

CRISIS TEXT LINE, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**CRISIS TEXT LINE, INC.
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



INDEPENDENT AUDITORS' REPORT

Board of Directors
Crisis Text Line, Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of Crisis Text Line, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2022, 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 Crisis Text Line, Inc. as of December 31, 2022, 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. 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 Crisis Text Line, Inc. 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Crisis Text Line, Inc. adopted Accounting Standards Update (ASU) No. 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Our opinion is not modified with respect to this matter.

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 Crisis Text Line, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAGlobal.com/disclaimer](https://www.claglobal.com/disclaimer).

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits.

Board of Directors
Crisis Text Line, Inc.

Correction of Error

As discussed in Note 12 to the financial statements, a prior period adjustment was necessary to properly recognize exchange revenue. This resulted in an overstatement of net assets as of December 31, 2021. Accordingly, an adjustment has been made to net assets without donor restrictions as of January 1, 2022, to correct the error. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
August 31, 2023

CRISIS TEXT LINE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Cash and Cash Equivalents	\$ 21,484,377
Contribution and Other Receivables	683,360
Prepaid Expenses and Other Assets	469,537
Right of Use Asset	441,386
Property and Equipment, Net	<u>144,653</u>
Total Assets	<u>\$ 23,223,313</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 2,746,187
Deferred Revenue	1,133,833
Lease Liability	<u>472,382</u>
Total Liabilities	4,352,402

NET ASSETS

Without Donor Restrictions	<u>18,870,911</u>
Total Liabilities and Net Assets	<u>\$ 23,223,313</u>

See accompanying Notes to Financial Statements.

CRISIS TEXT LINE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 9,882,393	\$ 359,525	\$ 10,241,918
Contract Revenue	5,154,142	-	5,154,142
Investment Income	73,642	-	73,642
Other Income	22,443	-	22,443
Net Assets Released from Restrictions	<u>559,525</u>	<u>(559,525)</u>	-
Total Support and Revenues	<u>15,692,145</u>	<u>(200,000)</u>	<u>15,492,145</u>
EXPENSES			
Program Expenses:			
Clinical	8,781,921	-	8,781,921
Volunteer Experience	7,443,802	-	7,443,802
Platform Technology	10,667,173	-	10,667,173
Research & Impact	<u>524,365</u>	<u>-</u>	<u>524,365</u>
Total Program Expenses	<u>27,417,261</u>	<u>-</u>	<u>27,417,261</u>
Supporting Services:			
Management and General	5,505,540	-	5,505,540
Fundraising	<u>1,820,320</u>	<u>-</u>	<u>1,820,320</u>
Total Supporting Services	<u>7,325,860</u>	<u>-</u>	<u>7,325,860</u>
Total Expenses	<u>34,743,121</u>	<u>-</u>	<u>34,743,121</u>
CHANGE IN NET ASSETS	(19,050,976)	(200,000)	(19,250,976)
Net Assets - Beginning of Year, as Restated	<u>37,921,887</u>	<u>200,000</u>	<u>38,121,887</u>
NET ASSETS - END OF YEAR	<u><u>\$ 18,870,911</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,870,911</u></u>

See accompanying Notes to Financial Statements.

CRISIS TEXT LINE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Expenses				Supporting Services				Total Expenses
	Clinical	Volunteer Experience	Platform Technology	Research & Impact	Total Program	Management and General	Fundraising	Total Supporting	
Personnel Costs:									
Salaries	\$ 6,036,839	\$ 4,762,918	\$ 5,472,995	\$ 408,031	\$ 16,680,783	\$ 2,287,915	\$ 1,307,517	\$ 3,595,432	\$ 20,276,215
Payroll Taxes and Benefits	2,331,119	1,507,556	1,391,029	57,941	5,287,645	1,041,181	400,842	1,442,023	6,729,668
Total Personnel Costs	<u>8,367,958</u>	<u>6,270,474</u>	<u>6,864,024</u>	<u>465,972</u>	<u>21,968,428</u>	<u>3,329,096</u>	<u>1,708,359</u>	<u>5,037,455</u>	<u>27,005,883</u>
Other Expenses:									
Bad Debt	-	-	-	-	-	230,000	-	230,000	230,000
Business Tax and Licenses	-	-	-	-	-	26,696	-	26,696	26,696
Consultants	10,500	314,740	1,335,635	38,223	1,699,098	425,480	8,140	433,620	2,132,718
Depreciation	-	-	-	-	-	17,006	-	17,006	17,006
Insurance	-	-	-	-	-	58,690	-	58,690	58,690
Office Expenses	65,725	7,430	51,927	1,380	126,462	21,140	4,099	25,239	151,701
Professional Fees	1,580	1,314	852	45	3,791	803,569	193	803,762	807,553
Rent and Utilities	317,937	181,919	297,330	9,563	806,749	119,591	47,790	167,381	974,130
Marketing and Public Relations	-	219,691	-	-	219,691	161,020	154	161,174	380,865
Subscriptions	9,896	262,490	902,570	4,621	1,179,577	262,021	35,688	297,709	1,477,286
Tech Support and Hosting	-	-	1,173,639	-	1,173,639	131	-	131	1,173,770
Travel and Meetings	8,131	35,014	39,447	4,431	87,023	46,893	15,736	62,629	149,652
Volunteer Expenses	194	150,730	1,749	130	152,803	4,207	161	4,368	157,171
Total Other Expenses	<u>413,963</u>	<u>1,173,328</u>	<u>3,803,149</u>	<u>58,393</u>	<u>5,448,833</u>	<u>2,176,444</u>	<u>111,961</u>	<u>2,288,405</u>	<u>7,737,238</u>
Total Expenses by Function	<u>\$ 8,781,921</u>	<u>\$ 7,443,802</u>	<u>\$ 10,667,173</u>	<u>\$ 524,365</u>	<u>\$ 27,417,261</u>	<u>\$ 5,505,540</u>	<u>\$ 1,820,320</u>	<u>\$ 7,325,860</u>	<u>\$ 34,743,121</u>

See accompanying Notes to Financial Statements.

**CRISIS TEXT LINE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (19,250,976)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation	17,006
Bad Debt	230,000
Net Realized and Unrealized Gain on Investments	(69,060)
Changes in Assets and Liabilities:	
Contributions Receivable	509,611
Prepaid Expenses and Other Assets	(17,803)
Right of Use Asset	(441,386)
Accrued Interest Receivable	7,383
Other Assets	5,663
Accounts Payable and Accrued Expenses	(41,952)
Deferred Revenue	(314,316)
Lease Liability	472,382
Deferred Rent	(147,709)
Net Cash Used by Operating Activities	(19,041,157)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	(152,903)
Purchase of Investments	(28,922,999)
Proceeds from Sale of Investments	36,123,798
Net Cash Provided by Investing Activities	7,047,896

NET DECREASE IN CASH AND CASH EQUIVALENTS

(11,993,261)

Cash and Cash Equivalents - Beginning of Year

33,477,638

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 21,484,377

See accompanying Notes to Financial Statements.

CRISIS TEXT LINE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Crisis Text Line, Inc. (CTL, Inc. or the Organization), a nonprofit organization, was incorporated in the state of New York on April 2, 2012. CTL, Inc.'s primary purpose is to use technology and data innovations to pioneer new approaches to support people in need. CTL, Inc.'s major program services include the following:

Volunteer Experience: All costs associated with recruiting and retaining volunteers; development and training and cultural competencies in the community to appropriately communicate with and promote CTL, Inc. as a service to all communities.

Clinical: A dedicated group of paid supervisors that support and oversee crisis counselors and all texters' conversations on the CTL, Inc. platform.

Platform & Technology: Coding, refining, and supporting the CTL, Inc. texting platform. This includes engineering, product, design, data & analytics.

Research and Impact: Dedicated team of research scientists that lead rigorous mental health research efforts to evidence and amplify CTL impact for texters, volunteers, and communities; and strengthen mental health policy, practice and systems in the broader field nationally and globally.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The financial statement presentation is in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions.

Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expire by the passage of time or when used for specified purposes.

Cash and Cash Equivalents

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. For financial statement purposes, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

CRISIS TEXT LINE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Office furniture, equipment, and software are carried at cost if purchased, or if acquired in-kind, at their fair market value at the date of the gift. Any expenditure over \$1,000 in these categories is capitalized. Fixed assets are depreciated using the straight-line basis over the estimated useful lives of the assets.

Contributions Receivable

Contributions receivable are recorded at net realizable value if expected to be collected in one year and, if material, multiyear receivables are recorded at the present value of their estimated future cash flow. If applicable, amortization of the discount is included in contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. There were no significant contributions that management deemed to be uncollectible as of December 31, 2022.

Contribution Revenue

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Contributions are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized until the performance barrier and the right of return or release have been overcome.

Contract Revenue

The Organization recognizes revenue from contracts with customers in accordance with Topic 606 - *Revenue from Contracts with Customers*. All contracts that fall under Collaboration Agreements and Corporate Contracts are considered to be reciprocal transactions. The performance obligation under these types of contracts is the continued access to and maintenance of, a data dashboard at the pre-determined price. Due to the nature of the services provided, the revenue is recorded as the access is provided which approximates over time recognition for most contracts.

Funds received in advance of the period of the contract are recorded as deferred revenue in the statement of financial position. Contract periods that have commenced but have not yet been paid for are recognized as accounts receivable on the statement of financial position.

CRISIS TEXT LINE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills and typically required to be purchased if not provided by donation, are recorded at fair value in the period received. There were no in-kind contributions received for the year ended December 31, 2022.

Volunteers play an important role in the services that the Organization provides by being on the front lines when connecting to and having a text conversation with individuals in need of mental health support. Crisis Text Line has trained more than 59,000 volunteer Crisis Counselors, each receiving 30 hours of comprehensive training that focuses on empathy, active listening, collaborative problem-solving, cultural competence and safety planning. Crisis Text Line's robust 30-hour training is virtual, interactive, and self-paced to provide volunteers with the freedom and accessibility to learn at their own pace whenever and wherever they are. Crisis Text Line has had more than 15,000 volunteer Crisis Counselors active on our platform over the year ending December 31, 2022 and, on average, over 6,000 volunteers are active on a monthly basis. During the year ended December 31, 2022, volunteer hours were approximately 475,000. The Independent Sector values such services at a rate of \$31.80 which would equate to a value received of over \$15,100,000. Such volunteer hours do not meet the definition of when donated services are recognized in the financial statements.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one supporting function. As such, some expenses require allocation that properly reflects shared costs at a reasonable basis that is consistently applied.

The Organization utilizes a hybrid approach to expense allocation between program expenses and supporting services. The Organization estimates percentages of time spent on projects related to program expenses and supporting services and eligible employee benefits, taxes and salaries, etc. are allocated based upon this estimated percentage. Specific expenses related to technology, professional fees, travel, and other classifications are directly charged to the function for which they are related. Administrative costs including general liability and business operations are directly charged as management overhead. Rent, utilities and other office expenses have been allocated based on a weighted average of personnel and their estimated percentage of time spent to projects related to program expenses and supporting services.

Accounting for Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no provision for federal, state, or local income taxes has been recorded.

CRISIS TEXT LINE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the requirements of this guidance for the year ending December 31, 2022.

The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the earliest comparative period presented using a modified retrospective approach, with certain practical expedients available.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

Subsequent Events

These financial statements were approved by management and available for issuance on August 31, 2023. Management has evaluated subsequent events through this date.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31:

Amount Due in Less Than One Year	<u>\$ 32,822</u>
----------------------------------	------------------

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

Equipment	\$ 225,866
Furniture and Fixtures	23,103
Total	<u>248,969</u>
Less: Accumulated Depreciation	104,316
Property and Equipment, Net	<u>\$ 144,653</u>

Depreciation expense amounted to \$17,006 for the year ended December 31, 2022.

CRISIS TEXT LINE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 5 CONCENTRATIONS

For the year ended December 31, 2022, one donor accounted for 54% of total support and revenues.

NOTE 6 LITIGATION

In the course of regular operations, the Organization is also subject to potential litigation matters, which management has deemed to be immaterial to the financial statements taken as a whole.

NOTE 7 RETIREMENT PLAN

The Organization established a defined contribution pension plan covering substantially all of its employees. Pension expenses under this plan was \$753,391 for the year ended December 31, 2022.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

The following summarizes the changes in net assets with donor restrictions at December 31:

Program	Balance January 1, 2022	Contributions	Released from Restrictions	Balance December 31, 2022
Spanish Related Programming	\$ -	\$ 359,525	\$ (359,525)	\$ -
Mental Health Services	200,000	-	(200,000)	-
Total	<u>\$ 200,000</u>	<u>\$ 359,525</u>	<u>\$ (559,525)</u>	<u>\$ -</u>

NOTE 9 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets due within one year of the date of these financial statements that are available for general expenditures, including grant funded activities, are as follows at December 31:

Cash and Cash Equivalents	\$ 21,484,377
Contribution and Other Receivables	683,360
Total Financial Assets Available Within One Year	<u>\$ 22,167,737</u>

CRISIS TEXT LINE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 10 RISKS AND UNCERTAINTY

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 continues to cause significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its future operations.

NOTE 11 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is included with contract revenue on the statement of activities. The Following table shows the Organization's revenue subject to ASC 606 disaggregated according to the timing of the transfer of good or services as of December 31:

Revenue Recognized Over Time:	
Collaboration Agreements	\$ 1,285,007
Corporate Contracts	<u>3,869,135</u>
Total Revenue Recognized Over Time	<u><u>\$ 5,154,142</u></u>

The Following table shows the Organization's contract assets and contract liabilities as of December 31:

Assets:	
Accounts Receivable- Contracts	<u>\$ 648,600</u>
Liabilities:	
Deferred Revenue- Contracts	<u><u>\$ 1,133,833</u></u>

NOTE 12 RESTATEMENT OF OPENING NET ASSETS

During the fiscal year ending on December 31, 2022, an error was identified in the Organization's revenue recognition of contracts, leading to an overstatement of previously reported net assets as of December 31, 2021, in the amount of \$2,260,649. To correct this error, beginning net assets was restated as of December 31, 2021, to remove the amount previously overstated.

The cumulative effect of the restatement is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - December 31, 2021 as Originally Reported	\$ 39,514,536	\$ 868,000	\$ 40,382,536
Overstatement of Net Assets Due to Revenue Recognition Error	<u>(1,592,649)</u>	<u>(668,000)</u>	<u>(2,260,649)</u>
Net Assets - December 31, 2021 as Restated	<u><u>\$ 37,921,887</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ 38,121,887</u></u>

CRISIS TEXT LINE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 13 LINE OF CREDIT

The Organization has a line of credit in the amount of \$5,000,000. The line of credit expires on January 21, 2024 unless renewed and bears an interest rate at the Adjusted SOFR (Secured Overnight Financing Rate) of 4.3% as of December 31, 2022. There was no balance outstanding on the line of credit as of December 31, 2022.

NOTE 14 LEASES

The Organization determines if an arrangement is a lease at inception. All leases are included as right-of-use (ROU) assets and lease liability in the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

ROU assets as of December 31, 2022, consisted of one operating lease for 11,000 sq. ft. of office space. This lease was originally set to expire on September 30, 2026. During 2022, the Organization exercised a termination option and paid a sum of \$215,139 to end the lease as of August 31, 2023.

In lieu of a security deposit for the office lease, the Organization was required to provide the landlord with a standby letter of credit for \$275,000. The initial letter of credit expired in 2022 and was replaced by a new letter of credit with JP Morgan Chase Bank, N.A. for the same amount with an expiration date of January 30, 2027.

The following tables provide quantitative information concerning the Organization's lease for the year ended December 31, 2022:

Lease Costs:	
Operating Lease Costs	<u>\$ 715,030</u>
Other Information:	
Weighted-Average Remaining Lease Term - Operating Leases	0.7 years
Weighted-Average Discount Rate - Operating Leases	4.72%

CRISIS TEXT LINE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 14 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for the lease liability as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2023	<u>\$ 480,834</u>
Less Interest	<u>(8,452)</u>
Total	<u><u>\$ 472,382</u></u>