DNS-OARC
Domain Name System Operations Analysis and Research Center

OARC, INC.

Audited
Financial Statements

For the Years Ended
December 31, 2022 and 2021
With Independent Auditors' Report Thereon

(A Delaware Not-for-Profit Corporation)

Contents

OARC, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
OARC, Inc.

Opinion
We have audited the accompanying financial statements of OARC, Inc. (a California nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 OARC, Inc. as of December 31, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OARC, 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 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 OARC, Inc.'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 OARC, Inc.'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.

Regalia & Associates

August 30, 2023
Danville, California

Statements of Financial Position
December 31, 2022 and 2021

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	**$ 677,991**	$ 819,394
Accounts receivable	**133,950**	84,100
Prepaid expenses and other current assets	**11,265**	16,325
Total current assets	**823,206**	919,819
Property and equipment, net	**83,721**	85,322
	$ 906,927	$ 1,005,141

LIABILITIES AND NET ASSETS

	2022	2021
Current liabilities:		
Accounts payable and other accruals	**$ 92,529**	$ 127,426
Deferred revenue	**347,630**	378,190
Total current liabilities	**440,159**	505,616
Net assets:		
Without donor restrictions	**436,143**	495,775
With donor restrictions	**30,625**	3,750
Total net assets	**466,768**	499,525
	$ 906,927	$ 1,005,141

Statements of Activities and Changes in Net Assets
Years Ended December 31, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions:		
Revenue and support:		
Membership	**$ 649,695**	$ 570,687
Registrations	**48,955**	37,540
Donations, sponsorships, and grants	**236,971**	276,359
Net assets released from restrictions	**5,625**	10,833
Total revenue and support	**941,246**	895,419
Operating expenses:		
Program	**722,768**	493,687
General and administrative	**278,110**	226,295
Fundraising	**-**	-
Total operating expenses	**1,000,878**	719,982
(Decrease) increase in net assets without donor restrictions	**(59,632)**	175,437
Changes in net assets with donor restrictions:		
Grants and contributions	**32,500**	3,750
Net assets released from restrictions	**(5,625)**	(10,833)
Increase (decrease) in net assets with donor restrictions	**26,875**	(7,083)
(Decrease) increase in net assets	**(32,757)**	168,354
Net assets at beginning of year	**499,525**	331,171
Net assets at end of year	**$ 466,768**	$ 499,525

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Operating activities:		
(Decrease) increase in net assets	**$ (32,757)**	$ 168,354
Adjustments to reconcile to cash provided by operating activities		
Depreciation and amortization	**55,835**	48,923
Changes in:		
Accounts receivable	**(49,850)**	(45,000)
Prepaid expenses and other current assets	**5,060**	(16,325)
Accounts payable and other accruals	**(34,897)**	34,598
Deferred revenue	**(30,560)**	47,666
Cash (used for) provided by operating activities	**(87,169)**	238,216
Investing activities:		
Acquisition of property and equipment	**(54,234)**	(13,136)
Cash used for investing activities	**(54,234)**	(13,136)
(Decrease) increase in cash and cash equivalents	**(141,403)**	225,080
Cash and cash equivalents at beginning of year	**819,394**	594,314
Cash and cash equivalents at end of year	**$ 677,991**	$ 819,394
Additional cash flow information:		
Interest paid	**$ -**	$ -
Tax registration fees	**$ 100**	$ 100

Statement of Functional Expenses
Year Ended December 31, 2022

	Programs	General & Admin-istrative	Fund Raising	Totals
Bad debts	$ -	$ 8,300	$ -	**$ 8,300**
Bank charges and other fees	-	1,585	-	**1,585**
Conferences and meetings	102,390	-	-	**102,390**
Connectivity	47,754	-	-	**47,754**
Depreciation and amortization	55,835	-	-	**55,835**
Office and other	13,406	7,524	-	**20,930**
Postage and shipping	152	85	-	**237**
Professional and consulting	443,603	248,957	-	**692,560**
Occupancy	11,145	6,255	-	**17,400**
Telephone and telecommunications	38	21	-	**59**
Travel and related expenses	48,445	5,383	-	**53,828**
Totals	$ 722,768	$ 278,110	$ -	**$ 1,000,878**

Statement of Functional Expenses
Year Ended December 31, 2021

	Programs	General & Administrative	Fund Raising	2021 Totals
Bank charges and other fees	$ -	$ 958	$ -	**$ 958**
Conferences and meetings	12,964	-	-	**12,964**
Connectivity	40,075	-	-	**40,075**
Depreciation and amortization	48,923	-	-	**48,923**
Office and other	9,298	5,383	-	**14,681**
Postage and shipping	20	11	-	**31**
Professional and consulting	372,031	215,411	-	**587,442**
Occupancy	7,073	4,095	-	**11,168**
Telephone and telecommunications	150	87	-	**237**
Travel and related expenses	3,153	350	-	**3,503**
Totals	$ 493,687	$ 226,295	$ -	**$ 719,982**

Notes to Financial Statements
December 31, 2022 and 2021

1. Organization

OARC, Inc. (OARC) is a 501(c)(3) nonprofit public benefit corporation incorporated in the state of Delaware, with offices in California and Indiana. OARC was conceived in 2004 and then incorporated in late 2008 as part of a joint research proposal with CAIDA to the National Science Foundation. OARC was conceived as a membership organization where DNS operators, network researchers, software implementers, and others could participate to share data, common problems, and solutions in a secure environment.

OARC provides and develops direct real-time assistance and information from TLD and other root server operations in the event of denial-of-service attacks against members' infrastructure. OARC's mission is to build trust among its members through forums where information can be shared in confidence; to enable knowledge transfer by organizing semiannual workshops; to promote research through data collection, analysis, and simulation; and to increase awareness with publicly available tools and services.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of OARC have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

Measure of Operations – The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to OARC’s ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – OARC’s cash consists of cash on deposit with banks. Cash equivalents, when applicable, represent savings, cash deposits and money market accounts with maturity dates of three months or less from the date of inception.

Concentrations of Credit Risk – Financial instruments that potentially subject OARC to concentrations of credit risk consist principally of cash and cash equivalents and deposits. OARC maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. OARC manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, OARC has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of OARC’s mission.

Accounts Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if applicable, is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

2. Summary of Significant Accounting Policies (*continued*)

Accounts Receivable (*continued*) - OARC determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

Property and Equipment – OARC's policy is to record acquisitions of property and equipment at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts and any resulting gain or loss is included in the statements of activities.

Costs of maintenance and repairs are expensed currently. OARC reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. OARC has determined that no long-lived assets were impaired during the years ended December 31, 2022 and 2021.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). OARC groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

2. Summary of Significant Accounting Policies (*continued*)

Fair Value Measurements *(continued)* – In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

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

Net Assets without Donor Restrictions
Net assets without donor restrictions represent funds available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve or for other board-designated endowment purposes, but has not opted to do so as of December 31, 2022 and 2021.

Net Assets with Donor Restrictions
Net assets with donor restrictions represent funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income Taxes – OARC is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. OARC is required to annually file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. OARC could be subject to income tax on net income derived from business activities which are unrelated to its exempt purpose. When applicable, OARC files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

OARC has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that OARC continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

2. Summary of Significant Accounting Policies *(continued)*

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts 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 reported period. Accordingly, actual results could differ from those estimates

Revenue and Revenue Recognition – Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Membership fees are comprised of an exchange element based on the value of the benefits provided, and a contribution element for the difference between the total fees paid and the exchange element. OARC recognizes the contribution portion immediately. Members receive a variety of benefits for their membership fees, including discount on registrations to OARC workshops. These registration discounts are recognized at the time of registration. The remaining exchange portion of the membership fees are recognized over the membership period.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Contributions of Nonfinancial Assets – Contributed services and costs are reflected at the fair value of the contribution received in accordance with *ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

2. Summary of Significant Accounting Policies (*continued*)

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets in accordance with *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which requires OARC to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as professional and consulting, occupancy, and other overhead) have been allocated based on time and effort. Other direct costs have been allocated in accordance with the specific services received from vendors.

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) removes inconsistencies and weaknesses in existing revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

ASU 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 204-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of August 30, 2023 (the date of the Independent Auditors' Report), management has made this evaluation and has determined that OARC has the ability to continue as a going concern.

ASU 2016-02, Leases (Topic 842) – Accounting for Leases requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. This standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities and changes in net assets.

ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. OARC has adjusted the presentation of these statements accordingly.

2. Summary of Significant Accounting Policies *(continued)*

Recent and Relevant Accounting Pronouncements *(continued)*
ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made was issued to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, OARC has incorporated these clarifying standards within the audited financial statements.

ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets increases transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Update requires that an organization present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The Update also requires certain enhanced disclosures for contributed nonfinancial assets.

3. Cash and Cash Equivalents

Cash and cash equivalents of $677,991 and $819,314 at December 31, 2022 and 2021, respectively, consist of funds on deposit in noninterest-bearing checking accounts. OARC maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. OARC has not experienced any losses in such accounts.

4. Accounts Receivable

Accounts receivable of $133,950 and $84,100 at December 31, 2022 and 2021, respectively, are due within one year from various third parties. OARC uses the direct write-off method with regards to receivables deemed uncollectible. During the year ended December 31, 2022, OARC recognized bad debt expense of $8,300. There was no bad debt expense recognized during the year ended December 31, 2021. Management has evaluated the receivables as of December 31, 2022 and determined that such amounts are fully collectible based on the financial strength of the parties involved.

5. Liquidity

OARC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. OARC has various sources of liquidity at its disposal, including cash and equivalents and the future collection of receivables.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, OARC considers all expenditures related to its ongoing member support and related activities to be general expenditures.

5. Liquidity (*continued*)

In addition to financial assets available to meet general expenditures over the next 12 months, OARC operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of OARC's cash. The following table shows the total financial assets held by OARC and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures:

	2022	2021
Cash and cash equivalents	**$ 677,991**	$ 819,394
Accounts receivable	**133,950**	84,100
Total financial assets	**811,941**	903,494
Less: amounts not available to be used for general expenditures within one year		
Net assets with donor restrictions	**(30,625)**	(3,750)
Financial assets available to meet general expenditures over the next twelve months	**$ 781,316**	$ 899,744

As part of OARC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. OARC's goal is generally to maintain financial assets to meet four to six months of operating expenses.

6. Property and Equipment

A summary of property and equipment is as follows at December 31:

	2022	2021
Computers and related equipment	**$ 420,516**	$ 366,282
Less accumulated depreciation	**(336,795)**	(280,960)
Total property and equipment, net	**$ 83,721**	$ 85,322

Total depreciation expense for the years ended December 31, 2022 and 2021 amounted to $55,835 and $48,923, respectively.

7. Membership Fees and Deferred Revenue

Deferred revenue of $347,630 and $378,190 at December 31, 2022 and 2021, respectively, consists of membership fees received or billed in advance of services to be performed and are scheduled to be recognized in the following year. Such amounts have been reflected as short-term liabilities on the statements of financial position and will be reflected as revenue on the statements of activities and changes in net assets when the related services are performed.

7. Membership Fees and Deferred Revenue *(continued)*

The following table provides information about significant changes in deferred revenue for the years ended December 31:

	2022	2021
Deferred revenue, beginning of year	**$ 378,190**	$ 330,524
Revenue recognized from previously deferred revenue	**(374,232)**	(305,362)
Membership fees received or billed in advance	**343,672**	353,028
Deferred revenue, end of year	**$ 347,630**	$ 378,190

8. Occupancy

OARC leases office space under a one-year operating agreement. Occupancy expense for the years ended December 31, 2022 and 2021 amounted to $17,400 and $11,168, respectively, and is reflected on the statements of functional expenses.

9. Net Assets with Donor Restrictions

OARC recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expired. At December 31, 2022 and 2021, OARC had $30,625 and $3,750 in net assets that were restricted for specific future projects. During the years ended December 31, 2022 and 2021, OARC released $5,625 and $10,833, respectively, from net assets with donor restrictions to net assets without donor restrictions.

10. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into and/or renew contracts related to ongoing operational activities, which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate OARC to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond OARC's control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management personnel, including executive officers of the organization, and (d) financial risks associated with funds on deposit at bank accounts. Certain of the grants and contracts (including current and prior costs) are subject to adjustment upon review and final acceptance by the granting agencies. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

Notes to Financial Statements
December 31, 2022 and 2021

11. COVID-19

Although the COVID-19 threat has abated, the worldwide threat continues to (a) influence financial markets, (b) threaten revenue streams, and (c) impact private enterprises with which OARC conducts operations. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, continues to present challenges. Management continues to monitor and evaluate its options. These financial statements reflect certain economic ramifications which impacted the years ended December 31, 2022 and 2021.

12. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, OARC has evaluated subsequent events through August 30, 2023, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which are necessitate disclosure.