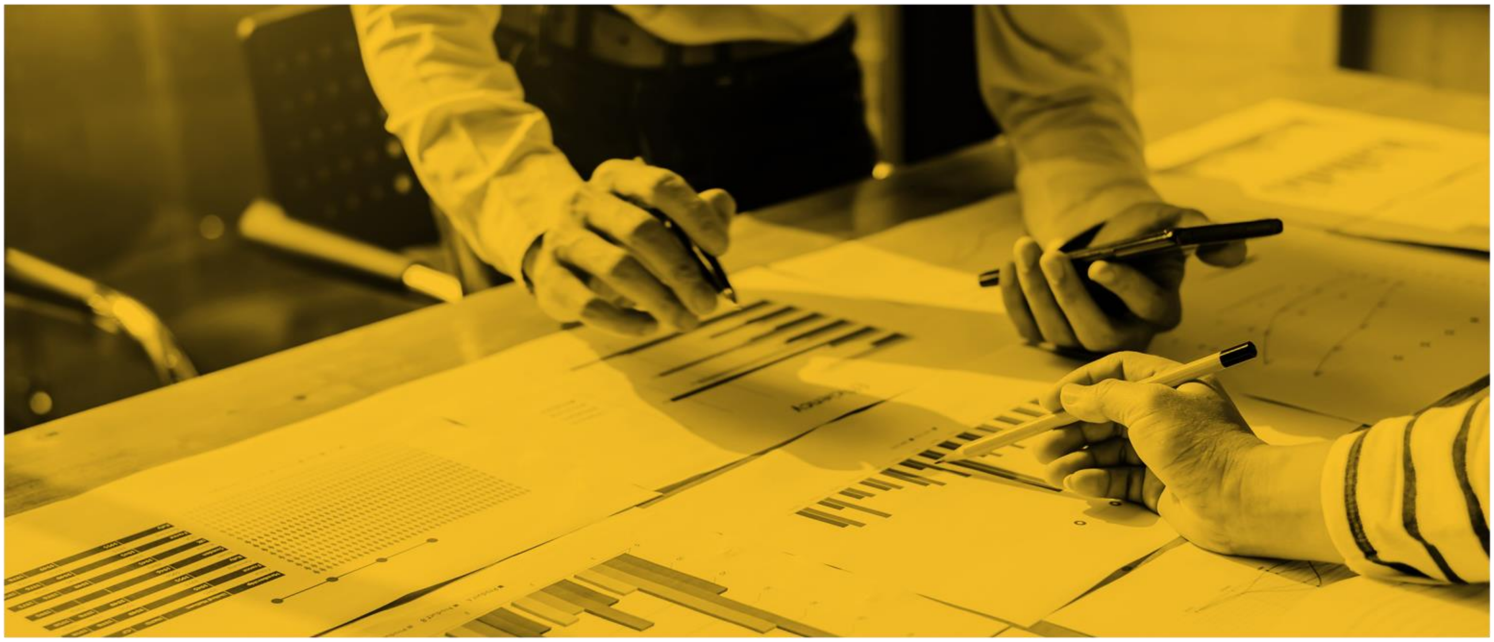

Financial Statements

Children's HeartLink

Minneapolis, Minnesota

For the year ended June 30, 2023 and 2022

Lighting the path forward

Edina Office
5201 Eden Avenue, Ste 250
Edina, MN 55436
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Mankato Office
100 Warren Street, Ste 600
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Children's HeartLink

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June 30, 2023 and 2022

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Children's HeartLink
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of Children's HeartLink (the Organization) a nonprofit organization, which comprises the statements of financial position as of June 30, 2023 and 2022, 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 the Organization as of June 30, 2023 and 2022, 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 the Organization 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 the Organization'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 the Organization'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 the Organization'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.

Abdo

Abdo
Minneapolis, Minnesota
September 27, 2023

FINANCIAL STATEMENTS

Children's HeartLink

Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 2,583,563	$ 2,149,346
Accounts receivable	-	22,500
Pledges receivable, current, net of allowance for doubtful accounts of $6,281 and $1,850 in 2023 and 2022, respectively	11,319	114,050
Prepaid expenses	74,736	22,076
Total Current Assets	2,669,618	2,307,972
Property and Equipment		
Building	300,000	300,000
Building improvements	132,958	124,669
Furniture and equipment	95,264	85,149
Total Property and Equipment	528,222	509,818
Less: Accumulated Depreciation	(399,314)	(372,931)
Total Property and Equipment, Net	128,908	136,887
Other Assets		
Investments	498,698	-
Pledges receivable, noncurrent, net of discount to net present value of $30,592 and $7,113 in 2023 and 2022, respectively	337,908	61,387
Finance right-of-use asset, net of accumulated amortization of $4,912	7,902	-
Operating right-of-use asset	4,158	-
Total Other Assets	848,666	61,387
Total Assets	$ 3,647,192	$ 2,506,246
Liabilities		
Current Liabilities		
Accounts payable	$ 48,242	$ 29,736
Accrued payroll and other liabilities	73,957	62,930
Deferred revenue	97,128	77,500
Finance lease liability - short term	2,550	-
Operating lease liability - short term	767	-
Total Current Liabilities	222,644	170,166
Noncurrent Liabilities		
Finance lease liability - long term	5,652	-
Operating lease liability-long term	3,391	-
Total Noncurrent Liabilities	9,043	-
Total Liabilities	231,687	170,166
Net Assets		
Without donor restrictions		
Undesignated	1,617,003	1,782,104
Board-designated	152,200	152,200
Total Without Donor Restrictions	1,769,203	1,934,304
With donor restrictions	1,646,302	401,776
Total Net Assets	3,415,505	2,336,080
Total Liabilities and Net Assets	$ 3,647,192	$ 2,506,246

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Children's HeartLink

Statements of Activities

For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Support						
Grants and contributions	$ 1,444,886	$ 2,161,558	$ 3,606,444	$ 1,514,023	$ 406,640	$ 1,920,663
Special events and activities, net of direct benefit to donor $144,596 and $151,692 in 2023 and 2022, respectively	420,887	-	420,887	539,644	-	539,644
Paycheck Protection Program note and interest forgiveness	-	-	-	214,953	-	214,953
In-kind contributions	541,290	-	541,290	454,721	-	454,721
Total Support	2,407,063	2,161,558	4,568,621	2,723,341	406,640	3,129,981
Revenue						
Investment income	16,498	-	16,498	1,098	-	1,098
Net assets released from restriction	917,032	(917,032)	-	684,603	(684,603)	-
Total Support and Revenue	3,340,593	1,244,526	4,585,119	3,409,042	(277,963)	3,131,079
Expenses						
Program related	2,264,250	-	2,264,250	1,831,886	-	1,831,886
Management and general	536,945	-	536,945	263,645	-	263,645
Fundraising	704,499	-	704,499	512,208	-	512,208
Total Expenses	3,505,694	-	3,505,694	2,607,739	-	2,607,739
Change in Net Assets	(165,101)	1,244,526	1,079,425	801,303	(277,963)	523,340
Beginning Net Assets	1,934,304	401,776	2,336,080	1,133,001	679,739	1,812,740
Ending Net Assets	$ 1,769,203	$ 1,646,302	$ 3,415,505	$ 1,934,304	$ 401,776	$ 2,336,080

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Children's HeartLink

Statements of Functional Expenses

For the Year Ended June 30, 2023

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total
Personnel Costs				
Salaries and wages	$ 889,683	$ 156,122	$ 483,283	$ 1,529,088
Employee benefits	82,615	44,415	33,572	160,602
Payroll tax	66,199	11,543	35,866	113,608
Total Personnel Costs	1,038,497	212,080	552,721	1,803,298
Expenses				
Travel	244,316	2,027	10,478	256,821
Professional fees	83,279	171,736	74,986	330,001
Professional fees and consulting - in-kind	490,014	12,943	38,333	541,290
Advertising and promotion	-	240	2,203	2,443
Office expenses	1,783	74,326	8,132	84,241
Occupancy	-	12,830	-	12,830
Interest	-	816	-	816
Conferences, conventions, and meetings	186,856	3,959	794	191,609
Other expenses	65,434	5,690	16,852	87,976
Grants	150,000	-	-	150,000
Insurance	-	13,073	-	13,073
Depreciation and amortization	4,071	27,225	-	31,296
Direct benefit to donors	-	-	144,596	144,596
Total Expenses Including Direct Benefit to Donors	2,264,250	536,945	849,095	3,650,290
Less: Direct benefit to donors	-	-	(144,596)	(144,596)
Total Expenses	$ 2,264,250	$ 536,945	$ 704,499	$ 3,505,694

Children's HeartLink
Statements of Functional Expenses (Continued)
For the Year Ended June 30, 2022

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total
Personnel Costs				
Salaries and wages	$ 722,324	$ 192,013	$ 314,940	$ 1,229,277
Employee benefits	80,023	10,997	13,613	104,633
Payroll tax	57,547	15,297	25,091	97,935
Total Personnel Costs	859,894	218,307	353,644	1,431,845
Expenses				
Training and education	200,919	1,724	2,828	205,471
Travel	28,904	253	3,955	33,112
Professional fees	192,089	24,080	74,269	290,438
Professional fees and consulting - in-kind	452,865	703	1,153	454,721
Depreciation	14,403	3,413	5,598	23,414
Office expenses	18,451	3,944	20,428	42,823
Utilities	6,408	1,703	2,794	10,905
Repairs and maintenance	17,939	4,769	7,821	30,529
Other expenses	40,014	4,749	39,718	84,481
Direct benefit to donors	-	-	151,692	151,692
Total Expenses Including Direct Benefit to Donors	1,831,886	263,645	663,900	2,759,431
Less: Direct benefit to donors	-	-	(151,692)	(151,692)
Total Expenses	$ 1,831,886	$ 263,645	$ 512,208	$ 2,607,739

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Children's HeartLink

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 1,079,425	$ 523,340
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	31,296	23,414
Forgiveness of Paycheck Protection Program note payable and related interest	-	(214,953)
Unrealized and realized losses	2,156	-
Investment income reinvested	(854)	-
Changes in assets and liabilities		
Accounts receivable	22,500	136,862
Pledges receivable, net	(173,790)	234,232
Prepaid expenses	(52,660)	20,419
Accounts payable	18,506	(1,926)
Accrued payroll and other liabilities	11,027	25,127
Deferred revenue	19,628	30,000
Net Cash Provided by Operating Activities	957,234	776,515
Cash Flows From Investing Activities		
Purchase of investments	(500,000)	-
Purchase of property and equipment	(18,404)	(6,250)
Net Cash Used by Investing Activities	(518,404)	(6,250)
Cash Flows From Financing Activities		
Payments on finance lease liabilities	(4,613)	-
Proceeds from interest on notes payable	-	1,428
Net Cash Provided (Used) by Financing Activities	(4,613)	1,428
Net Change in Cash and Cash Equivalents	434,217	771,693
Cash and Cash Equivalents - Beginning of Year	2,149,346	1,377,653
Cash and Cash Equivalents - End of Year	$ 2,583,563	$ 2,149,346
Supplemental Disclosure of Non-Cash Transactions		
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 4,158	$ -
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 12,815	$ -

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Note 1: Summary of Significant Accounting Policies

A. Nature of Organization

Children's HeartLink (the Organization) is a 501(c)(3) international medical nonprofit organization founded in 1969 and headquartered in Minneapolis, Minnesota. To save the lives of children with heart disease, Children's HeartLink partners with organizations to train medical teams, provide education, and transform health care in underserved parts of the world.

The principal activity of the Organization is to improve cardiovascular care for children in Brazil, China, India, Malaysia, and Vietnam. The Organization works in partnership with pediatric cardiac programs in these countries and focuses efforts on programs and training for medical personnel, including clinical, organizational and community capacity-building initiatives, direct treatment of children, and technical support.

The Organization’s revenues come from a broad base of support from individual, corporate, and foundation donors, along with special-event fundraising activities.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets without Donor Restriction (Unrestricted)

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 management and the Board of Directors.

Net Assets with Donor Restriction (Restricted)

Net assets with donor restrictions are those resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time. 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.

As of June 30, 2023 and 2022, there was a remaining balance of $152,200 of board-designated net assets for the strategic initiatives reserve.

C. Use of Estimates

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

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term, highly liquid investments and investments purchased with a maturity of three months or less to be considered cash or cash equivalents. The Organization’s cash balances held in bank depositories may exceed federally insurance limits at times.

Note 1: Summary of Significant Accounting Policies (Continued)

E. Accounts Receivable

The Organization's accounts receivables are due in less than one year and are recorded at net realizable value. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts receivable. There was no allowance for doubtful accounts on accounts receivable as of June 30, 2023 and 2022.

F. Pledges Receivable

Unconditional promises to give are recorded at net realizable value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in the contribution revenue. As of June 30, 2023 and 2022, the discount to net present value was $30,592 and $7,113, respectively.

The Organization follows a policy of providing an allowance for doubtful accounts. As of June 30, 2023 and 2022, the allowance was $6,281 and $1,850, respectively.

G. Property and Equipment

Property and equipment are stated at the lower of cost or fair value if purchased and the lower of fair value at date of the gift or current fair value if donated. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. The Organization’s capitalization threshold is $2,000.

Depreciation and amortization are computed on the straight-line basis over the assets’ estimated useful lives as follows:

Property and Equipment	Useful Life
Buildings	39 years
Building Improvements	5 - 10 years
Furniture and Equipment	3 - 10 years

Depreciation and amortization expense was $31,296 and $23,414 for the years ended June 30, 2023 and 2022, respectively.

H. Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use and eventual disposition of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

I. Investments

Children’s Heartlink reports its investments in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC Topic 820 provides guidance for accounting for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Donated investments are recorded at fair value on the date of donation and sold upon receipt. See Note 6, Fair Value Investments, for amounts recorded in 2023 and 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

J. Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support 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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as support with donor restrictions and then released upon being spent.

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field.

There were no unrecognized conditional contributions as of June 30, 2023 and 2022.

Children's Heartlink follows the provisions of Accounting Standards Codification 606, *Contracts with Customers* on revenues derived from special events. In the case of special events, revenue is recognized at the time the event is held, which is at a point in time.

Performance Obligations - The performance obligation related to the special events is satisfied upon completion of the event; therefore, Children's Heartlink recognizes revenue at a point in time

Contract balances - Deferred revenue consists primarily of sponsorship received in advance of the annual gala event, which will be held subsequent to year-end. Deferred revenue does not represent total values. All deferred revenue is classified as current and will be recognized over the next year. Deferred revenue is $97,128 and $77,500 as of June 30, 2023 and 2022, respectively.

The Children's Heartlink other revenues are explicitly excluded from the scope of ASC Topic 606 and are not recorded in accordance with that standard.

K. In-Kind Contributions

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require additional skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In-kind contributions consist of the following as of June 30, 2023 and 2022:

	2023	2022	Usage in Programs/Activities	Donor Restriction	Fair Value Techniques
Medical Services	$ 541,290	$ 454,721	Pediatric cardiovascular care	None	Estimated based on time rates for each practitioner

In addition to the above, a substantial number of unpaid nonprofessional volunteers have made significant contributions of their time to the Organization. The value of this contributed time is not reflected in these statements since the value, while clearly substantial, does not meet the standards for recognizing donated services.

L. Income Taxes

The Organization is a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code.

Note 1: Summary of Significant Accounting Policies (Continued)

M. Functional Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, utilities, office expenses, and depreciation have been allocated among the programs and supporting services based on employee time and effort.

N. Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense paid to vendors was $1,987 and $2,173 for the years ended June 30, 2023 and 2022, respectively.

O. Leases

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Operating ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities.

The Organization has made the following elections related to leases:

- The Organization has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.
- The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.
- The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

P. New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. The new guidance is effective for Children's HeartLink on July 1, 2022.

Q. Subsequent Events

Subsequent events were evaluated through September 27, 2023, which is the date the financial statements were available to be issued.

Note 2: Pledges Receivable

Pledges receivable as of June 30, 2023 and 2022 are expected to be collected as follows:

	2023	2022
Amounts due in:		
Less than one year	$ 17,600	$ 115,900
One to five years	368,500	68,500
Total Pledges Receivable	386,100	184,400
Less: allowance for doubtful accounts	(6,281)	(1,850)
Less: discount to net present value	(30,592)	(7,113)
Total Pledges Receivable, Net	$ 349,227	$ 175,437

Note 3: Line of Credit

On January 7, 2022, the Organization entered into a $100,000 line of credit agreement that expired on January 4, 2023. The outstanding principal balance on the line of credit bears interest at 5.75%. As of June 30, 2023 and 2022, there was no outstanding balance on the line of credit. The line of credit was not renewed.

Note 4: Paycheck Protection Program Loan

In January 2021, the Organization entered into a second promissory note agreement with Bremer Bank in the amount of $212,638 pursuant to the second Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature January 2026. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). As of June 30, 2022 and 2021 the note has accrued interest of $1,428 and $888 respectively. The note and all accrued interest were fully forgiven by June 30, 2022 and were recognized as revenue for the year then ended.

Note 5: Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	2023	2022
Program Services		
China	$ 97,278	$ 79,876
Southeast Asia	1,199,797	146,463
Time Restrictions	349,227	175,437
Total	$ 1,646,302	$ 401,776

Note 5: Net Assets With Donor Restrictions (Continued)

Net assets released from donor restrictions consist of the following during the years ended June 30, 2023 and 2022:

	2023	2022
Program Restrictions Accomplished		
China	$ 82,598	$ 102,875
Southeast Asia	557,025	211,586
Time Restrictions	277,409	370,142
Total	$ 917,032	$ 684,603

Note 6: Fair Value Investments

The Organization has adopted ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC Topic 820 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that the market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value, as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the assets or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls into is based on the lowest level input that is significant to the fair value measurement in its entity.

Assets measured at fair value for the years ended June 30, 2023 and 2022 are valued at the value of the closing price reported in the active market in which the individual securities are traded. There have been no changes in the methodologies used for the years ended June 30, 2023 and 2022.

The Organization also has adopted ASC Topic 825, Financial Instruments. ASC Topic 825 allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities that are not otherwise required to be stated at fair value, on a contract-by-contract basis. The Organization has not elected to change the measurement of any existing financial instruments at fair value. However, the Organization may elect to measure newly acquired financial instruments at fair value in the future.

Financial assets and liabilities recorded at fair value on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
June 30,2023				
Fixed income securities	$ 498,698	$ -	$ -	$ 498,698

Note 6: Fair Value Investments (Continued)

Investment income for the years ended June 30, 2023 and 2022 is made up of the following:

	2023	2022
Dividends and interest	$ 18,654	$ 7,242
Unrealized losses	(1,338)	-
Realized losses	(818)	(6,144)
Total Investment Income	$ 16,498	$ 1,098

Note 7: Concentrations

The Organization encounters a certain amount of credit risk as the result of a concentration of receivables and revenues from significant sources. For the years ended June 30, 2023 and 2022, 65% and 66% of grant and contribution revenue were from 4 sources and 3 sources, respectively. For the years ended June 30, 2023 and 2022, 9% and 17%, respectively, of total revenue came from special events and activities. For the years ended June 30, 2023 and 2022, 78% and 73% of receivables were from 1 and 4 sources for both years, respectively. A significant reduction in the level of support from these entities may have an impact on the Organization's ability to continue its programs and services.

Note 8: Retirement Benefits

The Organization has established a 403(b) retirement plan, which covers all employees who have been employed by the Organization for at least one year and are at least 21 years old. Matching contributions are made at 50% of employee contributions up to 6% of the employee's compensation. Matching contributions of $48,945 and $29,085 were made for the years ended June 30, 2023 and 2022, respectively.

Note 9: Leases

The Organization office equipment under operating and finance leases. The Organization is obligated to pay costs of insurance, taxes, repairs, and maintenance pursuant to the terms of the leases.

The Organization's building was gifted to the Organization and, as part of the gift, the Organization is required to pay for the maintenance of the parking lot. The Organization has a commitment to pay an unrelated party $1,200 per month as long as the Organizations remains in the building. If the Organization were to move or sell the building, the commitment would stay with the building and move to the new owner.

A. Leases Under ASC 840

During the year ended June 30, 2023, rent expense was $3,356. Future minimum payments are as follows:

Year Ending June 30,	Amount
2023	$ 3,072
2024	2,832
2025	2,832
2026	2,124
Total	$ 10,860

Note 9: Leases (Continued)

B. Leases Under ASC 842

Effective July 1, 2022, the Organization entered into various finance and operating leases for equipment. Monthly payments range from $230-$236 and have a remaining lease term from 3-5 years. The lease assets and liabilities were calculated using the weighted-average risk-free discount rate of 4.0 percent.

As disclosed in Note 1, the Organization adopted FASB ASC 842, effective July 1, 2022, using a modified retrospective approach. As a result, the Organization was required to recognize a ROU asset and corresponding lease liability on the face of the statement of financial position for the year ended June 30, 2023. As the standard was implemented using a modified retrospective approach, the statement of financial position as of June 30, 2022, was not impacted.

Additional information about the Organization’s lease for the year ended June 30, 2023, is as follows:

Lease expense (included in operating expenses)	
Finance lease cost	
Amortization of right-of-use assets	$ 4,912
Interest on lease liabilities	816
Total	$ 5,728
Other Information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	$ 816
Financing cash flows from finance leases	4,612
ROU assets obtained in exchange for new finance lease liabilities	12,815
ROU assets obtained in exchange for new operating lease liabilities	4,158
Weighted-average remaining lease term in years for operating leases	3
Weighted-average remaining lease term in years for finance leases	4.9
Weighted-average discount rate for operating leases	4.000%
Weighted-average discount rate for finance leases	4.000%

Maturities of lease liabilities are as follows:

Year Ended June 30,	Operating	Finance	Total
2024	$ 922	$ 2,832	$ 3,754
2025	922	2,832	3,754
2026	922	2,832	3,754
2027	922	236	1,158
2028	921	-	921
Total undiscounted cash flows	4,609	8,732	13,341
Less: present value discount	(451)	(530)	(981)
Total Lease Liabilities	$ 4,158	$ 8,202	$ 12,360

Note 10: Related Parties

The Organization had transactions with various board members and employees of the Organization during 2023 and 2022. Transactions with related parties totaled $173,111 and $319,211 for the years ended June 30, 2023 and 2022, respectively.

Note 11: Liquidity and Availability of Financial Resources

The Organization has the following assets available to meet financial needs for one year:

	2023	2022
Financial Assets, June 30		
Cash and cash equivalents	$ 2,583,563	$ 2,149,346
Accounts receivable	-	22,500
Pledges receivable	349,227	175,437
Total Financial Assets	2,932,790	2,347,283
Less Those Unavailable for General Expenditure Within One Year, Due to:		
Board designations	(152,200)	(152,200)
Donor restrictions	(1,646,302)	(401,776)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,134,288	$ 1,793,307

The Organization's practice is to structure its financial assets to be available as its general expenses, liabilities, and obligations come due. Cash in excess of daily requirements is typically invested in short-term liquid securities (sweep account). The Organization can draw from the line of credit, if needed, to cover operating expenses.