

GivePower Foundation

*Consolidated Financial Statements
December 31, 2021 and December 31, 2020*

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GIVEPOWER FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
GivePower Foundation
San Francisco, CA

Opinion

We have audited the accompanying consolidated financial statements of GivePower Foundation (a nonprofit organization) and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GivePower Foundation and subsidiaries as of December 31, 2021, and the changes in net assets and 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 GivePower Foundation and subsidiaries 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GivePower Foundation and subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 GivePower Foundation and subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GivePower Foundation and subsidiaries' 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 GivePower Foundation and subsidiaries' 2020 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.

Howdsworth, Russo & Company, P.C.

Las Vegas, Nevada
June 28, 2022

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,823,273	\$ 1,718,309
Cash and cash equivalents, restricted	1,682,280	451,151
Accounts receivable	2,496	721
Pledges receivable	396,299	334,794
Deposits	19,427	55,641
Prepaid expenses	31,875	9,018
	<u>3,955,650</u>	<u>2,569,634</u>
OTHER ASSETS		
Cash and cash equivalents, long-term	509,670	48,946
Cash and cash equivalents, restricted, long-term	914,021	578,599
Pledges receivable, long-term	215,390	212,493
Property and equipment, net	2,830,693	2,332,393
Work in progress	2,220,007	1,355,276
	<u>2,220,007</u>	<u>1,355,276</u>
Total assets	<u>\$ 10,645,431</u>	<u>\$ 7,097,341</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 353,638	\$ 347,491
Accrued liabilities	33,706	3,507
	<u>387,344</u>	<u>350,998</u>
OTHER LIABILITIES		
Refundable advance	509,670	48,946
	<u>509,670</u>	<u>48,946</u>
Total liabilities	897,014	399,944
NET ASSETS		
Without donor restrictions	6,540,427	5,120,360
With donor restrictions	3,207,990	1,577,037
	<u>3,207,990</u>	<u>1,577,037</u>
Total net assets	<u>9,748,417</u>	<u>6,697,397</u>
Total liabilities and net assets	<u>\$ 10,645,431</u>	<u>\$ 7,097,341</u>

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue, gains, and other support:		
Contributions and grants	\$ 6,034,343	\$ 5,295,679
In-kind contributions	249,540	309,748
Program revenue	199,937	60,399
Interest income	2,126	5,569
Foreign currency exchange gain	-	275,068
Net assets released from restrictions	547,288	564,655
	7,033,234	6,511,118
Expenses and losses:		
Program services	3,660,482	2,661,224
Supporting services:		
Management and general	968,743	321,202
Fundraising	606,006	1,033,015
	5,235,231	4,015,441
Foreign currency exchange loss	377,936	-
	5,613,167	4,015,441
Change in net assets without donor restrictions	1,420,067	2,495,677
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and grants	2,178,241	1,188,394
Net assets released from restrictions	(547,288)	(564,655)
Change in net assets with donor restrictions	1,630,953	623,739
CHANGE IN NET ASSETS	3,051,020	3,119,416
NET ASSETS AT BEGINNING OF YEAR	6,697,397	3,577,981
NET ASSETS AT END OF YEAR	\$ 9,748,417	\$ 6,697,397

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Program Services	Supporting Services		2021 Totals	2020 Totals
		Management and General	Fundraising		
Advertising	\$ 4,960	\$ -	\$ 5,220	\$ 10,180	\$ 6,260
Bank fees	1,180	16,800	5,560	23,540	24,742
Depreciation	133,889	-	-	133,889	80,128
Donation	52,883	-	-	52,883	-
Dues and subscriptions	3,264	13,869	12,364	29,497	20,265
Insurance	13,035	6,264	-	19,299	11,965
Professional fees	1,512,755	827,093	554,365	2,894,213	2,342,242
Project costs and materials	1,204,263	-	-	1,204,263	1,212,299
Office expenses and supplies	63,248	5,083	585	68,916	40,647
Repairs and maintenance	49,274	-	-	49,274	3,200
Rental and facilities	88,063	55,000	-	143,063	64,309
Salaries and related	285,442	17,853	7,392	310,687	136,121
Travel and entertainment	248,226	26,781	20,520	295,527	73,263
	<u>\$ 3,660,482</u>	<u>\$ 968,743</u>	<u>\$ 606,006</u>	<u>\$ 5,235,231</u>	<u>\$ 4,015,441</u>

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,051,020	\$ 3,119,416
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	133,889	80,128
Donated property and equipment and work in progress	(249,540)	(283,653)
Contributions restricted for long-term purposes	(1,777,221)	(1,360,152)
Changes in operating assets:		
Accounts receivable	(1,821)	3,707
Pledges receivable	(64,402)	(46,529)
Deposits	31,190	(4,758)
Prepaid expenses	(24,018)	(5,579)
Changes in operating liabilities:		
Accounts payable	(31,451)	(62,110)
Accrued liabilities	35,520	1,905
Refundable advance	460,724	48,946
Net cash provided by operating activities	1,563,890	1,491,321
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment and work in progress	(1,598,284)	(1,080,637)
Net cash used in investing activities	(1,598,284)	(1,080,637)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	1,777,221	1,360,152
Net cash provided by financing activities	1,777,221	1,360,152
Effect of exchange rates on cash and cash equivalents	389,412	(152,309)
NET INCREASE IN CASH	2,132,239	1,618,527
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,797,005	1,178,478
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,929,244	\$ 2,797,005
Cash and cash equivalents	\$ 1,823,273	\$ 1,718,309
Cash and cash equivalents, restricted	1,682,280	451,151
Cash and cash equivalents, long-term	509,670	578,599
Cash and cash equivalents, restricted, long-term	914,021	578,599
	\$ 4,929,244	\$ 2,748,059

See accompanying notes to consolidated financial statements.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

GivePower Foundation was incorporated in the State of Delaware and began operations in June 2014. GivePower Foundation and its subsidiaries (collectively, the Foundation) use solar energy to power basic necessities for communities who need it most. The Foundation's volunteer trekkers install microgrids to power villages, schools, food production, clinics, and other healthcare facilities. The Foundation builds and deploys solar water farms, which are self-sustaining solar-powered desalination systems that provide low-cost purified drinking water to at risk communities. In working with governments, non-governmental organizations, and private donors the Foundation builds microgrids to protect vulnerable populations, promote conservation, and protect endangered species. The Foundation has provided relief for over 630,000 people in 23 countries.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC). Under FASB ASC, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Principles of Consolidation

The consolidated financial statements include the financial information of the GivePower Foundation and its subsidiaries which include, Cannonball Community Solar Farm, LLC, a North Dakota Limited Liability Company, GiveWater Limited, a Kenya Private Limited Company, GivePower Colombia, a Colombia Private Limited Company, and Dlo Pou Lavi, S.A., a Haiti Private Limited Company. The subsidiaries are consolidated under the principles of FASB ASC as GivePower Foundation is the sole member of these subsidiaries. All material inter-organizational transactions have been eliminated.

Income Tax Status

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. The Foundation 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 under Section 509(a)(2). The

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (continued)

subsidiary, Cannonball Community Solar Farm, LLC, is a limited liability company and a disregarded entity for income tax purposes. Subsidiaries GiveWater Limited (formerly known as Pesa Za Maja Limited), GivePower Colombia and Dlo Pou Lavi, S.A. were incorporated as Private Limited Companies and are disregarded entities for tax purposes.

Use of Estimates

Timely preparation of consolidated 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 disclosures, some of which may need revision in future periods.

Cash and Cash Equivalents

The Foundation considers all unrestricted highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Receivables are stated at unpaid balances. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Management believes the entire receivables balances at December 31, 2021 and 2020 to be collectible.

Pledges Receivable

Unconditional pledges are recognized as revenues in the period the pledge is made. There is no allowance or discount as of December 31, 2021 or 2020, as the pledges are determined to be fully collectible and due within one year. The pledges receivable that are presented as long-term on the statements of financial position are restricted for purchases of fixed assets.

Property and Equipment

The Foundation capitalizes all acquisitions of property and equipment in excess of \$25,000 with a useful life of over one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation.

Depreciation is computed using the straight-line method over the estimated useful lives.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset.

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets.

Revenue Recognition

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Program revenue is recognized when goods are provided and services are performed and are generally point-of-sales transactions whereby performance obligations are entered into and satisfied simultaneously.

Refundable Advance

The Foundation entered into an agreement with a financial institution donor on December 17, 2020. Under the agreement, the financial institution will donate to the Foundation an amount equal to 1% of the initial outstanding principal balance of purchased loans. The Foundation is required to maintain all funds in a separate money market account and is entitled to any interest earned on the account. At the end of certain measurement periods, the Foundation is to rebate the donations in the amount, if any, equal to defaulted principal corresponding to certain loss percentages. The Foundation is only entitled to retain the donations remaining after the final measurement period which is 36 months after the initial payment at which time the balance will be recognized as revenue. The Foundation's long-term cash balance included \$509,670 and \$48,946 of cash related to these refundable advance amounts at December 31, 2021 and 2020, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been directly allocated among the programs and supporting services benefited.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Advertising

The Foundation uses advertising to promote its programs. The production costs of advertising are expensed as incurred.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars, the reporting currency at exchange rates in effect at the consolidated statements of financial position date, and revenue and expenses are translated at approximate average rates in effect on transaction dates. Net transaction and translation gains and losses are included as foreign currency exchange gain/loss in the accompanying consolidated statements of activities. The translation adjustment included in the Foundation's net assets was as follows:

	<u>2021</u>	<u>2020</u>
Beginning accumulated translation adjustment	\$ 275,068	\$ -
Translation adjustment during the year	<u>(377,936)</u>	<u>275,068</u>
Ending accumulated translation adjustment included in net assets	<u>\$ 102,868</u>	<u>\$ 275,068</u>

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

Subsequent Events

Management has evaluated subsequent events through June 28, 2022, the date at which the financial statements were available for issuance.

NOTE 2. CONCENTRATIONS

The Foundation maintains its balance of cash in multiple financial institutions. Balances at certain financial institution are insured by the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation up to \$250,000. As of December 31, 2021, the Foundation had uninsured balances of \$4,168,701.

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 2. CONCENTRATIONS (CONTINUED)

During the year ended December 31, 2021, the Foundation received 36% of its contributions from a single donor. During the year ended December 31, 2020, the Foundation received 46% of its contributions from two donors.

During the year ended December 31, 2021, 56% of the pledges receivable balance was due from a single donor. During the year ended December 31, 2020, 44% of the pledges receivable balance was due from a single donor.

NOTE 3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Foundation receives contribution and program revenues, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Foundation's financial assets as of December 31, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position dates:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,929,244	\$ 2,797,005
Accounts receivable	2,496	721
Pledges receivable	<u>611,689</u>	<u>547,287</u>
Total financial assets	5,543,429	3,345,013
Less amounts unavailable for general expenditures within one year:		
Cash and cash equivalents, restricted, long-term	(1,423,691)	(627,545)
Pledges receivable, long-term	<u>(215,390)</u>	<u>(212,493)</u>
Total amounts unavailable for general expenditures within one year:	<u>(1,639,081)</u>	<u>(840,038)</u>
Total financial assets available for general expenditures within one year:	<u>\$ 3,904,348</u>	<u>\$ 2,504,975</u>

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 146,604	\$ 96,999
Desalination plants and solar water farms	2,553,088	2,029,583
Vehicles	60,244	18,350
Solar system	<u>330,762</u>	<u>330,762</u>
	3,090,698	2,475,694
Less accumulated depreciation	<u>(260,005)</u>	<u>(143,301)</u>
	<u>\$ 2,830,693</u>	<u>\$ 2,332,393</u>

Work in progress consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Bottling and distribution	\$ 8,755	\$ 15,931
Water and energy systems	1,934,535	1,104,411
Civil construction	82,112	90,963
Logistics and other development	<u>194,605</u>	<u>143,971</u>
	<u>\$ 2,220,007</u>	<u>\$ 1,355,276</u>

NOTE 5. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2021 and 2020, the Foundation paid expenses totaling \$2,351,363 and \$1,624,723, respectively, to a company for which a board member is the founder.

The Foundation received contributions of \$3,159,659 and \$2,166,754 from board members and board member companies during the years ended December 31, 2021 and 2020, respectively.

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Desalination plants	\$ 698,632	\$ 366,106
Project materials and costs	734,121	118,751
Treks	1,163,548	544,893
Time restricted	<u>611,689</u>	<u>547,287</u>
	<u>\$ 3,207,990</u>	<u>\$ 1,577,037</u>

GIVEPOWER FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) DECEMBER 31, 2021 AND 2020

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of passage of time or other events as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Project materials and costs	\$ -	\$ 63,897
Passage of time and/or receipts on pledges receivable	<u>547,288</u>	<u>500,758</u>
	<u>\$ 547,288</u>	<u>\$ 564,655</u>

Net assets with donor restrictions consisted of the following assets at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents, restricted	\$ 1,682,280	\$ 451,151
Cash and cash equivalents, restricted, long-term	914,021	578,599
Pledges receivable	396,299	334,794
Pledges receivable, restricted, long-term	<u>215,390</u>	<u>212,493</u>
	<u>\$ 3,207,990</u>	<u>\$ 1,577,037</u>

NOTE 7. OPERATING LEASES

The Foundation has a lease agreement for warehouse space originally effective February 1, 2021. The lease required monthly payments of \$7,350 through February 2022. Beginning March 1, 2022 the lease payment increased to \$7,508 per month. The lease expires February 28, 2023. Future minimum payments under this agreement are as follows:

2022	\$ 89,775
2023	<u>15,015</u>
	<u>\$ 104,790</u>

Total expense for this lease during the year ended December 31, 2021 was \$88,063.