MIND OC

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mind OC
Irvine, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Mind OC (the Organization) (a California nonprofit public benefit corporation), comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors
Mind OC

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
May 17, 2022

MIND OC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 10,983,931
Grants and Contracts Receivable	3,649,687
Pledges Receivable - Current	97,966
Prepaid Expenses	249,365
Total Current Assets	14,980,949
PROPERTY AND EQUIPMENT, NET	38,156,362
OTHER ASSETS	
Pledges Receivable - Long-Term	195,933
Deposits	10,516
Total Other Assets	206,449
Total Assets	$ 53,343,760

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	$ 560,937
Accrued Expenses	673,602
Refundable Advance	299,135
Total Current Liabilities	1,533,674
OTHER LIABILITIES	
Tenant Security Deposits	209,534
Total Liabilities	1,743,208
NET ASSETS (DEFICIT)	
Without Donor Restrictions	38,385,607
With Donor Restrictions	13,214,945
Total Net Assets	51,600,552
Total Liabilities and Net Assets	$ 53,343,760

See accompanying Notes to Financial Statements.

MIND OC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Government Contracts	$ 5,248,497	$ 5,000,000	$ 10,248,497
Grants	643,441	1,726,350	2,369,791
Service Fees	3,384,446	-	3,384,446
Interest	13,705	-	13,705
Contributions	21,950	28,460	50,410
In-Kind Contribution	-	23,206	23,206
Total Revenues and Other Support	9,312,039	6,778,016	16,090,055
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions Satisfied by Payments	39,173,801	(39,173,801)	-
Rent - Land Lease	67,592	(67,592)	-
Total Revenues, Other Support, and Net Assets Released from Restrictions	48,553,432	(32,463,377)	16,090,055
EXPENSES			
Program Services:			
Be Well OC	3,997,596	-	3,997,596
Youth Opioid Use Prevention	268,480	-	268,480
Suicide Prevention	190,959	-	190,959
Mental Health	2,050,314	-	2,050,314
Mobile Crisis (HOPE)	1,102,061	-	1,102,061
Adverse Childhood Effects (ACEs)	1,019,035	-	1,019,035
Total Program Services	8,628,445	-	8,628,445
Supporting Services:			
Management and General	629,097	-	629,097
Fundraising	351,543	-	351,543
Total Supporting Services	980,641	-	980,641
Total Expenses	9,609,086	-	9,609,086
INCREASE (DECREASE) IN NET ASSETS	38,944,346	(32,463,377)	6,480,969
Net Assets - Beginning of Year	(558,739)	45,678,322	45,119,583
NET ASSETS - END OF YEAR	$ 38,385,607	$ 13,214,945	$ 51,600,552

See accompanying Notes to Financial Statements.

MIND OC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services							Supporting Services			
	Be Well OC	Youth Opioid Use Prevention	Suicide Prevention	Mental Health	HOPE	ACEs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and Wages	$ 320,089	$ -	$ 22,667	$ 442,917	$ 644,208	$ -	$ 1,429,881	$ 186,741	$ 135,150	$ 321,891	$ 1,751,772
Payroll Taxes	29,097	-	1,857	29,903	51,941	-	112,798	10,468	10,095	20,562	133,360
Benefits	9,539	-	3,719	25,696	60,687	-	99,641	10,951	1,101	12,051	111,692
Total	358,725	-	28,243	498,516	756,835		1,642,319	208,159	146,345	354,505	1,996,824
Depreciation	1,175,167	-	-	-	18,128	-	1,193,295	9,538	-	9,538	1,202,833
Insurance	99,506	-	917	28,439	10,715	-	139,577	9,243	747	9,990	149,567
Maintenance	1,440,423	-	7	226	1,503	-	1,442,159	266	-	266	1,442,425
Office Supplies	11,196	-	540	8,082	70,200	5,000	95,018	49,154	4,389	53,543	148,561
Outreach and Engagement	397,881	-	25,691	-	44,336	-	467,908	25,594	145,425	171,019	638,927
Professional Development	1,304	-	-	375	27,872	-	29,551	17,396	-	17,396	46,947
Professional Services	1,649	-	586	10,725	14,386	-	27,346	244,838	136	244,974	272,320
Program Supplies	8,459	-	10,015	-	50,832	-	69,306	-	988	988	70,294
Subcontracts	403,530	268,480	122,300	1,401,279	92,783	1,014,035	3,302,407	26,217	50,400	76,617	3,379,024
Rent and Leases	87,180	-	2,176	67,478	-	-	156,834	20,178	-	20,178	177,012
Travel	11,561	-	168	30,950	11,949	-	54,628	13,850	2,938	16,788	71,416
Utilities	1,015	-	316	4,244	2,522	-	8,097	4,664	175	4,839	12,936
Total Expenses	$ 3,997,596	$ 268,480	$ 190,959	$ 2,050,314	$ 1,102,061	$ 1,019,035	$ 8,628,445	$ 629,097	$ 351,543	$ 980,641	$ 9,609,086

See accompanying Notes to Financial Statements.

MIND OC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Increase (Decrease) in Net Assets	$ 6,480,969
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation Expense	1,202,833
Rent-Land Lease	67,592
Changes in Assets and Liabilities:	
Grants and Contracts Receivable	(1,978,163)
Prepaid Expenses	(152,224)
Pledges Receivable	(293,899)
Deposits	17,635
Accounts Payable	230,150
Accrued Expenses	(390,441)
Refundable Advance	99,135
Deferred Rent	(6,481)
Tenant Security Deposits	209,534
Net Cash Provided by Operating Activities	5,486,640
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(4,261,925)
Construction in Progress - Retainage	(2,507,022)
Net Cash Used by Investing Activities	(6,768,947)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,282,307)
Cash and Cash Equivalents - Beginning of Year	12,266,238
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 10,983,931

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Mind OC (the Organization) is a California nonprofit public benefit corporation established in 2017. The Organization brings together a robust, community-based, cross-sector strategy combined of public, private, academic, faith, and other organizations to create a community-wide, coordinated ecosystem to support optimal mental health. The Organization is a nonprofit organization advancing the Be Well Campaign (or Movement).

Basis of Accounting

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). References to the "ASC" hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (FASB) as the source of authoritative GAAP.

Financial Statement Presentation

The Organization's financial statements are presented in conformity with FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities in the following net asset categories:

Nets Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. This category represents the portion of expendable funds available for support of operations.

Net Assets With Donor Restrictions – Contributions restricted by donors for a particular program, fiscally sponsored project, or time period that are reported as revenue with donor restrictions when received. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is satisfied), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 differ from those estimates.

Cash and Cash Equivalents

The Organization considers cash and highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

The Organization's cash is maintained in a commercial bank and consists of cash on deposit. At December 31, 2021, the Organization had cash in the bank in excess of Federal Deposit Insurance Corporation insurance limits of approximately $9,810,985.

Grants, Contracts, and Contributions

Grants, contracts, and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants, contracts, and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the grants, contracts, and contributions are recognized. All other donor-restricted grants, contracts, and contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue derived from cost-reimbursable federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost reimbursable grants of approximately $10,600,000 that have not been recognized at December 31, 2021, because qualifying expenditures have not been incurred, with an advanced payment of $299,135 recognized in the statement of financial position as a refundable advance.

The Organization uses the allowance method to determine uncollectible receivables. At December 31, 2021, the allowance is $-0-, and there was no bad debt expense for the year ended December 31, 2021.

Pledges Receivable

Pledges receivables or unconditional promises to give are recognized as contributions in the consolidated financial statement of activities in the period when a donor makes a promise to give. Pledges receivable are recorded at net realizable value if they are expected to be collected within one year and recorded at net present value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of December 31, 2021, there were no conditional pledges or contributions. An allowance for uncollectible promises to give is provided based on management's evaluation of potential uncollectible promises receivable at year-end. At December 31, 2021, there was no allowance for uncollectible pledges. Approximately $98,000 of pledges are expected to be collected during each of the years ended December 31, 2022, 2023, and 2024.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Prepaid expenses consist of insurance, subscriptions, and other expenses that have been paid for in advance of receiving the goods or services.

Property and Equipment

Property and equipment are recorded at cost when purchased or at estimated fair value if donated. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of $5,000 in aggregate. Depreciation will be provided over their estimated useful lives using the straight-line method over the following estimated useful life:

Building	39 Years
Equipment and Furniture	5 to 7 Years
Vehicles	5 Years
Software	3 Years

Maintenance and repairs are charged to expense as incurred. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation will be removed from the accounts and any resulting gain or loss will be reflected in the change in net assets.

Long-lived assets, such as property and equipment, will be reviewed on an ongoing basis for impairment based on a comparison of the carrying value against undiscounted future cash flows. If impairment is identified, the assets' carrying amounts will be adjusted to fair value.

Compensated Absences

The Organization has a policy permitting employees to accumulate unused vacation benefits. Upon termination or retirement, unused vacation benefits will be paid at the employee's regular payroll rate at that time. The balance of unused vacation benefits at December 31, 2021, is approximately $60,000 and is included in accrued expenses in the accompanying financial statements.

Fair Value Measurements

The carrying value of cash and cash equivalents, receivables, prepaid expenses, accounts payable, and accrued expenses approximate their respective fair values due to their short-term nature.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the statement of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the program and supporting services benefited based on estimated usage. Salaries and wages of administrative personnel are allocated to programs based on estimated usage. All other costs are allocated between program and supporting services on a pro rata basis determined by management's estimated usage. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The Organization has the following programs:

- Be Well OC Program (Be Well OC) brings together a community of action by leveraging collective power to transform mental health service and delivery into a world-class system of care. Be Well OC's success starts with acceptance that the mental health sector alone cannot solve all the challenges of this complex and pervasive health challenge. Be Well OC brings together a robust, community-based, cross-sector strategy of public-private, academic, faith, and other organizations to positively impact those challenges that diminish mental health and well-being.
- Mental Health Program (Mental Health) is for individuals, primarily from the uninsured and underinsured population and includes crisis stabilization, transitional residential support, and withdrawal management. Mental Health also provides mobile crisis response teams serving North Orange County and other supporting services.
- Suicide Prevention Program is primarily for individuals from the uninsured and underinsured population. It was created for the purpose of increasing knowledge and awareness regarding mental health stigma, suicide prevention, and intervention, as well as to provide support services for those in need and those directly affected by suicide.
- Youth Opioid Use Prevention Program is for individuals, primarily from the uninsured and underinsured population, who fall into the age range of 12 to 24 years old and are at risk of an opioid use disorder or an opioid overdose. This program aims to provide outreach, education, and treatment for at-risk youth with the goal of reducing opioid use and overdose in Orange County.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

- The Mobile Crisis (HOPE) Program (Be Well OC Mobile Response Team model) is a nonemergency support service for residents experiencing mental health, substance use and homelessness related crises. Each Team is composed of two crisis counselors who provide in-community assessment and stabilization of individuals experiencing mental health or substance use challenges. The Team also provides information and referrals, transportation to services, and additional follow-up support and case management. In cities with active programs, calls are received through the appropriate nonemergency line or 911. Dispatchers triage the situation and, when appropriate, deploy the HOPE Team to assist.
- The Adverse Childhood Effects (ACEs) program is a partnership with more than 20 health systems, county and community-based organizations. Developed by the California Department of Health Care Services in partnership with the Office of the California Surgeon General. The project aims to implement a broad and inclusive Trauma-Informed Network of Care for Orange County, which will ultimately work to prevent adverse childhood experiences, promote ACE screening in children and adults, improve treatment of ACE-Associated Health Conditions, and prevent intergenerational toxic stress transmission.

Income Taxes

The Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is generally not subject to federal or state income taxes. However, the Organization is subject to income taxes on any net income that is derived from an unrelated business activity and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded, as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the accompanying financial statements taken as a whole. The Organization tax years for 2019 and 2020 are open to review for federal and state tax purposes.

The Organization follows the accounting for uncertainty in income taxes recognized in a nonpublic entity's financial statements. It details how entities should recognize, measure, present, and disclose uncertain tax positions that have been or are expected to be taken. As such, financial statements will reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts. There was no impact to the Organization's financial statements as a result of these provisions.

Risks and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of an outbreak of a new strain of Coronavirus (COVID-19). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase of the virus and its global exposure. In addition, several U.S. states, including California where the Organization is headquartered, have declared a state of emergency.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risks and Uncertainties (Continued)

The Organization is substantially supported by government contracts and grants. At this time, the Organization cannot anticipate all the ways in which a health pandemic such as COVID-19 can adversely impact it. Although management is continuing to monitor and assess the effects of the COVID-19 pandemic on the Organization, the ultimate impact of the COVID 19 outbreak or a similar health epidemic is highly uncertain and subject to change.

Recent Accounting Pronouncement – Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, with subsequent improvements and corrections issued in ASU 2018-01, ASU 2018-10, and ASU 2018-20. ASU 2016-02 amends a number of aspects of lease accounting, including requiring lessees to recognize on their balance sheet a right-of-use asset and a lease liability for all operating leases with a term of more than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize the right-of-use asset and lease liability. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021; however, early adoption is permitted. The Organization is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available for general expenditure (that is, without donor or other restrictions limiting their use), within one year of the statement of financial position date, are as follows as of December 31, 2021:

Cash and Cash Equivalents	$ 10,983,931
Grants, Contracts, and Pledges Receivable	3,747,653
Total Financial Assets Available to Meet General Expenditures within One Year	$ 14,731,584

In order to safeguard operations and the ability to fulfill the Organization's mission during periods of economic downturn, the Organization strives to maintain three months of operating support in reserves. Approximately $7,993,000 will be used in construction of the Be Well Irvine campus.

NOTE 3 PROPERTY AND EQUIPMENT

In October 2019, the County of Orange, City of Orange, CalOptima, and local nonprofit hospital systems came together to celebrate the groundbreaking of the first Be Well OC campus in the City of Orange. The County of Orange funded $16,600,000, and CalOptima funded $11,400,000. The projected project costs are approximately $40,000,000. In addition, the County of Orange is leasing the land to the Organization for $1 per year for 60 years with an option to extend the primary term of the lease for three consecutive terms of 10 years each. The land was recorded in 2019 as an in-kind donation at its estimated fair value and is being amortized to rent expense over 60 years.

At December 31, 2021, the Organization's property and equipment consisted of the following:

Buildings	$ 31,156,755
Furniture and Fixtures	1,911,225
Automobiles	791,915
Software	58,923
Total	33,918,818
Less: Accumulated Depreciation	(1,206,000)
Total	32,712,818
Land	4,055,520
Less: Rent Amortization	135,184
Land, Net	3,920,336
Construction in Progress	1,523,208
Total	$ 38,156,362

On September 15, 2020, the County of Orange and the Organization signed a land option agreement for a 2nd Be Well OC campus in Irvine, California. The agreement has a two-year Option Term at $1 per year with two options to extend for two years each. After initial evaluation of the property, the Organization may exercise the option to enter into a 60-year ground lease agreement. As of December 31, 2021, the Organization has expended $1,523,208 in preliminary evaluations of the Irvine Campus project. The Organization has also expended approximately $32,000 for website design/enhancements and $495,000 for vehicles that are being modified for use in the Hope program. Once website enhancements and the modifications to the vehicles are complete, they will be placed in service and depreciated over the estimated useful life of the assets.

Depreciation expense and land rent amortization incurred during the year ended December 31, 2021 was $1,202,833 and $67,592.

NOTE 4 ACCRUED EXPENSES

At December 31, 2021, accrued expenses consist of the following:

Construction Payables	$	553,857
Payroll		59,879
Vacation		59,866
Total Accrued Expenses	$	673,602

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2021 consist of the following:

Be Well OC Campuses	$	9,185,033
UniHealth Foundation Grant		109,576
Total		9,294,609
Land, Net of Amortization of $135,184		3,920,336
Net Assets with Donor Restrictions	$	13,214,945

NOTE 6 REVENUES AND OTHER SUPPORT

The Organization has been primarily funded through government contracts and grants from organizations. For the year ended December 31, 2021, the Organization received approximately 90% of its total revenue and other support from four funders. At December 31, 2021, there was approximately $1,766,000 outstanding for these funders.

NOTE 7 COMMITMENTS

Operating Leases

In November 2019, Mind OC signed a 24-month lease agreement for its Irvine office space. The lease was renewed for another 12 months and will expire on December 31, 2022. The Organization also has two noncancelable copier leases that expire in 2025 and 2026, with monthly payments of $297. For the year ended December 31, 2021, the Irvine office (including common area maintenance) and equipment lease expense was approximately $112,000.

NOTE 7 COMMITMENTS (CONTINUED)

Operating Leases (Continued)

The total future lease minimum payments, without consideration of common area maintenance, are as follows:

Year Ending December 31,	Facilities	Equipment	Total
2022	$ 109,704	$ 3,543	$ 113,247
2023	-	3,543	3,543
2024	-	3,543	3,543
2025	-	1,836	1,836
2026	-	250	250
Thereafter	-	53	53
Total	$ 109,704	$ 12,768	$ 122,472

Service Fee Agreements

The Organization is the lessor of office space used by sobering and recovery, withdrawal management, and substance abuse treatment centers. The lease terms range from one to three years and include building operating costs. Lease income is recognized monthly over the term of each lease. Future annual minimum lease income from these operating leases is as follows:

Year Ending December 31,	Amount
2022	$ 1,600,940
2023	524,736
Total	$ 2,125,676

Management expects all service fee agreements to be renewed upon expiration. Total lease revenue, including operating costs of approximately $1,533,000, for the year ended December 31, 2021 was approximately $3,384,000.

NOTE 8 SUBSEQUENT EVENTS

Events occurring after December 31, 2021, have been evaluated for possible adjustment to the financial statements or disclosure as of May 17, 2022, which is the date the financial statements were available to be issued.