment	$ 562,848
Leasehold improvements	149,169
Less accumulated depreciation	(499,681)
	$ 212,336

Depreciation expense for the year ended December 31, 2021, was $64,238.

Note 6. Refundable Advance

Under the Coronavirus Aid, Relief, and Economic Security Act, the Foundation applied for two PPP loans with the Small Business Administration (SBA).

The Foundation received the first loan of $685,800 during the year ended December 31, 2020. The PPP loan had an interest rate of 1% with an initial deferral of principal and interest payment; thereafter, monthly principal and interest payment are due over consecutive months, with a final payment due on April 2022. In January 2021, the Foundation received notice from the SBA of forgiveness for the PPP loan.

The Foundation received the second loan of $661,812 in January 2021. The PPP loan has interest rate of 1% with an initial deferral of principal and interest payment; thereafter, monthly principal and interest payment are due over consecutive months, with a final payment due on January 2026. The loan can be prepaid without penalty at any time. In September 2021, the loan was forgiven.

Since the conditions were met for both loans, they were recognized as contribution revenue in the statement of activities during the year ended December 31, 2021.

During the year ended December 31, 2021, the Foundation received a conditional grant totaling $400,000, of which $100,000 was paid during the year. Approximately $11,000 of the funds were spent and conditions met for recognition as revenue. The remaining $89,243 is included as a refundable advance at December 31, 2021.

Note 7. Line of Credit

The Foundation established a $250,000 line of credit with a bank on September 21, 2010. This line of credit is renewed annually and expires on November 1, 2022. There were no borrowings on the line during the year ended December 31, 2021, and as a result, there was no balance outstanding on the line of credit at December 31, 2021.

Note 8. Operating Leases

The Foundation has a lease for office space in Charlottesville, Virginia. Under the terms of the agreement, the Foundation will lease 9,300 square feet with the monthly rental rate of $15,563 with 3% annual rate escalation. The lease expires on April 30, 2023.

Future minimum rental payments are as follows:

Years ending December 31:	
2022	$ 196,208
2023	66,044
	$ 262,252

Rent expense for the year ended December 31, 2021, was $205,187.

Note 9. Net Assets With Donor Restrictions

Net assets are subject to donor-imposed restrictions that will be met by the passage of time or other events specified by the donor. 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.

Changes in net assets with donor restrictions during the year ended December 31, 2021, are as follows:

	December 31, 2020	Additions	Released	December 31, 2021
Time and purpose restricted:				
Research	$ 23,155,421	$ 1,068,728	$ 6,036,961	$ 18,187,188
Training and scholarship	-	303,300	11,109	292,191
Total	$ 23,155,421	$ 1,372,028	$ 6,048,070	$ 18,479,379

Note 10. Retirement Plans

After three months of employment, the Foundation's employees are eligible to participate in the Foundation's 401(k) retirement plan (the Plan) in which employees may make voluntary, tax-deferred contributions within specified limits. The Foundation matches employee contributions dollar for dollar up to a maximum allowed, which is 3% of employees' annual salary. The Foundation recorded contributions to the Plan of $127,108 for the year ended December 31, 2021.

Note 11. Liquidity and Availability

The Foundation regularly monitors liquidity of financial assets required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2021, the following financial assets are available to meet annual operating needs for the next fiscal year:

Financial assets at year-end:	
Cash and cash equivalents	$ 14,694,406
Investments	13,038,417
Accounts receivable	86,096
Promises to give, net	15,490,196
Total financial assets	43,309,115
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(18,479,379)
Refundable advances	(89,243)
Less promises to give due in next 12 months	(5,840,159)
	(24,408,781)
Financial assets available to meet general expenditures over the next 12 months	$ 18,900,334

The Foundation also has access to a line of credit with maximum borrowings of $250,000 to supplement liquidity if needed.