Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Financial Statements
Year Ended December 31, 2022

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

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Financial Statements
Year Ended December 31, 2022

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Independent Auditor's Report

The Board of Directors
Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)
New York, New York

Opinion

We have audited the financial statements of Medical Debt Resolution, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, 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 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 Auditor's 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.

Other Matter

The 2021 financial statements of the Organization were audited by other auditors, whose report dated June 2, 2022 expressed an unmodified opinion on those statements.

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 that the financial statements are available to be issued.

Auditor's 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 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 could reasonably be expected to influence the judgement made by a reasonable user based on these 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.

BDO USA, LLP

June 21, 2023

Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Statement of Financial Position
(with comparative totals for 2021)

December 31,		**2022**		2021
Assets				
Current Assets				
Cash and cash equivalents	$	**83,884,167**	$	54,120,756
Contributions receivable, net, current portion		**159,331**		232,392
Prepaid expenses		**209,876**		104,999
Prepaid debt abolishment costs		**3,163,388**		1,241,699
Right-of-use asset – operating lease		**83,666**		190,013
Security deposits and other assets		**95,331**		96,554
Total Current Assets		**87,595,759**		55,986,413
Contributions receivable, net of current portion		**-**		25,960
Property and equipment, net		**22,738**		23,175
Capitalized software and website costs, net		**639,156**		469,237
Total Assets	$	**88,257,653**	$	56,504,785
Liabilities and Net Assets				
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$	**444,334**	$	216,952
Deferred revenue		**437,692**		-
Operating lease liability		**86,120**		190,727
Total Liabilities		**968,146**		407,679
Commitments and Contingencies (Notes 2, 3, 5, 7, 8, 9, 10, 12, 13, 14 and 16)				
Net Assets				
Without donor restrictions		**79,591,769**		50,434,168
With donor restrictions		**7,697,738**		5,662,938
Total Net Assets		**87,289,507**		56,097,106
Total Liabilities and Net Assets	$	**88,257,653**	$	56,504,785

See accompanying notes to financial statements.

Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Statements of Activities
(with comparative totals for 2021)

Year ended December 31,

	Without Donor Restrictions	With Donor Restrictions	**2022**	2021
Support and Revenues				
Contributions and grants	$ 37,180,634	$ 5,182,176	**$42,362,810**	$ 17,018,647
Contributions of nonfinancial assets	246,300	-	**246,300**	242,713
Investment return and other revenue	509,218	-	**509,218**	18,258
Net assets released from restrictions	3,147,376	(3,147,376)	**-**	-
Total Support and Revenues	41,083,528	2,034,800	**43,118,328**	17,279,618
Expenses				
Program services:				
Medical debt relief	7,777,434	-	**7,777,434**	15,230,683
Technology infrastructure development	438,673	-	**438,673**	113,244
Education and public policy	341,914	-	**341,914**	255,127
Medical debt research	56,859	-	**56,859**	-
Total Program Services	8,614,880	-	**8,614,880**	15,599,054
Supporting services:				
Management and general	1,688,083	-	**1,688,083**	1,878,504
Fundraising and development	1,622,964	-	**1,622,964**	1,109,714
Total Expenses	11,925,927	-	**11,925,927**	18,587,272
Change in Net Assets	29,157,601	2,034,800	**31,192,401**	(1,307,654)
Net Assets, beginning of year	50,434,168	5,662,938	**56,097,106**	57,404,760
Net Assets, end of year	$ 79,591,769	$ 7,697,738	**$87,289,507**	$ 56,097,106

See accompanying notes to financial statements.

Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Statement of Functional Expenses
(with comparative totals for 2021)

Year ended December 31,

	Program Expenses					Supporting Services			
	Medical Debt Relief	Technology Infrastructure Development	Education and Public Policy	Medical Debt Research	Total Program Expenses	Management and General	Fundraising and Development	**2022**	2021
Cost of Debt Abolished									
Debt portfolios acquired:									
Purchased debt portfolios	$ 5,965,330	$ -	$ -	$ -	$ 5,965,330	$ -	$ -	**$ 5,965,330**	$ 12,759,496
Donated debt portfolios	-	-	-	-	-	-	-	**-**	7,461
Direct labor	935,567	-	-	-	935,567	-	-	**935,567**	655,886
Other debt abolishment costs	887,652	-	-	-	887,652	-	-	**887,652**	717,723
Decrease (increase) in prepaid debt abolishment costs:									
Prepaid debt abolishment costs	(1,921,689)	-	-	-	(1,921,689)	-	-	**(1,921,689)**	(953,851)
Non-cash prepaid debt abolishment costs	-	-	-	-	-	-	-	**-**	76,107
Total Cost of Debt Abolished	5,866,860	-	-	-	5,866,860	-	-	**5,866,860**	13,262,822
Salaries and benefits	459,022	250,584	173,606	-	883,212	544,962	82,254	**1,510,428**	1,194,858
Contract service expenses	513,953	129,374	144,941	55,000	843,268	516,476	1,427,046	**2,786,790**	2,290,167
Contract service expenses, in-kind	-	-	-	-	-	187,500	-	**187,500**	150,000
Mailing services	686,715	-	-	-	686,715	-	-	**686,715**	1,156,813
Merchant account fees	-	-	-	-	-	111,636	-	**111,636**	166,850
Office and admin expenses	18,124	-	1,670	1,859	21,653	62,002	62,729	**146,384**	79,189
Facility expenses	3,000	-	-	-	3,000	113,773	-	**116,773**	31,295
Facility expenses, in-kind	-	-	-	-	-	58,800	-	**58,800**	-
Travel and meeting expenses	11,285	-	21,017	-	32,302	24,498	1,739	**58,539**	12,572
Technology expenses	67,404	58,715	680	-	126,799	57,890	49,196	**233,885**	145,402
Depreciation and amortization	151,071	-	-	-	151,071	10,546	-	**161,617**	97,304
Total Expenses	$ 7,777,434	$ 438,673	$ 341,914	$ 56,859	$ 8,614,880	$ 1,688,083	$ 1,622,964	**$ 11,925,927**	$ 18,587,272

See accompanying notes to financial statements.

Medical Debt Resolution, Inc.
(d/b/a RIP Medical Debt)

Statement of Cash Flows
(with comparative totals for 2021)

Year ended December 31,	**2022**	2021
Cash Flows from Operating Activities		
Change in net assets	**$ 31,192,401**	$ (1,307,654)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**161,617**	97,304
Discounts on long-term receivables	**-**	1,540
Amortization of discounts on contributions receivables	**(1,540)**	(228)
Non-cash lease expense	**108,050**	26,588
Donated intangible asset	**-**	(85,251)
Impairment loss on intangible asset	**-**	13,982
Changes in assets and liabilities:		
Accounts payable and accrued expenses	**227,383**	(144,139)
Contributions receivable	**100,561**	(96,564)
Program service fees receivable	**-**	14,505
Prepaid expenses	**(104,877)**	53,933
Prepaid debt abolishment costs	**(1,921,689)**	(877,744)
Deferred revenue	**437,692**	-
Principal reduction in lease liability	**(106,313)**	(25,871)
Security deposits and other assets	**1,223**	(19,471)
Net Cash Provided by (Used in) Operating Activities	**30,094,508**	(2,349,070)
Cash Flows from Investing Activities		
Purchase of property and equipment	**(12,145)**	(20,488)
Capitalized software costs	**(318,952)**	(311,318)
Net Cash Used in Investing Activities	**(331,097)**	(331,806)
Net Increase (Decrease) in Cash and Cash Equivalents	**29,763,411**	(2,680,876)
Cash and Cash Equivalents, beginning of year	**54,120,756**	56,801,632
Cash and Cash Equivalents, end of year	**$ 83,884,167**	$ 54,120,756
Supplemental Disclosures of Cash Flow Information		
Non-cash operating transactions:		
Donated debt portfolios	**$ -**	$ 7,461
Retirement of fully depreciated assets	**-**	16,840
Donated services and facilities	**246,300**	150,000
Investments in right-of-use asset – operating lease through operating lease liability	**83,666**	190,013

See accompanying notes to financial statements.

1. Description of the Organization

Medical Debt Resolution, Inc. (the Organization) was formed as a not-for-profit corporation on July 25, 2014 in the state of New York. Since filing a certificate of assumed name with the state of New York on April 28, 2015, the Organization has been doing business as RIP Medical Debt. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization raises funds from donors and uses those funds to acquire and abolish medical debt. Since the Organization's founding in 2014, the Organization has abolished over $8.5 billion of medical debt and helped around 5.5 million people.

The Organization seeks to help families and individuals burdened by medical debt by acquiring and abolishing these debts. By canceling these debts, the Organization brings financial relief to families and reduce related stress. This then improves the health of patients, families, and communities. The Organization does this work because medical debt often results from unplanned and unexpected illnesses and accidents. About one third of adults in the United States have difficulty in paying their health care bills. In many areas and for many reasons, people remain uninsured and those who are insured receive expensive bills after receiving care. Medical debt is the leading cause of bankruptcy in the United States. Further, the Organization aims to relieve the burden of medical debt, to prevent people from skipping or delaying medical care because of cost-related fears, and to support people living healthier lives. The Organization depends on donations from individuals, corporations, charitable organizations, and government to support the Organization in its mission and purpose.

In support of this mission, the Organization carries out programs in the following areas:

Medical Debt Relief – This area consists of acquisition and relief (i.e., cancelation) of medical debts belonging to people experiencing poverty or other hardships.

Technology Infrastructure Development - This area consists of developing systems to more efficiently acquire and forgive medical debt.

Education and Public Policy - This area consists of engaging in efforts to raise public awareness of the economic and social effects of medical debt, and informing and supporting public policy efforts to address systemic causes of medical debt.

Medical Debt Research - This area consists of supporting research and survey activities studying the economic and social effects of medical debt and medical debt relief, and highlighting personal stories and common themes of individuals who have had their debt relieved through the Organization's medical debt relief efforts in an effort to break the stigma and better understand the impacts of medical debt.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP). In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of the Organization's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets—net assets without donor restrictions and net assets with donor restrictions—be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

These classes are defined as follows:

Net Assets Without Donor Restrictions - This class consists of the part of net assets that are not subject to donor-imposed stipulations and are, therefore, available for the general operations of the Organization.

Net Assets with Donor Restrictions – This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by the actions of the Organization, pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

Net assets with donor restrictions also include net assets resulting from contributions whereby the principal has been stipulated by the donor to be held and invested in perpetuity, and the income used in accordance with the donor's stipulations, if any. At December 31, 2022 and 2021, the Organization had no net assets with donor restrictions that were perpetual in nature.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of 90 days or less when acquired to be cash equivalents, except for those cash equivalents held for short-term investment that are maintained in the Organization's investment portfolio.

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). The Organization does not believe it is exposed to any significant risk from cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions Receivable, Net

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Investments

The policy of the Organization is to sell donated stock investments soon after receipt and consider them cash donations valued at the sale price.

Prepaid Debt Abolishment Costs

Prepaid debt abolishment costs are valued at the lower of cost or market using a specific identification method. Prepaid debt abolishment costs include the purchase cost of debt portfolios acquired, and related costs of direct labor, contract labor, and analytic data used in the debt acquisition process. Donated debt portfolios are valued using a transparency pricing model developed by the Organization that is used for the pricing of other standard debt portfolio purchases.

Property and Equipment, Net

Property and equipment are stated at cost, less accumulated depreciation. The Organization capitalizes additions that have a cost of $500 or more with estimated useful lives of greater than three years. Depreciation is computed over the estimated useful lives of the assets by the straight-line method for financial reporting, as follows:

	Useful Lives (Years)
Computer and office equipment	3
Furniture and fixtures	5

Impairment of Long-Lived Assets

The Organization follows the provisions of Accounting Standards Codification (ASC) 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, which requires the Organization to review long-lived assets, including both fixed and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the years ended December 31, 2022 and 2021, there were no impairments recorded in the financial statements.

Capitalized Software and Website Costs, Net

In accordance with Financial Accounting Standards Board (FASB) ASC 350-40, *Intangibles - Goodwill and Other - Internal-Use Software*, the Organization capitalizes certain costs of developing software used to acquire and abolish medical debt and for the Organization’s public website.

Capitalized costs include contractor fees, payroll-related costs of development personnel, and development-related hosting costs. Expenditures prior to the development stage, such as those for prototyping and vendor selection, are expensed as incurred. Expenditures after the development stage, such as those for routine maintenance, support, and minor enhancements, are also expensed as incurred. Capitalized software is stated at cost, less accumulated amortization. Amortization of software development costs is computed by the straight-line method over an estimated useful life of five years.

Right-of-Use Asset – Operating Lease and Operating Lease Liability

The Organization has a non-cancelable operating lease agreement for office space to obtain a right-of-use (ROU) asset. The lease liability and ROU asset represent its lease obligations and rights to use the leased asset over the period of the lease and are recognized when the Organization enters into the lease. The lease payments are discounted using a rate determined when the lease is recognized. The related operating lease ROU asset may differ from the operating lease liability due to deferred or prepaid lease payments. The Organization has elected to apply the short- term lease exception to all leases with a term of one year or less.

Revenue Recognition

The Organization recognizes contributions when cash, noncash assets, and unconditional promises to give are received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions, if any, are reported as refundable advances in the statement of financial position. At December 31, 2022 and 2021, the Organization did not have any material conditional pledges that were not recognized.

The Organization provides an allowance for doubtful accounts for receivables that are specifically identified by management as to their uncertainty in regard to collectability. Management has deemed all receivable amounts fully collectible, and has not established an allowance.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as revenue with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

The noncash assets that the Organization receives as donations are valued differently, depending on the type of asset received. Donations of cryptocurrency or other similar intangible assets are initially recorded at the fair market value on the date of donation, and then subsequently tested for impairment to see if the fair market value falls below the carrying value. If the fair market value falls below the carrying value, an impairment loss is required to be recognized; however, reversing an impairment loss is prohibited, even if the fair market value is above the carrying value. Donations of debt portfolios are valued using a transparency pricing model developed by the Organization, which is used for the pricing of other standard debt portfolio purchases.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries and related expenses based on estimated time and effort and other expenses, including technology expenses, office and administrative expenses, postage and mailing services, telephone and communications, and travel expenses based on usage. The Organization classifies expenses, which are not directly related to a specific program, as management and general expenses.

Income Taxes

The Organization is exempt from federal, state, and local income taxes under Section 501(c)(3) of the Code and, therefore, has made no provision for income taxes in the accompanying financial statements. Under U.S. GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2022, there were no interest or penalties recorded or included in the statement of activities. The Organization is subject to routine audit by a taxing authority. As of December 31, 2022, the Organization was not subject to any examination by a taxing authority.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the consolidated statement of functional expenses, the prior-year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Recently Adopted Accounting Pronouncements

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021. The provisions of ASU 2020-07 were adopted by the Organization for all periods presented.

Accounting Pronouncements Issued but Not Yet Adopted

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-03, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit loss standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying FASB ASC 606, loans, and certain other instruments, entities will be required to use a new, forward-looking, "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred-loss model. ASU 2016-03 is effective for annual periods beginning after December 31, 2021. The Organization is currently evaluating the impact of the adoption of 2016-03 on its financial statements and does not believe it will have a material effect.

3. Liquidity and Availability of Resources

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

December 31,	**2022**	2021
Cash and cash equivalents	**$ 83,884,167**	$ 54,120,756
Contributions receivable, net	**159,331**	258,352
Other receivables	**1,192**	2,465
Total Financial Assets	**84,044,690**	54,381,573
Less: those unavailable for general expenditures within one year:		
Receivables expected to be received in more than one year	**-**	(25,960)
Donor-imposed program restrictions	**(7,697,738)**	(5,662,938)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 76,346,952**	$ 48,692,675

4. Contributions Receivable, Net

Contributions receivable, net, are primarily expected to be received as follows:

December 31,	**2022**	2021
Amounts to be collected:		
Less than one year	**$ 159,331**	$ 232,392
One to five years	**-**	25,960
	$ 159,331	$ 258,352

5. Prepaid Debt Abolishment Costs

Changes in the value of prepaid debt abolishment costs are presented below, along with supplemental details on the face value of debt abolished and the number of debtors helped.

December 31,	**2022**	2021
Prepaid Debt Abolishment Costs, beginning of year	**$ 1,241,699**	$ 363,955
Cost of medical debt acquired:		
Debt portfolios, donated	**-**	7,461
Debt portfolios, purchased	**5,965,330**	12,759,496
Debt broker fees	**-**	14,000
Data analysis fees	**12,321**	20,025
Debt acquisition consulting fees	**232,365**	371,825
Data purchases	**564,722**	245,620
Data platform fees	**78,244**	66,253
Direct labor	**935,567**	655,886
Total Cost of Medical Debt Acquired	**7,788,549**	14,140,566
Cost of Medical Debt Abolished	**(5,866,860)**	(13,262,822)
Prepaid Debt Abolishment Costs, end of year	**$ 3,163,388**	$ 1,241,699
Face value of debt abolished	**$ 1,771,663,816**	$ 2,787,897,194
Number of debtors helped	**1,872,998**	1,312,697

6. Property and Equipment, Net

Property and equipment, net, by major class, consisted of the following:

December 31,	**2022**	2021
Computer and office equipment	**$ 51,681**	$ 40,959
Furniture and fixtures	**1,423**	-
Less: accumulated depreciation	**(30,366)**	(17,784)
Property and Equipment, Net	**$ 22,738**	$ 23,175

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7. Capitalized Software and Website Costs, Net

In 2019, the Organization began formal development of proprietary software (the Debt Abolishment Platform) to automate the process of identifying, analyzing, purchasing, and abolishing medical debt. The first phase of the Debt Abolishment Platform was placed into service in March 2020. The Organization continued development of new features and functionality of the software through 2022, for which related expenditures were capitalized. Expenditures in connection with general maintenance and user training were expensed in the period incurred. Capitalized software and website costs, net, consisted of the following:

December 31,	**2022**	2021
Website and Software Development Costs		
Payroll costs, software development	**$ 596,368**	$ 392,456
Contractor costs, software development	**259,639**	161,139
Contractor costs, public website	**13,550**	13,550
Hosting costs, software development	**44,427**	27,887
Total Website and Software Development Costs Capitalized	**913,984**	595,032
Less: accumulated amortization	**(274,828)**	(125,795)
	$ 639,156	$ 469,237

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are available as follows:

December 31,	**2022**	2021
Debt relief programs	**$ 7,697,738**	$ 5,662,938

Net assets were released from restrictions during the years ended December 31, 2022 and 2021 by incurring expenses or the passage of time, thus satisfying the restricted purposes as follows:

Year ended December 31,	**2022**	2021
Debt relief programs	**$ 3,147,376**	$ 3,732,144

9. Operating Lease Liability

During the year ended December 31, 2021, the Organization signed a non-cancelable 24-month office space lease, which is set to expire on September 30, 2023.

On October 1, 2021, the Organization recognized (1) a lease liability of $209,126, which represents the present value of the remaining lease payments, discounted using the Organization's incremental borrowing rate of 4%, and (b) an ROU asset. As of December 31, 2022 and 2021, the balance of the ROU asset is $83,666 and $190,013, respectively, and is included on the statement of financial position.

The following tables summarize information related to the lease asset and liability:

Year ended December 31, 2022		
Operating lease cost	$	113,361
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows used to pay operating lease		111,881

Other information about lease amounts recognized in the financial statements is as follows:

December 31, 2022	
Remaining lease term – operating lease	9 months
Average discount rate – operating lease	4.00%

December 31, 2022		
		Operating Lease
Gross Lease Liability	$	87,242
Less: imputed interest		(1,122)
Present Value of Lease Liability		86,120
Less: current portion of lease liability		(86,120)
Total Long-Term Lease Liability	$	-

December 31, 2022		
Right-of-use asset - operating lease	$	83,666

The following table reconciles the undiscounted operating lease payments to the lease liability recorded on the accompanying statement of financial position at December 31, 2022:

Year ending December 31,		
2023	$	87,242
Total Minimum Lease Payments		87,242
Less: imputed interest		(1,122)
Total Operating Lease Liability	$	86,120

10. Intangible Asset

During the year ended December 31, 2021, the Organization received donations of cryptocurrency. The cryptocurrency donations were recognized for $85,252, which was the fair market value on the date of donation, with $67,742 of the donation restricted for medical debt relief. The amount is included on the statement of activities for the years ended December 31, 2022 and 2021 as a nonfinancial contribution. The fair market value of the cryptocurrency at December 31, 2022 and 2021 was $71,270, resulting in an impairment loss of $13,982. The amount is included in security deposits and other assets on the statement of financial position as of December 31, 2022 and 2021.

11. Donated Debt Portfolios

In the year ended December 31, 2021, the Organization received a donation of a medical debt portfolio containing accounts with a total face value of $820,075, owed by 1,100 individuals. This contribution was recorded as donated debt portfolio at fair market value of $7,461, as calculated by the Organization's transparency pricing model developed by the Organization and used for pricing of other standard debt portfolio purchasing.

12. Contributions of Nonfinancial Assets

Amounts are reported in the financial statements for voluntary donations of services and use of facilities if those services and use of facilities create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation. During the year ended December 31, 2022, the Organization received $246,300 in contributions in kind that are reported as contributions and expenses in the accompanying statements of activities and functional expenses. For the year ended December 31, 2022, the amount includes $187,500 and $58,800 recognized in revenue and expenses from pro-bono public relations services and use of facilities, respectively.

The following summarizes the Organization's contributed nonfinancial assets for the year ended December 31, 2022:

		Revenue Recognized	Donor Restrictions	Valuation Techniques and Inputs
Professional services	$	187,500	No associated donor restrictions	Valued based on fair market value of the services
Use of facilities		58,800	No associated donor restrictions	Valued based on difference between fair market value less the price paid
Total	$	246,300		

13. Retirement Plan

During the year ended December 31, 2020, the Organization adopted a qualified deferred compensation plan (Plan) under 403(b) of the Internal Revenue Code. Under the Plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. Any employee who has completed a year of employment or who works full time is allowed to participate in the Plan. The Organization can make discretionary matching contributions towards the Plan, based on a uniform percentage or dollar amount of the employees' elective deferrals.

The Organization's contributions to the Plan for the years ended December 31, 2022 and 2021 amounted to $60,698 and $42,933, respectively.

14. Concentrations

The Organization maintains its cash accounts with various financial institutions. The FDIC insures bank deposits up to $250,000 per financial institution. At times, the balances of the accounts exceeded insured limits during the years ended December 31, 2022 and 2021.

During the year ended December 31, 2022, one single contributor accounted for more than 70% of the Organization's total revenue (excluding contributed nonfinancial assets). During the year ended December 31, 2021, two single contributors each accounted for more than 5% of the Organization's total revenue (excluding contributed nonfinancial assets and donated debt portfolios).

15. Related Party Transactions

During the years ended December 31, 2022 and 2021, members of the Organization's board of directors were also employees or consultants of the Organization. During the year ended December 31, 2022, one board member was paid $34,365, and during the year ended December 31, 2021, two board members were paid a total of $574,522 for their services as employees or consultants to the Organization.

During the years ended December 31, 2022 and 2021, the Organization paid consulting fees totaling $99,000 and $98,000, respectively, to a consulting firm, the founder and CEO of which is an immediate family member of an individual on the Organization's board of directors.

16. Commitments and Contingencies

Under an agreement between the Organization and its primary consumer financial data supplier, the Organization is committed to aggregate minimum purchases of $160,000 in the year ending December 31, 2023. A similar minimum purchase requirement of $150,000 in each of the years ended December 31, 2021 and 2022 was fulfilled.

17. Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through June 21, 2023, which is the date the financial statements were available to be issued.