
PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA

FINANCIAL STATEMENTS

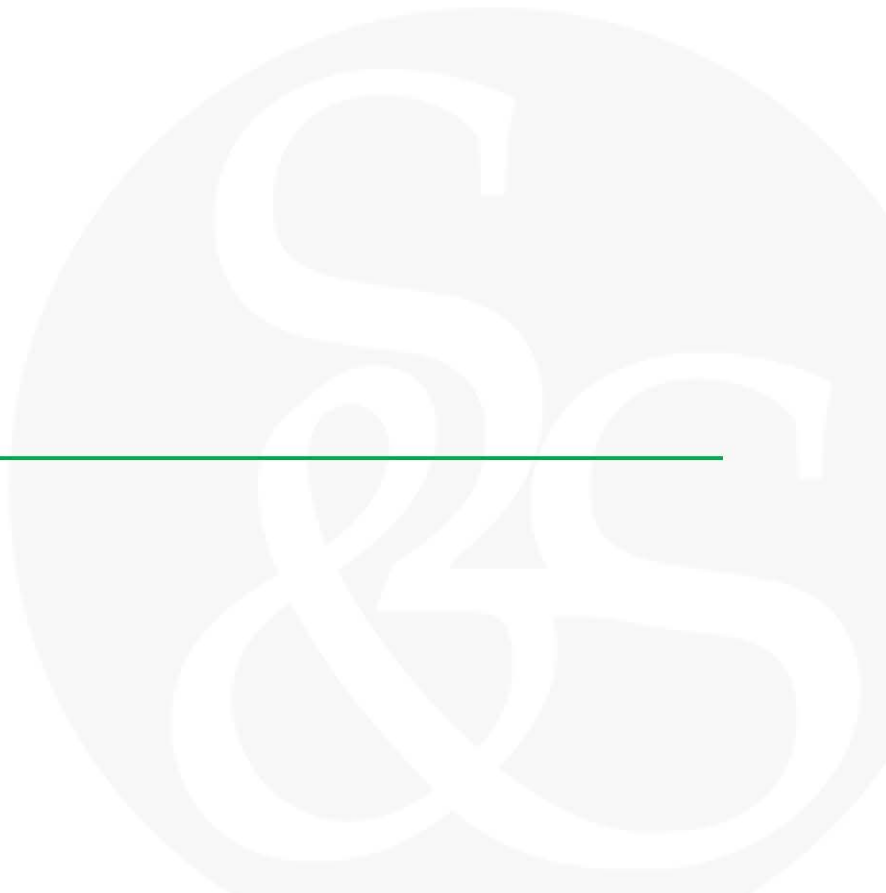
YEAR ENDED SEPTEMBER 30, 2022

WITH

INDEPENDENT AUDITOR'S REPORT



A Professional Limited Liability Company



CONTENTS

	Page
Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 16



INDEPENDENT AUDITOR'S REPORT

To The Board of Trustees
Pallottine Foundation of Huntington West Virginia
Huntington, West Virginia

Opinion

We have audited the accompanying financial statements of Pallottine Foundation of Huntington West Virginia (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities 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 the Foundation as of September 30, 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 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 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 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.



Charleston, West Virginia
March 14, 2023

PALOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022

5

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 71,951
Investments, at fair value	72,342,628
Accounts receivable, net	19,648
Prepaid expenses	1,602
Total current assets	<u>72,435,829</u>

NONCURRENT ASSETS

Property and equipment, net	10,245
Finance right-of-use asset, net	283,722
Total noncurrent assets	<u>293,967</u>

Total assets **\$ 72,729,796**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 3,699
Grants payable	461,023
Finance lease liability, current	23,125
Total current liabilities	<u>487,847</u>

NONCURRENT LIABILITIES

Finance lease liability, noncurrent	260,597
Total noncurrent liabilities	<u>260,597</u>

Total liabilities 748,444

NET ASSETS

Net assets without donor restriction	<u>71,981,352</u>
Total net assets	<u>71,981,352</u>

Total liabilities and net assets **\$ 72,729,796**

The Accompanying Notes Are An Integral
Part Of These Financial Statements

PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

6

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

SUPPORT, REVENUE, GAINS, AND LOSSES

Interest and dividends, net of investment fees	\$ 2,350,897
Net realized and unrealized losses on investments	<u>(15,725,214)</u>
Total support, revenue, gains, and losses	<u>(13,374,317)</u>

EXPENSES

Grants and awards	4,113,234
Salaries and benefits	647,187
Taxes, fees, and insurance	209,275
Facilities	38,115
Professional services	78,344
Travel and meetings	35,694
Depreciation and amortization	17,751
Other	<u>35,225</u>
Total expenses	<u>5,174,825</u>

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS **(18,549,142)**

Net assets, beginning of year	<u>90,530,494</u>
Net assets, end of year	<u><u>\$ 71,981,352</u></u>

PALOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022

7

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (18,549,142)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	17,751
Net realized and unrealized losses on investments	15,725,214
Interest and dividends, net of investment fees	(2,350,897)
(Increase) decrease in assets:	
Accounts receivable, net	(8,983)
Prepaid expenses	14,363
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(426)
Grants payable	461,023
	461,023
Net cash used in operating activities	(4,691,097)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(11,500)
Purchase of investments	(33,468,257)
Proceeds from sale of investments	38,237,081
	38,237,081
Net cash provided by investing activities	4,757,324

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on finance lease	(11,066)
	(11,066)
Net cash used in financing activities	(11,066)
Net change in cash and cash equivalents	55,161
Cash and cash equivalents, beginning of year	16,790
Cash and cash equivalents, end of year	\$ 71,951

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest on finance leases	\$ 8,434
	8,434

NONCASH TRANSACTIONS

Right-of-use assets acquired through outstanding finance leases	\$ 294,788
	294,788

The Accompanying Notes Are An Integral
Part Of These Financial Statements

PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

8

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Organization – Pallottine Foundation of Huntington West Virginia (the Foundation) was incorporated in 2017 under the laws of West Virginia as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Foundation is a private foundation formed to advance the charism of the Missionary Sisters of the Catholic Apostolate (Pallottines) and to empower the laity to carry on the mission and work of Jesus Christ in the region served by St. Mary's Medical Center in Huntington, West Virginia.

Basis of Accounting – The financial statements for the Foundation have been prepared on the accrual basis of accounting, which means that revenues are recognized as they are earned and expenses are recognized as they are incurred whether or not cash is received or paid out at that time.

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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation – The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board (FASB) standards. The Foundation has classified its net assets and its support, revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. The Foundation's net assets are classified as follows:

Net assets without donor restrictions – Net assets without donor restrictions consist of funding whose use is limited only to the extent that the Foundation's bylaws limit the activities of the organization. Revenues and other support with donor-imposed restrictions met in the same year during which the income is recognized are reported as changes in net assets without donor restrictions. There are no board designations on net assets without donor restrictions.

Net assets with donor restrictions – Net assets with donor restrictions are comprised of funds whose use has been limited by donors to a specific time period and/or purpose. The Foundation has no net assets with donor restrictions at September 30, 2022.

Income Taxes – The Foundation is classified as a private foundation and is exempt from income taxes on its exempt activities under the Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been recorded.

For the year ended September 30, 2022, the Foundation has no material uncertain tax positions to be accounted for in the financial statements. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. The Foundation's tax returns for years ended on or after September 30, 2019 remain subject to examination.

PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

9

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Investment and Spending Policies – The Foundation has adopted investment and spending policies that seek to provide a predictable stream of funding to programs while maintaining the purchasing power of the assets. The Foundation’s spending and investment policies work together to achieve this objective. Actual returns in any given year may vary.

The primary objective of the Foundation’s investment policy is to preserve the real (after inflation) value of its current and subsequently acquired assets. A second objective, subject only to the first, is to provide the maximum flow of funds for grant making, operating expenses and fees (including investment management fees). The flow of funds should be reasonably predictable and rise at least as rapidly as inflation.

To achieve its investment objectives over long periods of time, the Foundation has adopted an investment strategy that invests in domestic equities, international equities, fixed income, and alternative investments. Diversification by asset class, investment style, investment manager, etc. is employed to avoid undue risk concentration and enhance total return.

The spending policy determines the amount that the Foundation makes available for grants each year. As required by the Internal Revenue Code for a private, grant-making foundation, the Foundation is required to distribute a minimum of five percent annually of the net investment assets based on the prior fiscal year. The annual payout requirement includes distributions to qualifying 501(c)(3) organizations, as well as reasonable and necessary administrative expenses.

Property and Equipment – The Foundation capitalizes expenditures for property and equipment costing over \$2,500. Depreciation is computed utilizing the straight-line method over the estimated useful life of the asset. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized.

Leases – In 2019, the Foundation adopted FASB Accounting Standards Codification (ASC) 842, *Leases*. Under ASC 842, 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. Right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the estimated useful life of the underlying asset, unless the lease contains a purchase option. The Foundation’s agreements meeting the definition of a lease do not contain purchase options.

Statement of Cash Flows – For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments with an initial maturity of three months or less, which are not included as part of the investment portfolio, to be cash equivalents.

PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

10

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Investments – Investments are stated at fair value as determined by quoted prices in active markets for marketable securities and at estimated fair value based on the net asset value per share for certain nonmarketable securities. The market value of publicly traded securities is based upon quotes from the principal exchanges on which the security is traded.

Nonmarketable securities include alternative investments, such as private equity, hedge funds, and real estate. Certain of the funds' underlying assets are based on estimates of fair value from models developed by the general partner or investment manager in the absence of readily determinable public market values.

Any change in the valuation of the investments is reported as realized and unrealized gains or losses in the statement of activities. Dividend and interest income from investments is accrued as the income is earned.

Grants – Grants made by the Foundation are recorded in the financial statements at the time the grants are approved by the Board of Trustees of the Foundation. Payments are made when requested by the grantee and any contingencies, such as obtaining matching funds, have been met by the grantee.

Fair Value of Financial Instruments – Professional standards contained in the Fair Value Measurements and Disclosures topic of the FASB Codification establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The Foundation accounts for its investments at fair value and are recorded on the statement of financial position based on the inputs to the valuation techniques as follows:

Level 1

Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2

Financial assets are valued using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3

Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts – It is the Foundation’s policy to provide for future losses on uncollectible accounts receivable based on an evaluation of the underlying account balance, the historical collectability experienced by the Foundation on such balances, and other such factors that, in the Foundation’s judgment, require consideration in estimating doubtful accounts. As of September 30, 2022, the Foundation estimated that all receivables were fully collectible; accordingly, no allowance for doubtful accounts was recorded.

Risks and Uncertainties – The Foundation invests in various investments, including fixed income, stocks, mutual funds, alternative investments, and real assets that, in general, are exposed to various risks such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Subsequent Events – In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 14, 2023, the date the financial statements were issued.

Note 2 - Liquidity and Availability of Financial Assets

The Foundation’s financial assets available for general expenditure within one year after year end are as follows:

Cash and cash equivalents	\$ 71,951
Accounts receivable, net	19,648
Investments, at fair value	<u>3,617,131</u>
	<u>\$ 3,708,730</u>

The Foundation’s investments held at year end are considered available for expenditure based on the Foundation’s approved spending policy which applies a 5.0% distribution rate to the investment balance.

As part of the Foundation’s liquidity management, it has a policy to provide the maximum flow of funds for grant making, operating expenses and fees. The flow of funds should be reasonably predictable and rise at least as rapidly as inflation.

**PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022**

Note 3 - Investments

The following summarizes the fair values of investments as of September 30, 2022:

	<u>Fair Value</u>
Money market funds	\$ 8,848,463
U.S. government bonds	5,539,364
Corporate bonds	1,663,197
Mutual funds and exchange traded funds	9,994,135
Equities	28,965,774
Alternative	<u>17,331,695</u>
	<u>\$ 72,342,628</u>

PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

Note 4 - Fair Value Measurements

The Foundation uses fair value measurements of certain assets and liabilities to record fair value adjustments and to determine fair value disclosures. For additional information refer to Note 1 - Organization and Summary of Significant Accounting Policies.

Fair values of assets measured on a recurring basis at September 30, 2022 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 8,848,463	\$ 8,848,463	\$ -	\$ -
U.S. government bonds	5,539,364	5,539,364	-	-
Corporate bonds	1,663,197	-	1,663,197	-
Mutual funds and exchange traded funds	9,994,135	9,994,135	-	-
Equities	<u>28,965,774</u>	<u>28,965,774</u>	-	-
 Total investments at fair value	 55,010,933	 <u>\$ 53,347,736</u>	 <u>\$ 1,663,197</u>	 <u>\$ -</u>
 Investments in privately offered investment funds (NAV) ^(a)	 <u>17,331,695</u>			
 Total investments	 <u>\$ 72,342,628</u>			

(a) In accordance with FASB subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

Note 5 - Net Asset Value (NAV) Per Share

In accordance with the fair value measurements and disclosures guidance, the category, fair value, redemption frequency, and redemption notice period for investments, the fair value of which are estimated using the NAV per share, as of September 30, 2022, are as follows:

	Fair Value	Unfunded Commitments	Redemption	
			Frequency (If Currently Eligible)	Redemption Notice Period
Alternative hedge funds ^(a)	\$ 14,745,695	\$ -	Quarterly/ semi-annually	Quarterly/ semi-annually
Private equity funds ^(b)	2,586,000	1,886,200	Not known	Not known
Total	<u>\$ 17,331,695</u>	<u>\$ 1,886,200</u>		

- (a) Funds in this category invest in domestic and international equities and real estate to achieve a long-term rate of return.
- (b) Funds in this category invest in limited partnerships that are not publicly traded. These funds are invested in private companies with diverse portfolios.

Note 6 - Property and Equipment

Property and equipment consisted of the following as of September 30, 2022:

Computers	\$ 2,799
Software	11,500
	<u>14,299</u>
Less accumulated depreciation	<u>(4,054)</u>
Property and equipment, net	<u>\$ 10,245</u>

Depreciation expense for the year ended September 30, 2022 totaled \$6,685.

PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

Note 7 - Related Party Transactions

The Foundation has entered into a professional services agreement with the Pallottine Foundation of Buckhannon West Virginia (Buckhannon). Under this agreement, the Foundation provides Buckhannon with executive leadership, grant management, and administrative support necessary to the operation of Buckhannon. The agreement is for a one year term and renewed annually by the Board of Trustees.

Expenses allocated to Buckhannon are recorded as a reduction of expenses on the Foundation's statement of activities. Amounts charged under the professional services agreement to Buckhannon during the year ended September 30, 2022 were \$225,897. Related party receivables at September 30, 2022 were \$19,648.

Note 8 - Retirement Plan

The Foundation has a defined contribution retirement plan that covers all full-time employees effective the first day of the month following the date of hire. The Foundation contributes 4% of employee gross annual salary upon plan enrollment. For the year ended September 30, 2022, the Foundation recorded retirement plan expense of \$19,885.

Note 9 - Natural Classifications with Functional Classifications

Expenses are allocated among program services and management and general based on the purposes for which the expenses have been incurred. The Foundation incurs certain joint costs which are not specifically attributable to a particular component of activities. These costs include salaries and benefits, travel and meetings, professional services, depreciation and amortization, and certain office and facilities expenses. Joint costs are allocated on the basis of estimates of time and effort, as well as, estimates of the purpose for which the expense is expected to be incurred. For the year ended September 30, 2022, the following table represents operating expenses within both natural and functional classifications:

	Program Services	Management and General	Total
Grants and awards	\$ 4,113,234	\$ -	\$ 4,113,234
Salaries and benefits	388,312	258,875	647,187
Taxes, fees, and insurance	-	209,275	209,275
Facilities	4,141	33,974	38,115
Professional services	2,235	76,109	78,344
Travel and meetings	30,256	5,438	35,694
Depreciation and amortization	6,640	11,111	17,751
Other	20,382	14,843	35,225
	<u>\$ 4,565,200</u>	<u>\$ 609,625</u>	<u>\$ 5,174,825</u>
Total expenses	<u>\$ 4,565,200</u>	<u>\$ 609,625</u>	<u>\$ 5,174,825</u>

PALLOTTINE FOUNDATION OF HUNTINGTON WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2022

Note 10 - Grants Payable

The Foundation has made unconditional promises to various charitable organizations to make grant payments over future years. Unconditional promises to give that are expected to be paid in less than one year are measured at the net settlement value. All unconditional grant commitments are to be paid out in fiscal year 2023. Total grants payable at September 30, 2022 were \$461,023.

Note 11 - Finance Leases

The Foundation leases office space from Touma Land Company, LLC, which is owned by a member of the Board of Trustees. The lease is for a term of ten years with a monthly payment of \$3,250 through March 31, 2032. There are two five year options to renew the office lease, which was not considered when assessing the value of the right-of-use asset because the Foundation is not reasonably certain that it will exercise its option to renew the lease. Since the lease does not provide an implicit rate, to determine the present value of lease payments, management used the Foundation's incremental borrowing rate based on the information available at lease commencement, which was 5.85%.

At inception of the lease, the Foundation recognized \$294,788 as a finance right-of-use asset and finance lease liability. Accumulated amortization on the right-of-use asset at September 30, 2022 was \$11,066. During the year ended September 30, 2022, the Foundation recorded amortization expense of lease assets of \$11,066. Interest on the finance lease liability for the year ended September 30, 2022 was \$8,434.

During the year ended September 30, 2022, cash paid for interest of \$8,434 on leases is recorded as an operating cash flow. Principal payments totaling \$11,066 are recorded as financing cash flows. The right-of-use asset obtained in exchange for new finance lease liabilities of \$294,788 is shown on the statement of cash flows as a non-cash transaction.

Future annual minimum lease payments on finance lease for years subsequent to September 30, 2022 are as follows:

2023	\$	39,000
2024		39,000
2025		39,000
2026		39,000
2027		39,000
Thereafter		175,500
Total lease payments		<u>370,500</u>
Less: interest		(86,778)
Present value of lease liability	\$	<u>283,722</u>