

ARTS FOR LEARNING CONNECTICUT INC.

**FINANCIAL STATEMENTS AND ADDITIONAL
FINANCIAL INFORMATION**

JUNE 30, 2023 AND 2022



T.M. BYXBEE COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

ARTS FOR LEARNING CONNECTICUT INC.

TABLE OF CONTENTS

JUNE 30, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT	1-2
AUDITED FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-13



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Arts for Learning Connecticut Inc.
Hamden, Connecticut

Opinion

We have audited the accompanying financial statements of Arts for Learning Connecticut Inc. (a nonprofit organization), which comprise 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 Arts for Learning Connecticut Inc. 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 Arts for Learning Connecticut Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arts for Learning Connecticut Inc.'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 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Arts for Learning Connecticut Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arts for Learning Connecticut Inc.'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.



Hamden, Connecticut
January 4, 2024

ARTS FOR LEARNING CONNECTICUT INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 586,252	\$ 519,499
Accounts Receivable	39,580	5,980
Grants Receivable	156,200	49,700
Grant Receivable - Employee Retention Tax Credit	28,000	28,000
Property and Equipment, Net	2,946	4,053
Operating Lease - Right-of-Use Asset	39,973	-
Other Assets	<u>12,474</u>	<u>1,694</u>
TOTAL ASSETS	<u>\$ 865,425</u>	<u>\$ 608,926</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 27,881	\$ 26,865
Refundable Advances	100,000	100,000
Deposits for Future Programs	30,215	30,370
Operating Lease Liability	<u>41,631</u>	<u>-</u>
Total Liabilities	<u>199,727</u>	<u>157,235</u>
NET ASSETS		
Net Assets Without Donor Restrictions	440,760	249,491
Net Assets With Donor Restrictions	<u>224,938</u>	<u>202,200</u>
Total Net Assets	<u>665,698</u>	<u>451,691</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 865,425</u>	<u>\$ 608,926</u>

ARTS FOR LEARNING CONNECTICUT INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Program Revenue	\$ 881,746	\$ -	\$ 881,746	\$ 661,110	\$ -	\$ 661,110
Grant and Contribution Revenue	156,142	342,650	498,792	117,751	250,700	368,451
Government Grants	177,811	-	177,811	194,507	-	194,507
Government Grants - PPP and ERTC	-	-	-	84,330	-	84,330
Interest and Dividends	-	-	-	562	-	562
Loss on Disposal of Equipment	(378)	-	(378)	-	-	-
Assets Released from Restriction	319,912	(319,912)	-	133,078	(133,078)	-
Total Revenues	<u>1,535,233</u>	<u>22,738</u>	<u>1,557,971</u>	<u>1,191,338</u>	<u>117,622</u>	<u>1,308,960</u>
EXPENSES						
Program Services	1,247,974	-	1,247,974	915,334	-	915,334
Management and General	59,545	-	59,545	52,003	-	52,003
Fundraising	36,445	-	36,445	28,989	-	28,989
Total Expenses	<u>1,343,964</u>	<u>-</u>	<u>1,343,964</u>	<u>996,326</u>	<u>-</u>	<u>996,326</u>
CHANGE IN NET ASSETS	191,269	22,738	214,007	195,012	117,622	312,634
NET ASSETS - BEGINNING OF YEAR	249,491	202,200	451,691	54,479	84,578	139,057
NET ASSETS - END OF YEAR	<u>\$ 440,760</u>	<u>\$ 224,938</u>	<u>\$ 665,698</u>	<u>\$ 249,491</u>	<u>\$ 202,200</u>	<u>\$ 451,691</u>

See notes to financial statements.

ARTS FOR LEARNING CONNECTICUT INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 284,562	\$ 33,801	\$ 27,933	\$ 346,296	\$ 186,242	\$ 28,992	\$ 21,650	\$ 236,884
Payroll Taxes and Benefits	<u>31,032</u>	<u>3,686</u>	<u>3,046</u>	<u>37,764</u>	<u>20,146</u>	<u>2,845</u>	<u>2,342</u>	<u>25,333</u>
Total Salaries and Related Expenses	315,594	37,487	30,979	384,060	206,388	31,837	23,992	262,217
Artist Fees	846,110	-	-	846,110	631,025	-	-	631,025
Outside Services	20,891	1,457	-	22,348	30,968	1,162	-	32,130
Professional Fees	16,344	1,941	1,604	19,889	11,522	1,627	1,339	14,488
Rent	14,679	1,744	1,441	17,864	10,577	1,494	1,230	13,301
Office Expense	9,069	1,077	890	11,036	7,645	1,080	888	9,613
National Dues	-	10,283	-	10,283	-	7,193	-	7,193
Event Expense	9,682	-	-	9,682	5,840	-	-	5,840
Conferences and Travel	6,643	789	652	8,084	4,320	610	502	5,432
Insurance	4,322	513	424	5,259	2,802	396	326	3,524
Advertising and Marketing	-	2,678	-	2,678	-	2,643	-	2,643
Equipment Rental	1,990	236	195	2,421	1,475	209	171	1,855
Telephone	1,560	185	153	1,898	1,387	196	161	1,744
Postage	1,090	130	107	1,327	1,385	195	161	1,741
Depreciation Expense	-	729	-	729	-	1,012	-	1,012
Service Charges	-	161	-	161	-	246	-	246
Staff Training	-	135	-	135	-	2,053	-	2,053
Printing	-	-	-	-	-	-	219	219
Dues and Subscriptions	-	-	-	-	-	50	-	50
TOTAL	<u>\$ 1,247,974</u>	<u>\$ 59,545</u>	<u>\$ 36,445</u>	<u>\$ 1,343,964</u>	<u>\$ 915,334</u>	<u>\$ 52,003</u>	<u>\$ 28,989</u>	<u>\$ 996,326</u>

See notes to financial statements.

ARTS FOR LEARNING CONNECTICUT INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ 214,007	\$ 312,634
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	729	1,012
Deferred Lease Liability	1,658	-
Loss on Disposal of Equipment	378	-
Payroll Protection Program Loan Forgiveness	-	(35,869)
(Increase) Decrease In:		
Accounts Receivable	(33,600)	20,973
Grants Receivable	(106,500)	(44,410)
Grant Receivable - Employee Retention Tax Credit	-	(28,000)
Other Current Assets	(10,780)	5,705
Increase (Decrease) In:		
Accounts Payable and Accrued Expenses	1,017	13,668
Deposits for Future Programs	(155)	(3,356)
Net Cash Provided by Operating Activities	<u>66,754</u>	<u>242,357</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(1,104)
Net Cash Used in Investing Activities	<u>-</u>	<u>(1,104)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	66,754	241,253
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>519,499</u>	<u>278,247</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 586,252</u>	<u>\$ 519,499</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Non-Cash Investing and Financing Activities:		
Recognition of Right-of-Use Asset	\$ 39,973	\$ -
Establishment of Operating Lease Liabilities	\$ 41,631	\$ -

ARTS FOR LEARNING CONNECTICUT INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF ACTIVITIES

Arts for Learning Connecticut Inc. (the "Organization") is a not-for-profit corporation that has been serving the children of Connecticut for over forty years. The mission of Arts for Learning Connecticut Inc. is to inspire young people and expand their learning through the arts. Program fees, grants and contributions represent the Organization's primary sources of revenue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the fund be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers cash and highly liquid financial instruments with an initial maturity of three months or less, which are neither held nor restricted by donors for long-term purposes, to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the net amount management expects to collect from outstanding balances. An account is written off when management believes the amounts will not be collected. As of June 30, 2023 and 2022, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Contributions

Contributions are defined as voluntary, nonreciprocal transfers. The Organization recognizes contributions when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are recorded as increases in net assets without donor restriction or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a 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 accompanying Statements of Activities as net assets released from restrictions. Conditional promises to give (that is, those with measurable performance or other barriers and a right of return) are not recognized until the conditions on which they depend have been met.

ARTS FOR LEARNING CONNECTICUT INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (continued)

A portion of the Organization's revenue is derived from conditional federal loan and credit programs which are conditioned upon certain performance requirements relating to allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific federal program provisions. The Organization's conditional federal loans and credits have been recognized as income in the accompanying Statements of Activities for the years ended June 30, 2023 and 2022 since the conditions have been fully satisfied (Note 7).

Revenues

Revenues are generally recognized when the promised services are provided to the customer, either at a point in time or over time, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services reduced by estimates for return allowances and discounts. The Organization's contracts with customers typically contain only one performance obligation and as such, the full transaction price is allocated to that obligation. The Organization's contracts do not include variable consideration.

Refundable Advances

The Organization is the recipient of grants that require expenditure for specified activities before the Organization is reimbursed by the grantor for the costs incurred. Documentation showing actual costs expended is included when submitting a monthly or quarterly report for reimbursement. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as deferred grants.

Grants Receivable – Employee Retention Tax Credit

Grants Receivable – Employee Retention Tax Credit represents a tax refund which the Organization applied for and expects to receive from the Employee Retention Tax Credit program under the CARES Act (See Note 7).

Property and Equipment

It is the policy of the Organization to capitalize all expenditures for property and equipment in excess of \$500. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

Donated Materials and Services

Donated services have not been reflected in the accompanying statements as no objective basis is available to measure the value of such services. A substantial number of volunteers have donated their time to the activities of the Organization.

ARTS FOR LEARNING CONNECTICUT INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income. As of June 30, 2023 and 2022, the Organization has not engaged in any unrelated business activities.

Uncertain Tax Positions

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. As of June 30, 2023, the Organization's tax returns generally remain subject to examination by major tax jurisdictions for the last three years.

Functional Allocation of Expenses

Program and supporting service costs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to a concentration of credit risk consist primarily of cash. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits.

Leases

The Organization calculated operating lease liability using the appropriate risk-free rate effective at the date of lease inception.

Adoption of New Accounting Standards

On February 25, 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lessees to recognize a liability associated with obligations to make payments under the terms of the arrangement in addition to a right-of-use asset representing the lessee's right to use, or control the use of the given asset assumed under the lease. The standard became effective for nonpublic companies and not-for-profit organizations for years beginning after December 15, 2021. The Organization elected to use practical expedients available under the new standard and adopted the standard effective July 1, 2022. Prior periods are not required to be restated under when using the practical expedient. The application of the new standard did not have a material effect on retained earnings or the statements of income and cash flows.

ARTS FOR LEARNING CONNECTICUT INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Use of Estimates

The preparation of 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 and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain items from the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year.

Subsequent Events

The Organization evaluated events and transactions through January 4, 2024, which is the date the financial statements were available to be issued, and determined that there were no additional matters requiring disclosure.

NOTE 3 – PROGRAM REVENUE

The Organization derives program revenue principally from artistic presentations and creative classes for its customers where the customer contracts the Organization to provide the presentation or class.

The Organization's revenues do not include variable consideration or a significant financing component. The Organization's payment comes in accordance with the terms outlined in each contract, but often comes in advance of the conveyance of services. The Organization's contracts with customers do not result in significant obligations associated with returns, refunds or warranties.

The Organization's revenues related to the presentations and classes are recorded when the performance obligations are satisfied. The Organization does not typically have contracts greater than one year with transaction price allocated to remaining performance obligations.

The Organization records deposits for future programs (also referred to as contract liabilities under Topic 606) when cash payments are received in advance of the Organization's program. The deposits for future programs balance primarily relates to programs which are paid in advance and for which performance obligations have yet to be satisfied. The Organization's deposits for future programs as of June 30, 2023 and 2022 were \$30,215 and \$30,370, respectively.

ARTS FOR LEARNING CONNECTICUT INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 4 – LIQUIDITY AND AVAILABILITY

The following represents the Organization’s financial assets available for general expenditures over the next twelve months at June 30:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$586,252	\$519,499
Accounts Receivable	39,580	5,980
Grants Receivable	156,200	49,700
Grant Receivable – Employee Retention Tax Credit	<u>28,000</u>	<u>28,000</u>
Total Financial Assets	810,032	603,179
Less: Amounts not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	224,938	202,200
Less Net Assets With Purpose and Time Restrictions to be Met in Less Than One Year	<u>(224,938)</u>	<u>(202,200)</u>
Financial Assets Available To Meet General Expenditures Over The Next Twelve Months	<u>\$810,032</u>	<u>\$603,179</u>

The Organization has no formal policy regarding liquidity.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and Fixtures	\$ 5,431	\$ 6,691
Less: Accumulated Depreciation	<u>(2,485)</u>	<u>(2,638)</u>
Property and Equipment, Net	<u>\$ 2,946</u>	<u>\$ 4,053</u>

Depreciation expense was \$729 and \$1,012 for the years ended June 30, 2023 and 2022, respectively. Repairs and maintenance are charged as expenses as incurred.

ARTS FOR LEARNING CONNECTICUT INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 6 – OPERATING LEASES

The Organization maintains an operating lease for the office.

The components of lease costs under the office lease included in functional expenses for the year ended June 30, 2023 were \$17,658 with total cash outflows of \$16,000. All lease costs under this lease were fixed costs with no significant variable lease costs. Lease payments are due in twelve monthly installments each year beginning in July.

The Organization reported the following amounts on the statement of financial position as of June 30, 2023:

Operating Lease – Right-of-Use Asset	<u>\$ 39,973</u>
Operating Lease Liability – Current Portion	\$ 17,030
Operating Lease Liability – Long-Term Portion	<u>24,601</u>
Total	<u>\$ 41,631</u>

The remaining lease term for the operating lease at June 30, 2023 was 2.33 years.

The risk-free rate used in determining the lease asset and liability was 2.38% at July 1, 2022.

Amounts disclosed for right-of-use (ROU) assets obtained in exchange for lease obligations and reductions to ROU assets resulting from reductions to lease obligations include amounts added to or reduced from the carrying amount of ROU assets resulting from new leases, lease modifications or reassessments.

Future minimum rental payments due under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2023 were as follows:

Year Ending June 30:	
2024	\$17,840
2025	18,720
2026	<u>6,300</u>
Total Undiscounted Lease Payments	42,860
Less: Imputed Interest	<u>(1,229)</u>
Total Lease Liability	<u>\$41,631</u>

NOTE 7 – GOVERNMENT GRANTS

Pursuant to the CARES Act, the Organization obtained a \$35,869 Small Business Association (“SBA”) Paycheck Protection Program loan through Liberty Bank on February 1, 2021. The loan, or portion thereof, is forgiven by the SBA if the Organization uses the loan proceeds for purposes specified in the loan agreement. The amount not forgiven after the coverage period is payable over two years at an interest rate of 1%. The Organization has met the conditions for full forgiveness. The loan in the amount of \$35,869 was fully forgiven on October 28, 2021 and was recognized as income in the June 30, 2022 fiscal year.

ARTS FOR LEARNING CONNECTICUT INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 7 – GOVERNMENT GRANTS (CONTINUED)

The CARES Act also provides for an Employee Retention Tax Credit (“ERTC”) which is a refundable tax credit against certain payroll taxes available to qualifying businesses conditioned on quarterly declines in revenues and support up to a defined limit per employee. During the year ended June 30, 2022, the Organization qualified for the ERTC program by meeting the specified conditions and applied for a \$48,461 refundable tax credit which is included in Government Grants on the accompanying statement of activities. The Organization received \$20,461 in June 2022 and expects to receive the additional \$28,000 during the year ending June 30, 2024.

NOTE 8 – RETIREMENT PLAN

The Organization has established a Savings Incentive Match Plan for Employees (“SIMPLE”) plan for its employees. Employees are eligible for participation immediately upon hiring. Participants in the plan can contribute a percentage of compensation up to the maximum allowed under the Internal Revenue Code. The Organization makes a 2% nonelective contribution. The Organization contributed \$7,040 and \$4,631 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 – LINE OF CREDIT

The Organization maintains a \$25,000 line of credit at Liberty Bank. The line of credit bears interest at 2.5% over Prime and is due on demand. The balance on the line of credit at June 30, 2023 and 2022 was \$0.

NOTE 10 – NET ASSETS

As of June 30, 2023 and 2022, the Organization's net assets without donor restrictions and net assets with donor restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Without Donor Restrictions		
Undesignated	<u>\$440,760</u>	<u>\$249,491</u>
Net Assets Without Donor Restrictions	<u>\$440,760</u>	<u>\$249,491</u>
With Donor Restrictions		
Restricted for Higher Order Thinking (HOT) School Initiative	\$ 68,750	\$137,700
Restricted for Other Specified Programs	<u>156,188</u>	<u>64,500</u>
Net Assets with Donor Restrictions	<u>\$224,938</u>	<u>\$ 202,200</u>

Net assets released from donor restrictions as a result of incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors are as follows:

	<u>2023</u>	<u>2022</u>
Restricted for Specified Programs	<u>\$319,912</u>	<u>\$133,078</u>