

**GIDEON'S PROMISE**  
**FINANCIAL STATEMENTS**  
**DECEMBER 2022 and 2021**  
**With Independent Auditor's Report Thereon**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Gideon's Promise, Inc.

### **Opinion**

We have audited the accompanying financial statements of Gideon's Promise, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gideon's Promise, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis of 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 Gideon's Promise, Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Gideon's Promise, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether 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 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 Gideon's Promise, Inc.'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 Gideon's Promise, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate 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.



Morrow, Georgia  
October 12, 2023

GIDEON'S PROMISE, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 and 2021

ASSETS		
	2022	2021
<b>CURRENT ASSETS</b>		
Cash	\$ 2,173,371	\$ 2,579,388
Investments	240,452	6,460
Accounts receivables	74,223	17,969
Pledges receivable – current	350,000	750,000
Prepaid expenses	<u>19,236</u>	<u>6,992</u>
<b>TOTAL CURRENT ASSETS</b>	<b>2,857,282</b>	<b>3,360,809</b>
<b>NON-CURRENT ASSETS</b>		
Operating lease right-of-use asset	223,845	-
Pledges receivable – long term	-	350,000
Deposits	<u>7,875</u>	<u>7,875</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,089,002</u></b>	<b><u>\$ 3,718,684</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 37,840	\$ 32,015
Accrued expenses	16,720	25,090
Deferred revenue	375,965	570,897
Lease liability – short-term	113,607	-
Deferred rent	<u>-</u>	<u>63,663</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>544,132</u></b>	<b><u>691,665</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liability – long-term	<u>157,801</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>701,933</b>	<b>691,665</b>
<b>NET ASSETS</b>		
Without donor restrictions	1,993,787	1,899,250
With donor restriction	<u>393,282</u>	<u>1,127,769</u>
<b>TOTAL NET ASSETS</b>	<b><u>2,387,069</u></b>	<b><u>3,027,019</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,089,002</u></b>	<b><u>\$ 3,718,684</u></b>

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

GIDEON'S PROMISE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions	\$ 716,162	\$ 25,000	\$ 741,162
Other income	13,186	-	13,186
Special events	428,785	-	428,785
Less: Direct benefit to donors	(82,919)	-	(82,919)
Program and training income	1,027,288	-	1,027,288
Investment income	<u>(12,030)</u>	<u>-</u>	<u>(12,030)</u>
Public support and revenue	2,090,472	25,000	2,139,532
Net assets released from restrictions	<u>759,487</u>	<u>(759,487)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>2,849,959</b>	<b>(734,487)</b>	<b>2,115,472</b>
<b>EXPENSES</b>			
Program activities	2,200,182	-	2,200,182
Supporting services			
Management and general	248,401	-	248,401
Fundraising	<u>306,839</u>	<u>-</u>	<u>306,839</u>
Total supporting services	<u>555,240</u>	<u>-</u>	<u>555,240</u>
<b>TOTAL EXPENSES</b>	<b><u>2,755,422</u></b>	<b><u>-</u></b>	<b><u>2,755,422</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>94,537</b>	<b>(734,487)</b>	<b>(639,950)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b><u>1,899,250</u></b>	<b><u>1,127,769</u></b>	<b><u>3,027,019</u></b>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,993,787</u></b>	<b><u>\$ 393,282</u></b>	<b><u>\$ 2,387,069</u></b>

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GIDEON'S PROMISE, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions	\$ 2,476,583	\$ 1,127,769	\$ 3,604,352
Other income	262,362	-	262,362
Special events	112,811	-	112,811
Less: Direct benefit to donors	(2,402)	-	(2,402)
Program and training income	51,678	-	51,678
Investment income	<u>4,199</u>	<u>-</u>	<u>4,199</u>
Public support and revenue	2,905,231	1,127,769	4,033,000
Net assets released from restrictions	<u>40,746</u>	<u>(40,746)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>2,945,977</b>	<b>1,087,023</b>	<b>4,033,000</b>
<b>EXPENSES</b>			
Program activities	1,347,737	-	1,347,737
Supporting services			
Management and general	204,817	-	204,817
Fundraising	<u>278,468</u>	<u>-</u>	<u>278,468</u>
Total supporting services	483,285	-	483,285
<b>TOTAL EXPENSES</b>	<u><b>1,831,022</b></u>	<u><b>-</b></u>	<u><b>1,831,022</b></u>
<b>CHANGE IN NET ASSETS</b>	<b>1,114,955</b>	<b>1,087,023</b>	<b>2,201,978</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u><b>784,295</b></u>	<u><b>40,746</b></u>	<u><b>825,041</b></u>
<b>NET ASSETS AT END OF YEAR</b>	<u><b>\$ 1,899,250</b></u>	<u><b>\$ 1,127,769</b></u>	<u><b>\$ 3,027,019</b></u>

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

GIDEON'S PROMISE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program activities</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Totals</u>
Personnel and benefits	\$ 1,008,013	\$ 182,003	\$ 210,002	\$ 1,400,018
Travel	538,077	16,992	11,328	566,397
Program expenses	331,233	-	-	331,233
Professional fees	114,536	11,791	42,109	168,436
Marketing and other expense	81,380	14,694	16,954	113,028
Office expense	61,443	11,094	12,801	85,338
Occupancy	51,600	9,317	10,750	71,667
Telephone	<u>13,900</u>	<u>2,510</u>	<u>2,895</u>	<u>19,305</u>
 TOTAL EXPENSES	 <u>\$ 2,200,182</u>	 <u>\$ 248,401</u>	 <u>\$ 306,839</u>	 <u>\$ 2,755,422</u>

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GIDEON'S PROMISE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program activities</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Totals</u>
Personnel and benefits	\$ 847,033	\$ 152,936	\$ 176,465	\$ 1,176,434
Professional fees	198,993	21,543	72,258	292,794
Program expenses	133,096	-	-	133,096
Occupancy	68,470	12,363	14,265	95,098
Office expense	48,249	8,794	10,147	67,190
Travel	34,905	1,102	735	36,742
Telephone	13,125	2,370	2,734	18,229
Marketing and other expense	2,972	5,547	1,678	10,197
Depreciation	<u>894</u>	<u>162</u>	<u>186</u>	<u>1,242</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 1,347,737</u></b>	<b><u>\$ 204,817</u></b>	<b><u>\$ 278,468</u></b>	<b><u>\$ 1,831,022</u></b>

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

GIDEON'S PROMISE, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (639,950)	\$ 2,201,978
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Loss on securities	17,770	-
Amortization of right-of-use asset	96,457	-
Depreciation	-	1,242
Contribution of securities	-	(4,122)
PPP loan forgiveness	-	(262,362)
(Increase) Decrease in operating assets		
Receivables	(56,254)	38,599
Promises to give	750,000	(1,100,000)
Prepaid expenses	(12,244)	3,692
Increase (Decrease) in operating liabilities		
Accounts payable	5,825	6,924
Accrued expenses	(8,370)	(15,151)
Deferred revenue	(194,932)	391,865
Lease liability	(112,557)	-
Deferred rent	-	(13,994)
	-	(13,994)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(154,255)	1,248,671
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(281,608)	-
Proceeds from sale of investments	29,846	-
NET CASH USED IN INVESTING ACTIVITIES	(251,762)	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CHANGE IN CASH	(406,017)	1,248,671
CASH AT THE BEGINNING OF THE YEARS	<u>2,579,388</u>	<u>1,330,717</u>
CASH AT THE END OF THE YEARS	<u>\$ 2,173,371</u>	<u>\$ 2,579,388</u>

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

GIDEON'S PROMISE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

**1. ORGANIZATION**

Gideon's Promise, Inc. ("Gideon's Promise, Inc.") is an organization created to improve the quality of representation for indigent defendants across the Southern United States. Their mission is to provide outstanding public defender training to young lawyers and to develop a community of Gideon's Promise, Inc. members, graduates, public defender offices, and other organizations, tied together by the mutual objective to advance standards of public defense, and thereby optimize the collective ability to advocate for systemic indigent defense reform. Gideon's Promise, Inc. revenue comes from its training program, government and foundation grants, and contributions.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**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 ("GAAP").

**Basis of presentation**

Gideon's Promise, Inc. classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Gideon's Promise, Inc. and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of Gideon's Promise, Inc.' management and the board of directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of Gideon's Promise, Inc. and/or passage of time. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when 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.

GIDEON'S PROMISE, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Revenue recognition**

Gideon's Promise, Inc. records unconditional promises to give and contributions received as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are recognized as contributions or grants without donor restrictions once the conditions of the promise or grant have been substantially met.

Gideon's Promise, Inc. reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 in the statements of activities as net assets released from restrictions.

Gideon's Promise, Inc. has chosen to report donor-restricted support whose restrictions are met in the same reporting period as support without donor restrictions.

Gideon's Promise, Inc. recognizes training fees when the training session occurs, in an amount that reflects the consideration Gideon's Promise, Inc. expects to be entitled to in exchange for the service. Revenue is recognized as service is provided, at a point in time. Gideon's Promise, Inc.'s training fees are quoted based off the number of participants.

**Estimates in the financial statements**

Management of Gideon's Promise, Inc. makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

**Cash and cash equivalents**

For financial statement purposes, highly liquid investments with original maturities of three months or less when purchased are reported as cash and cash equivalents. For the years ended December 31, 2022 and 2021, Gideon's Promise, Inc. had no cash equivalents.

**Financial instruments**

The financial instruments shown as assets and liabilities in the statements of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables and payables, approximate their fair value.

**Accounts receivable**

Accounts receivables are presented net of the allowance for doubtful accounts. There were no allowance balances for the years ended December 31, 2022 and 2021.

GIDEON'S PROMISE, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Property and equipment**

Property and equipment are stated at cost or, if donated, at fair market value at the date of donation. Items whose cost is in excess of \$1,500 are considered for capitalization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are charged to expense as incurred. Depreciation expense totaled \$0 and \$1,242 for December 31, 2022 and 2021, respectively.

**Investments**

Investments in equity and debt securities are reported at fair value with realized and unrealized gains and losses included in the statement of activities.

**Deferred revenue**

Training revenue paid to Gideon's Promise, Inc. in advance is recorded as deferred revenue. Such revenue will be recognized in the period the training occurs and expenditures are incurred.

**Allocation of functional expenses**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Gideon's Promise, Inc. Those expenses include occupancy which is allocated on a square footage basis, as well as personnel and benefits, travel, professional fees, office expense, telephone, marketing and other expenses, contracted services, and depreciation, which are allocated on the basis of estimates of time and effort

**Income taxes**

Gideon's Promise, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. Gideon's Promise, Inc. had no income from unrelated activities and has no income taxes due as of December 31, 2022 and 2021.

Gideon's Promise, Inc.'s application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes Gideon's Promise, Inc. has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. Gideon's Promise, Inc. would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. Gideon's Promise, Inc. is no longer subject to examination by federal, state or local tax authorities for periods before 2018.

GIDEON'S PROMISE, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Recently adopted accounting guidance**

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: As a result of the adoption of the new lease accounting guidance, at the beginning of 2022, Gideon's recognized a lease liability of \$383,965, which represents the present value of the remaining operating lease payments of \$390,485, discounted using a risk-free rate of 1.04%, and a ROU of \$320,302, which represents the operating lease liability of \$369,982 adjusted for lease incentives of \$63,563.

Gideon's elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed Gideon's to carry forward the historical lease classification.

The adoption had a material impact on HOPE's consolidated statements of financial position but did not have a material impact on the consolidated statements of activities nor consolidated statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the consolidated statements of financial position.

**Subsequent events**

Subsequent events have been evaluated through October 12, 2023, which is the date the financial statements were available to be issued.

GIDEON'S PROMISE, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**3. INVESTMENTS**

The fair value of investments is follows at December 31:

	2022	2021
Mutual funds	\$ 29,815	\$ -
Exchange traded funds	31,568	-
Equities	165,683	6,460
REITs	13,386	-
	\$ 240,452	\$ 6,460

**4. FAIR VALUE MEASUREMENT**

Gideon’s has adopted the provisions of Accounting Standards Codifications 820 (“ASC 820”), Fair Value Measurements, for financial assets and liabilities. Under ASC 820, fair value is based on 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. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

- Level 1:** Quoted prices in active markets for identical assets or liabilities.
- Level 2:** Unobservable prices that are based on inputs not quoted on active markets, but corroborated by market data.
- Level 3:** Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

Gideon’s investments are measured at fair value on a recurring basis in accordance with ASC 820 as of December 31, 2022 and 2021, and are deemed as Level 1.

**5. AVAILABILITY AND LIQUIDITY**

The following represents Gideon’s Promise Inc.’s financial assets at December 31, 2022:

Financial assets:	
Cash and cash equivalents	\$ 2,173,371
Investments	240,452
Other receivables	74,223
Financial assets at year end	2,488,046
Less amounts unavailable to be used within one year:	
Net assets with donor restrictions	393,282
Financial assets available to meet general expenditures over the next twelve months	\$ 2,094,764

GIDEON'S PROMISE, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**5. AVAILABILITY AND LIQUIDITY - Continued**

Gideon's Promise, Inc.'s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$833,000). As part of its liquidity plan, excess cash is invested in a money market account.

**6. LEASE ACTIVITIES**

Gideon's Promise Inc. has an operating lease for office space. They assess whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Operating lease right-of-use asset and liability are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Since Gideon's Promise Inc.'s lease did not provide an implicit rate, to determine the present value of lease payments, management elected to use the risk-free rate based on the information available at lease commencement. The operating lease right-of-use asset is adjusted for any prepaid or accrued lease payments.

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of December 31, 2022:

<b>Operating Leases</b>	
Right-of-use asset – operating lease	<u>\$ 223,845</u>
Operating lease liabilities – short term	\$ 113,607
Operating lease liabilities – long term	<u>157,801</u>
Total operating lease liabilities	<u>\$ 271,408</u>

Supplemental Cash Flows Information for the year ended December 31, 2022:

**Cash paid for amounts included in the measurement of lease liabilities:**

Operating cash flows from operating leases	\$ 113,363
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**Right-of-use assets obtained in exchange for lease obligations:**

Operating leases	\$ 383,965
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**Weighted Average Remaining Lease Term**

Operating leases	29 months
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**Weighted Average Discount Rate**

Operating leases	1.03 %
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GIDEON'S PROMISE, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued

**6. LEASE ACTIVITIES - Continued**

Future minimum lease payments under non-cancellable leases as of December 31, 2022 were as follows:

Year Ending December 31,	
2023	\$ 115,500
2024	111,992
2025	<u>47,048</u>
Total lease payments	274,540
Less: imputed interest	<u>(3,132)</u>
Present value of lease liabilities	<u>\$ 274,408</u>

**7. NET ASSETS**

Net assets with donor restrictions were as follows for the years ended 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditures for specific purpose:		
Restricted for time	\$ 350,000	\$ 1,100,000
Restricted for mentor support and travel	18,281	27,769
Restricted for faculty development	<u>25,000</u>	<u>-</u>
	<u>\$ 393,281</u>	<u>\$ 1,127,769</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Restricted for time	\$ 750,000	\$ -
Restricted for mentor support and travel	9,488	10,746
Restricted for use in Training Dallas, TX	<u>-</u>	<u>30,000</u>
Total Released from Restrictions	<u>\$ 759,488</u>	<u>\$ 40,746</u>

**8. CONCENTRATION OF RISK**

Gideon's Promise, Inc. maintains its cash in accounts, which at times may exceed federally insured limits. Gideon's Promise, Inc. has not experienced any losses in such accounts. Management believes it is not exposed to any undue credit risk with regards to the cash in excess of federally insured limits. As of December 31, 2022, the amount which exceeded the insurance limits held in banks was \$1,261,703.