

*Raffol and Company, Inc.*  
*Certified Public Accountants*

Kenneth J. Raffol, CPA, MST • Jonathan R. Vitale CPA, MSA

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VHL ALLIANCE, INC.



*Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**VHL ALLIANCE, INC.**

***Financial Statements***

***For the Years Ended June 30, 2022 and 2021***

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***Independent Auditors' Report***

To the Board of Directors  
VHL Alliance, Inc.  
Boston, Massachusetts

***Opinion***

We have audited the accompanying financial statements of Von Hippel-Lindau Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 positions of VHL Alliance, Inc. as of June 30, 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 for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VHL Alliance, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibility 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 VHL Alliance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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 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 VHL Alliance, 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 VHL Alliance, Inc.'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.



Needham, Massachusetts  
August 29, 2022

VHL ALLIANCE, INC.

*Statements of Financial Position*

*As of June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
<b><i>Assets</i></b>		
Cash and cash equivalents	\$ 2,193,615	\$ 2,132,351
Prepaid expenses	<u>8,250</u>	<u>5,887</u>
<b><i>Total assets</i></b>	<b><u>\$ 2,201,865</u></b>	<b><u>\$ 2,138,238</u></b>
<b><i>Liabilities and Net Assets</i></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,702	\$ 12,816
Grants payable	333,333	358,334
Deferred revenue	175,801	110,204
Refundable advance, PPP	<u>-</u>	<u>66,392</u>
<b><i>Total liabilities</i></b>	<b>517,836</b>	<b>547,746</b>
Net Assets:		
Net assets without donor restrictions	<u>1,684,029</u>	<u>1,590,492</u>
<b><i>Total net assets</i></b>	<b><u>1,684,029</u></b>	<b><u>1,590,492</u></b>
<b><i>Total liabilities and net assets</i></b>	<b><u>\$ 2,201,865</u></b>	<b><u>\$ 2,138,238</u></b>

VHL ALLIANCE, INC.

*Statements of Activities and Changes in Net Assets*

*For the Years Ended June 30, 2022 and 2021*

	2022			2021		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<b><i>Revenue and Other Support:</i></b>						
Contributions, general	\$ 856,588	\$ -	\$ 856,588	\$ 873,654	\$ -	\$ 873,654
Contributions, research	97,241	-	97,241	138,179	-	138,179
Government grants	66,392	-	66,392	71,260	-	71,260
Contributed goods and services	197,725	-	197,725	15,830	-	15,830
Conference registrations	42,085	-	42,085	58,815	-	58,815
Net investment income	3,556	-	3,556	4,166	-	4,166
Other income	2,672	-	2,672	741	-	741
<b><i>Total revenue and support</i></b>	<b>1,266,259</b>	<b>-</b>	<b>1,266,259</b>	<b>1,162,645</b>	<b>-</b>	<b>1,162,645</b>
<b><i>Expenses:</i></b>						
Program expenses	940,500	-	940,500	768,077	-	768,077
Management and general	48,709	-	48,709	10,756	-	10,756
Fundraising	183,513	-	183,513	57,662	-	57,662
<b><i>Total expenses</i></b>	<b>1,172,722</b>	<b>-</b>	<b>1,172,722</b>	<b>836,495</b>	<b>-</b>	<b>836,495</b>
<b><i>Change in net assets</i></b>	<b>93,537</b>	<b>-</b>	<b>93,537</b>	<b>326,150</b>	<b>-</b>	<b>326,150</b>
<b><i>Net assets, beginning of year</i></b>	<b>1,590,492</b>	<b>-</b>	<b>1,590,492</b>	<b>1,264,342</b>	<b>-</b>	<b>1,264,342</b>
<b><i>Net assets, end of year</i></b>	<b>\$ 1,684,029</b>	<b>\$ -</b>	<b>\$ 1,684,029</b>	<b>\$ 1,590,492</b>	<b>\$ -</b>	<b>\$ 1,590,492</b>

See accompanying notes to financial statements.

VHL ALLIANCE, INC.

*Statements of Cash Flows*

*For the Years Ended June 30, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
<b><i>Cash Flows from Operating Activities:</i></b>		
Increase (decrease) in net assets	\$ 93,537	\$ 326,150
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donations of investments	(33,858)	(20,227)
Realized (gain) loss on sale of investments	-	681
Forgiveness of indebtedness	(66,392)	(71,259)
Changes in:		
Prepaid expenses	(2,363)	11,248
Accounts payable and accrued expenses	(4,114)	10,970
Grants payable	(25,001)	-
Deferred revenue	65,597	66,228
	<u>27,406</u>	<u>323,791</u>
<b><i>Net cash provided by operating activities</i></b>		
<b><i>Cash Flows from Investing Activities:</i></b>		
Proceeds from sale of investments	33,858	260,227
	<u>33,858</u>	<u>260,227</u>
<b><i>Net cash provided by investing activities</i></b>		
<b><i>Cash Flows from Financing Activities:</i></b>		
Proceeds from SBA PPP loan	-	66,392
	<u>-</u>	<u>66,392</u>
<b><i>Net cash provided by financing activities</i></b>		
<b><i>Net increase in cash</i></b>	61,264	650,410
<b><i>Cash, beginning of year</i></b>	<u>2,132,351</u>	<u>1,481,941</u>
<b><i>Cash, end of year</i></b>	<u><u>\$ 2,193,615</u></u>	<u><u>\$ 2,132,351</u></u>

See accompanying notes to financial statements.

VHL ALLIANCE, INC.

*Statements of Functional Expenses*

*For the Years Ended June 30, 2022 and 2021*

	2022						2021					
	Education	Research	Total Program	General and Administrative	Fundraising	Total	Education	Research	Total Program	General and Administrative	Fundraising	Total
Grants awarded	\$ -	\$ 292,761	\$ 292,761	\$ -	\$ -	\$ 292,761	\$ -	\$ 274,999	\$ 274,999	\$ -	\$ -	\$ 274,999
Salaries	146,847	109,550	256,397	25,352	95,617	377,366	253,383	69,832	323,215	1,764	25,093	350,072
Payroll taxes	11,055	8,247	19,302	1,909	7,198	28,409	17,594	9,543	27,137	299	2,386	29,822
Accounting services	5,780	1,785	7,565	85	850	8,500	5,890	1,130	7,020	80	900	8,000
Bank charges	41	21	62	-	6,525	6,587	45	23	68	-	7,093	7,161
Computer services	8,370	2,668	11,038	-	1,252	12,290	6,796	2,166	8,962	-	1,016	9,978
Contributed goods and services	31,725	147,654	179,379	3,402	14,944	197,725	4,828	9,541	14,369	234	1,227	15,830
Dues and subscriptions	2,608	1,272	3,880	530	-	4,410	1,756	857	2,613	356	-	2,969
Insurance	13,827	7,501	21,328	234	1,875	23,437	11,359	6,162	17,521	191	1,541	19,253
Legal services	-	-	-	-	30,753	30,753	-	-	-	-	5,800	5,800
Medical symposium	-	-	-	-	-	-	-	20,000	20,000	-	-	20,000
Office and miscellaneous	35,489	19,066	54,555	512	6,251	61,318	11,859	6,372	18,231	170	2,089	20,490
Outreach, webinars and support	7,030	-	7,030	-	-	7,030	6,876	-	6,876	-	-	6,876
Outside services	13,416	3,620	17,036	12,406	1,110	30,552	4,324	1,167	5,491	3,999	358	9,848
Patient registry	-	-	-	-	-	-	-	1,000	1,000	-	-	1,000
Payroll service fees	1,692	917	2,609	29	229	2,867	1,476	800	2,276	25	200	2,501
Postage	5,461	412	5,873	976	181	7,030	3,690	278	3,968	660	122	4,750
Printing and publications	20,199	-	20,199	-	636	20,835	10,972	-	10,972	-	345	11,317
Public relations, general	352	73	425	-	2,150	2,575	425	89	514	-	2,603	3,117
Rent	12,123	6,575	18,698	206	1,643	20,547	11,473	6,222	17,695	195	1,555	19,445
State filing fees	-	-	-	316	3,849	4,165	-	-	-	371	4,522	4,893
Supplies	1,355	735	2,090	2,240	184	4,514	1,297	703	2,000	2,144	177	4,321
Telephone	2,733	624	3,357	398	290	4,045	1,797	410	2,207	262	191	2,660
Travel	2,920	13,996	16,916	114	7,976	25,006	163	780	943	6	444	1,393
	<u>\$ 323,023</u>	<u>\$ 617,477</u>	<u>\$ 940,500</u>	<u>\$ 48,709</u>	<u>\$ 183,513</u>	<u>\$ 1,172,722</u>	<u>\$ 356,003</u>	<u>\$ 412,074</u>	<u>\$ 768,077</u>	<u>\$ 10,756</u>	<u>\$ 57,662</u>	<u>\$ 836,495</u>

See accompanying notes to financial statements.



# VHL ALLIANCE, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 1. Nature of Organization and Operations**

VHL Alliance, Inc. (the Organization), a nonprofit corporation founded in 1993, is the primary resource or clearinghouse for information and support for von Hippel-Lindau disease (VHL) for the benefit of patients, caregivers, researchers, clinicians, and the general public.

Programs include handbooks translated into seven different languages, including one specifically designed for children, a hotline which operates 24 hours per day and seven days per week, competitive research grants, online communities, scientific and clinical conferences, and other services to provide information about VHL to the public.

#### **Note 2. Summary of Significant Accounting Policies**

##### ***Basis of Accounting***

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. Revenues are recognized when the services are performed and expenses are recorded as incurred.

##### ***Basis of Presentation***

As required by the FASB Accounting Standards Codification, the Organizations net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions:* Net assets 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 are perpetual in nature, where the donor stipulates that resources be maintained in the perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

##### ***Use of Estimates and Assumptions***

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were assumed in preparing the financial statements.

# VHL ALLIANCE, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 2. Summary of Significant Accounting Policies (Continued)**

##### ***Revenue and Revenue Recognition***

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

Exchange transactions: Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization adopted Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (Topic 606) on July 1, 2021, using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The modified retrospective adoption method requires the Organization to record a transition adjustment for the new revenue standard, if any, as a cumulative effect adjustment to beginning net assets as of the date of adoption. No adjustments to the Organization's beginning net assets were required as a result of adopting Topic 606.

The Organization applies Topic 606 to exchange transactions in which it receives consideration for products or services offered. Under U.S. GAAP, these arrangements are exchange transactions between the Organization and the customers participating in the Organization's programs or using their services.

The following is a discussion of key revenues streams within the scope of Topic 606. The Organization provides services to customers, which have related performance obligations that the Organization completes in order to recognize revenue. The Organization's revenues are generally recognized either immediately upon the completion of the service or over time as the Organization performs the services. Any services performed over time generally require that the Organization render services each period and therefore the Organization measures progress in completing these services based upon the passage of time.

VHL ALLIANCE, INC.

*Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 2. Summary of Significant Accounting Policies (Continued)**

***Income Taxes***

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes. In addition the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation.

***Cash and Cash Equivalents***

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalent, along with investments in money market funds.

***Functional Allocation of Expenses***

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Professional fees, salary, payroll taxes and benefits are allocated depending on time and effort. Depreciation is allocated across the useful life of the assets. Rent is allocated in accordance with square footage used by full time equivalents.

The following functional expenses are directly allocated to the programs, projects and departments as they are utilized:

- Meeting expenses
- Program supplies
- Postage and delivery
- Printing

The following functional expenses are allocated depending on time and effort:

- Office supplies
- Payroll taxes and benefits
- Professional fees
- Rent
- Salary
- Telephone

# VHL ALLIANCE, INC.

## *Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

### *Note 2. Summary of Significant Accounting Policies (Continued)*

#### *Contributed Goods and Services*

Generally accepted accounting principles require that donated services be recognized as contributions if the services either (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. Volunteers contribute significant amounts of time to our Organization; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods and services for symposium and other conference speakers, travel, technical support, support costs and auction items are recorded at fair value at the date of donation.

#### *Deferred Revenue*

Deferred revenue results from funds received in advance of programs occurring subsequent to year end. Such amounts received, but not yet earned, are reported as deferred revenue until the following year when they are used to meet expenses associated with the related programs.

#### *Advertising and Public Relations*

The Organization expenses advertising and public relations costs, consisting primarily of program literature, as incurred.

#### *New Accounting Pronouncements*

The Organization is currently reviewing the implementation of ASU No. 2016-02 *Leases (Topic 842)* for the year end June 30, 2023, which requires the Organization to capitalize any operating leases which are greater than 12-months as an asset and liability on the statement of financial position and amortize the lease over the term of the lease on a straight-line basis. Finance leases have both an interest factor and depreciation of the lease asset. Non-lease components of monthly payment are a consideration, and the standard allows a practical expedient to lessees to no account for non-lease components separately.

VHL ALLIANCE, INC.

*Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 3. Availability of Financial Assets**

The following reflects the Organization's financial assets at June 30, reduced by amounts that are not available for general use because of donor-imposed restrictions within one year of the statement of financial position dates:

	<u>2022</u>	<u>2021</u>
Cash	\$ 2,193,615	\$ 2,132,351
<b><i>Total financial assets available to meet cash needs for general expenditures within one year</i></b>	<b><u>\$ 2,193,615</u></b>	<b><u>\$ 2,132,351</u></b>

The Organization receives major support from contributions with donor restrictions which require resources to be used in a particular manner or in a future period. The Organization must maintain sufficient resources to meet these responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Total expected expenditures in the coming year are expected to be approximately \$1,200,000.

**Note 4. Related-Party Transactions**

During the year ended June 30, 2019, the Organization awarded a research grant of \$150,000 whereby a board member was the principal investigator. The remaining amount due is \$50,000 and \$50,000 at June 30, 2022 and 2021, respectively.

During the year ended June 30, 2021, the Organization awarded a research grant of \$150,000 whereby a research committee member was the principal investigator. There is a grant payable remaining on this grant of \$50,000 and \$100,000 at June 30, 2022 and 2021, respectively.

**Note 5. Revenue Concentration**

For the years ended June 30, 2022, and 2021, such contributions amounted to \$484,823 and \$490,000, respectively, of total contributions and grants reported, comprising five major donors each fiscal year.

**Note 6. Paycheck Protection Program (PPP) Loan Forgiveness**

The Organization was granted a second funding PPP loan from a bank on April 2, 2021 for \$66,392 pursuant to the PPP, which was entirely forgiven during fiscal year 2022. Therefore, the loan is reported as revenue.

# VHL ALLIANCE, INC.

## *Notes to Financial Statements*

### *For the Years Ended June 30, 2022 and 2021*

#### **Note 7. Contributed Goods and Services**

For the years ended June 30, 2022 and 2021, the Organization received donated services for technical support in the continued expansion and use of a computerized registry as well as computer operations and website modifications; speaker fees, travel, program materials, auction items, and food related to the annual conference; travel costs related to programs, marketing research and accounting services. The Organization used the market value of other similar charges as well as professional service providers billing rates. All goods and services were utilized in the programs except for the auction items which were monetized. The contributed services are recorded as contributed goods and services on the statements of activities and donated services and materials in statements of functional expenses for each of the years ended June 30, 2022 and 2021.

<i>In-Kind Contribution</i>	<i>2022</i>	<i>2021</i>
Conference - speaker fees, travel, program materials, auction items, and food	\$ 5,374	\$ 9,200
Program travel	744	-
Technical Support - computer operations and website maintenance	1,607	1,630
Marketing research	190,000	-
Auditing and tax services	-	5,000
	<u>\$ 197,725</u>	<u>\$ 15,830</u>

#### **Note 8. Concentrations of Credit Risk**

The Organization maintains its cash, cash equivalent and investment balances at banks and brokerages. The Federal Deposit Insurance Corporation (FDIC) insures balances in non-interest bearing and other deposit accounts as an aggregate balance at each financial institution up to \$250,000. Certain investments held by brokerages are subject to certain insurance coverage through Securities Investor Protection Corporation up to \$500,000. At June 30, 2022 and 2021, there was \$196,908 and \$84,193, respectively, in uninsured cash, cash equivalents and investments.

VHL ALLIANCE, INC.

*Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 9. Grants Awarded**

<i>Purpose</i>	<i>2022</i>		<i>2021</i>	
	<i>Amount Funded</i>		<i>Grant Payable</i>	
A new organoid model to study VHL-related pheochromocytomas	\$ 50,000	\$ -	\$ 100,000	\$ -
VHL mutations induce aberrant arterial expansion via TGFbeta-GADD45b misregulation	50,000	-	50,000	-
Investigation of treatment targets and tumor heterogeneity in VHL related renal cancer	25,000	-	25,000	-
Immune modulation in VHL disease by targeting DNA damage response network	50,000	50,000	50,000	100,000
Assessing the immune microenvironment of VHL-related neoplasms using transcriptome-based advanced deconvolution algorithms analysis of tumor transcriptome	25,000	25,000	-	25,000
Identification and molecular characterization of FGFR4 p.G388R variant signaling in cerebellar hemangioblastomas	25,000	25,000	25,000	50,000
Microglia function in pathogenesis of retinal hemangioblastomas associated with VHL	50,000	50,000	16,667	66,667
New Insights on VHL: disease characterization of novel VHL cryptic exons and modeling VHL-related disease with human induced Pluripotent Stem Cells differentiated into neural crest cells	50,000	50,000	16,667	66,667
Targeting Hemangioblastoma Heterogeneity	-	33,333	50,000	50,000
	<u>\$ 200,000</u>	<u>\$ 233,333</u>	<u>\$ 158,334</u>	<u>\$ 358,334</u>

VHL ALLIANCE, INC.

*Notes to Financial Statements*

*For the Years Ended June 30, 2022 and 2021*

**Note 10. Lease Obligations**

The Organization maintains a five-year lease for its current premises with an expiration date of November 30, 2022. Base rental charges were \$1,327 per month for the first year of the lease, with a built-in 5% increase per year for each of the next four years. The agreement also contains an option to extend the lease for an additional five years with six months' notice. In addition to the minimum annual rent, the Organization is responsible for 3.67% of any increase in the real estate taxes levied against the land and building over the taxes assessed for the base year, defined as fiscal year 2018. The Organization is also responsible for 3.67% of any increase in the operating expenses of the building over those incurred during calendar year 2017. Total rent expense under this lease was \$20,547 and \$19,445 for the years ended June 30, 2022 and 2021, respectively.

Future minimum rental payments under this lease agreement are as \$8,461.

**Note 11. Subsequent Events**

ASC 855-10, *Subsequent Events*, defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization's management has evaluated events subsequent to June 30, 2022, through August 29, 2022, which is the date the financial statements were available to be issued. Management continues to monitor the COVID-19 outbreak; however, as of the date of these financial statements, the potential future impact of the outbreak on the Organization's business cannot be quantified.