

T.A.G. TREATMENT ACTION GROUP, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021



LUTZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
T.A.G. Treatment Action Group, Inc.

Opinion

We have audited the accompanying financial statements of T.A.G. Treatment Action Group, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of T.A.G. Treatment Action Group, 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.

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 T.A.G. Treatment Action Group, 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 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 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 T.A.G. Treatment Action Group, 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 T.A.G. Treatment Action Group 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.

Lotz + Carr, LLP

New York, New York
April 18, 2023

T.A.G. TREATMENT ACTION GROUP, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents (Notes 1b and 9)	\$1,510,735	\$1,840,547
Contributions receivable (Notes 1c and 4)		
Without donor restrictions	356,334	465,437
With donor restrictions	199,192	881,013
Accounts receivable	3,756	-
Prepaid expenses and other current assets	86,189	72,381
Donated artwork (Notes 1d and 5)	481,839	455,939
Leasehold (Note 1f)	844,900	-
Security deposit	50,402	50,402
Property and equipment, net of accumulated depreciation (Notes 1e and 6)	<u>15,931</u>	<u>10,477</u>
Total Assets	<u><u>\$3,549,278</u></u>	<u><u>\$3,776,196</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 38,723	\$ 43,011
Loan payable (Note 10)	-	301,325
Lease liability (Notes 1f and 7)	892,568	-
Deferred rent liability (Note 1f)	-	11,755
Total Liabilities	<u>931,291</u>	<u>356,091</u>
Contingency (Note 8)		
Net Assets		
Without donor restrictions	1,965,644	1,626,325
With donor restrictions (Note 3)	<u>652,343</u>	<u>1,793,780</u>
Total Net Assets	<u>2,617,987</u>	<u>3,420,105</u>
Total Liabilities and Net Assets	<u><u>\$3,549,278</u></u>	<u><u>\$3,776,196</u></u>

See notes to financial statements.

T.A.G. TREATMENT ACTION GROUP, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Contributions	\$ 1,136,069	\$ 1,012,501	\$2,148,570	\$ 1,050,306	\$ 1,232,197	\$2,282,503
Loan forgiveness - Paycheck Protection Program (Note 10)	301,325	-	301,325	214,717	-	214,717
Federal Relief Program - Employee retention tax credits (Note 11)	134,208	-	134,208	-	-	-
Fundraising benefit events	287,244	-	287,244	198,167	-	198,167
Less: Direct benefit costs	(44,045)	-	(44,045)	-	-	-
Donated artwork (Note 5)	28,700	-	28,700	-	-	-
Art sales, net of cost of goods sold, \$2,800 (2022) and \$17,300 (2021)	900	-	900	2,100	-	2,100
Other income	54,560	-	54,560	16,090	-	16,090
Interest income	493	-	493	477	-	477
Net assets released from restrictions	2,153,938	(2,153,938)	-	2,402,902	(2,402,902)	-
Total Revenue and Other Support	4,053,392	(1,141,437)	2,911,955	3,884,759	(1,170,705)	2,714,054
Expenses						
Program Services						
HIV Program	784,185	-	784,185	1,243,883	-	1,243,883
Hepatitis C Virus Program	433,227	-	433,227	368,732	-	368,732
TB Program	1,304,149	-	1,304,149	1,224,100	-	1,224,100
U.S. and Global Health Policy	435,429	-	435,429	273,288	-	273,288
Total Program Services	2,956,990	-	2,956,990	3,110,003	-	3,110,003
Supporting Services						
Management and general	420,983	-	420,983	388,674	-	388,674
Fundraising	336,100	-	336,100	162,588	-	162,588
Total Supporting Services	757,083	-	757,083	551,262	-	551,262
Total Expenses	3,714,073	-	3,714,073	3,661,265	-	3,661,265
Increase (decrease) in net assets	339,319	(1,141,437)	(802,118)	223,494	(1,170,705)	(947,211)
Net assets, beginning of year	1,626,325	1,793,780	3,420,105	1,402,831	2,964,485	4,367,316
Net Assets, End of Year	\$ 1,965,644	\$ 652,343	\$2,617,987	\$ 1,626,325	\$ 1,793,780	\$3,420,105

See notes to financial statements.

T.A.G. TREATMENT ACTION GROUP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services			Total Expenses	
	HIV Program	Hepatitis C Virus Program	TB Program	U.S. and Global Health Policy	Total	Management and General	Fundraising		Total
Salaries	\$369,604	\$ 149,488	\$ 470,976	\$ 218,943	\$1,209,011	\$ 267,657	\$ 134,303	\$401,960	\$1,610,971
Payroll taxes and employee benefits	131,297	61,879	139,975	81,865	415,016	67,136	42,990	110,126	525,142
Consultants	96,762	102,835	215,923	62,694	478,214	26,342	7,341	33,683	511,897
Grants	10,000	38,800	228,569	-	277,369	-	-	-	277,369
Conferences and meetings	21,071	15,569	31,704	900	69,244	-	-	-	69,244
Travel	42,324	21,587	103,658	2,473	170,042	3,140	10,959	14,099	184,141
Dues and subscriptions	19,622	1,560	1,677	20,255	43,114	466	99	565	43,679
Occupancy	38,164	18,792	41,358	25,032	123,346	23,509	12,770	36,279	159,625
Insurance	6,477	3,190	7,020	4,249	20,936	3,990	2,168	6,158	27,094
Office expenses	5,923	1,325	12,442	1,021	20,711	245	1,605	1,850	22,561
Information technology	10,231	5,358	6,979	4,722	27,290	2,778	2,251	5,029	32,319
Advertising	2,298	187	1,979	924	5,388	1,317	1,041	2,358	7,746
Telephone and internet	8,553	3,077	8,030	5,657	25,317	1,853	2,264	4,117	29,434
Postage	483	708	459	409	2,059	137	2,879	3,016	5,075
Printing and publications	13,328	6,300	23,902	289	43,819	53	5,970	6,023	49,842
Fundraising events	-	-	-	-	-	-	100,796	100,796	100,796
Bank charges	1,653	756	2,151	1,150	5,710	655	5,991	6,646	12,356
Bad debt expense	-	-	-	-	-	18,000	-	18,000	18,000
Depreciation	1,044	514	1,130	685	3,373	643	349	992	4,365
Miscellaneous expenses	5,351	1,302	6,217	4,161	17,031	3,062	2,324	5,386	22,417
Total Expenses	<u>\$784,185</u>	<u>\$ 433,227</u>	<u>\$1,304,149</u>	<u>\$ 435,429</u>	<u>\$2,956,990</u>	<u>\$ 420,983</u>	<u>\$ 336,100</u>	<u>\$757,083</u>	<u>\$3,714,073</u>

See notes to financial statements.

T.A.G. TREATMENT ACTION GROUP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services					Supporting Services			Total Expenses
	HIV Program	Hepatitis C Virus Program	TB Program	U.S. and Global Health Policy	Total	Management and General	Fundraising	Total	
Salaries	\$ 394,330	\$ 173,266	\$ 584,028	\$ 136,909	\$1,288,533	\$ 237,506	\$ 73,438	\$310,944	\$1,599,477
Payroll taxes and employee benefits	143,929	60,470	180,902	44,040	429,341	63,004	20,702	83,706	513,047
Consultants	52,430	45,561	196,772	40,845	335,608	45,269	10,960	56,229	391,837
Grants	528,736	18,250	106,156	-	653,142	-	-	-	653,142
Conferences and meetings	4,983	6,026	16,347	763	28,119	-	-	-	28,119
Travel	7,574	1,862	798	6,012	16,246	623	197	820	17,066
Dues and subscriptions	28,414	2,231	6,347	2,288	39,280	613	56	669	39,949
Occupancy	40,562	20,898	51,834	26,328	139,622	24,600	8,557	33,157	172,779
Insurance	5,872	3,025	7,505	3,811	20,213	3,561	1,239	4,800	25,013
Office expenses	2,079	799	9,232	456	12,566	609	341	950	13,516
Information technology	7,189	3,514	10,379	2,031	23,113	4,877	1,088	5,965	29,078
Advertising	910	97	208	59	1,274	35	1,809	1,844	3,118
Telephone and internet	9,727	4,009	11,129	4,030	28,895	2,119	1,165	3,284	32,179
Postage	520	297	4,181	137	5,135	222	2,929	3,151	8,286
Printing and publications	8,545	25,400	26,084	1,206	61,235	-	930	930	62,165
Fundraising events	-	-	-	-	-	-	32,053	32,053	32,053
Bank charges	1,288	596	1,818	327	4,029	342	5,878	6,220	10,249
Depreciation	1,608	828	2,054	1,044	5,534	975	339	1,314	6,848
Miscellaneous expenses	5,187	1,603	8,326	3,002	18,118	4,319	907	5,226	23,344
Total Expenses	<u>\$1,243,883</u>	<u>\$ 368,732</u>	<u>\$1,224,100</u>	<u>\$ 273,288</u>	<u>\$3,110,003</u>	<u>\$ 388,674</u>	<u>\$ 162,588</u>	<u>\$551,262</u>	<u>\$3,661,265</u>

See notes to financial statements.

T.A.G. TREATMENT ACTION GROUP, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Decrease in net assets	\$ (802,118)	\$ (947,211)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Non-cash operating lease expense	119,657	-
Depreciation	4,365	6,848
Bad debt expense	18,000	-
Loss on disposal of equipment	190	2,344
Loan forgiveness - Paycheck Protection Program	(301,325)	(214,717)
(Increase) decrease in:		
Contributions receivable	772,924	1,118,921
Accounts receivable	(3,756)	1,252
Prepaid expenses and other current assets	(13,808)	(22,134)
Donated artwork	(25,900)	14,300
Security deposit	-	22,061
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,288)	(5,756)
Lease liability	(83,744)	-
Deferred rent	-	(6,858)
Net Cash Used By Operating Activities	<u>(319,803)</u>	<u>(30,950)</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(10,009)	(1,192)
Cash Flows From Financing Activities		
Proceeds from loan payable	<u>-</u>	<u>301,325</u>
Increase (decrease) in cash and cash equivalents	(329,812)	269,183
Cash and cash equivalents, beginning of year	<u>1,840,547</u>	<u>1,571,364</u>
Cash and Cash Equivalents, End of Year	<u><u>\$1,510,735</u></u>	<u><u>\$1,840,547</u></u>
Supplemental Disclosure of Noncash Investing Activities		
Leasehold asset obtained in exchange for lease liability	<u>\$ 964,571</u>	<u>\$ -</u>

See notes to financial statements.

T.A.G. TREATMENT ACTION GROUP, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022 AND 2021****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

T.A.G. Treatment Action Group, Inc. ("TAG") is a not-for-profit organization incorporated under the laws of the state of New York. Founded in January 1992, TAG is an independent, activist, and community-based research and policy think tank committed to racial, gender, and LGBTQ+ equity; social justice; and liberation, fighting to end HIV, tuberculosis (TB), and hepatitis C virus (HCV). TAG catalyzes open collective action by affected communities, scientists, and policymakers to ensure that all people living with or impacted by HIV, TB, or HCV - especially communities of color and other marginalized communities experiencing inequities - receive life-saving prevention, diagnosis, treatment, care, and information. We are science-based activists working to expand and accelerate vital research and effective community engagement with research and policy institutions for an end to the HIV, TB, and HCV pandemics. The primary sources of revenue to TAG are contributions and grants.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, TAG considers all highly liquid debt instruments, with an initial maturity of three months or less, to be cash equivalents.

c - Contributions and Contributions Receivable

TAG recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a 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. TAG records fundraising benefit revenue equal to the fair value of the direct benefit to donors, and contribution income for the excess received when the event takes place.

Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When the restriction expires that is, when stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

TAG uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

T.A.G. TREATMENT ACTION GROUP, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022 AND 2021****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****c - Contributions and Contributions Receivable (continued)**

A portion of TAG's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when TAG has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. TAG received cost-reimbursable grants of \$525,718 and \$69,411 that have not been recognized at December 31, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred.

d - Donated Artwork

Artwork inventory consists of limited-edition art prints donated by highly regarded visual artists. Inventory is recorded and carried at fair value based upon the date which the donation was received. Donated art prints used in events are direct benefits to donors. The art prints are assessed each year for impairment.

e - Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets. Items with a cost in excess of \$1,000 with estimated useful lives of more than one year are capitalized.

f - Leasehold and Lease Liability

For lease with an initial term greater than twelve months, TAG's operating lease liability is initially recorded at the present value of the unpaid lease payments as of January 1, 2022. TAG's operating lease right-of-use asset is initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, accruals, prepayments and lease incentives, if any. Lease cost is recognized on a straight-line basis over the lease term.

For 2021, rent expense is recorded on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements.

T.A.G. TREATMENT ACTION GROUP, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022 AND 2021****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - Financial Statement Presentation**

The financial statements of TAG have been prepared in accordance with accounting principles generally accepted in the United States, which require TAG to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of TAG. These net assets may be used at the discretion of TAG's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TAG or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

h - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The estimates of time and effort is used to allocate salaries, payroll taxes and benefits, insurance and occupancy.

i - Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

j - Tax Status

TAG is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

k - New Accounting Pronouncements

For 2022, TAG adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2020-07, *Presentation and Disclosures by Not-for Entities for Contributed Nonfinancial Assets*. The ASU improves transparency of contributed nonfinancial assets through enhancements to presentation and disclosure and requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies and valuation techniques.

T.A.G. TREATMENT ACTION GROUP, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022 AND 2021****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****k - New Accounting Pronouncements (continued)**

During 2022, TAG adopted ASU 2016-02, *Leases ("Topic 842")*. The core principles of ASU 2016-02 (the "ASU") change the way organizations account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. As such, results for 2022 are presented under Topic 842, while results for 2021 continue to be reported in accordance with historical accounting practices. The adoption of Topic 842 did not have a significant impact on the Organization's net assets as of January 1, 2022.

As part of the adoption of the ASU, TAG elected to apply the modified retrospective transition approach as of the date of initial application without restating comparative period financial statements and also elected to apply the practical expedients which allows TAG to not reassess (i) whether any expired or existing contracts are leases or contain leases (ii) the lease classification for any expired or existing leases (iii) initial direct costs for any existing leases.

l - Subsequent Events

TAG has evaluated subsequent events through April 18, 2023, the date that the financial statements are considered available to be issued.

Note 2 - Information Regarding Liquidity and Availability

TAG operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year. TAG considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

TAG regularly monitors liquidity to meet its operating needs and other commitments and obligations and reassesses budget assumptions during a mid-year course correction. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis sufficient to cover 180 days of general expenditures.

T.A.G. TREATMENT ACTION GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 2 - Information Regarding Liquidity and Availability (continued)

TAG's financial assets as of December 31, 2022 and 2021 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$1,510,735	\$1,840,547
Contributions receivable	555,526	1,346,450
Accounts receivable	<u>3,756</u>	<u>-</u>
Total Financial Assets	2,070,017	3,186,997
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes	(652,343)	(1,793,780)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>652,343</u>	<u>1,548,606</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$2,070,017</u>	<u>\$2,941,823</u>

Note 3 - Restrictions on Net Assets

Net assets with donor restrictions as of December 31, 2022 and 2021 are subject to expenditure for specified purposes as follows:

	<u>2022</u>	<u>2021</u>
HIV Program	\$312,365	\$ 556,360
Hepatitis C Virus Program	-	5,000
U.S. and Global Health Program	-	5,000
TB Program	<u>339,978</u>	<u>1,227,420</u>
Total Net Assets With Donor Restrictions	<u>\$652,343</u>	<u>\$1,793,780</u>

T.A.G. TREATMENT ACTION GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 4 - Contributions Receivable

Contributions receivable are due within one year. Uncollectible contributions are expected to be insignificant, and management has determined that no allowance is necessary at December 31, 2022 and 2021.

At December 31, 2022, three organizations comprised approximately 74% of total contributions receivable. At December 31, 2021, two organizations comprised approximately 87% of total contributions receivable.

Note 5 - Donated Artwork

TAG received donated artwork of \$28,700 for the year ended December 31, 2022. The value of the artwork is based on the estimate by the artist providing the artwork on the date the donation was received.

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2022</u>	<u>2021</u>
Computers and equipment	5 years	\$75,430	\$68,747
Furniture and fixtures	5 years	<u>19,898</u>	<u>19,898</u>
		95,328	88,645
Less: Accumulated depreciation		<u>(79,397)</u>	<u>(78,168)</u>
		<u>\$15,931</u>	<u>\$10,477</u>

Note 7 - Lease Liability

TAG occupies office space under a lease agreement expiring June 30, 2029.

Operating lease cost for the year ended December 31, 2022 was \$141,062. There were no variable lease costs incurred. As of December 31, 2022, the remaining term of TAG's operating lease is seventy-eight months, and the discount rate is 2.25%.

T.A.G. TREATMENT ACTION GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 7 - Lease Liability (continued)

Maturities of TAG's lease liability as of December 31, 2022 are as follows:

<u>Year Ending December 31</u>	
2023	\$107,777
2024	147,194
2025	150,874
2026	154,646
2027	158,511
Thereafter, through June 30, 2029	<u>245,569</u>
	964,571
Less: Amount attributable to interest	<u>(72,003)</u>
	<u>\$892,568</u>

Note 8 - Contingency

Government supported projects are subject to audit by the granting agency.

Note 9 - Concentration of Credit Risk

TAG maintains its cash and cash equivalents balances in a financial institution located in New York, New York. The balances, at times, may exceed federally insured limits.

Note 10 - Loan Forgiveness - Paycheck Protection Program

On April 9, 2020, TAG received a loan totaling \$214,717 under the Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration. The full amount of the loan was forgiven in June 2021 and, accordingly, recognized as loan forgiveness revenue for the year ended December 31, 2021.

T.A.G. TREATMENT ACTION GROUP, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2022 AND 2021****Note 10 - Loan Forgiveness - Paycheck Protection Program (continued)**

On February 5, 2021, TAG received a second PPP loan totaling \$301,325. The full amount of the loan was forgiven in January 2022 and, accordingly, recognized as loan forgiveness revenue for the year ended December 31, 2022.

Note 11 - Employee Retention Tax Credits

The Coronavirus Aid Relief and Economic Security ("CARES") enacted in 2020 allowed eligible employers to claim employee retention tax credits for qualified wages paid after March 12, 2020 through the first three quarters of 2021. TAG qualified for the credit based a significant decrease in gross receipts when compared to the same calendar quarter in 2019.