THE GLOBAL CENTER FOR MEDICAL INNOVATION, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
(with report of independent auditor)

YEARS ENDED JUNE 30, 2022 AND 2021

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Tomkiewicz Wright, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Officers
The Global Center for Medical Innovation, Inc. and Subsidiary
Atlanta, Georgia

Opinion

We have audited the accompanying consolidated financial statements of The Global Center for Medical Innovation, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Global Center for Medical Innovation, Inc. and Subsidiary as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Global Center for Medical Innovation, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Global Center for Medical Innovation, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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

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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 consolidated financial statements.

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the 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 Global Center for Medical Innovation, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Global Center for Medical Innovation, Inc. and Subsidiary'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.

Emphasis of a Matter

As discussed in Note 14 to the consolidated financial statements, in March 2020, the World Health Organization declared COVID-19 to constitute a global pandemic. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Tomkiewicz Wright, LLC

Atlanta, Georgia
October 13, 2022

THE GLOBAL CENTER FOR MEDICAL INNOVATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
ASSETS:		
Cash	$ 1,382,672	$ 2,703,302
Accounts receivable	2,111,714	1,273,308
Inventory	88,750	71,099
Prepaid expenses	17,559	18,518
Property and equipment, net	6,606,838	6,649,883
Security deposits	37,161	37,161
	$ 10,244,694	$ 10,753,271
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 3,311,147	$ 3,579,032
Accrued interest payable	22,238	20,388
Deferred program services revenue	496,890	376,024
Deferred lease expense	327,463	298,283
Long-term note payable	365,000	365,000
Capital lease obligation	125,000	-0-
Loan payable	523,876	-0-
	5,171,614	4,638,727
NET ASSETS:		
Without donor restrictions:		
Undesignated	(956,435)	(571,250)
Invested in property and equipment, net of related liabilities	5,957,962	6,649,883
	5,001,527	6,078,633
With donor restrictions:		
Purpose restrictions	71,553	35,911
	5,073,080	6,114,544
	$ 10,244,694	$ 10,753,271

See notes to consolidated financial statements.

THE GLOBAL CENTER FOR MEDICAL INNOVATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues, gains, and support:		
Program services revenue:		
Prototyping, testing and training	$ 9,538,312	$ 8,222,354
Contributions	28,447	-0-
Contributed management services	1,413,050	734,305
Interest	2,932	9,407
Gain on sale of equipment	55,000	-0-
Net assets released from purpose restrictions	35,911	1,254,494
Total revenue without donor restrictions	11,073,652	10,220,560
Expenses:		
Program services	9,317,194	9,219,653
Management and general	2,833,564	2,297,625
Total expenses	12,150,758	11,517,278
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(1,077,106)	(1,296,718)
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions with purpose restriction	71,553	26,500
Net assets released from purpose restrictions	(35,911)	(1,254,494)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	35,642	(1,227,994)
CHANGE IN NET ASSETS ATTRIBUTABLE TO OPERATIONS	(1,041,464)	(2,524,712)
NET ASSETS, beginning of year	6,114,544	8,639,256
NET ASSETS, end of year	$ 5,073,080	$ 6,114,544

See notes to consolidated financial statements.

THE GLOBAL CENTER FOR MEDICAL INNOVATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	$ (1,041,464)	$ (2,524,712)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	766,815	870,058
Gain on disposal of property and equipment	(55,000)	-0-
Changes in operating assets and liabilities:		
Accounts receivable for program services	(838,406)	4,599,334
Inventory	(17,651)	(6,399)
Prepaid expenses	959	42,750
Accounts payable and accrued expenses	(267,885)	(2,755,246)
Accrued interest payable	1,850	1,850
Deferred program services revenue	120,866	(45,554)
Deferred lease expense	29,180	2,143
Net cash provided by (used in) operating activities	(1,300,736)	184,224
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(598,770)	(9,184)
Proceeds from sale of equipment	55,000	-0-
Net cash used in investing activities	(543,770)	(9,184)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loan	598,770	-0-
Repayments of loan payable	(74,894)	-0-
Net cash provided by financing activities	523,876	-0-
CHANGE IN CASH	(1,320,630)	175,040
CASH, beginning of year	2,703,302	2,528,262
CASH, end of year	$ 1,382,672	$ 2,703,302
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 58,331	$ -0-

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

During the year ended June 30, 2022, the Organization acquired equipment valued at $125,000 by entering a capital lease agreement.

See notes to consolidated financial statements.

THE GLOBAL CENTER FOR MEDICAL INNOVATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services				
	Prototyping, Testing and Training	PPE Program	Total Program	Management and General	Total
Salaries	$ 3,686,171	$ 46	$ 3,686,217	$ 927,063	$ 4,613,280
Fringe benefits	1,180,219	15	1,180,234	296,822	1,477,056
Total compensation and benefits	4,866,390	61	4,866,451	1,223,885	6,090,336
Bank fees	-	-	-	33,562	33,562
Bad debt expense	34,829	-	34,829	-	34,829
Communications	30,131	-	30,131	7,580	37,711
Consulting services	536,462	-	536,462	-	536,462
Contract labor	155,879	786	156,665	-	156,665
Dues and publications	12,667	-	12,667	-	12,667
Insurance	17,293	-	17,293	39,292	56,585
Interest expense	-	-	-	60,181	60,181
Maintenance and repair	793,535	-	793,535	269,720	1,063,255
Marketing	-	288	288	67,881	68,169
Materials and supplies	1,090,014	-	1,090,014	370,492	1,460,506
Occupancy	768,833	-	768,833	261,323	1,030,156
Personal protective equipment development and production	-	24,727	24,727	-	24,727
Postage and printing	-	993	993	165,864	166,857
Professional fees	-	-	-	29,147	29,147
Surgical expense	194,436	-	194,436	-	194,436
Travel	34,001	-	34,001	8,554	42,555
Utilities	183,575	-	183,575	62,396	245,971
Other administrative expenses	-	-	-	39,166	39,166
Total expenses before depreciation and amortization	8,718,045	26,855	8,744,900	2,639,043	11,383,943
Depreciation and amortization	572,294	-	572,294	194,521	766,815
Total expenses	$ 9,290,339	$ 26,855	$ 9,317,194	$ 2,833,564	$ 12,150,758

See notes to consolidated financial statements.

THE GLOBAL CENTER FOR MEDICAL INNOVATION, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services				
	Prototyping, Testing and Training	PPE Program	Total Program	Management and General	Total
Salaries	$ 3,246,590	$ 266,996	$ 3,513,586	$ 883,648	$ 4,397,234
Fringe benefits	1,034,649	85,089	1,119,738	281,608	1,401,346
Total compensation and benefits	4,281,239	352,085	4,633,324	1,165,256	5,798,580
Bank fees	-	-	-	40,218	40,218
Bad debt expense	19,968	-	19,968	-	19,968
Communications	24,957	-	24,957	6,239	31,196
Consulting services	341,667	61,251	402,918	94,566	497,484
Contract labor	89,990	-	89,990	-	89,990
Dues and publications	17,083	-	17,083	-	17,083
Insurance	20,028	-	20,028	33,729	53,757
Interest expense	-	-	-	1,850	1,850
Maintenance and repair	474,873	-	474,873	158,291	633,164
Marketing	-	-	-	88,923	88,923
Materials and supplies	1,068,300	53,996	1,122,296	-	1,122,296
Occupancy	654,779	-	654,779	218,259	873,038
Personal protective equipment development and production	-	798,585	798,585	-	798,585
Postage and printing	-	10,705	10,705	100,678	111,383
Professional fees	-	-	-	64,539	64,539
Surgical expense	110,816	-	110,816	-	110,816
Travel	11,494	-	11,494	2,874	14,368
Utilities	175,293	-	175,293	58,431	233,724
Other administrative expenses	-	-	-	46,258	46,258
Total expenses before depreciation and amortization	7,290,487	1,276,622	8,567,109	2,080,111	10,647,220
Depreciation and amortization	652,544	-	652,544	217,514	870,058
Total expenses	$ 7,943,031	$ 1,276,622	$ 9,219,653	$ 2,297,625	$ 11,517,278

See notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies:

The Global Center for Medical Innovation, Inc. ("GCMI") is a non-profit corporation organized in the State of Georgia on June 11, 2008. GCMI brings together core members of the medical device community, including universities, research centers, clinicians, established device companies, investors and startups, with the goal of accelerating the commercialization of innovative medical technology. GCMI helps new-product teams enhance their product development, shorten time to market, and potentially achieve significant cost savings throughout the process. This collaborative environment makes everyone's efforts more efficient and cost-effective. GCMI is a cooperative organization of the Georgia Institute of Technology ("GIT"), and is party to an operating agreement with GIT, pursuant to which GIT may provide certain future services, programs, and facilities usage to GCMI. GCMI's board of directors is appointed by GIT.

GCMI is the sole member of Translational Testing and Training Laboratories, Inc. ("T3 Labs"), a Georgia non-profit corporation engaged in preclinical testing and training services. Medical devices and pharmaceuticals follow well-established paths to make sure that they are safe and effective when they reach the public. This path includes preclinical testing to determine if a product is effective and safe, and bioskills training which allows physicians and other end-users to evaluate or practice in clinical-grade environment. GCMI and T3 Labs are collectively referred to herein as the "Organization."

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of GCMI and T3 Labs for the years ended June 30, 2022 and 2021. All significant intercompany transactions and balances have been eliminated in the consolidation.

Basis of Accounting
The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Not-for-Profit Entities*.

Accounts Receivable
Accounts receivable represents balances due for the program services described above. At June 30, 2022, management believes that the balances recorded are fully collectible; accordingly, there is no allowance for doubtful accounts.

Inventory
Inventory is comprised of general surgical supplies, controlled substances, and feed for biological specimens used in studies, and is valued at estimated cost. Due to the nature of inventory items and the relative insignificance of the total value to the consolidated financial statements as a whole, management does not believe a lower of cost or market analysis is necessary.

Property and Equipment
It is the Organization's policy to capitalize at cost personal property additions in excess of $5,000. Leasehold improvements are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Personal property additions are depreciated using the straight-line method over their estimated useful lives, which range from two to ten years. Leasehold improvements are amortized over the remaining life of the operating lease unless management determines their estimated useful life to be of shorter duration.

Deferred Lease Expense

The Organization leases space under operating leases further described in Note 11. Minimum lease payments escalate annually under the lease terms. In accordance with ASC 840, *Operating Leases*, the Organization recognizes lease expense on a straight-line basis over the terms of the leases. During the period that straight-line lease expense exceeds the amount paid under the lease terms, the excess is recorded as a liability. At June 30, 2022 and 2021, the balance of this liability is $327,463 and $298,283.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted 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 and reported in the consolidated statement of activities as net assets released from restrictions.

Revenue Recognition

Contracts with Customers

The Organization adopted ASC 606, *Revenue from Contracts with Customers*, for the year ended June 30, 2021 using the modified retrospective method. ASC 606 establishes principles for reporting information to financial statement users about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers and is intended to ensure that the entity recognizes revenues in a manner depicting the transfer of promised goods or services to customers in amounts reflecting the consideration to which the entity expects to be entitled in exchange for those goods or services.

A contractual agreement exists when each party involved approves and commits to the agreement, the rights of the parties and payment terms are identified, the agreement has commercial substance, and collectability of consideration is probable. The Organization performs services for the sole benefit of its customers, whereby the assets being created or maintained are controlled by the customer and the services performed do not have alternative benefits for the Organization.

The Organization performs services under standardized master service agreements or customized contracts that contain customer-specified service requirements. These agreements include discrete pricing for individual tasks, materials, and other provided benefits, each based on a specific unit of measure. Tasks occur and materials are consumed in specific instances which can be discretely identified. Related revenue is recognized at the point that these tasks are completed, which constitutes transfer of control of promised services to customers in an amount that reflects the consideration the Organization expects to receive in exchange for those services. The Organization typically operates under contracts with clauses that allow the customer to unilaterally terminate the contract for convenience, pay the Organization for expenses incurred, and take control of any work in process. The selection of the method to measure contract revenue requires significant judgment and is based on the nature of the services to be provided. Management believes this method best represents the measure of progress against the performance obligations incorporated in these contractual agreements.

In those instances where the timing of revenue recognition differs from the timing of invoicing, management has determined that contracts do not include a significant financing component. The primary purpose of the invoicing terms in use is to provide customers with simple and predictable methods of purchasing the Organization' services, not to provide or receive financing to or from customers. The term between invoicing and when payment is due is not significant.

Cash received for services to be provided in the future is recorded as deferred program services revenue until such services are provided. The following table provides information about significant changes in deferred program services revenue for the year ended June 30:

	2022	2021
Beginning of year	$ 376,024	$ 421,578
Received as cash during the year	1,289,323	586,866
Revenue recognized during the year	(1,168,457)	(632,420)
End of year	$ 496,890	$ 376,024

Contributions
Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

In-kind contributions of non-cash assets for use by the Organization are recorded at their fair market value in the period received.

Contributions of donated services which create or enhance non-financial assets or that require specialized skills that would typically need to be purchased if not provided by donation are recorded at their fair value in the period received. During the years ended June 30, 2022 and 2021, the Organization received such contributions from GIT as described in Note 8.

Grant and Subgrant Awards
Revenue derived from cost-reimbursable federal grants and subgrants is conditioned upon certain performance requirements 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 consolidated statement of financial position.

Expense Allocation
The costs of providing various programs and other activities are summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, costs are subject to allocation among the program and supporting services benefited.

Income Taxes
GCMI and T3 Labs are not-for-profit corporations and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying consolidated financial statements.

ASC 740, *Income Taxes,* is applicable to not-for-profit entities in that certain matters, such as GCMI's and T3 Labs' tax-exempt status, are considered tax positions taken in their annual informational tax returns and thus must be assessed for potential unrecognized tax benefits. Under ASC 740, the Organization assesses the likelihood, based on their technical merit, that such tax positions taken in its informational tax returns will be sustained upon examination of the facts, circumstances, and information available at the end of each financial statement period. Unrecognized tax benefits are measured and recorded as a liability where the Organization has determined it to be probable a tax position would not be sustained and the amount of the unrecognized tax benefit, including associated penalties and interest, can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position, or for all uncertain tax positions in the aggregate, could differ from the amount recognized.

Management has determined that there is no tax liability resulting from unrecognized tax benefits relating to uncertain income tax positions taken, or expected to be taken, in its informational tax returns as of June 30, 2022. No informational tax returns are currently under examination.

Estimates and Assumptions

The Organization uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Date of Management's Review

In accordance with ASC 855, *Subsequent Events*, management has performed a review of the Organization's subsequent events and transactions through October 13, 2022, which is the date the consolidated financial statements are available for issue.

New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires entities to recognize all leased assets as assets on the consolidated statement of financial position with a corresponding liability resulting in a gross up of the consolidated statement of financial position. Entities are also required to present additional disclosures regarding the nature and extent of leasing activities. The effective date of ASU 2016-02 was amended by ASU 2020-05 to annual reporting periods beginning after December 15, 2021, and therefore for the Organization's year ended June 30, 2023. Management has not evaluated the impact of this ASU on the Organization.

2. Liquidity and Availability:

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year at June 30, 2022, are as follows:

Cash	$ 1,382,672
Accounts receivable	2,111,714
	$ 3,494,386

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers expenditures related to its program services and expenditures incurred to support these programs.

3. Concentrations:

The Organization currently receives significant resources, which may include direct financial assistance, donated facilities usage, and administrative assistance, from GIT and affiliated organizations of GIT. At June 30, 2022, over 90% of the Organization's accounts payable and accrued expenses balance is payable to GIT, a substantial portion of which has been outstanding for a length of time which would be considered excessive for transactions between unrelated parties. The Organization is obligated to an affiliate organization of GIT for a note payable described in Note 5. As of October 13, 2022, the date the consolidated financial statements are available for issue, the Organization has not remitted the annual payments due from June 30, 2018 through 2022 under this note. Additionally, a significant portion of the Organization's total revenue is derived from services performed for GIT, Emory University ("Emory"), or organizations or researchers affiliated with GIT or Emory in some capacity. Interruption or discontinuation of the above-described sources of support or revenue or demands for immediate repayment of the obligations described above could cause substantial doubt in the Organization's ability to continue operating as an independent entity. As of October 13, 2022, the date the consolidated financial statements are available for issue, management believes the likelihood of one or more such occurrences during the subsequent twelve months to be remote.

The financial instruments which potentially subject the Organization to concentrations of credit risk are cash and accounts receivable for program services. The Organization has cash deposits with a financial institution in excess of the $250,000 limit federally insured by the Federal Deposit Insurance Corporation ("FDIC"). At June 30, 2022, uninsured cash totals $941,223.

Management does not currently believe a credit risk from accounts receivable exists due to the Organization's broad customer base comprised largely of financially stable entities, including GIT and Emory.

4. Property and Equipment:

At June 30, property and equipment consists of the following:

	2022	2021
Machinery and equipment	$ 2,268,486	$ 2,194,891
Machinery and equipment not in service	18,750	18,750
Software	33,686	33,686
Leasehold improvements	10,020,314	9,470,139
	12,341,236	11,717,466
Accumulated depreciation and amortization	(5,734,398)	(5,067,583)
	$ 6,606,838	$ 6,649,883

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 is $766,815 and $870,058.

5. Long-term Note Payable:

GCMI received an unsecured note payable for $500,000 from the Georgia Tech Research Corporation ("GTRC"). The note bears interest at 0.5%. At June 30, 2022 and 2021, unpaid principal and interest total $387,238 and $385,388. Minimum annual payments of $50,000 are due each June 30 through 2024, at which time all unpaid principal and interest is due. GTRC and GCMI are both affiliate organizations of GIT. As described in Note 3, the annual payments due June 30, 2018 through 2022 have not been remitted as of October 13, 2022, the date the consolidated financial statements are available for issue.

6. Capital Lease Obligation:

During June 2022, the Organization entered into a capital lease agreement for medical equipment. For financial reporting purposes, minimum rental payments have been capitalized. This lease expires in June 2027. At June 30, 2022, equipment acquired under the capital lease obligation has a cost of $125,000. No related depreciation has yet been recognized as of June 30, 2022.

Future minimum lease payments under this capital lease are as follows:

2023	$	23,817
2024		24,394
2025		24,986
2026		25,591
2027		26,212
	$	125,000

7. Loan Payable:

The lease agreement for T3Labs' research facility, further described in Note 11, was amended in September 2021. This amendment incorporated a loan agreement under which the lessor provided a $1.2 million credit facility to the Organization for the purpose of financing specified equipment and leasehold improvements. The Organization is required to submit documentation of such expenditures to the lessor for reimbursement. As of June 30, 2022, $598,770 of equipment and leasehold improvements had been requested and approved for such financing.

Although the full balance of the credit facility had not been extended to the Organization as of June 30, 2022, the terms incorporated into the amended lease agreement describe a repayment schedule that assumes the full $1.2 million was extended at the inception of the agreement and requires monthly payments of $13,322, representing repayment of $1.2 million principal plus interest at 6%, over the ten-year life of the amended lease agreement. As the actual liability incurred as of June 30, 2022, is lower than the balance used to calculate the repayment terms, the Organization records interest expense in excess of the stated 6% rate during the year ended June 30, 2022, in order to record the mandated payment amounts. No security is explicitly identified in the agreement.

Future minimum payments under this loan, based on the principal extended as of June 30, 2022, are as follows:

2023	$	94,946
2024		100,802
2025		107,019
2026		113,620
2027		107,489
	$	523,876

8. Contributed Management Services Revenue:

The Organization benefits from unreimbursed services provided by GIT. During the years ended June 30, 2022 and 2021, these services are valued at $1,413,050 and $734,305 based on the amount of time spent rendering services at the compensation rates of the applicable individuals. These amounts are included in contributed management services revenue and in management and general expense in the accompanying consolidated statements of activities.

The Organization may receive additional assistance from GIT and affiliated organizations in the form of advisory services, financial recordkeeping, and facilities usage for administrative functions to which no value has been attributed in the accompanying 2022 and 2021 consolidated financial statements. Management has evaluated the possible sources of such assistance and believes the value of any unrecorded services received to be immaterial to the Organization's operations.

9. Net Assets with Donor Restrictions:

At June 30, 2022, net assets with donor restrictions represents contributions which are specified for use in a particular development and commercialization project.

At June 30, 2021, net assets with donor restrictions represents $26,500 received for sponsorship of a program which commenced in the subsequent year and $9,411 of remaining funds related to a 2020 contribution restricted for the purpose of providing personal protective equipment in response to the COVID-19 crisis. Management believes these funds were fully expended for their intended purposes during the year ended June 30, 2022.

10. Subgrant Award:

During 2022, the Organization received a $394,739 subgrant award though GIT from the U.S. Department of Commerce's Economic Development Authority ("EDA") for the purpose of funding certain salaries and other expenses related to its medical device prototyping design and development center. The award includes a 100% cost sharing requirement which must be met with funds from other sources. Revenues from the subgrant award are recognized as discussed in Note 1. The Organization recognized no revenues under the subgrant award during the year ended June 30, 2022.

11. Commitments and Contingencies:

GCMI is party to an operating lease for its medical device prototyping design and development center with GIT, which subleases the facility from a single-member LLC owned by Georgia Advanced Technology Ventures, Inc. ("GATV"). Payments under the lease increase annually, as discussed in Note 1. The lease terminates on June 30, 2030.

T3 Labs is party to an operating lease for its research facility with a single-member LLC owned by GATV. Payments under the lease increase annually, as discussed in Note 1. The lease, as amended, terminates on August 31, 2031.

Minimum future payments for the twelve months ended June 30, under the non-cancelable portions of operating leases having terms in excess of one year are as follows:

2023	$ 642,096
2024	658,794
2025	675,939
2026	693,541
2027	711,615
Thereafter	2,830,388
	$ 6,212,373

The Organization may also enter into short-term lease agreements as operations require.

Total lease expense for the years ended June 30, 2022 and 2021 is $1,030,156 and $873,038.

T3 Labs subleases a portion of its research facility to a division of Emory under an amended sublease agreement which is effective through June 2023. For the years ended June 30, 2022 and 2021, the Organization recognized sublease revenue of $434,140 and $425,627, which is included in program services revenue in the consolidated statements of activities. Minimum rentals to be received for the year ended June 30, 2023, total $442,822.

12. Related Party Transactions Not Disclosed Elsewhere:

At June 30, 2022 and 2021, accounts receivable includes $58,424 and $101,293 due from GIT.

At June 30, 2022 and 2021, the accounts payable and accrued liabilities balance includes $3,010,358 and $3,309,606 due to GIT.

The Organization provides its services, as described in Note 1, to GIT. For the years ended June 30, 2022 and 2021, revenues from services provided to GIT total $300,201 and $126,384. As part of its nonprofit mission, the Organization also provides some of its services to GIT without direct compensation or reimbursement of the costs involved.

The daily operations of the Organization are conducted by employees of GIT. The Organization reimburses GIT for these salaries and fringe benefits, unless they are contributed by GIT as described in Note 8. All such balances in the accompanying consolidated statements of functional expenses are attributable to GIT employees.

13. Functionalized Expenses:

The consolidated financial statements report certain categories of expenses that are attributed between program service expense and management and general expense. Such expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, benefits, and payroll taxes, as well as such items as materials and supplies and travel, are allocated according to estimates of time and effort. Facility-related expenses, including insurance, repairs, utilities, and depreciation and amortization, are allocated based on the square footage attributable to program operations and to administrative areas.

14. Other Risks and Uncertainties:

In March 2020, the World Health Organization declared COVID-19 to constitute a global pandemic. There have been mandates from international, federal, state and local authorities requiring forced closures of various schools, businesses and other facilities and organizations. Some of these governmental restrictions have since been lifted or scaled back, but resurgences of COVID-19 infections have resulted in the re-imposition of certain restrictions. Such actions, as well as supply chain disruption and related financial impacts, cannot be accurately predicted or estimated at this time. Should the closures continue for an extended period of time or should the effects of COVID-19 continue to spread, the impact could have a material adverse effect on the Organization's financial position, results of operations and cash flows.