

INFINITE HERO FOUNDATION



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Financial Statements

For the Years Ended December 31, 2021 and 2020

Infinite Hero Foundation
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Independent Auditor's Report

To the Board of Directors of
Infinite Hero Foundation

Opinion

We have audited the accompanying financial statements of Infinite Hero Foundation, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Infinite Hero Foundation as of December 31, 2021 and 2020, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Infinite Hero Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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 would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

A handwritten signature in cursive script that reads "LTP, INC." The letters are fluid and connected, with a small "INC." at the end.

Newport Beach, California
May 12, 2022

Infinite Hero Foundation
Statements of Financial Position
As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Assets		
Cash and cash equivalents	\$ 429,512	\$ 371,799
Contributions receivable (Note 2)	67,089	80,910
Prepays and other current assets	-	5,000
Conditional grant payments made (Note 2)	150,000	225,000
Intangible assets (Note 5)	<u>2,000</u>	<u>2,000</u>
 Total assets	 <u>\$ 648,601</u>	 <u>\$ 684,709</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ -	\$ 11,400
Accrued expenses	<u>1,358</u>	<u>3,783</u>
 Total liabilities	 <u>1,358</u>	 <u>15,183</u>
 Net assets-unrestricted	 <u>647,243</u>	 <u>669,526</u>
 Total liabilities and net assets	 <u>\$ 648,601</u>	 <u>\$ 684,709</u>

The accompanying notes are an integral part of these financial statements

Infinite Hero Foundation
Statements of Activities
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Contributions	\$ 305,044	\$ 457,467
In-kind support (Note 2)	-	2,850,000
Special events	244,446	-
Less: Costs of direct benefits to donors	(54,194)	-
Royalty income (Note 4)	45,543	32,728
Investment income	<u>117</u>	<u>150</u>
 Total revenues	 <u>540,956</u>	 <u>3,340,345</u>
 Expenses		
Program services	239,741	320,170
Program services in-kind support	-	2,850,000
Fundraising	213,669	239,787
Management and general	<u>109,829</u>	<u>113,558</u>
 Total expenses	 <u>563,239</u>	 <u>3,523,515</u>
 Change in net assets - unrestricted	 (22,283)	 (183,170)
 Net assets-unrestricted, beginning of year	 <u>669,526</u>	 <u>852,696</u>
 Net assets-unrestricted, end of year	 <u>\$ 647,243</u>	 <u>\$ 669,526</u>

The accompanying notes are an integral part of these financial statements

Infinite Hero Foundation
Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>		<u>Support Services</u>		
	<u>Support Grants</u>	<u>Public Awareness</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Support grants	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Salaries and benefits	7,156	7,792	52,879	49,453	117,280
Advertising and promotion	-	-	-	8,517	8,517
Supplies and materials	-	-	5,714	19,877	25,591
Travel	3,398	-	918	13,653	17,969
Facility and equipment	-	-	1,264	-	1,264
Professional services	13,750	57,450	36,994	120,372	228,566
Insurance	-	-	9,417	398	9,815
Other	<u>36</u>	<u>159</u>	<u>2,643</u>	<u>1,399</u>	<u>4,237</u>
Total expenses	<u>\$ 174,340</u>	<u>\$ 65,401</u>	<u>\$ 109,829</u>	<u>\$ 213,669</u>	<u>\$ 563,239</u>

The accompanying notes are an integral part of these financial statements

Infinite Hero Foundation
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services			Support Services		Total Expenses
	Support Grants	Public Awareness	Public Awareness In-Kind Support (See Note 2)	Management and General	Fundraising	
Support grants	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Salaries and benefits	19,933	36,227	-	68,069	130,049	254,278
Advertising and promotion	-	-	-	-	10,700	10,700
Donated media space	-	-	2,850,000	-	-	2,850,000
Supplies and materials	-	6,660	-	4,732	20,411	31,803
Travel	1,904	17,190	-	145	28,415	47,654
Facility and equipment	130,450	-	-	1,224	-	131,674
Professional services	32,500	-	-	30,434	48,132	111,066
Insurance	-	-	-	6,405	-	6,405
Other	75	231	-	2,549	2,080	4,935
	<u>\$ 259,862</u>	<u>\$ 60,308</u>	<u>\$ 2,850,000</u>	<u>\$ 113,558</u>	<u>\$ 239,787</u>	<u>\$ 3,523,515</u>
Total expenses	<u>\$ 259,862</u>	<u>\$ 60,308</u>	<u>\$ 2,850,000</u>	<u>\$ 113,558</u>	<u>\$ 239,787</u>	<u>\$ 3,523,515</u>

The accompanying notes are an integral part of these financial statements

Infinite Hero Foundation
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ (22,283)	\$ (183,170)
Adjustments to reconcile change in net assets to net cash provided by (used) in operating activities:		
Changes in operating assets and liabilities		
Prepays and other current assets	5,000	(5,000)
Conditional grant payments made	75,000	(225,000)
Royalties receivable	-	-
Contributions receivable	13,821	42,972
Accounts payable	(11,400)	(6,038)
Accrued expenses	<u>(2,425)</u>	<u>(1,250)</u>
Net cash provided by (used) in operating activities	<u>57,713</u>	<u>(377,486)</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	57,713	(377,486)
Cash and cash equivalents, beginning of year	<u>371,799</u>	<u>749,285</u>
Cash and cash equivalents, end of year	<u>\$ 429,512</u>	<u>\$ 371,799</u>

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Note 1. Description of Infinite Hero Foundation

Mission

Infinite Hero Foundation (the “Foundation”) was incorporated on March 17, 2011 as a non-profit public benefit corporation under the laws of the state of California.

The Foundation’s mission is to combat the most difficult front-line issues, both mental and physical, facing military heroes and their families by increasing the availability of critical mental and physical health services and investing in innovative strategies and therapies to accelerate rehabilitation and recovery. The Foundation seeks to fulfill its mission by: (i) raising public awareness of the need to support members of the military community and (ii) supporting organizations that are dedicated to, and provide services in furtherance of, the Foundation’s mission.

COVID-19 Pandemic

The ongoing COVID-19 pandemic has negatively affected the global economy, general business operations and activities, disrupted financial markets, and resulted in significant physical meetings and transportation restrictions. The effects of the pandemic has had an adverse effect on the Foundation’s ability to fundraise for a substantial part of 2021 and 2020. The impact of the COVID-19 pandemic including the resulting economic impact, continues to evolve and the effect on the Foundation’ continuing operating activities cannot be predicted at this time.

Raising Public Awareness

The Foundation raises public awareness of its mission, and solicits contributions, at public and charity events and through other traditional communication channels as well as through its web site (www.infinitehero.org) and the use of social media. The Foundation also works with corporate partners to spread awareness to their consumers and social media followers. From time to time the Foundation also holds charity events.

Grant Making

The Foundation is committed to dedicating its resources and property for the beneficial use of charitable causes consistent with its mission statement. The Foundation’s program services principally consist of support grants it makes to specially selected nonprofit organizations to fund programs that directly benefit our military heroes and their families and to promote the development of innovative rehabilitation programs and therapies. Since its inception, the Foundation has made disbursements for grants totaling approximately \$4,521,600 in furtherance of its mission.

Note 1. Description of Infinite Hero Foundation (continued)

Corporate Partnership Agreements

Because the Foundation's name, logo and trade dress (the "IHF Marks") are associated with its mission statement, the Foundation intends to license the IHF Marks to corporate partners for use in connection with the sale of such parties' commercial products ("Signature Products"), usually in exchange for a donation to the Foundation of a portion of the proceeds from the sale of such Signature Products. The production, marketing and sale of Signature Products will be undertaken by the Foundation's corporate partners, and the Foundation anticipates these activities will serve to inform consumers of the Foundation's mission statement. Consequently, the Foundation expects the sale of Signature Products by its corporate partners will both raise awareness of, and funds for, the support of its mission. In 2011, the Foundation entered into its first licensing arrangement for the sale of Signature Products with Oakley, Inc. ("Oakley"). In June 2011 Oakley began selling a line of Signature Products including eyewear, apparel and accessories (see Note 5). The original arrangement had a termination date of June 2014. In 2014, the original arrangement was amended to extend the term of the royalty arrangement to June 2017. Although the royalty arrangement has expired, the Foundation continues to receive royalties from this licensing arrangement.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Foundation has prepared these financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require Infinite Hero Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Note 2. Summary of Significant Accounting Policies (continued)

Net Assets-Unrestricted

The Foundation has not received any asset whose use is limited by donor-imposed conditions. Consequently, the Foundation's net assets are classified as "net assets-unrestricted" in the financial statements. Net assets-unrestricted represent resources available to support operations. The only limits on the use of Net assets-unrestricted are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundations' ongoing program services support and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. The Foundation did not have any nonoperating activities for the years ended December 31, 2021 and 2020.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires the use of estimates and assumptions that affect the reported amounts of revenues and expenses for the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Foundation's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Foundation's management believes that the estimates and assumptions are reasonable in the circumstances. However, the actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments with original maturities of three months or less. As of December 31, 2021 and 2020, substantially all of the Foundation's cash and cash equivalents consist of demand deposits held at a major financial institution. The Foundation holds yearly fundraising events to generate resources to meet cash needs for general expenditures for the following year.

Concentrations of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Foundation maintains its cash and cash equivalents with certain financial institutions that, at times, may exceed federally insured limits. The Foundation's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

Note 2. Summary of Significant Accounting Policies (continued)

Intangible Assets

Intangible assets represent the capitalized costs related to the acquisition of the Infinite Hero logo and the *www.infinitehero.org* domain name from a related party (see Note 5).

Impairment of Long-Lived Assets

The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstance indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without an interest charge) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the carrying value of the asset to its estimated fair value. To date, no such write-downs have occurred.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets-unrestricted unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. As of December 31, 2021 and 2020, the Foundation has recognized contributions receivable of \$67,089 and \$80,910, respectively, in the accompanying statements of financial position.

In-Kind Support

The Foundation periodically receives contributions in a form other than cash or investments. The Foundation recognizes a contributed asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Foundation's capitalization policy. In 2020, in-kind support includes donated media space having an estimated fair value of \$2,850,000. The Foundation estimates the fair value of donated media space based on available information about the amounts of cash typically paid by buyers for similar media space, standard discounts given for similarly placed media, the media type and placement, and other considerations. The donated media space sponsorship ended at the end of 2020.

The Foundation benefited from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Foundation's fundraising and public relations campaigns, management and administration. However, the majority of the contributed services do not meet the criteria for recognition in the accompanying financial statements. Under GAAP, the Foundation must recognize contributed services if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Note 2. Summary of Significant Accounting Policies (continued)

Event Revenues

Event revenues include donations for event sponsorship, attendance, auctions and related income. Auction proceeds are included in revenues to the extent the auction proceeds exceed the fair value of the goods or services received by the bidder. The cost of direct benefits to donors at events, such as meals or gift bags, are presented in the statements of activities as a reduction of event revenues.

Expense Recognition and Allocation

The cost of conducting the Foundation's programs and other activities is summarized on a functional basis in the statements of activities. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation.

Program Expenses

General:

Program expenses include grant payments and related costs; costs of advertising to raise public awareness. The Foundation makes grants to specially selected nonprofit organizations to fund programs that are in furtherance of, and consistent with, the Foundation's mission statement.

Program expenses include grant payments of \$150,000 and \$75,000, respectively for the years ended December 31, 2021 and 2020. Program expenses for the year ended December 31, 2020 also include donated media space having an estimated fair value of \$2,850,000. The donated media space program ended at the end of 2020.

Grant Commitments and Expense Recognition:

Substantially all of the grants made by the Foundation are considered conditional grants. The grants are subject to certain milestones and reporting requirements that need to be met before the grant is considered earned by the grantee. Conditional grants made by the Foundation are recognized as grant expense when all the conditions have been met. During the years ended December 31, 2021 and 2020, the Foundation made disbursements for grants of \$75,000 and \$300,000 respectively. During the years ended December 31, 2021 and 2020, the Foundation recognized grant expense of \$150,000 and \$75,000 respectively as the conditions of the grants have been met. As of December 31, 2021 and 2020, conditional grant payments made of \$150,000 and \$225,000 respectively have been included on the balance sheet as deferred assets as the conditions of the grants have not been met.

Fundraising Expenses

Fundraising costs are expensed as incurred, even though fundraising efforts may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities.

Note 2. Summary of Significant Accounting Policies (continued)

Functional expenses

In the few cases in which it does, such as when donor acknowledgements contain requests for contributions, joint costs are allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Advertising and promotion	Time and effort
Supplies and materials	Time and effort
Printing and publications	Full time equivalent
Travel	Time and effort
Facility and equipment	Square footage
Professional services	Full time equivalent
Insurance	Asset or risk covered
Other	Time and effort

Tax Exempt Status

The United States Internal Revenue Service (“IRS”) has determined that the Foundation is a public charity and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The IRS has also determined that contributions to the Foundation are tax deductible to donors under IRC Section 170. The California Franchise Tax Board (“FTB”) has determined that the Foundation is exempt from California franchise and income taxes under Section 23701d of the California Revenue and Taxation Code. However, a tax exempt organization that generates income from a trade or business not substantially related to its charitable purpose could be subject to US federal income taxes and California franchise taxes on any such unrelated business income. For the years ended December 31, 2021 and 2020, the Foundation did not generate any such unrelated business income and was not subject to any unrelated business income taxes. The Foundation files annual exempt organization information returns in the United States federal jurisdiction and with the FTB in the State of California.

The Foundation has determined that it has no liabilities for uncertain tax positions as of December 31, 2021 or 2020. Consequently, the Foundation has not recognized any liabilities or expenses for uncertain tax positions, interest or penalties in the accompanying financial statements. The Foundation does not anticipate any material change in its assessment of uncertain tax positions will occur in the twelve months following December 31, 2021. The Foundation may from time to time be subject to routine audits by the IRS, FTB or other taxing authorities. The Foundation’s returns are generally open to audit for three years after the filing date for federal purposes and four years after the filing date for state purposes. Currently there are no audits in progress for any tax years.

Note 2. Summary of Significant Accounting Policies (continued)

Supplemental Cash Flow Information

The Foundation paid no interest or income taxes during the years ended December 31, 2021 and 2020.

Subsequent Events

The Foundation has evaluated all events subsequent to the balance sheet date of December 31, 2021 through the date of the Independent Auditor's Report, the date which the financial statements were available to be issued.

Note 3. Available Resources and Liquidity

The following represents Infinite Hero Foundation's financial assets as of December 31, 2021 and 2020:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 429,512	\$ 371,799
Contribution receivables	67,089	80,910
Prepays and other current assets	<u> -</u>	<u> 5,000</u>
Total financial assets available to meet general expenditures over the next twelve months	<u>\$ 496,601</u>	<u>\$ 457,709</u>

Infinite Hero Foundation is substantially supported by unrestricted contributions, because there are no restrictions, Infinite Hero Foundation maintains financial assets for operating expenses. Infinite Hero Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, cash to be used for operating expenses are held in a liquid checking account, all other excess cash is held in a savings account with no time requirements or other restrictions associated with the account.

Note 4. Fair Value Measurements

The Foundation measures fair values using a three-level hierarchy of inputs established by GAAP. This hierarchy prioritizes the inputs used to measure fair value, and requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Note 4. Fair Value Measurements (continued)

- Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Foundation has access at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and,
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are generally not available for the particular assets and liabilities that the Foundation is required to measure at fair value. The primary use of fair value measurement in the Foundation’s financial statements is the valuation and recognition of donated media space and in-kind contributions received from donors. The valuation of the donated media space and in-kind contributions received from donors is based on Level 3 methodology.

Note 5. Related Party Transactions

Certain of the Foundation’s officers and other board members are also current or former officers, employees, or directors of Oakley. As of December 31, 2021, seven of the eight members of the Foundation’s board of directors are not affiliated with Oakley.

Other employees of Oakley have provided services to the Foundation in various volunteer capacities, including fundraising and management activities. During the years ended December 31, 2021 and 2020, the Foundation paid no compensation to any of the officers or board members affiliated with Oakley and officers or board members not affiliated with Oakley.

Trademark Agreement

In June 2011, the Foundation entered into a Trademark Usage Agreement with Oakley. Under this agreement, Oakley granted the Foundation a non-exclusive right to use the Oakley name and certain Oakley trademarks and logos (collectively, the “Oakley Marks”) in connection with the IHF Marks. As compensation for the use of the Oakley Marks, the Foundation paid Oakley a one-time royalty of \$8,000. The agreement initially had a three-year term and is cancellable by Oakley at any time, without cause, upon thirty days’ prior written notice to the Foundation. The term of the agreement ended in June 2017. The organization is in the process of negotiating an extension of the agreement. As of December 31, 2021 and 2020, the intangible asset was fully amortized.

Note 5. Related Party Transactions (continued)

Signature Product Agreement

In June 2011, the Foundation entered into a Signature Product Agreement with Oakley. Under this agreement, the Foundation granted Oakley a non-exclusive, non-transferable right to use the IHF Marks in connection with the manufacture, distribution and sale of limited edition models of certain Oakley eyewear, apparel and accessories. In consideration for the use of the IHF Marks, Oakley agreed to pay royalties to the Foundation in an amount based on Oakley's net sales of Signature Products. The agreement initially had a three-year term and is subject to automatic termination if Oakley ceases to sell Signature Products. The term of the agreement ended in June 2017. The Foundation continues to receive royalties from this licensing arrangement under an informal arrangement. For the years ended December 31, 2021 and 2020, the Foundation earned royalties of \$45,543 and \$32,728 under the Signature Product Agreement with Oakley.

Logo and Internet Domain Name

In 2011, Oakley developed the Infinite Hero logo. Oakley also created and registered the internet domain name *www.infinitehero.org*. In 2011, the Foundation purchased the Infinite Hero logo and domain name from Oakley for \$2,000.

Note 6. Concentrations of Risk

Amounts held in financial institutions exceeded the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits at December 31, 2021 and 2020. The Foundation deposits its cash with high quality financial institutions, and management believes the Foundation is not exposed to significant credit risk on those amounts. For the years ended December 31, 2021 and 2020, there were no concentrations.