



Djerassi Resident Artists Program

Financial Statements

**For the Years Ended
December 31, 2022 and 2021**
With Independent Auditors' Report Thereon

Djerassi Resident Artists Program

(A California Not-for-Profit Corporation)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Djerassi Resident Artists Program

Opinion

We have audited the accompanying financial statements of Djerassi Resident Artists Program (a California nonprofit organization) which comprise of the statement of financial position as of December 31, 2022 and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 Djerassi Resident Artists Program as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Djerassi Resident Artists Program 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 Djerassi Resident Artists Program's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT *(continued)*

Auditors' 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 auditors' 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 Djerassi Resident Artists Program'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 Djerassi Resident Artists Program'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 Djerassi Resident Artists Program's financial statements for the year ended December 31, 2021, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated June 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Danville, California
October 11, 2023

Regalia & Associates

Djerassi Resident Artists Program

Statements of Financial Position December 31, 2022 and 2021

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	\$ 261,651	\$ 280,647
Investments	418,288	681,229
Accounts, grants, and pledge receivable	191,803	150,877
Prepaid expenses and other assets	14,055	15,816
Total current assets	<u>885,797</u>	<u>1,128,569</u>
Noncurrent assets:		
Grants and contributions receivable, net	88,387	180,500
Investments	881,831	1,440,143
Property and equipment, net	2,903,401	3,040,261
Artwork	66,518	66,518
Rebranding, net	-	14,912
Total noncurrent assets	<u>3,940,137</u>	<u>4,742,334</u>
	<u>\$ 4,825,934</u>	<u>\$ 5,870,903</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued liabilities	\$ 53,474	\$ 56,219
Accrued payroll and related benefits	16,036	15,661
Deferred revenue	-	37,264
Total current liabilities	<u>69,510</u>	<u>109,144</u>
Net assets:		
Without donor restrictions	3,155,184	4,215,906
With donor restrictions:		
Time and purpose	55,387	-
Perpetual in nature	1,545,853	1,545,853
Total net assets	<u>4,756,424</u>	<u>5,761,759</u>
	<u>\$ 4,825,934</u>	<u>\$ 5,870,903</u>

Djerassi Resident Artists Program

Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022
(with Summarized Financial Information for the Year Ended December 31, 2021)

	2022			2022	2021
	Without Donor Restrictions	With Donor Restrictions - Time/purpose	With Donor Restrictions - Perpetual		
<i>Changes in net assets:</i>					
Revenue and support:					
Earned revenue:					
Program services and fees	\$ 95,271	\$ -	\$ -	\$ 95,271	\$ 6,198
Events income	126,983	-	-	126,983	141,807
Other earned income	5,446	-	-	5,446	5,946
Investment income, net	4,629	-	-	4,629	11,474
Realized gains on sale of investments	54,777	-	-	54,777	362,943
Unrealized investment losses	(463,635)	-	-	(463,635)	(113,200)
Total earned revenue	(176,529)	-	-	(176,529)	415,168
Contributed support:					
Donations and contributions	479,728	80,285	-	560,013	688,755
Event contributions	-	-	-	-	16,500
Change in discount on long-term receivables	-	(2,113)	-	(2,113)	782
Write off of net assets with restrictions	-	(8,500)	-	(8,500)	-
Net assets released from restrictions	14,285	(14,285)	-	-	-
Total contributed support	494,013	55,387	-	549,400	706,037
Total revenue and support	317,484	55,387	-	372,871	1,121,205
Expenses:					
Programs	986,996	-	-	986,996	847,582
Management and general	222,341	-	-	222,341	408,148
Fundraising	168,869	-	-	168,869	271,376
Total expenses	1,378,206	-	-	1,378,206	1,527,106
Increase (decrease) in net assets	(1,060,722)	55,387	-	(1,005,335)	(405,901)
Net assets at beginning of period	4,215,906	-	1,545,853	5,761,759	6,167,660
Net assets at end of period	\$ 3,155,184	\$ 55,387	\$ 1,545,853	\$ 4,756,424	\$ 5,761,759

Djerassi Resident Artists Program

Statements of Cash Flows For the Years Ended December 31, 2022 and 2021

	2022	2021
<i>Operating activities:</i>		
Decrease in net assets	\$ (1,005,335)	\$ (405,901)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	136,860	167,343
Amortization	14,912	49,151
Change in discount on long-term receivables	(2,113)	782
Unrealized investment (gains) losses	463,635	113,200
Realized gains on sale of investments	(54,777)	(362,943)
Changes in:		
Restricted cash		
Accounts, grants and contributions receivable	53,300	86,293
Prepaid expenses and other current assets	1,761	(7,137)
Accounts payable and accrued liabilities	(2,745)	50,760
Accrued payroll and related benefits	375	(5,184)
Refundable advances	-	(144,361)
Deferred revenue	(37,264)	-
Fiscal sponsorship payable	-	(390,270)
Cash used for operating activities	(431,391)	(848,267)
<i>Investing activities:</i>		
Net proceeds from investments	412,395	334,184
Cash provided by investing activities	412,395	334,184
Net increase (decrease) in cash and cash equivalents	(18,996)	(514,083)
Cash and cash equivalents at beginning of period	280,647	794,730
Cash and cash equivalents at end of period	\$ 261,651	\$ 280,647
<i>Additional cash flow information:</i>		
Interest paid	\$ -	\$ -
State registration tax fees	\$ 200	\$ 200

Djerassi Resident Artists Program

Statement of Functional Expenses
For the Year Ended December 31, 2022
(with Summarized Financial Information for the Year Ended December 31, 2021)

	Program Services			Supporting Services			2022	2021
	Resident Artist Program	Environmental Programs and Hikes	Program Support	Management and General	Fund-raising			
Salaries	\$ 124,037	\$ -	\$ 278,720	\$ 21,781	\$ 21,291	\$ 445,829	\$ 375,987	
Payroll taxes	10,711	-	24,047	1,860	1,817	38,435	34,834	
Benefits	30,372	-	33,843	3,107	3,018	70,340	67,139	
Total salaries, taxes, and benefits	165,120	-	336,610	26,748	26,126	554,604	477,960	
Amortization	-	-	-	14,912	-	14,912	49,151	
Artist's stipends	3,849	1,500	-	-	-	5,349	31,302	
Bank charges	-	-	-	11	8,834	8,845	16,929	
Depreciation	-	-	136,860	-	-	136,860	167,343	
Equipment maintenance and leases	1,474	-	3,226	529	482	5,711	4,923	
Events and hospitality	1,039	-	-	800	53,965	55,804	46,453	
Insurance	7,612	-	13,131	5,805	2,523	29,071	25,127	
Legal and professional	-	-	-	100,813	-	100,813	110,038	
Legal fees	60,000	-	-	-	-	60,000	-	
Miscellaneous	-	-	-	-	-	-	17,568	
Office Supplies, R&M equipment	4,062	23	39,624	944	176	44,829	54,952	
Outside services	29,135	55,125	30,424	64,348	59,996	239,028	427,034	
Dues, subscriptions, and postage	4,360	-	569	3,566	6,924	15,419	15,156	
Printing, graphics, and photography	260	540	84	346	2,766	3,996	9,439	
Property and other taxes	47	-	1,812	226	29	2,114	1,571	
Travel and meals	4,073	-	43,504	572	4,452	52,601	13,861	
Utilities, telephone, fax	9,161	-	16,773	2,666	2,596	31,196	35,091	
Vehicle - fuel and repairs	1,721	-	15,278	55	-	17,054	23,208	
	\$ 291,913	\$ 57,188	\$ 637,895	\$ 222,341	\$ 168,869	\$ 1,378,206	\$ 1,527,106	

Djerassi Resident Artists Program

Notes to Financial Statements For the years ended December 31, 2022 and 2021

1. Organization

Djerassi Resident Artists Program ("Djerassi") was incorporated in 1983 as a California tax-exempt, non-profit organization. It was recognized by the IRS as a 501(c)(3), non-profit in 1979. Djerassi's mission is to support and enhance the creativity of artists by providing uninterrupted time for work, reflection, and collegial interaction in a setting of great natural beauty, and to preserve the land on which the Program is situated. The Program is internationally recognized as one of the eminent artist residency programs and strives to provide the best possible residency experience for artists of superior talent from a diverse range of backgrounds and geographical locations.

The organization has a robust, mission-driven earned income program that includes day-long public and private sculpture tours and arts-related workshops and retreats for writers and media artists. Djerassi alumni act as workshop leaders and select students via an application process. Retreat gatherings have included groups of playwrights, scientists, writers, choreographers, visual artists, and music composers. Sculpture tours are tailored to highlight the environmental/preservation component of our mission and serve approximately 1,000 local residents, students, and visitors.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of Djerassi have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Djerassi's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – Djerassi's cash and cash equivalents consists of cash on deposit in checking accounts. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk – Financial instruments that potentially subject Djerassi to concentrations of credit risk consist principally of cash and cash equivalents and deposits. Djerassi maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Djerassi manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, Djerassi has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of Djerassi's mission.

Notes to Financial Statements
For the years ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Accounts, Grants and Pledges Receivable – Accounts, Grants, and pledges receivable consist primarily of amounts due from reputable organizations, foundations, and individuals supportive of Djerassi’s mission. Djerassi uses an allowance for doubtful accounts to estimate receivables deemed potentially uncollectible. The estimated allowance for doubtful accounts is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts, when applicable, are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if applicable, is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Comparative Financial Information – The accompanying financial statements, for the year ended December 31, 2022, include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2021 from which the summarized information was derived.

Functional Expenses – The cost of providing Djerassi’s programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Djerassi.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Djerassi generally does not conduct fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Notes to Financial Statements
For the years ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Contributions of Nonfinancial Assets – Donated services and in-kind contributions are reflected at the fair value of the contributions received in accordance with *ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The contributions of services, equipment, and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteers donate a substantial amount of time to Djerassi. While significant in value, these services are not recorded in the financial statements since they are not susceptible to objective measurement or valuation. There were no contributed services that met the criteria for recognition for the years ended December 31, 2022 and 2021.

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

Reclassifications – Certain prior year amounts have been reclassified to conform to fiscal year 2022 presentation. These changes had no impact on previously reported total changes in net assets.

Property and Equipment – Djerassi's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

Costs of maintenance and repairs are expensed currently. Djerassi reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. Djerassi has determined that no long-lived assets were impaired during the years ended December 31, 2022 and 2021.

Djerassi Resident Artists Program

Notes to Financial Statements For the years ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Revenue and Revenue Recognition – Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 958)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided in accordance with *Topic 606*.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

A portion of Djerassi’s revenue is derived from cost-reimbursable state and local government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses.

Amounts received are recognized as revenue when Djerassi has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances on the Statement of Financial Position.

Djerassi recognizes revenue from program service fees, application fees, workshop fees, and tour fees when the programs, workshops, and/or tours are delivered. Djerassi records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the difference. With the exception of application fees that are recognized over the period of the artists’ residency, all services are transferred at a point in time.

Notes to Financial Statements
For the years ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Investments and Endowment – Investments are reported at fair value with gains and losses included in the statement of activities and changes in net assets. Djerassi follows the provisions of *ASC 958.320, Investments – Debt and Equity Securities of Not-for-Profit Entities* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that Djerassi could realize in a current market exchange.

The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of December 31, 2022 and 2021. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented, especially in light of the impact on financial markets as a result of COVID-19.

Djerassi's endowment consists of a diverse mixture of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by *ASC 958.320*, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Djerassi has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, Djerassi classifies as net assets with donor restrictions – in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions – in perpetuity is classified as net assets with donor restrictions – time and purpose until those amounts are appropriated for expenditure by Djerassi in a manner consistent with the standard of prudence prescribed by UPMIFA.

Notes to Financial Statements
For the years ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Income Taxes – Djerassi is organized as California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. Djerassi is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Djerassi is not required to file an Exempt Organization Business Income Tax Return (Form 990-T) because it had no unrelated business taxable income for the years ended December 31, 2022 and 2021.

Djerassi has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that Djerassi continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

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

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, but it has not opted to do so as of December 31, 2022 and 2021.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Notes to Financial Statements
For the years ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Djerassi groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

Notes to Financial Statements
For the years ended December 31, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Recent and Relevant Accounting Pronouncements *(continued)*

In May 2014, the FASB completed its Revenue Recognition project by issuing *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. This guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) removes inconsistencies and weaknesses in existing revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued. As of October 11, 2023 (the date of the Independent Auditors' Report), management has made this evaluation and has determined that Djerassi has the ability to continue as a going concern.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842) Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by *ASU No. 2018-01*, *ASU No. 2018-10*, and *ASU No. 2018-11*. The standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities and changes in net assets.

ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets – The purpose of the *ASU 2020-07* is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by AFG. *ASU 2020-07* does not change the accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements.

Djerassi Resident Artists Program

Notes to Financial Statements For the years ended December 31, 2022 and 2021

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking, savings, and money market funds) at the time of purchase that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at December 31:

	2022	2021
Checking accounts	\$ 119,820	\$ 267,354
Savings account	141,831	13,293
Total cash and cash equivalents	\$ 261,651	\$ 280,647

4. Accounts, Grants, and Pledges Receivable

Accounts, grants, and pledges receivable of \$280,190 and \$331,377 (current and noncurrent combined) at December 31, 2022 and 2021, respectively, represent amounts principally due from individuals, foundations, corporations, and other organizations.

Accounts, grants, and contributions receivable are expected to be collected as follows at December 31:

	2022	2021
Year ending December 31, 2022	\$ -	\$ 150,877
Year ending December 31, 2023	191,803	90,000
Year ending December 31, 2024	50,000	50,000
Year ending December 31, 2025	50,000	50,000
Total accounts, grants, and pledges receivable	291,803	340,877
Less: discount for multi-year grants and pledges receivable	(11,613)	(9,500)
Less: grants and pledges receivable due within one year (current)	(191,803)	(150,877)
Grants and pledges receivable due after one year (noncurrent)	\$ 88,387	\$ 180,500

Grants and pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 2.54% per annum. The discount related to the present value calculation is being accreted back into income over the estimated collection period of the grants and contributions receivable. The change in discount for multi-year receivables amounted to (\$2,113) and \$782 for the years ended December 31, 2022 and 2021, respectively.

Djerassi uses the direct write-off method with regards to receivables deemed uncollectible. There was no bad debt expense during the years ended December 31, 2022 and 2021. Management has evaluated the receivables as of December 31, 2022 and determined that such amounts are fully collectible based on a variety of factors, including collection experience and an assessment of the financial strength of the donors.

Djerassi Resident Artists Program

Notes to Financial Statements For the years ended December 31, 2022 and 2021

5. Investments and Endowment

Investments consist of the following at December 31:

	2022	2021
Money market accounts	\$ 44,345	\$ 56,720
Mutual funds principally invested in bonds	383,060	487,323
Mutual funds principally invested in equities	864,926	1,556,269
Other (REIT, Emerging Markets, Foreign Funds)	7,788	21,060
Total investments	\$ 1,300,119	\$ 2,121,372

Allocation of investment composition by type of fund is summarized as follows as of December 31, 2022:

	Net Assets <i>With</i> Donor Restrictions			
	Net Assets <i>Without</i> Donor Restrictions	Time and Purpose	Perpetual	
Money market accounts	\$ 44,345	\$ -	\$ -	\$ 44,345
Mutual funds principally invested in bonds	-	13,250	369,810	383,060
Mutual funds principally invested in equities	(353,254)	42,137	1,176,043	864,926
Other (REIT, Emerging Markets, Foreign Funds)	7,788	-	-	7,788
Total investments	\$ (301,121)	\$ 55,387	\$ 1,545,853	\$ 1,300,119

Allocation of investment composition by type of fund is summarized as follows as of December 31, 2021:

	Net Assets <i>With</i> Donor Restrictions			
	Net Assets <i>Without</i> Donor Restrictions	Time and Purpose	Perpetual	
Money market accounts	\$ 56,720	\$ -	\$ -	\$ 56,720
Mutual funds principally invested in bonds	-	-	487,323	487,323
Mutual funds principally invested in equities	497,739	-	1,058,530	1,556,269
Other (REIT, Emerging Markets, Foreign Funds)	21,060	-	-	21,060
Total investments	\$ 575,519	\$ -	\$ 1,545,853	\$ 2,121,372

Djerassi Resident Artists Program

Notes to Financial Statements For the years ended December 31, 2022 and 2021

5. Investments and Endowment *(continued)*

Changes in endowment net assets for the ten months ended December 31, 2022 and net asset composition by type of fund at December 31, 2022 is summarized as follows:

	Net Assets <i>Without Donor</i> Restrictions	Net Assets <i>With Donor</i> Restrictions		
		Time and Purpose	Perpetual	Total
Total investments at beginning of period	\$ 575,519	\$ -	\$ 1,545,853	\$ 2,121,372
<u>Investment return:</u>				
Investment income	6,583	-	17,682	24,265
Management fees	(5,327)	-	(14,309)	(19,636)
Net realized gains	14,861	-	39,916	54,777
Net unrealized losses	(125,782)	-	(337,853)	(463,635)
Total investment return	(109,655)	-	(294,564)	404,229
Change in discount for present value of long-term receivables	-	(2,113)	-	(2,113)
Appropriation of endowment assets	(791,873)	82,398	294,564	(414,911)
Transfers of assets	24,898	(24,898)	-	-
Total investments at end of period	\$ (301,121)	\$ 55,387	\$ 1,545,853	\$ 1,300,119
<u>Endowment net assets by type of fund:</u>				
Donations with restrictions	\$ -	\$ -	\$ 1,545,853	\$ 1,545,853
<u>Non-endowment net assets:</u>				
Donations without restrictions	(301,121)	-	-	(301,121)
Donations with restrictions	-	55,387	-	55,387
Total investments at end of period	\$ (301,121)	\$ 55,387	\$ 1,545,853	\$ 1,300,119

Djerassi Resident Artists Program

Notes to Financial Statements For the years ended December 31, 2022 and 2021

5. Investments and Endowment *(continued)*

Changes in endowment net assets for the ten months ended December 31, 2022 and net asset composition by type of fund at December 31, 2021 is summarized as follows:

	Net Assets <i>Without Donor</i> Restrictions	Net Assets <i>With Donor</i> Restrictions		
		Time and Purpose	Perpetual	Total
Total investments at beginning of period	\$ 518,742	\$ 141,218	\$ 1,545,853	\$ 2,205,813
<u>Investment return:</u>				
Investment income	9,508	2,588	28,335	40,431
Management fees	(6,810)	(1,854)	(20,293)	(28,957)
Net realized gains	85,354	23,236	254,353	362,943
Net unrealized losses	(26,621)	(7,247)	(79,332)	(113,200)
Total investment return	61,431	16,723	183,063	261,217
Change in discount for present value of long-term receivables	-	782	-	782
Appropriation of endowment assets	(345,659)	-	-	(345,659)
Transfers of assets	341,005	(158,723)	(183,063)	(781)
Total investments at end of period	\$ 575,519	\$ -	\$ 1,545,853	\$ 2,121,372
<u>Endowment net assets by type of fund:</u>				
Donations with restrictions	\$ -	\$ -	\$ 1,545,853	\$ 1,545,853
<u>Non-endowment net assets:</u>				
Donations without restrictions	575,519	-	-	575,519
Donations with restrictions	-	-	-	-
Total investments at end of period	\$ 575,519	\$ -	\$ 1,545,853	\$ 2,121,372

During the years ended December 31, 2022 and 2021, earnings on investments were reinvested.

Net unrealized losses amounted to \$463,635 and \$113,200 for the years ended December 31, 2022 and 2021, respectively.

Net realized gains amounted to \$54,777 and \$362,943 for the years ended December 31, 2022 and 2021, respectively. Interest, dividends, and realized gains are reflected as components of investment return on the statement of activities and changes in net assets.

**Notes to Financial Statements
For the years ended December 31, 2022 and 2021**

5. Investments and Endowment *(continued)*

Djerassi has a Finance Committee which has the responsibility for establishing Djerassi's return objectives (generally lower rates of return associated with more stable and safer investments) and to define the risk parameters. The committee routinely oversees investment performances and reviews cash flows necessary to sustain Djerassi's operating activities.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires Djerassi to retain as a fund of perpetual duration. In accordance with [ASC 958.205.55.31](#), there are deficiencies of this nature that are required to be reported as net assets without donor restrictions at December 31, 2022. Such deficiencies are the result of unfavorable market fluctuations occurring after the investment of new restricted contributions and continued appropriation for certain programs which are deemed prudent by the Board of Directors.

Djerassi's investments may decline below their original basis due to market fluctuations and unrealized losses which are beyond the control of Djerassi's management.

Return Objectives and Risk Parameters

Djerassi has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Djerassi must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Under this policy, as approved by the Finance Committee and the Board of Directors, the endowment assets are invested in a manner that is intended to (1) ensure the steady and long-term growth of the funds of its programs with the specific goal of preserving and increasing principal by at least the rate of inflation (local CPI) and producing income of at least five percent (5%) of the principal, (2) subject Djerassi to a moderate level of investment risk, and (c) maintain sufficient liquidity to meet planned expenditures. The tradeoff between gains and risk shall be tracked by a periodic review of investments (Sharp Ratio).

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Djerassi relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Djerassi targets a diversified asset allocation that places a greater emphasis on equity-based investments (mutual funds) to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Djerassi follows accepted accounting policy to withdrawal income from any of the investment accounts no more frequently than four (4) times per fiscal year. The exact amount and date of each withdrawal shall be at the discretion of the Executive Director and set prior to each fiscal year by vote of the Board of Trustees, as may be amended by vote of the full Board if necessary.

Djerassi Resident Artists Program

Notes to Financial Statements For the years ended December 31, 2022 and 2021

5. Investments and Endowment *(continued)*

In following this policy, Djerassi considered the long-term expected return on the investments in its portfolio. Accordingly, over the long term, Djerassi expects the current spending policy to allow its endowment fund assets to grow at a moderate rate annually. This is consistent with Djerassi's objective to maintain the purchasing power of the endowment assets held in perpetuity.

6. Liquidity

Djerassi regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. Djerassi has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and other sources (including the future collection of receivables).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Djerassi considers all expenditures related to its ongoing activities of providing support and enhancing the creativity of artists as well as the conduct of services undertaken to support those activities to be general expenditures.

The following table shows the total financial assets held by Djerassi and the amounts of those financial assets readily available within one year to meet general expenditures:

	2022	2021
Cash and cash equivalents	\$ 261,651	\$ 280,647
Accounts, grants, and contributions receivable – current	191,803	150,877
Investments – current	418,288	681,229
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs		-
	(55,387)	
Financial assets available to meet general expenditures over the next twelve months	\$ 816,355	\$ 1,112,753

Djerassi receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Djerassi must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of Djerassi's liquidity management, the organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Djerassi Resident Artists Program

Notes to Financial Statements For the years ended December 31, 2022 and 2021

7. Fair Value Measurements

Composition of assets utilizing fair value measurements at December 31, 2022 is as follows:

	Totals	Level 1	Level 2	Level 3
Money market accounts	\$ 186,177	\$ 186,177	\$ -	\$ -
Mutual funds principally invested in bonds	383,060	383,060	-	-
Mutual funds principally invested in equities	864,926	864,926	-	-
Other (REIT, Emerging Markets, Foreign Funds)	7,788	7,788	-	-
Accounts, grants, and contributions receivable	280,190	-	280,190	-
Totals	\$ 1,722,141	\$ 1,441,951	\$ 280,190	\$ -

Composition of assets utilizing fair value measurements at December 31, 2021 is as follows:

	Totals	Level 1	Level 2	Level 3
Money market accounts	\$ 56,720	\$ 56,720	\$ -	\$ -
Mutual funds principally invested in bonds	487,323	487,323	-	-
Mutual funds principally invested in equities	1,556,269	1,556,269	-	-
Other (REIT, Emerging Markets, Foreign Funds)	21,060	21,060	-	-
Accounts, grants, and contributions receivable	340,877	-	340,877	-
Totals	\$ 2,462,249	\$ 2,121,372	\$ 340,877	\$ -

Assets Classified as Level 3

There were no Level 3 assets as of December 31, 2022 and 2021.

8. Related Party Transactions

In connection with the occupation of its facilities in Woodside, California, there are two to four employees throughout the year, who manage the property and day-to-day residency operations are provided with room and board. Djerassi has an ongoing commitment to provide its Executive Director and other staff with the gratis use of part of a building as a personal residence. Djerassi (as the employer) has a staff living on-site for the majority of the year to maintain a physical presence at the facility in case of emergency, as well as to oversee the art programs and workshops, and promote community relationships. The Djerassi Program traditionally houses up to 12 artists/4-week sessions, March-November, and approximately 6 artists/4 weeks, December – February of each year. During the year ended December 31, 2022, modifications were required due to COVID-19 restrictions established by San Mateo County. Other staff who may include the resident manager(s), program assistant, the administrative assistant and deputy program director are also required to live on-site to provide direct oversight and assistance to artists-in-residence, and further ensure the safety and security of the artists and the facilities. Djerassi has relied on Internal Revenue Code Section 119 and Revenue Ruling 75-540 which covers the tax ramifications regarding the value of lodging furnished by an employer for the convenience of the employer.

Djerassi Resident Artists Program

Notes to Financial Statements For the years ended December 31, 2022 and 2021

9. Property and Equipment

Property and equipment consist of the following at December 31:

	2022	2021
Land and land improvements [a]	\$ 1,651,524	\$ 1,651,524
Barn, buildings, and improvements	2,542,196	2,542,196
Middlebrook Studios	1,090,693	1,090,693
Machinery and equipment	382,539	382,539
Furniture and fixtures	119,746	119,746
Less: accumulated depreciation	(2,883,297)	(2,746,437)
Property and equipment, net	\$ 2,903,401	\$ 3,040,261

Depreciation expense amounted to \$136,860 and \$167,343 for the years ended December 31, 2022 and 2021, respectively.

[a] In 1999, Djerassi concluded a \$2.2 million agreement with Peninsula Open Space Trust (POST) to sell a conservation easement on the entirety of its land to POST. Title to the property is retained by Djerassi. Djerassi retains its water rights and may undertake traditional agricultural uses of the land. Djerassi relinquished its timber and mineral rights with the provision that these resources will never be developed. Funds from the sale reimbursed expenses incurred by Djerassi related to the sale and created a land and buildings fund to support Djerassi's capital and land management needs.

10. Rebranding

During the year ended February 28, 2017, Djerassi began work on a rebranding effort consisting of a website re-design and promotional video. Both assets were placed in service in February 2020. Components of the rebranding assets are as follows at December 31:

	2022	2021
Website re-design	\$ 123,835	\$ 123,835
Promotional video	23,618	23,618
Less: accumulated amortization	(147,453)	(132,541)
Rebranding	\$ -	\$ 14,912

Amortization expense amounted to \$14,912 and \$49,151 for the years ended December 31, 2022 and 2021, respectively.

Notes to Financial Statements
For the years ended December 31, 2022 and 2021

11. Lease and Other Commitments

Djerassi is obligated under several multi-year operating leases for certain office equipment with expiration dates ranging from August 2022 through October 2023. Such leases require monthly rental payments ranging from \$78 to \$144 as of December 31, 2022 (and which continue through the end of the lease terms). At December 31, 2022 minimum future lease payments for all operating with terms of one year or more are as follows: \$1,034 for the year ending December 31, 2023. Equipment rental expense for the years ended December 31, 2022 and 2021 amounted to \$5,711 and \$4,923, respectively.

12. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under *ASC 710.25*, Djerassi is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination.

Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the fiscal year. At December 31, 2022 and 2021, Djerassi reflected \$16,036 and \$15,661, respectively, in accrued payroll and related benefits.

13. Retirement Plan

Djerassi maintains a salary deferral plan for eligible employees which is qualified under Internal Revenue Code Section 401(k). This plan was adopted January 1, 2013 and replaced the Simple IRA plan previously offered. The plan is available to employees who meet certain age and eligibility requirements. During the years ended December 31, 2022 and 2021, Djerassi contributed \$9,219 and \$12,170, respectively, to the plan.

14. Commitments and Contingencies

In the normal course of business Djerassi could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate Djerassi to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond Djerassi's control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management personnel, and (d) financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting agencies involved.

Djerassi Resident Artists Program

Notes to Financial Statements For the years ended December 31, 2022 and 2021

15. Net Assets

Net Assets without Donor Restrictions

Net assets without donor restrictions amounted to \$3,155,184 and \$4,215,906 at December 31, 2022 and 2021, respectively, and represent cumulative retained surpluses since the organization's inception.

Net Assets with Donor Restrictions

Djerassi recognizes support from donations with restrictions when the restrictions imposed by the donors have been satisfied or expired. Donations with restrictions consist of the following as of December 31:

	2022	2021
<u>Restricted by Purpose:</u>		
Foundations	\$ 67,000	\$ -
Unamortized discount on long-term receivables	(11,613)	-
	<u>\$ 55,387</u>	<u>\$ -</u>

During the year ended December 31, 2022, Djerassi received time and purpose restricted contributions amounting to \$80,285 and released \$14,285 of previously restricted donations. During the year ended December 31, 2021, Djerassi did not receive any time and purpose restricted contributions and released \$142,000 of previously restricted donations.

Net Assets with Donor Restrictions – Perpetual

Donations with Restrictions – Perpetual in Nature amounted to \$1,545,853 at December 31, 2022 and 2021, respectively. Djerassi did not receive any donations with restrictions which were perpetual in nature for the years ended December 31, 2022 and 2021. All of the endowment funds, classified as donations with restrictions, represent donor contributions that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. By law, Djerassi is permitted to transfer all interest and realized/unrealized gains to donations without restrictions.

16. COVID-19

Although the COVID-19 threat has abated, the worldwide threat continues to (a) influence financial markets, (b) threaten potential revenue streams, and (c) impact private enterprises with which Djerassi conducts operations. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, continues to present challenges. Management monitors and evaluates its options. These financial statements reflect certain economic ramifications which impacted the years ended December 31, 2022 and 2021.

Notes to Financial Statements
For the years ended December 31, 2022 and 2021

17. Operating Deficits and Going Concern

Operating Deficits

Djerassi has incurred recurring operating deficits and cash flow shortfalls during the last two fiscal years. Specifically, Djerassi reflected losses from operations of (\$1,005,335) and (\$405,901) for the years ended December 31, 2022 and 2021, respectively, and net assets without donor restrictions (equity) have decreased from \$4,480,589 at December 31, 2020 to \$3,155,184 at December 31, 2022 (of which depreciation and amortization expense accounted for \$368,266 of the total decrease).

The organization's ability to continue as a going concern depends on its being able to satisfy ongoing cash flow requirements, which include fixed and various overhead expenses. The two largest components include payroll and travel and meals.

Revenue Concentration

Djerassi is subject to funding levels which vary based on factors beyond Djerassi's control, such as generosity of donors and general economic conditions. Funding from contributed income represented 66% and 57% of the organization's total revenue and support (excluding unrealized investment losses) for the years ended December 31, 2022 and 2021, respectively.

Management's Plans

On March 10, 2020, Djerassi was forced to shut due to mandates by the California government pertaining to COVID-19. As a result, all the programs Djerassi offered were not able to operate as planned over the past three years. Djerassi has been rebuilding and has received numerous government and foundation grants, which will carry through the year ended December 31, 2023. Additionally, Djerassi has been able to resume their hiking programs, Artful Harvest event, and application fees for artists to return to Djerassi's campus, with an expected increase in revenue in these areas for the years ending December 31, 2023 and 2024.

Management believes these factors, among others, will contribute toward achieving and maintaining sufficient cash flows to cover operating expenditures and to satisfy its payroll and program-related obligations. The attainment of positive cash flows is dependent upon the successful implementation of management's cost reduction programs and revenue targets.

18. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Djerassi has evaluated subsequent events through October 11, 2023, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which are required to be disclosed.