FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDIARY

Consolidated Financial Statements
for the year ended
June 30, 2022
(with comparative financial information
for the year ended June 30, 2021)

FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDIARY

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Frank Barcalow CPA, P.L.L.C.

Independent Auditor's Report

Board of Directors
Friends Association for Children and Subsidiary
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Friends Association for Children and Subsidiary (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Friends Association for Children and Subsidiary as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends Association for Children and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Friends Association for Children and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Friends Association for Children and Subsidiary's internal control. Accordingly, no such opinion is expressed.

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

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends Association for Children and Subsidiary 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Frank Barcalow CPA, P.L.L.C.

Richmond, Virginia
November 29, 2022

FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDARY

Consolidated Statement of Financial Position
June 30, 2022
(with comparative totals as of June 30, 2021)

		2022		2021
Assets				
Current assets				
Cash and cash equivalents	$	1,945,885	$	1,464,701
Contributions receivable		57,500		57,500
Accounts receivable, net of allowance of $7,500 for 2022 and $7,500 for 2021, respectively		131,229		59,680
Other assets		11,099		3,701
Total current assets		2,145,713		1,585,582
Non current assets				
Investments		43,626		48,829
Property, equipment and improvements, net of accumulated depreciation		2,012,429		2,074,115
Total noncurrent assets		2,056,055		2,122,944
Total assets	$	4,201,768	$	3,708,526
Liabilities and Net assets				
Current liabilities				
Accounts payable	$	37,921	$	13,825
Accrued expenses and withholdings		133,369		102,098
Note payable related party		15,000		25,000
Current portion of long-term debt		-		110,703
Total current liabilities		186,290		251,626
Non-current liabilities				
Accrued retirement expenses		16,795		21,589
Long-term debt related party		115,000		150,000
Total noncurrent liabilities		131,795		171,589
Total liabilities		318,085		423,215
Net assets				
Without donor restrictions				
Unrestricted		1,570,717		757,619
Board designated reserves		102,412		102,412
Board designated - equipment		89,499		89,499
Property and equipment		2,012,429		1,963,412
Total unrestricted net assets		3,775,057		2,912,942
With donor restrictions		108,626		372,369
Total net assets		3,883,683		3,285,311
Total liabilities and net assets	$	4,201,768	$	3,708,526

FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDARY

Consolidated Statement of Activities
Year Ended June 30, 2022
(with summarized totals for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Public support and revenue				
Contributions	$ -	$ 1,483,946	$ 1,483,946	$ 1,628,278
United Way allocations	-	115,000	115,000	115,000
In-kind contributions	80,845	-	80,845	98,356
Governmental grants	433,587	-	433,587	430,645
Debt extinguishment - payroll protection program	-	-	-	254,650
Program service fees	809,834	-	809,834	550,236
Investment income	(4,290)	-	(4,290)	14,869
Total public support and revenue	1,319,976	1,598,946	2,918,922	3,092,034
Net assets released from restrictions	1,862,689	(1,862,689)	-	-
Total public support and revenue	3,182,665	(263,743)	2,918,922	3,092,034
Expenditures				
Program services	1,756,745	-	1,756,745	1,675,675
Supporting services				
Development	166,014	-	166,014	165,885
General and administrative	397,791	-	397,791	277,994
Total supporting services	563,805	-	563,805	443,879
Total expenditures	2,320,550	-	2,320,550	2,119,554
Change in net assets	862,115	(263,743)	598,372	972,480
Net assets at beginning of year	2,912,942	372,369	3,285,311	2,312,831
Net assets, end of year	$ 3,775,057	$ 108,626	$ 3,883,683	$ 3,285,311

FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDARY

Consolidated Statement of Functional Expenses
Year ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)

	Infant, Toddler, Preschool	School Age	Music	Family Support Service	Total Program Services	Development	Management and General	Total Supporting Services
Salaries	$ 790,636	$ 137,708	$ 35,799	$ 44,524	$ 1,008,667	$ 101,822	$ 275,522	377,344
Employee benefits	99,796	17,382	4,519	5,620	127,317	12,852	35,827	48,679
Payroll taxes, etc.	69,056	12,028	3,127	3,889	88,100	8,893	24,065	32,958
Total personnel expenses	959,488	167,118	43,445	54,033	1,224,084	123,567	335,414	458,981
Professional fees and contract expense	53,020	13,639	691	1,184	68,534	1,810	6,384	8,194
Interest expense and fees	8,354	1,925	236	473	10,988	-	558	558
Supplies and food	111,551	32,914	211	328	145,004	8,377	7,946	16,323
Telephone	8,322	2,496	249	498	11,565	1,447	1,744	3,191
Postage	-	-	-	-	-	-	2,171	2,171
Occupancy	118,342	35,584	3,957	7,914	165,797	20,418	24,350	44,768
Repairs, maintenance, insurance	6,027	1,565	175	349	8,116	441	764	1,205
Vehicles	2,239	12,689	-	-	14,928	-	493	493
Conference and annual meetings	-	-	-	-	-	-	-	-
Printing and public relations	1,678	520	33	33	2,264	1,104	1,614	2,718
Organization dues	1,071	304	-	-	1,375	-	-	-
Depreciation	56,398	15,659	1,657	3,315	77,029	6,663	9,237	15,900
Bad debts and change in allowance	5,520	1,565	-	-	7,085	-	-	-
Miscellaneous	15,587	2,715	796	878	19,976	2,187	7,116	9,303
Total expenses	$ 1,347,597	$ 288,693	$ 51,450	69,005	$ 1,756,745	$ 166,014	$ 397,791	$ 563,805

	Infant, Toddler, Preschool	School Age	Music	Family Support Service	Total Program Services	Development	Management and General	Total Supporting Services
Salaries	$ 694,376	$ 189,259	$ -	84,636	$ 968,271	$ 120,437	$ 151,690	$ 272,127
Employee benefits	119,604	34,158	-	14,564	168,326	17,141	19,569	36,710
Payroll taxes, etc.	51,722	14,922	-	5,845	72,489	9,202	9,445	18,647
Total personnel expenses	865,702	238,339	-	105,045	1,209,086	146,780	180,704	327,484
Professional fees and contract expense	13,615	3,010	-	682	17,307	1,515	29,503	31,018
Interest expense	5,037	560	-	-	5,597	-	9,218	9,218
Supplies and food	94,988	19,894	-	885	115,767	858	17,644	18,502
Telephone	6,848	3,118	-	753	10,719	253	1,526	1,779
Postage	117	112	-	187	416	630	719	1,349
Occupancy	65,753	23,409	-	8,035	97,197	4,655	9,736	14,391
Repairs, maintenance, insurance	71,425	19,473	-	3,576	94,474	2,386	6,652	9,038
Vehicles	3,855	23,567	-	-	27,422	-	1,000	1,000
Conference and annual meetings	1,769	223	-	28	2,020	74	1,264	1,338
Printing and public relations	3,094	493	-	80	3,667	1,454	9,131	10,585
Organization dues	590	177	-	36	803	280	967	1,247
Depreciation	59,099	16,409	-	5,210	80,718	6,982	9,679	16,661
Bad debts and change in allowance	8,835	1,584	-	-	10,419	-	-	-
Miscellaneous	40	17	-	6	63	18	251	269
Total expenses	$ 1,200,767	$ 350,385	$ -	124,523	$ 1,675,675	$ 165,885	$ 277,994	$ 443,879

FRIENDS ASSOCIATION FOR CHILDREN AND SUBSIDARY

Consolidated Statement of Cash Flows
Year ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 598,372	$ 972,480
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	92,929	97,379
Bad debt expenses and change in allowance	7,085	(38,270)
Unrealized gains on investments	5,902	(13,021)
Loan forgiven as contributions - related parties	(45,000)	(40,000)
Debt extinguishment - payroll protection program	-	(254,650)
Decrease in contributions receivable	-	-
(Increase) decrease in accounts receivable	(78,634)	162,224
Decrease in other assets	(7,398)	26,942
Decrease in accounts payable	24,096	(11,286)
Increase in accrued expenses	31,155	7,417
Decrease in accrued retirement expenses	(4,681)	(7,199)
Net cash provided by operating activities	623,826	902,016
Cash flows from investing activities:		
Purchases of equipment	(31,241)	(27,727)
Purchases of investments	(698)	(1,119)
Net cash used in investing activities	(31,939)	(28,846)
Cash flows from financing activities:		
Proceeds from note payable - payroll protection program	-	-
Payments on debt	(110,703)	(16,936)
Net cash provided by (used in) financing activities	(110,703)	(16,936)
Net increase in cash and cash equivalents	481,184	856,234
Cash and cash equivalents, beginning of year	1,464,701	608,467
Cash and cash equivalents, end of year	$ 1,945,885	$ 1,464,701
Supplemental cash flow disclosures		
Cash paid for interest	$ 11,246	$ 12,797

See accompanying notes to the consolidated financial statements.

Notes to Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies

Nature of Organization

Friends Association for Children (the Association) is an accredited, not-for-profit child welfare corporation organized under the laws of the Commonwealth of Virginia. The Association's primary activity is providing child care facilities. Its mission is to provide human resource services that assist Richmond area families and children in acquiring the skills, knowledge and capacity needed to achieve stability in a society of high-performance expectations, changing technology and interrelated cultures. The Association is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Basis of Presentation

The accounting system is maintained and financial reports are prepared in accordance with the accrual basis of accounting. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Net assets and related revenues, gains and other support are based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified as follows:

> 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 Association. These net assets may be used at the discretion of the Association's management and the board of trustees.
>
> 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 Association or by the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by restrictions. Expenses are reported as decreases in unrestricted net assets. Realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted new assets unless their use is restricted.

Principles of Consolidation

The consolidated financial statements include assets and liabilities of Friends East End Day Care, LLC, a wholly owned entity. All significant intercompany accounts have been eliminated.

(continued)

Notes to Financial Statements
June 30, 2022

Note 1 - Summary of significant accounting policies (continued)

Use of Estimates

The preparation of consolidated 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 of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents. The Association also considers all money market accounts to be cash equivalents. The Association, at times, may have balances in excess of federally insured limits.

Property, Equipment and improvements, net

Property, equipment and improvements, net, used in operations are stated at cost at the date of acquisition or fair value at the date of contribution, if donated, for all items valued or expended over $500. Property and equipment consist primarily of computers and office equipment. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows: buildings and leasehold improvements, thirty nine years: furniture and equipment, five to fifteen years; and vehicles, three to five years. Expenditures for ordinary maintenance and repairs have been charged to expenses as incurred.

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Code and has been classified as an organization other than a private foundation under Section 509(a)(2) of the Code. The Association has determined that it does not have any material unrecognized tax benefits or obligations or uncertain tax positions as of June 30, 2022. Fiscal years ending on or after June 30, 2019 remain subject to examination by federal and state tax authorities.

Accounts receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. These amounts are expected to be collected within on year. The Association provides for losses on accounts receivable using the allowance method. The allowance method is based on experience, third-party contracts, and other circumstances which may affect the ability of parents to meet their obligations. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Association's policy to charge off uncollectible accounts when management determines the receivable will not be collected.

(continued)

Notes to Financial Statements
June 30, 2022

Note 1 - Summary of significant accounting policies (continued)

Contributions Receivable

Contributions receivable, which include unconditional promises to give, are recognized as public support and revenue in the period in which they apply at their fair value. United Way and other pledges are recorded as unconditional promises to give and temporarily restricted net assets in the period that notification is received. Contributions collectible more than a year in the future are recorded at discounted present value. A promise to give is written or oral agreement to contribute cash or other assets; however, to be recognized there must be sufficient evidence in the form of verifiable documentation indicating that a promise was made and received.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidated statement of financial position. Unrealized and realized gains and losses are included in the change in net assets.

Reclassification

Certain amounts in the prior year consolidated financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year consolidated financial statements.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Some categories of expense are attributable to more than one activity and require allocation, applied on a consistent basis. Depreciation and mortgage interest are allocated on the basis of square footage. Salaries and benefits are allocated on the basis of employee time records. Other expenses are assigned directly to specific activities as expenditures are made.

In-Kind Support

In-Kind support is recognized for professional services if those services create or enhance long-lived fixed assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

Note 2 - Contributions Receivable

The Organization had grants and pledges receivables as follows at June 30:

	2022	2021
Within one year	$ 57 500	$ 57 500

Notes to Financial Statements
June 30, 2022

Note 3 – Investments

The Association maintains an investment in a mutual fund. This investment had a market value of $48,829 and a cost of $16,550 as of June 30, 2022 and a market value of $48,829 and a cost of $15,851 as of June 30, 2021.

Note 4 - Property, Equipment and Improvements

Property, equipment and improvements, net at June 30, consisted of the following:

	2022	2021
Land	$ 296 710	$ 271,732
Building	2,329,781	2,329,781
Leasehold improvements	532,941	532,941
Furnishings and equipment	544,544	538,281
Vehicles	152,786	152,786
	3,856,762	3,825,521
Less accumulated depreciation	1 844 333	1,751,406
Total	$ 2 012 429	$ 2,074,115

Depreciation expense totaled $92,928 for the current year.

Note 5 - Endowment Fund

Friends Association for Children has an agreement with the Community Foundation Serving Richmond and Central Virginia (TCF) which designates $93,697 as an irrevocable and permanent endowment with the Foundation for Friends Association for Children Endowment (endowment). Under the terms is the agreement, variance power was granted to TCF, including the power for TCF's board of Governors to modify any restrictions or conditions on the distribution of the funds for any specified charitable purpose or to specified organization, if in their sole judgement, such restrictions or conditions become incapable of fulfilment.

Endowment spendable income shall be determined each year to be not more than 4% of the Fund's balance at the prior calendar year end. In addition to the aforementioned spendable income, upon a vote of 75% of all members of the Friends Association for Children Board of Directors, and not more than once in any five year period, up to 10% of the prior calendar year ending fund's balance may be requested for capital or emergency purposes. Any spendable income not requested by the Friends Association for Children Board of Directors within a given calendar year will be added to the Fund's principal balance. The balance of this fund is not included in the consolidated financial statements of Friends Association for Children and totaled $166,059 as of June 30, 2022 and $181,901 as of June 30, 2021.

Notes to Financial Statements

June 30, 2022

Note 6 – Notes Payable - Related Parties

The Association has an unsecured note payable dated March 30, 2022, from a related party (board of trustees member) in the amount of $15,000 (originally $95,000), which bears no interest, due March 30, 2023. The note balance at June 30, 2022 and 2021 was $15,000 and $25,000, respectively. If the borrower has not paid the full amount of the loan when due, the lender may charge interest at 10% annually. The Association accrued a total of $13,100 imputed interest expense at a rate of 2% as of June 30, 2022, related to this interest-free note. The lender forgave $10,000 in the current and prior years and the amount is recorded as contribution revenue in the consolidated statement of activities.

The Association has an unsecured credit line promissory note from a related party (board of trustees member) in an credit line amount up to $350,000. The note balance as of June 30, 2022 was $115,000 and $150,000 for June 30, 2021. Interest is set to accrue at 4% per annum, payable annually on or before December 15 each year. The balance of note will be due and payable June 30, 2027. No principal payments were made during 2022 and 2021. Total interest expense was $6,000 for the current year. The lender forgave $35,000 and $30,000 for the years ended June 30, 2022 and 2021, respectively, which is recorded as contribution revenue. The loan is considered a non-current liability.

Note 7 - Note Payable

Friends East End Day Care, LLC assumed a deed of trust note payable to a bank which was modified February 23, 2017 in the amount of $180,178. The note bears interest at 4.6% with a monthly payment of $1,878 for 59 months with all remaining principal and interest due on February 7, 2022. The note balance at June 30, 2022 was $0 and for 2021 was $110,703. Total interest paid on the above debt was $5,246.

Notes to Financial Statements
June 30, 2022

Note 8 - Retirement Plan

The Association has adopted a 401(k) Plan which is a Salary Deferral Plan. The Association has elected, at its discretion, to match employee deferrals up to a maximum of 4% of compensation based on length of service. The Association's matching contribution was $24,869 for the year ended June 30, 2022.

Note 9 - Post-Retirement Benefits Liability

The Association provides continue health insurance coverage for John C. Purnell, Jr. (the former Executive Director) and his spouse during retirement. The Association has accrued a liability based upon an estimate of life expectancy for above parties and estimated an annual increase in the cost for health insurance. The present value of this liability has been determined using a 2% discount rate; the total liability as of June 30, 2022 totaled $21,590 and for 2021 totaled $26,385. Current portion is $4,797 and is included in accrued expenses on the consolidated statement of financial position.

Note 10 – In-Kind Support

The Organization receives various types of in-kind support, including facilities, materials, and professional services. For the year ended June 30, 2022, the Association received $75,000 in donated rent and $5,845 in donated, benefits, supplies and property.

Note 11 – Facilities

The Association's Friends Family Center facility is owned by the Richmond Redevelopment and Housing Authority (RRHA). The contract does not require any payment for the use of the facility, however, the RRHA is to be reimbursed for the operating expense relative to the facility including the cost of utilities, janitorial and maintenance services and insurance. The contract does not have an expiration date so long as the facility continues with its intended use. Total free rent recognized as inkind donations amount to $75,000 and is included in the Consolidated Statement of Activities as of June 30, 2022.

The Robert L. Taylor Childcare Center is being leased from Friends East End Day Care, LLC (a wholly owned entity). No lease payments are required but the Association pays all expenses including debt service.

Note 12 – Subsequent Events

In preparing these financial statements, the Association evaluated events and transactions for potential recognition or disclosure through November 29, 2022 the date the financial statements were issued.

Notes to Financial Statements
June 30, 2022

Note 13 - Fair Value Measurements

Fair value of certain assets and liabilities is an exit price, representing the amount that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Three levels of the fair value hierarchy, based on these three types of inputs are as follows:

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities.
Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.
Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

All investments and liabilities were measured at fair value by level one valuation, because they generally provide the most reliable evidence of fair value.

Note 14 - Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	2022	2021
Programs: United Way annual allocation, time restricted	$ 57,500	$ 57,500
Programs: grants, purpose restricted	51,126	314,869
Total donor restricted net assets	$ 108,626	$ 372,369

Net assets released from restrictions during 2022 include amounts related to time restrictions of $57,500 and purpose restrictions of $1,805,189 for a total of $1,862,689

Note 15 - Concentration of Credit Risk

The Association maintains cash and cash equivalents in several financial institutions, which are insured up to $250,000 as of June 30, 2021, respectively each by the Federal Deposit Insurance Corporation (FDIC). At times, there may be amounts uninsured within these accounts. The Association has not experienced any losses within these accounts. There were no uninsured balances at June 30, 2022. The Association's unsecured receivables are due from pledges, United Way Services, and state agencies for grant or fee reimbursements; therefore, its ability to collect is affected by the financial condition of the debtor.

Note 16 - Future Accounting Pronouncements

In February 2016, *Financial Accounting Standards Board* (FASB) issued new guidance over leases which requires that all leasing activity with terms greater than one year be recognized on the consolidated statement of financial position with a right of use asset and a lease liability. The asset and corresponding liability will be calculated based upon the present value of lease payments. The new standard will be effective for periods beginning after December 2021.

Notes to Financial Statements
June 30, 2022

Note 17 - Liquidity and Availability

As of June 30, 2022 and 2021, financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022	2021
Cash	$ 1,945 885	$1,464,701
Contributions receivable	57,500	57,500
Accounts receivable	131,229	59,680
Less: Board designated reserves	102,412	102,412
Less: Board designated equipment	89,499	89,499
Less: Donor restricted	-	314,869
	$ 1,942,703	$1,075,101

Note 18 - Paycheck Protection Program Loan Payable

On April 2020, the Association received loan proceeds in the amount of $254,650 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Corona virus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses. The loan and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The loan was forgiven during 2021 and $254,650 has been included as debt extinguishment income in the consolidated statement of activities as of June 30, 2021.

Note 19 - Uncertainties

In December 2019, a novel strain of corona-virus was reported by the World Health Organization. The world wide spread this virus began to cause some business disruption in the United States in March 2020. While the disruption is continuing, there is considerable uncertainty around the duration. While the Organization expects this matter could negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.