

**TURNING POINTE AUTISM FOUNDATION**

**FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022 AND 2021**

**TOGETHER WITH AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Turning Pointe Autism Foundation:

### *Opinion*

We have audited the accompanying financial statements of Turning Pointe Autism Foundation, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses 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 Turning Pointe Autism Foundation, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Turning Pointe Autism Foundation 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, which raise substantial doubt about Turning Pointe Autism Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

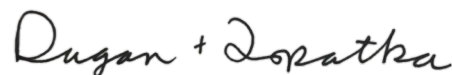
***Auditor's Responsibility for the Audit of the Financial Statements***

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 Turning Pointe Autism 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, which raise substantial doubt about Turning Pointe Autism 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.



DUGAN & LOPATKA

TURNING POINTE AUTISM FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

A S S E T S

	2022	2021
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,061,967	\$ 1,182,070
Receivables - Program service fees	554,133	480,131
Other receivables - employee retention credit	313,856	-
Unconditional promise to give, current maturities	100,000	100,000
Short term certificate of deposits	264,000	156,000
Other current assets	718	418
Total current assets	2,294,674	1,918,619
<b>PROPERTY AND EQUIPMENT, NET OF DEPRECIATION</b>	6,323,015	6,559,116
<b>OTHER ASSETS:</b>		
Unconditional promise to give, net of current maturities	-	96,852
Long-term certificate of deposits	-	212,000
Long-term investments	275,137	327,381
Total other assets	275,137	636,233
	\$ 8,892,826	\$ 9,113,968

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES:

Note payable, current maturities	\$ 70,141	\$ 94,624
Accounts payable and accrued expenses	<u>277,898</u>	<u>203,136</u>

Total current liabilities	<u>348,039</u>	<u>297,760</u>
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## LONG-TERM LIABILITIES:

Note payable, net of current maturities, net of deferred financing costs	<u>1,381,464</u>	<u>1,424,490</u>
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Total liabilities	<u>1,729,503</u>	<u>1,722,250</u>
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## COMMITMENTS

## NET ASSETS:

Without donor restrictions	7,063,323	7,194,866
With donor restrictions	<u>100,000</u>	<u>196,852</u>

Total net assets	<u>7,163,323</u>	<u>7,391,718</u>
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	<u>\$ 8,892,826</u>	<u>\$ 9,113,968</u>
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TURNING POINTE AUTISM FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE:</b>						
Contributions	\$ 573,989	\$ -	\$ 573,989	\$ 660,257	\$ 6,196	\$ 666,453
Fundraising	646,202	-	646,202	701,474	-	701,474
Program service fees	4,939,765	-	4,939,765	4,268,357	-	4,268,357
Enterprise revenue	35,365	-	35,365	31,006	-	31,006
Investment (loss) income	(50,868)	-	(50,868)	18,288	-	18,288
Other revenues	435	-	435	908	-	908
<b>Total public support and revenue</b>	<b>6,144,888</b>	<b>-</b>	<b>6,144,888</b>	<b>5,680,290</b>	<b>6,196</b>	<b>5,686,486</b>
<b>RECLASSIFICATION:</b>						
Net assets released upon satisfaction of time or purpose restrictions	96,852	(96,852)	-	-	-	-
<b>FUNCTIONAL EXPENSES:</b>						
Program services	5,615,507	-	5,615,507	5,062,549	-	5,062,549
Management and general	572,471	-	572,471	538,359	-	538,359
Fundraising	499,161	-	499,161	444,782	-	444,782
<b>Total functional expenses</b>	<b>6,687,139</b>	<b>-</b>	<b>6,687,139</b>	<b>6,045,690</b>	<b>-</b>	<b>6,045,690</b>
Change in net assets, before forgiveness of debt/employee retention credit	(445,399)	(96,852)	(542,251)	(365,400)	6,196	(359,204)
Employee retention credit	313,856	-	313,856	-	-	-
Forgiveness of debt	-	-	-	589,900	-	589,900
<b>Change in net assets</b>	<b>(131,543)</b>	<b>(96,852)</b>	<b>(228,395)</b>	<b>224,500</b>	<b>6,196</b>	<b>230,696</b>
<b>NET ASSETS, Beginning of year</b>	<b>7,194,866</b>	<b>196,852</b>	<b>7,391,718</b>	<b>6,970,366</b>	<b>190,656</b>	<b>7,161,022</b>
<b>NET ASSETS, End of year</b>	<b>\$ 7,063,323</b>	<b>\$ 100,000</b>	<b>\$ 7,163,323</b>	<b>\$ 7,194,866</b>	<b>\$ 196,852</b>	<b>\$ 7,391,718</b>

The accompanying notes are an integral part of this statement.

TURNING POINTE AUTISM FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in total net assets	\$ (228,395)	\$ 230,696
Adjustments to reconcile change in total net assets to net cash (used in) provided by operating activities:		
Depreciation	321,525	308,528
Forgiveness of debt	-	(589,900)
Unrealized (gain) loss on investments	54,547	(11,896)
Change in assets and liabilities:		
(Increase) in program service fees receivable	(74,002)	(83,376)
(Increase) decrease in unconditional promise to give	96,852	(6,196)
(Increase) in other receivables	(313,856)	-
(Increase) decrease in other assets	(300)	477
Increase in accounts payable and accrued expenses	74,762	12,833
	<u>(68,867)</u>	<u>(138,834)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	-	(370,751)
Proceeds from sale of investments	101,697	366,000
Purchase of property and equipment	(85,424)	(435,641)
	<u>16,273</u>	<u>(440,392)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on notes payable	(67,509)	(93,759)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(120,103)</b>	<b>(672,985)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b><u>1,182,070</u></b>	<b><u>1,855,055</u></b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b><u>\$ 1,061,967</u></b>	<b><u>\$ 1,182,070</u></b>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid	<u>\$ 67,305</u>	<u>\$ 61,102</u>

The accompanying notes are an integral part of this statement.

TURNING POINTE AUTISM FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Autism School</u>	<u>Adult Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
FUNCTIONAL EXPENSES:						
Salaries and related expenses	\$ 3,903,845	\$ 358,506	\$ 4,262,351	\$ 428,825	\$ 194,329	\$ 4,885,505
Occupancy	356,559	6,503	363,062	12,129	31,308	406,499
Professional fees	269,103	655	269,758	80,366	1,182	351,306
Fundraising	-	-	-	-	240,117	240,117
Depreciation	263,984	45,202	309,186	6,202	6,137	321,525
Insurance	84,683	1,442	86,125	2,568	2,600	91,293
Interest	63,819	1,086	64,905	2,357	43	67,305
Supplies	75,855	21,008	96,863	3,605	1,567	102,035
Advertising and website development	68,131	1,160	69,291	7,642	15,732	92,665
Travel and transportation	53,502	796	54,298	8,411	777	63,486
Miscellaneous	39,507	161	39,668	20,366	5,369	65,403
	<u>\$ 5,178,988</u>	<u>\$ 436,519</u>	<u>\$ 5,615,507</u>	<u>\$ 572,471</u>	<u>\$ 499,161</u>	<u>\$ 6,687,139</u>

The accompanying notes are an integral part of this statement.



TURNING POINTE AUTISM FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Autism School</u>	<u>Adult Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
FUNCTIONAL EXPENSES:						
Salaries and related expenses	\$ 3,520,389	\$ 383,276	\$ 3,903,665	\$ 392,133	\$ 192,175	\$ 4,487,973
Occupancy	296,796	57,774	354,570	9,591	9,299	373,460
Professional fees	81,760	5,625	87,385	90,144	2,686	180,215
Fundraising	-	20	20	144	198,063	198,227
Depreciation	253,878	43,043	296,921	5,842	5,766	308,529
Insurance	63,270	13,523	76,793	2,254	2,319	81,366
Interest	47,589	10,171	57,760	1,914	(2,742)	56,932
Supplies	83,325	25,837	109,162	5,297	1,011	115,470
Advertising and website development	56,534	12,266	68,800	4,244	6,500	79,544
Travel and transportation	63,677	7,845	71,522	15,857	2,135	89,514
Miscellaneous	28,945	7,006	35,951	10,939	27,570	74,460
	<u>\$ 4,496,163</u>	<u>\$ 566,386</u>	<u>\$ 5,062,549</u>	<u>\$ 538,359</u>	<u>\$ 444,782</u>	<u>\$ 6,045,690</u>

The accompanying notes are an integral part of this statement.

TURNING POINTE AUTISM FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Turning Pointe Autism Foundation (the Foundation) is an Illinois not-for-profit corporation supported by private donations and fund-raising activities. Its purpose is to provide a place of learning in an environment that is helpful for those with autism.

The financial statements were available to be issued on March 27, 2023 with subsequent events being evaluated through this date.

Accounting Method -

The accounting records are maintained on the accrual basis which recognizes revenues as they are earned and expenses as they are incurred.

Basis of Presentation -

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the 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 Foundation. 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 by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Foundation has \$100,000 and \$196,852 restricted in future years of operation as of December 31, 2022 and 2021, respectively.

Cash and Cash Equivalents -

The Foundation considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Credit Risk -

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist principally of cash. The Foundation places its cash and deposits with high credit quality financial institutions; however, deposits may exceed the federally insured limits.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments -

The Foundation invests in certificates of deposit (CDs) and funds with a community foundation. The CDs are guaranteed by the FDIC and are recorded at cost due to low market volatility and tradability of the securities. The community foundation funds are reported at fair market value for financial statement purposes.

Program Service Fees Receivable -

Program service fees receivable represent fees for service due to the Foundation from schools. These receivables were reviewed at year end and amounts deemed uncollectible were written off.

Property and Equipment -

Property and equipment are carried at cost or if donated, at the estimated fair market value at date of donation. The Foundation follows the practice of capitalizing all expenditures for fixed assets in excess of \$500 and have a useful life that exceeds one year. Depreciation is computed using straight-line over the estimated useful lives of the assets, ranging from 5 to 39 years.

Revenue Recognition for Contributions and Grants -

The Foundation 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 – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Foundation reports gifts of cash and other assets as with donor restriction revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Program Service Fees -

The Foundation provides several learning experiences for those with autism and charges program service fees to compensate for the costs of services provided.

Program service fee revenue for the Autism School is reported at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for tuition. The Foundation bills the student's school district for tuition at the end of the month in which the services were provided. Revenue is recognized as the performance obligations are satisfied. Performance obligations of educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized monthly as services are provided and as the performance obligations are satisfied.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Program Service Fees - (continued)

The Foundation provides additional life skills training for adults enrolled in the adult services program to which the Foundation expects to collect services fees in exchange for these services. Revenue is recognized monthly as services are provided and as the performance obligations are satisfied.

Program services are comprised of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
School	\$ 4,911,930	\$ 4,208,374
Adult services	<u>27,835</u>	<u>59,983</u>
Total	<u>\$ 4,939,765</u>	<u>\$ 4,268,357</u>

Use of Estimates -

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

Income Taxes -

The Foundation has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been established.

The Foundation files informational returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Foundation is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2019. The Foundation does not expect a material net change in unrecognized tax benefits in the next twelve months.

Advertising Costs -

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021, was \$70,501 and \$75,551, respectively.

Expense Allocations -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, utilities, insurance, interest and depreciation, which are allocated on a square footage basis, as well as salaries, payroll taxes, employee's benefits, professional fees and supplies which are allocated on the basis of estimates of time and effort.

(2) PLEDGES RECEIVABLE:

Unconditional promise to give at December 31, 2022 and 2021, is as follows -

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 100,000	\$ 100,000
Receivable in greater than one year and less than five years	<u>-</u>	<u>100,000</u>
Total unconditional promise to give	100,000	200,000
Less - Discounts to net present value	-	(3,148)
- Allowance for doubtful accounts	<u>-</u>	<u>-</u>
Net unconditional promise to give	<u>\$ 100,000</u>	<u>\$ 196,852</u>

(3) INVESTMENTS:

The following is a summary of investments at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Certificates of deposit – at cost, current	\$ 264,000	\$ 156,000
Certificates of deposit – at cost, long term	-	212,000
Community Foundation funds – at fair market value	<u>275,137</u>	<u>327,381</u>
	<u>\$ 539,137</u>	<u>\$ 695,381</u>

Investment income for the years ended December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Dividend and interest	\$ 7,478	\$ 10,167
Realized gain (loss)	<u>(254)</u>	<u>749</u>
	7,224	10,916
Investment fees	(3,545)	(4,524)
Unrealized (loss) gain	<u>(54,547)</u>	<u>11,896</u>
	<u>\$ (50,868)</u>	<u>\$ 18,288</u>

(4) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2:

Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value.

Community Foundation Fund: Valued at the fair market value of the Foundation's shares of pooled investment portfolios as reported by Community Foundation Fund.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(4) FAIR VALUE MEASUREMENTS: (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2022, and 2021:

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation Fund	\$ <u>-</u>	\$ <u>-</u>	\$ <u>275,137</u>	\$ <u>275,137</u>

<u>Description</u>	<u>Assets at Fair Value as of December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Community Foundation Fund	\$ <u>-</u>	\$ <u>-</u>	\$ <u>327,381</u>	\$ <u>327,381</u>

Level 3 Gains and Losses:

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 327,381	\$ 312,734
Realized gain (loss)	(254)	749
Unrealized gain (loss) relating to instruments still held at the reporting date	(54,547)	11,896
Investment income (net of fees)	<u>2,557</u>	<u>2,002</u>
Balance, end of year	\$ <u>257,137</u>	\$ <u>327,381</u>

(5) PROPERTY AND EQUIPMENT:

The recorded value of property and equipment – net of depreciation as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,560,000	\$ 1,560,000
Buildings and improvements	5,569,281	5,564,701
Furniture and equipment	<u>486,934</u>	<u>406,091</u>
Total property and equipment	7,616,215	7,530,792
Less accumulated depreciation	<u>1,293,200</u>	<u>971,676</u>
Net property and equipment	\$ <u>6,323,015</u>	\$ <u>6,559,116</u>

(6) LIQUIDITY AND AVAILABILITY:

	December 31,	
	<u>2022</u>	<u>2021</u>
Total financial assets	\$ 2,293,956	\$ 2,015,471
Donor imposed restrictions	<u>(100,000)</u>	<u>(196,852)</u>
Net financial assets after donor-imposed restrictions	<u>2,193,956</u>	<u>1,818,619</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,193,956</u>	<u>\$ 1,818,619</u>

The Foundation receives significant contributions, some of which are restricted by donors to fund specific programs or projects. Such restricted funds are tracked for use for the identified program or project. Restricted contributions of \$-0- and \$6,196 were received and included in financial assets for the years ended December 31, 2022 and 2021 respectively.

The Foundation 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.
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Foundation invested a total of \$275,137 in several funds to enhance the return on assets. These funds are invested in high-grade securities and are not included in liquidity calculations described above. The Foundation has long-term certificate of deposits and are not included in liquidity calculations described above.

The Foundation has a policy to maintain current financial assets less current liabilities at approximately 5 months of operating expenses. During the year, the level of liquidity and reserves was managed within the policy requirement.

(7) NOTES PAYABLE:

	<u>2022</u>	<u>2021</u>
Payable to a bank with monthly payments of \$11,666, principal and interest, bearing interest at 4.92% for the first 60 payments, and a variable interest rate based on the 5-year US Treasury Yield plus a margin of 2.0% for the remaining amount, due when the note matures in June, 2032, and secured by the building.	\$ 1,451,605	\$ -
Payable to a bank with monthly payments of \$9,518, plus interest of 4.44%, with the remaining amount due when the note matures in March, 2023 and secured by the building.	\$ -	\$ 1,118,613



(7) NOTES PAYABLE: (Continued)

Payable to a bank with current monthly payments of \$3,341 plus interest at the Daily Adjusting LIBOR Rate (.10% as of December 31, 2021) plus 2.0%, with the remaining amount due when the note matures in March, 2023 and secured by the mortgage. If the LIBOR rate becomes unavailable, interest will be calculated at the Prime Reference rate plus 2.0%.

	-	<u>400,931</u>
	1,451,605	1,519,544
Less - current maturities	(70,141)	(94,624)
Less - unamortized debt insurance cost	-	<u>(430)</u>
Long-term portion	<u>\$ 1,381,464</u>	<u>\$ 1,424,490</u>

Minimum payments due are as follows:

Year ending <u>December 31,</u>	
2023	\$ 70,141
2024	73,670
2025	77,378
2026	81,272
Thereafter	<u>1,149,144</u>
	<u>\$ 1,451,605</u>

(8) LINE OF CREDIT:

The Foundation has a line of credit with a bank in the amount of \$350,000, bearing interest at the prime rate and is due May, 2023. The line of credit is secured by substantially all assets of the Foundation. The Foundation had a balance of \$-0- on the line of credit as of December 31, 2022 and 2021.

(9) EMPLOYEE RETIREMENT PLAN:

The Foundation created a SIMPLE IRA plan for the benefit of eligible employees. Employees may enroll in the plan and start contributing to their IRA if their compensation was in excess of \$1,000 in the prior year or is expected to be in excess of that amount in the current year. The Foundation will make a contribution to each eligible employee's plan account equal to their contributions up to 3% of the employee's compensation for the year.

Contributions to the plan for the year ended December 31, 2022, and 2021, were \$77,015 and \$68,362, respectively.