AURICLE COMMUNICATIONS AND SUBSIDIARY

REPORT ON AUDITS OF CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

Connected to your business goals success

AURICLE COMMUNICATIONS AND SUBSIDIARY

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FOR THE YEARS ENDED JUNE 30, 2022 AND 2021
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INDEPENDENT AUDITORS' REPORT

CERINI & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Auricle Communications and Subsidiary
Jersey City, NJ

Opinion

We have audited the consolidated financial statements of Auricle Communications and Subsidiary (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating statements of financial position as of June 30, 2022 and 2021 and the consolidating statements of activities for the years then ended are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control–related matters that we identified during the audits.

Cerini & Associates LLP

Bohemia, New York
October 19, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30,	*2022*	*2021*
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,875,394	$ 1,422,391
Investments	-	50,045
Pledges receivable	113,472	103,638
Prepaid expenses	55,925	33,630
Other current assets	100	-
TOTAL CURRENT ASSETS	2,044,891	1,609,704
Property and equipment, net of accumulated depreciation	2,761,437	2,925,481
Capitalized software development costs, net of accumulated amortization	1,741,263	1,582,071
TOTAL ASSETS	$ 6,547,591	$ 6,117,256
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of capital lease payable	$ -	$ 374,000
Current portion of mortgage payable	-	25,957
Current portion of notes payable	680,614	1,667
Accounts payable and accrued expenses	233,787	162,975
Accrued interest	191,765	155,649
Deferred revenue	35,139	39,189
Other current liability	82,626	-
TOTAL CURRENT LIABILITIES	1,223,931	759,437
Mortgage payable, net of current portion	1,799,788	1,306,094
Notes payable, net of current portion	-	1,016,488
Convertible notes payable	456,800	456,800
Due to affiliate	19,441	11,076
TOTAL LIABILITIES	3,499,960	3,549,895
Net Assets:		
Without donor restrictions	3,047,631	2,567,361
TOTAL NET ASSETS	3,047,631	2,567,361
TOTAL LIABILITIES AND NET ASSETS	$ 6,547,591	$ 6,117,256

AURICLE COMMUNICATIONS AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30,	*2022*	*2021*
SUPPORT AND REVENUE		
Contributions	$ 2,375,237	$ 2,564,386
Investment and other income	101,176	192
Paycheck Potection Program loan forgiveness income	297,475	-
Employee Retention Tax Credit income	86,418	123,815
Gross proceeds from store sales	142,048	154,709
Less: cost of goods sold	(37,709)	(45,891)
Net proceeds from store sales	104,339	108,818
TOTAL SUPPORT AND REVENUE	2,964,645	2,797,211
EXPENSES		
Program services	1,485,065	1,476,990
General and administrative	419,450	432,160
Fund Raising	579,860	579,947
TOTAL EXPENSES	2,484,375	2,489,097
CHANGE IN NET ASSETS	480,270	308,114
Net assets, beginning of year	2,567,361	2,259,247
Net assets, end of year	$ 3,047,631	$ 2,567,361

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	General and Administrative	Fund Raising	Total
Salaries	$ 368,850	$ 134,128	$ 167,660	$ 670,638
Payroll taxes and employee benefits	123,645	44,962	56,202	224,809
Total salaries and related expenses	492,495	179,090	223,862	895,447
Professional fees and services	24,365	98,426	3,103	125,894
Computer and software	63,841	-	21,280	85,121
Equipment lease expense	123,239	-	-	123,239
Utilities	59,097	-	5,139	64,236
Programming expenses	7,276	-	-	7,276
Insurance expense	32,464	2,547	-	35,011
Broadcasting	23,799	-	-	23,799
Office expense	4,224	4,223	4,224	12,671
Telephone	15,002	3,000	42,004	60,006
Printing and postage	33,681	3,368	75,220	112,269
Repairs and maintenance	16,800	4,200	-	21,000
Premiums	93,138	-	23,284	116,422
Interest expense	40,461	40,462	40,461	121,384
Bank and filing fees	27,137	27,136	27,137	81,410
Property selling expenses	-	28,462	-	28,462
Other expenses	9,038	602	2,410	12,050
Total expenses before depreciation and amortization	1,066,057	391,516	468,124	1,925,697
Depreciation and amortization expense	419,008	27,934	111,736	558,678
TOTAL EXPENSES	$ 1,485,065	$ 419,450	$ 579,860	$ 2,484,375

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	General and Administrative	Fund Raising	Total
Salaries	$ 343,221	$ 124,808	$ 156,010	$ 624,039
Payroll taxes and employee benefits	136,301	49,564	61,955	247,820
Total salaries and related expenses	479,522	174,372	217,965	871,859
Professional fees and services	40,275	93,950	3,250	137,475
Computer and software	60,946	-	20,315	81,261
Equipment lease expense	116,561	-	-	116,561
Utilities	54,051	-	4,700	58,751
Programming expenses	5,163	-	-	5,163
Insurance expense	39,329	2,333	-	41,662
Broadcasting	23,509	-	-	23,509
Office expense	3,116	3,116	3,116	9,348
Telephone	14,632	2,926	40,970	58,528
Printing and postage	35,794	3,580	79,940	119,314
Repairs and maintenance	6,222	1,555	-	7,777
Premiums	91,454	-	22,863	114,317
Interest expense	45,716	45,715	45,716	137,147
Bank and filing fees	24,900	24,899	24,899	74,698
Property selling expenses	-	50,661	-	50,661
Other expenses	40,295	2,686	10,745	53,726
Total expenses before depreciation and amortization	1,081,485	405,793	474,479	1,961,757
Depreciation and amortization expense	395,505	26,367	105,468	527,340
TOTAL EXPENSES	$ 1,476,990	$ 432,160	$ 579,947	$ 2,489,097

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 480,270	$ 308,114
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	558,678	527,340
Conversion of accrued interest to a promissory note	-	38,399
Paycheck Protection Program loan forgiveness income	(297,475)	-
Changes in operating assets and liabilities:		
Pledges receivable	(9,834)	(59,970)
Prepaid expenses	(22,295)	21,708
Other current assets	(100)	-
Accounts payable and accrued expenses	70,812	(184,685)
Accrued interest	36,116	13,723
Deferred revenue	(4,050)	(2,294)
Other current liability	82,626	-
Due to affiliate	8,365	11,076
NET CASH PROVIDED BY OPERATING ACTIVITIES	903,113	673,411
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	-	(120,000)
Sales of investments	50,045	120,055
Purchases of property and equipment	(553,826)	(246,805)
NET CASH USED IN INVESTING ACTIVITIES	(503,781)	(246,750)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	-	142,188
Repayments of notes payable	(40,066)	(141,980)
Proceeds from mortgage payable	1,799,788	439,000
Repayments of mortgage payable	(1,332,051)	(43,435)
Repayments under capital lease obligation	(374,000)	-
Repayments under settlement agreement	-	(46,950)
Repayments of lines of credit	-	(110,073)
NET CASH PROVIDED BY FINANCING ACTIVITIES	53,671	238,750
NET CHANGE IN CASH	453,003	665,411
Cash and cash equivalents, beginning of year	1,422,391	756,980
Cash and cash equivalents, end of year	$ 1,875,394	$ 1,422,391
OTHER SUPPLEMENTAL INFORMATION:		
Cash paid for interest	$ 85,268	$ 109,739

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Auricle Communications ("Auricle") and its wholly-owned subsidiary, Congera Public Benefit Corporation ("Congera"') (hereinafter, collectively, the "Organization") is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") and have been consistently applied in the preparation of the consolidated financial statements.

Principles of consolidation: The accompanying consolidated financial statements reflect the financial position, changes in net assets, and cash flows of the Organization. Inter-entity transactions and accounts between Auricle and Congera have been eliminated in these consolidated financial statements.

Nature of operations: Auricle is a nonprofit corporation, which operates a noncommercial public radio station, "WFMU," in Jersey City, New Jersey.

During 2014, Congera was formed to develop Audience Engine Software for internal use. Auricle continues to develop Audience Engine to manage its internal fundraising and donor management, having used the software now for its last several donation campaigns. Future versions of Audience Engine software may form the basis of an ongoing commercial "Software as a Service" business.

Congera is a Delaware public benefit corporation, registered with the United States Securities and Exchange Commission under Rule 506(b).

Income taxes: Auricle is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). Auricle files IRS Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by federal, state, and local taxing authorities. Auricle has determined that it has registered in all states where it is required to be registered.

Auricle has evaluated its activities for uncertain tax positions and has determined that there were no uncertain tax positions for 2022 and 2021.

Basis of accounting: The consolidated financial statements of the Organization have been prepared in accordance with U.S. GAAP. This basis of accounting includes the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

New accounting pronouncement: Effective for the year ending June 30, 2023, the Organization will be required to adopt ASC 842, *Leases*, for all material, long-term operating leases. Under this new accounting pronouncement, the Organization will recognize a right-of-use asset and a lease liability calculated based on the present value of the lease payments not yet paid, discounted using an appropriate discount rate at the lease commencement date. The right-of-use asset will initially be

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

equal to the lease liability plus any initial direct costs and prepaid lease payments, less any lease incentives received. Under this approach, amortization of right-of-use assets is charged to amortization expense, which is recorded on the straight-line basis over the term of each lease, unless another systematic and rational basis is more representative of the time pattern in which the use benefit is derived from the leased property, in which case that basis will be used.

Basis of presentation: The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, which are defined as follows:

> Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.
>
> Net assets with donor restrictions – Net assets subject to donor-imposed stipulations or other stipulations that may or will be met, either by action of the Organization and/or the passage of time. When a restriction expires, these net assets are reclassified annually to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

As of both June 30, 2022 and 2021, the Organization had no net assets with donor restrictions.

Cash and cash equivalents: The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Pledges receivable: Pledges receivable represent amounts committed by donors that have not been received by the Organization. Receivables are charged to bad debt expense when they are deemed uncollectible based upon a periodic review of the accounts by management.

Property and equipment: Property and equipment are stated at original cost or estimated fair market value if donated. Maintenance and repairs are charged to expense and betterments are capitalized.

Depreciation is computed using the straight-line method based upon estimated useful lives of the assets. Estimated useful lives are as follows:

Land improvement	15 years
Buildings and building improvements	15 to 20 years
Equipment	5 to 15 years

Software development costs: Costs related to software development are capitalized to the extent that such costs are related to the development phase of the software's life cycle, and generally include costs associated with software design and configuration, coding, installation, testing, and parallel

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

processing. Amortization is computed using the straight-line method based upon estimated useful lives of the assets. The estimated useful life is ten years.

Contributions: Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Store Sales: Store sales revenue is recorded at the points in time in which purchases are made.

Functional allocation of expenses: The costs of providing the various program and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated by management among the program, general and administrative, and fundraising categories, using appropriate measurement methodologies. The direct cost of providing the programs have all been allocated to program. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Those costs that cannot be directly assigned are allocated based upon reasonable allocation methodologies, the most significant of which are:

- Salaries, payroll taxes, and benefits are allocated 55% to program, 20% to general and administrative, and 25% to fundraising based on estimates of time spent for all employees.
- Depreciation and amortization expense are allocated based on an estimate of the respective uses of property and equipment and software.

Use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Concentrations of credit market risk: Financial instruments which potentially subject the Organization to a concentration of credit risk are accounts with a major financial institution. Management believes that credit risk related to those accounts is minimal.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Events occurring after report date: The Organization has evaluated events and transactions that occurred between July 1, 2022 and October 19, 2022, which is the date the consolidated financial statements were available to be issued, for possible disclosure and recognition in the consolidated financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30,:

	2022	2021
Land	$ 238,844	$ 238,844
Land improvements	1,701,846	1,701,846
Building and building improvements	2,196,757	2,192,349
Equipment	430,500	414,035
Total property and equipment	4,567,947	4,547,074
Less: accumulated depreciation	(1,806,510)	(1,621,593)
Net property and equipment	$ 2,761,437	$ 2,925,481

Depreciation expense for the years ended June 30, 2022 and 2021 totaled $184,917 and $207,888, respectively.

NOTE 3 – CAPITALIZED SOFTWARE DEVELOPMENT COSTS

Capitalized software development costs consisted of the following at June 30,:

	2022	2021
Capitalized software development costs	$ 3,783,488	$ 3,250,535
Less: accumulated amortization	(2,042,225)	(1,668,464)
Net capitalized software development costs	$ 1,741,263	$ 1,582,071

Amortization expense for the years ended June 30, 2022 and 2021 totaled $373,761 and $319,452, respectively.

NOTE 4 – MORTGAGE PAYABLE

In April 2020, the Organization agreed to borrow $946,000 from a financial institution. The mortgage was secured by all cash and other property held by the same bank. During fiscal 2021, the mortgage was increased by $65,000 to pay settlement claims and another $374,000 to complete the purchase of the New York City translator (see Note 7). The mortgage bore annual interest at 6.25% and was payable in monthly installments of $9,118, including principal and interest. During the year ended June 30, 2022, the outstanding principal and interest was paid off in full.

NOTE 4 – MORTGAGE PAYABLE *(continued)*

In January 2022, the Organization received a loan from the U.S. Small Business Administration in the amount of $500,000. In May 2022, the loan was amended and the Organization received an additional $1,300,000 for a total loan amount of $1,799,788, net of fees. The loan is secured by the Organization's assets and will mature in May 2051. The loan bears interest at 2.75% per annum and will start to accrue on the date the funds were advanced. Monthly installment payments of $8,232 will commence in May 2024 at which point the payments will be applied to accrued interest only until May 2026.

Future minimum payments are as follows for the years ending June 30,:

2023	$ -
2024	-
2025	-
2026	7,331
2027	50,114
Thereafter	1,742,343
Total	$ 1,799,788

NOTE 5 – CONVERTIBLE NOTES PAYABLE

Congera has issued various convertible promissory notes totaling $456,800 for cash with interest accruing at a rate of 6% per annum. Principal and interest are payable in a single payment on demand on or after January 20, 2023 unless converted earlier.

In the event of the issuance and sale by Congera to one or more new investors of equity securities of Congera, that are senior in rights and preferences to Congera's common shares, where the gross proceeds received by Congera equals or exceeds $5,000,000, the entire amount of principal and accrued interest outstanding under each note shall be automatically converted into that number of fully paid and non-assessable equity securities determined by dividing the applicable outstanding amount by the conversion price.

In the event of the issuance and sale by Congera of any securities in a transaction undertaken for the primary purpose of raising capital, where the gross proceeds received by Congera are less than $5,000,000, the outstanding amount may be converted, at the sole option of the investor, into that number of fully paid and non-assessable securities of the same class and series as those issued in such transaction determined by dividing the applicable outstanding amount by the per-share price equal to the lowest price paid by other investors in such transaction multiplied by 85%.

NOTE 6 – NOTES PAYABLE

Notes payable consisted of the following as of June 30,:

	2022	2021
[A] Private loans	$ 680,614	$ 720,680
[B] Paycheck Protection Program loan	-	297,475
Total notes payable	$ 680,614	$ 1,018,155

[A] As of June 30, 2018, the Organization issued various promissory notes for cash with a maturity date of July 1, 2026. The notes bear interest at rates ranging from 6-10% per annum.

[B] In April 2020, the Organization received a loan of $155,287 as part of the Paycheck Protection Program of the United States of America CARES Act. In May 2021, the Organization received a second loan of $142,188 as part of the Paycheck Protection Program of the United States of America CARES Act. The loans were forgiven in full during the year ended June 30, 2022.

Subsequent to year-end, the private loan balance for $680,614 was repaid in full.

NOTE 7 – CAPITAL LEASE OBLIGATIONS

In February 2017, the Organization financed $1,698,000 for a translator through a capital lease agreement. The lease calls for annual payments at various amounts with no interest due and includes a bargain purchase option at the conclusion of the lease. Management exercised the bargain purchase option when making the final lease payment of $374,000 in November 2021. Amortization of the asset under the capital lease is included in depreciation and amortization expense.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Organization has several operating leases for transmission equipment. The leases call for monthly payments ranging from approximately $670 to $3,542 with varying escalations through their maturities. The leases mature between December 2022 and December 2025.

Future minimum lease payments required under the leases are as follows for the years ending June 30,:

2023	$ 103,650
2024	82,970
2025	37,393
2026	16,947
Total	$ 240,960

NOTE 9 – RETIREMENT PLAN

The Organization sponsors a 401(k) Profit Sharing plan (the "Plan") for the benefit of its eligible employees who can voluntarily participate. Employees must be at least twenty-one years of age and complete three months of service to participate in the Plan. Employees become eligible for employer matching and non-elective profit-sharing contributions after one year of service. Employer contributions to the Plan totaled $10,000 for both of the years ended June 30, 2022 and 2021.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Organization has unsecured loans outstanding in the amount of $680,614 and $719,013 at June 30, 2022 and 2021, respectively, from related parties. Related party transactions are pre-approved by the Board of Directors. The Organization has a formal conflict of interest policy in place. These loans are included in notes payable on the accompanying consolidated statements of financial position. Subsequent to year-end, the loans were repaid in full.

NOTE 11 – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30,;

	2022	2021
Cash and cash equivalents	$ 1,875,394	$ 1,422,391
Investments	-	50,045
Pledges receivable	113,472	103,638
Other assets	100	-
Financial assets available to meet general expenditures over the next twelve months	$ 1,988,966	$ 1,576,074

The Organization's goal is generally to maintain financial assets to meet ninety days of operating expenses (approximately $490,000).

NOTE 12 – FINANCIAL IMPACT OF THE COVID-19 PANDEMIC

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen, which have negatively impacted operating results, including the loss of performance hall revenue and a reduction in revenue from the record fair.

In August 2021, the Organization received a Shuttered Venue Operators Grant ("SVOG") for $82,626. However, the application for the grant was filled out incorrectly and therefore the Organization reported the proceeds as a liability on the consolidated statement of financial position as of June 30, 2022.

NOTE 12 – FINANCIAL IMPACT OF THE COVID-19 PANDEMIC *(continued)*

The Organization applied for Employee Retention Tax Credits ("ERTC"). The ERTC is a payroll tax credit (not an income tax credit) and is ultimately to be reported on IRS Form 941. Eligible employers can claim the ERTC by computing the ERTC amount for a pay period and decreasing the required payroll deposit by that amount. To be eligible, organizations must meet one of the following criteria: (1) the organization's operations were either fully or partially suspended due to a COVID-19 government order; or (2) the organization suffered a significant reduction in gross receipts as compared with the same calendar quarter in the previous year. The Organization was eligible to apply and recognized $86,418 and $123,815 of ERTC tax credits within the consolidated statements of activities for the years ended June 30, 2022 and 2021, respectively.

SUPPLEMENTARY INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS	Auricle Communications	Congera Public Benefit Corp.	Eliminations	Total
Current Assets:				
Cash and cash equivalents	$ 1,875,394	$ -	$ -	$ 1,875,394
Investments	-	-	-	-
Pledges receivable	113,472	-	-	113,472
Prepaid expenses	55,925	-	-	55,925
Other current assets	100	-	-	100
TOTAL CURRENT ASSETS	2,044,891	-	-	2,044,891
Property and equipment, net of accumulated depreciation	2,761,437	-	-	2,761,437
Capitalized software development costs, net of accumulated amortization	1,401,105	340,158	-	1,741,263
Due from affiliate	794,190	-	(794,190)	-
TOTAL ASSETS	$ 7,001,623	$ 340,158	$ (794,190)	$ 6,547,591
LIABILITIES AND NET ASSETS / (DEFICIT)				
Current Liabilities:				
Current portion of capital lease payable	$ -	$ -	$ -	$ -
Current portion of mortgage payable	-	-	-	-
Current portion of notes payable	680,614	-	-	680,614
Accounts payable and accrued expenses	233,787	-	-	233,787
Accrued interest	8,708	183,057	-	191,765
Deferred revenue	35,139	-	-	35,139
Other current liability	82,626	-	-	82,626
TOTAL CURRENT LIABILITIES	1,040,874	183,057	-	1,223,931
Mortgage payable, net of current portion	1,799,788	-	-	1,799,788
Notes payable, net of current portion	-	-	-	-
Convertible notes payable	-	456,800	-	456,800
Due to affiliate	19,441	794,190	(794,190)	19,441
TOTAL LIABILITIES	2,860,103	1,434,047	(794,190)	3,499,960
Net Assets/(Deficit):				
Without donor restrictions	4,141,520	(1,093,889)	-	3,047,631
TOTAL NET ASSETS/(DEFICIT)	4,141,520	(1,093,889)	-	3,047,631
TOTAL LIABILITIES AND NET ASSETS/(DEFICIT)	$ 7,001,623	$ 340,158	$ (794,190)	$ 6,547,591

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS	Auricle Communications	Congera Public Benefit Corp.	Eliminations	Total
Current Assets:				
Cash and cash equivalents	$ 1,422,391	$ -	$ -	$ 1,422,391
Investments	50,045	-	-	50,045
Pledges receivable	103,638	-	-	103,638
Prepaid expenses	33,630	-	-	33,630
Other current assets	-	-	-	-
TOTAL CURRENT ASSETS	1,609,704	-	-	1,609,704
Property and equipment, net of accumulated depreciation	2,925,481	-	-	2,925,481
Capitalized software development costs, net of accumulated amortization	1,130,536	451,535	-	1,582,071
Due from affiliate	795,058	-	(795,058)	-
TOTAL ASSETS	$ 6,460,779	$ 451,535	$ (795,058)	$ 6,117,256
LIABILITIES AND NET ASSETS / (DEFICIT)				
Current Liabilities:				
Current portion of capital lease payable	$ 374,000	$ -	$ -	$ 374,000
Current portion of mortgage payable	25,957	-	-	25,957
Current portion of notes payable	1,667	-	-	1,667
Accounts payable and accrued expenses	162,975	-	-	162,975
Accrued interest	-	155,649	-	155,649
Deferred revenue	39,189	-	-	39,189
Other current liability	-	-	-	-
TOTAL CURRENT LIABILITIES	603,788	155,649	-	759,437
Mortgage payable, net of current portion	1,306,094	-	-	1,306,094
Notes payable, net of current portion	1,016,488	-	-	1,016,488
Convertible notes payable	-	456,800	-	456,800
Due to affiliate	11,076	795,058	(795,058)	11,076
TOTAL LIABILITIES	2,937,446	1,407,507	(795,058)	3,549,895
Net Assets/(Deficit):				
Without donor restrictions	3,523,333	(955,972)	-	2,567,361
TOTAL NET ASSETS/(DEFICIT)	3,523,333	(955,972)	-	2,567,361
TOTAL LIABILITIES AND NET ASSETS/(DEFICIT)	$ 6,460,779	$ 451,535	$ (795,058)	$ 6,117,256

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Auricle Communications	Congera Public Benefit Corp.	Eliminations	Total
SUPPORT AND REVENUE				
Contributions	$ 2,375,237	$ -	$ -	$ 2,375,237
Investment and other income	100,308	868	-	101,176
Paycheck Potection Program loan forgiveness income	297,475	-	-	297,475
Employee Retention Tax Credit income	86,418	-	-	86,418
Gross proceeds from store sales	142,048	-	-	142,048
Less: cost of goods sold	(37,709)	-	-	(37,709)
Net proceeds from store sales	104,339	-	-	104,339
TOTAL SUPPORT AND REVENUE	2,963,777	868	-	2,964,645
EXPENSES				
Program services	1,392,396	92,669	-	1,485,065
General and administrative	404,745	14,705	-	419,450
Fund Raising	548,449	31,411	-	579,860
TOTAL EXPENSES	2,345,590	138,785	-	2,484,375
CHANGE IN NET ASSETS	618,187	(137,917)	-	480,270
Net assets/(deficit), beginning of year	3,523,333	(955,972)	-	2,567,361
Net assets/(deficit), end of year	$ 4,141,520	$ (1,093,889)	$ -	$ 3,047,631

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Auricle Communications	Congera Public Benefit Corp.	Eliminations	Total
SUPPORT AND REVENUE				
Contributions	$ 2,564,386	$ -	$ -	$ 2,564,386
Investment and other income	192	-	-	192
Paycheck Potection Program loan forgiveness income	-	-	-	-
Employee Retention Tax Credit income	123,815	-	-	123,815
Gross proceeds from store sales	154,709	-	-	154,709
Less: cost of goods sold	(45,891)	-	-	(45,891)
Net proceeds from store sales	108,818	-	-	108,818
TOTAL SUPPORT AND REVENUE	2,797,211	-	-	2,797,211
EXPENSES				
Program services	1,384,289	92,701	-	1,476,990
General and administrative	414,825	17,335	-	432,160
Fund Raising	548,504	31,443	-	579,947
TOTAL EXPENSES	2,347,618	141,479	-	2,489,097
CHANGE IN NET ASSETS	449,593	(141,479)	-	308,114
Net assets/(deficit), beginning of year	3,073,740	(814,493)	-	2,259,247
Net assets/(deficit), end of year	$ 3,523,333	$ (955,972)	$ -	$ 2,567,361