

THE CONFLICT CENTER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

THE CONFLICT CENTER
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

December 14, 2022

Independent Auditors' Report

Board of Directors
The Conflict Center
Denver, Colorado

Opinion

We have audited the accompanying financial statements of **The Conflict Center** (a Colorado nonprofit corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United State 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 Conflict Center 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Conflict Center'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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

Report on Summarized Comparative Information

We have previously audited The Conflict Center's 2021 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

THE CONFLICT CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
<u>Assets</u>		
Cash and cash equivalents	\$ 334,940	\$ 201,487
Cash held for others (Note 3)	18,019	10,374
Contracts and other receivables	53,629	52,539
Grants receivable (Note 4)	25,000	52,000
Prepaid expenses	7,267	8,210
Property and equipment, net (Note 5)	664,228	720,860
Investments (Note 6)	480,612	548,930
Beneficial interest in assets held by others (Note 7)	191,078	232,825
Total assets	\$ 1,774,773	\$ 1,827,225
 <u>Liabilities and net assets</u>		
Accounts payable	\$ 12,102	\$ 7,872
Payroll and tax liabilities	33,797	27,696
Fiscal agent liabilities (Note 3)	18,019	10,374
Tenant security deposits and other	8,074	8,375
Capital lease obligation (Note 8)	4,463	6,535
Total liabilities	76,455	60,852
 Net assets		
Without donor restrictions		
Undesignated	491,933	401,486
Board designated reserve (Note 9)	321,558	394,324
Net investment in fixed assets	659,765	714,325
	1,473,256	1,510,135
With donor restrictions		
Donor purpose restrictions (Note 10)	33,984	23,413
Endowment (Note 7)	191,078	232,825
	225,062	256,238
Total net assets	1,698,318	1,766,373
Total liabilities and net assets	\$ 1,774,773	\$ 1,827,225

The accompanying notes are an integral part of these financial statements

THE CONFLICT CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021	
	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Donor Specific Purpose	Endowment		
<u>Revenue and other support</u>					
Foundation awards	\$ 128,572	\$ 98,500	\$ -	227,072	\$ 108,900
Fees for services - government	148,610	-	-	148,610	91,530
Rent and expense reimbursements	130,122	-	-	130,122	121,807
Contributions	115,217	8,000	-	123,217	123,611
Fees for services - general public	82,703	-	-	82,703	137,826
Religious and business organization grants	40,000	5,000	-	45,000	78,582
Special events	26,886	-	-	26,886	18,822
Less special events direct expenses	(7,329)	-	-	(7,329)	(9,996)
Paycheck Protection Program loan forgiveness	-	-	-	-	78,200
Investment income(loss), net	(78,106)	-	(32,647)	(110,753)	133,134
In-kind (Note 11)	-	-	-	-	1,466
Net assets released from restrictions (Note 12)	110,029	(100,929)	(9,100)	-	-
Total revenue and other support	<u>696,704</u>	<u>10,571</u>	<u>(41,747)</u>	<u>665,528</u>	<u>883,882</u>
<u>Expense</u>					
Program	479,482	-	-	479,482	421,288
Supporting services					
Management and general	77,841	-	-	77,841	66,031
Fund-raising	94,208	-	-	94,208	69,387
Rental expenses	82,052	-	-	82,052	66,552
Total expense	<u>733,583</u>	<u>-</u>	<u>-</u>	<u>733,583</u>	<u>623,258</u>
Change in net assets	(36,879)	10,571	(41,747)	(68,055)	260,624
Net assets, beginning of year	1,510,135	23,413	232,825	1,766,373	1,505,749
Net assets, end of year	<u>\$ 1,473,256</u>	<u>\$ 33,984</u>	<u>\$ 191,078</u>	<u>\$ 1,698,318</u>	<u>\$ 1,766,373</u>

The accompanying notes are an integral part of these financial statements

THE CONFLICT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022				2021	
	Supporting Services					
	Program	Management and General	Fund- raising	Rental Expenses	Total	Total
Salaries	\$ 262,062	\$ 28,492	\$ 67,519	\$ -	\$ 358,073	\$ 311,531
Payroll taxes and benefits	43,414	5,321	6,861	-	55,596	51,733
Contract labor (Note 13)	66,925	1,465	646	83	69,119	45,914
Property taxes	-	-	-	38,653	38,653	24,429
Facility costs	16,769	294	294	12,061	29,418	33,595
Promotion	2,374	970	14,568	30	17,942	11,461
Utilities	9,733	171	171	7,002	17,077	13,385
Accounting fees	-	11,579	-	-	11,579	7,299
Dues and subscriptions	8,915	2,072	490	-	11,477	8,802
Insurance	7,718	1,148	-	2,324	11,190	8,654
Telecommunications	6,646	1,181	510	861	9,198	7,546
Audit fees	-	8,900	-	-	8,900	8,625
Board	-	7,519	-	-	7,519	4,973
Special events expenses	-	-	7,329	-	7,329	9,996
Supplies	4,862	596	311	331	6,100	4,747
Equipment	3,858	1,069	-	14	4,941	2,572
Staff and volunteer development	1,905	2,525	54	-	4,484	4,090
Printing and production	2,609	285	843	-	3,737	3,054
Bank and transaction fees	2,742	267	205	-	3,214	2,806
Special projects	2,258	-	-	-	2,258	1,928
Travel	1,115	382	5	-	1,502	235
Fundraising	-	-	449	-	449	2,248
Interest expense	358	90	-	-	448	607
Other	1,522	2,394	161	-	4,077	6,151
	445,785	76,720	100,416	61,359	684,280	576,381
Depreciation	33,697	1,121	1,121	20,693	56,632	56,749
Amortization	-	-	-	-	-	124
Total expenses	479,482	77,841	101,537	82,052	740,912	633,254
Expenses netted against revenue:						
Special events expense	-	-	(7,329)	-	(7,329)	(9,996)
Net expenses	\$ 479,482	\$ 77,841	\$ 94,208	\$ 82,052	\$ 733,583	\$ 623,258

The accompanying notes are an integral part of these financial statements

THE CONFLICT CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (68,055)	\$ 260,624
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	56,632	56,873
(Gains)losses and earnings on investments and endowment, net	117,698	(123,751)
Paycheck Protection Program loan forgiveness	-	(78,200)
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in contracts and other receivables	(1,090)	(27,235)
Decrease(increase) in grants receivable	27,000	(15,000)
Decrease(increase) in prepaid expenses	943	(3,225)
(Decrease)increase in accounts payable	4,230	(20,842)
(Decrease)increase in payroll and tax liabilities	6,101	(5,272)
(Decrease)increase in fiscal agent liabilities	7,645	(124)
(Decrease)increase in tenant security deposits and other	(301)	(1,087)
Net cash provided by operating activities	<u>150,803</u>	<u>42,761</u>
<u>Cash flows from investing activities</u>		
(Purchases) of property and equipment	-	(2,100)
Sale of investments	18,188	-
(Purchases) of investments, including reinvestment of dividends and interest	(34,921)	(159,361)
Net cash used by investing activities	<u>(16,733)</u>	<u>(161,461)</u>
<u>Cash flows from financing activities</u>		
Distribution from endowment	9,100	8,856
Payments on capital lease obligation	(2,072)	(1,913)
Net cash provided by financing activities	<u>7,028</u>	<u>6,943</u>
Net increase in cash, cash equivalents and cash held for others	141,098	(111,757)
Cash, cash equivalents and cash held for others beginning of year	<u>211,861</u>	<u>323,618</u>
Cash, cash equivalents and cash held for others end of year	<u>\$ 352,959</u>	<u>\$ 211,861</u>
Supplemental disclosure of information:		
Cash paid during the period for interest	<u>\$ 448</u>	<u>\$ 607</u>

The accompanying notes are an integral part of these financial statements

THE CONFLICT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - NATURE OF ACTIVITIES

The Conflict Center (the Organization) is a nonprofit corporation incorporated under the laws of the State of Colorado. The Organization's mission is to "equip people with practical skills to navigate, transform and embrace everyday conflict." For over 30 years, The Conflict Center accomplishes this mission through education and training programs in the Denver-metro area and throughout Colorado.

Through youth and adult skill building classes and conflict management workshops, individuals are empowered to see and use conflict as an opportunity to build relationships and solve problems. The Conflict Center applies this lens to all its programming, including its foundational classes, Addressing Conflict and Anger Effectively, and professional development workshops, providing practical skills and tools to address everyday conflict. Through school partnerships, the Organization partners with schools to foster a community of inclusion, where students feel safe to be themselves and nurtured to build positive relationships. In addition, the Organization is committed to implementing Restorative Practices in schools, holding students accountable within the school community rather than through exclusionary, punitive discipline. The Conflict Center furthers its commitment to a restorative community through a partnership with the Denver District Attorney's office to run Restorative Denver, a community-based restorative justice model as an alternative to the traditional criminal justice system. The Conflict Center is providing affordable and accessible programs, available both in-person and virtually.

The Organization is supported primarily through foundation awards, fees for services, and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

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

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report 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 Organization's management and 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

2. Basis of Presentation (Continued)

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 statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents and Cash Held for Others

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash held for others represents funds in which the Organization is acting as a fiscal agent. The following table provides a reconciliation of cash, cash equivalents, and cash held for others reported within the statement of financial position to the total of the amount in the statement of cash flows:

<u>Description</u>	<u>Amount</u>
Cash and cash equivalents	\$ 334,940
Cash held for others	<u>18,019</u>
Total	<u>\$ 352,959</u>

4. 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). The Organization 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;
- Input 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met. Fees for services are recognized during the period of service.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

9. Functional Reporting of Expenses

For the year ended June 30, 2022, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to program services or a supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses that are allocated are salaries and payroll taxes and benefits which are allocated based on time and effort. Other expenses are allocated based upon the program or supporting service benefited.

10. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. The rental expenses have been separately presented on the Statement of Activities.

11. Summarized Prior-Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

12. Subsequent Events

Management has evaluated subsequent events through December 14, 2022, the date the financial statements were available to be issued.

NOTE 3 - FISCAL AGENT

The Organization serves as fiscal agent for Conflict Resolution Month which organizes and manages Conflict Resolution Month activities in Colorado. At year-end, the Organization held \$16,554 for Conflict Resolution Month.

The Organization entered into a contract with the City of Denver to provide a community-based restorative justice model. Some of the cases involved with the program may require restitution. The Organization holds the restitution until payment is made to the victims. At year-end, the Organization held \$1,465 in restitution payments.

NOTE 4 - GRANTS RECEIVABLE

Grants receivable represents a receivable from a foundation. The balance is anticipated to be received in 2023 and 2024 in the amounts of \$15,000 and \$10,000, respectively. Management has evaluated the receivable and does not believe an allowance for doubtful accounts is needed nor would a present value discount be material to the financial statements.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

<u>Description</u>	<u>Amount</u>
Building and improvements	\$ 1,451,874
Furniture and equipment	86,757
Leased equipment	10,774
Land	<u>9,000</u>
Total	1,558,405
Less: accumulated depreciation	<u>(894,177)</u>
Net property and equipment	<u>\$ 664,228</u>

Depreciation expense, including amortization of the leased equipment, for the year was \$56,632.

NOTE 6 - INVESTMENTS

Investments held by the Organization are valued using Level 1 inputs and consist of the following at June 30, 2022:

<u>Description</u>	<u>Amount</u>
Equity index fund	\$ 357,858
Bond index fund	<u>122,754</u>
Total	<u>\$ 480,612</u>

Investment income and account activity is summarized as follows:

<u>Description</u>	<u>Amount</u>
Balance, beginning of year	\$ 548,930
Contribution	27,989
Interest and dividend income	6,932
Unrealized gains and losses, net	<u>(85,051)</u>
Total investment return	<u>(78,119)</u>
Withdrawals	<u>(18,188)</u>
Balance, end of year	<u>\$ 480,612</u>

Additionally, the Organization earned interest income of \$13 on operating cash accounts and an investment return of \$(32,647) on an endowment fund as described in Note 7.

NOTE 7 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has established an endowment fund through Community First Foundation (the Foundation) to provide ongoing support for the Organization. Under the terms of the endowment, the Organization may take an annual distribution of up to 4.5% of the average of the net fair market value of the assets of the endowment fund on the last business day of each of the three calendar years preceding the year for which the distribution is being made. The Organization's right to a distribution for any calendar year shall not be cumulative. If the Organization receives less than the previously described annual distribution on a calendar basis, then the Organization shall not be entitled to request a distribution of such undistributed amount in any subsequent year.

The assets in the endowment fund are managed by the Foundation and invested in accordance with the Foundation's asset allocation. The investment returns are based upon the Foundation's returns for commingled investments in the Foundation's Long Term Portfolio. The Long Term Portfolio's objective is to preserve capital and income while maintaining purchasing power and maximizing excess investment returns over inflation. Over the ten years through June 30, 2022, the Foundation's investments in the Long Term Portfolio have an average annual return of 6.42%. The assets held in the endowment are classified in Level 3 of the fair value measurements hierarchy as the value of the interest is independently determined by the Foundation.

NOTE 7 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Continued)

Changes in the endowment fund balances as reported by the Foundation during year are as follows:

<u>Description</u>	<u>Amount</u>
Endowment assets, beginning of year	\$ <u>232,825</u>
Contributions	<u>-</u>
Interest and dividend income	4,683
Realized gains and losses, net	21,960
Unrealized gains and losses, net	(57,080)
Management fees	<u>(2,210)</u>
Total investment return	<u>(32,647)</u>
Distributions	<u>(9,100)</u>
Balance, end of year	\$ <u>191,078</u>

NOTE 8 - CAPITAL LEASE OBLIGATION

The Organization leases a copier machine under a capital leasing agreement. Under the terms of the agreement, the Organization is responsible for the following future minimum lease payments:

<u>Year</u>	<u>Amount</u>
2023	\$ 2,520
2024	<u>2,310</u>
Total payments	4,830
Less: amount representing interest	<u>(367)</u>
Present value of lease obligation	\$ <u>4,463</u>

NOTE 9 - BOARD DESIGNATED RESERVE

The Organization received a bequest in a prior year from the estate of a long-time supporter and friend of the Organization. The board established a reserve from the bequest. Under the terms of the operating reserve policy, the balance should not go below \$150,000 and distribution requests require the approval of a majority board of director vote. Distributions are to be used for purposes of generating additional revenue for the Organization and cannot be used to pay debt or other ongoing operational expenses.

NOTE 10 - NET ASSETS WITH DONOR PURPOSE RESTRICTIONS

Net assets with donor purpose restrictions are available for the following program purposes:

<u>Description</u>	<u>Amount</u>
Restorative practices	\$ 25,000
Youth leadership	3,750
Conflict Resolution Podcast	<u>5,234</u>
Total	<u>\$ 33,984</u>

NOTE 11 - IN-KIND CONTRIBUTIONS

During the year, the Organization received more than 5,788 volunteer service hours not requiring professional-level skills, consisting primarily of Restorative Denver volunteers, administrative support, event coordinators, and Reading for Peace volunteers. These donated services were not recognized in the financial statements because they did not meet the criteria for recognition.

NOTE 12 - NET ASSETS RELEASED FROM DONOR PURPOSE RESTRICTIONS

Net assets were released from donor purpose restrictions by incurring expenses satisfying the following restricted program purposes:

<u>Description</u>	<u>Amount</u>
Restorative practices	\$ 78,500
Restorative Justice	15,000
Youth leadership	3,750
Conflict resolution podcast	<u>3,679</u>
Total	<u>\$ 100,929</u>

NOTE 13 - CONTRACT LABOR

Contract labor is primarily comprised of payments to instructors for the Organization's educational and training programs.

NOTE 14 - CONCENTRATION OF CREDIT RISK

The Organization maintains its available cash with one financial institution. At year-end, the institution held a deposit balance of approximately \$391,000. Amounts over \$250,000 are not insured by the Federal Deposit Insurance Corporation or other entities. Management has evaluated its banking needs and the strength of the financial institution and believes it is in the Organization's best interest to continue its existing banking relationship.

NOTE 15 - TENANT LEASES

The Organization leases space to tenants at its facility. The future minimum lease payments to be received under the tenant lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 42,620
2024	44,406
2025	<u>7,450</u>
Total	<u>\$ 94,476</u>

The future minimum lease payment schedule incorporates leases signed subsequent to year end.

NOTE 16 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at June 30, 2022:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents	\$ 334,940
Contracts and other receivables	53,629
Grants receivable	25,000
Investments	<u>480,612</u>
Total financial assets	894,181
Less amounts not available to be used within one year:	
Board designated reserve	<u>(321,558)</u>
Financial assets available to meet general operating expenditures within one year	<u>\$ 572,623</u>

The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations and plans will be discharged.

Because of the board of director's designation, the board designated reserve is not available for general operating expenditures within the next year, however, the board of directors could make them available, if necessary. The anticipated upcoming general operating expenses are approximately \$850,000 to \$875,000.

NOTE 17 - RETIREMENT PLAN

The Organization has a 401(k) retirement plan (Plan). The Plan covers all eligible employees once they reach sixty days of service. The Plan has an automatic deferral election of five percent of compensation for eligible employees. Employees may elect out of the automatic deferral election or change the deferred contribution rates to the Plan. For participating employees who work over 20 hours per week, the Organization matches up to the first three percent of compensation contributed by each employee. Pension expense for the year was \$9,028.