

STREETS MINISTRIES, INC.
CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2021 AND 2020

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Independent Auditor's Report

Board of Directors
Streets Ministries, Inc.
Memphis, Tennessee

Opinion

We have audited the accompanying consolidated financial statements of Streets Ministries, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of July 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Streets Ministries, Inc. as of July 31, 2021 and 2020, 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 ("GAAS"). 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 Streets Ministries, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Streets Ministries, Inc.'s ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Streets Ministries, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Streets Ministries, 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.

A rectangular box containing a handwritten signature in black ink that reads "Frayee Amy Davis PLC".

Memphis, Tennessee
May 31, 2022

STREETS MINISTRIES, INC.

Consolidated Statements of Financial Position

July 31, 2021 and 2020

ASSETS	2021	2020
Cash and cash equivalents	\$ 1,727,783	\$ 1,337,671
Contributions receivable, net	46,778	45,775
Property and equipment, net	6,665,602	6,891,497
Total assets	\$ 8,440,163	\$ 8,274,943
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 27,300	\$ 25,606
Deferred revenue	74,000	139,000
Paycheck Protection Program loan	162,890	159,322
Total liabilities	264,190	323,928
Net assets		
Without donor restrictions		
Property and equipment	6,665,602	6,891,497
Other	1,510,371	1,059,518
Total net assets	8,175,973	7,951,015
Total liabilities and net assets	\$ 8,440,163	\$ 8,274,943

See notes to the consolidated financial statements.

STREETS MINISTRIES, INC.

Consolidated Statements of Activities

For the years ended July 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and other revenues						
Contributions						
Individuals	\$ 481,566	\$ -	\$ 481,566	\$ 263,343	\$ -	\$ 263,343
Churches	59,695	-	59,695	61,218	-	61,218
Public and private foundations	928,117	-	928,117	795,267	-	795,267
Paycheck Protection Program grant	159,322	-	159,322	-	-	-
Fundraising	77,604	-	77,604	32,005	-	32,005
Rental and other income	51,090	-	51,090	214,499	-	214,499
Total support and other revenues	<u>1,757,394</u>	<u>-</u>	<u>1,757,394</u>	<u>1,366,332</u>	<u>-</u>	<u>1,366,332</u>
Reclassifications						
Net assets released from restriction	-	-	-	150,000	(150,000)	-
Total support and other revenues and reclassifications	<u>1,757,394</u>	<u>-</u>	<u>1,757,394</u>	<u>1,516,332</u>	<u>(150,000)</u>	<u>1,366,332</u>
Expenses						
Program services	1,210,516	-	1,210,516	1,333,320	-	1,333,320
Supporting services	321,920	-	321,920	321,436	-	321,436
	<u>1,532,436</u>	<u>-</u>	<u>1,532,436</u>	<u>1,654,756</u>	<u>-</u>	<u>1,654,756</u>
Change in net assets	224,958	-	224,958	(138,424)	(150,000)	(288,424)
Net assets, beginning of year	<u>7,951,015</u>	<u>-</u>	<u>7,951,015</u>	<u>8,089,439</u>	<u>150,000</u>	<u>8,239,439</u>
Net assets, end of year	<u>\$ 8,175,973</u>	<u>\$ -</u>	<u>\$ 8,175,973</u>	<u>\$ 7,951,015</u>	<u>\$ -</u>	<u>\$ 7,951,015</u>

See notes to the consolidated financial statements.

STREETS MINISTRIES, INC.

Consolidated Statements of Functional Expenses

For the year ended July 31, 2021

	Program Services				Supporting Services			
	Ministry Activities	Education	SOUL	Subtotal	General and Administrative	Fundraising	Subtotal	Total
Salaries and related expenses								
Salaries	\$ 237,243	\$ 79,081	\$ 123,600	\$ 439,924	\$ 125,692	\$ 62,846	\$ 188,538	\$ 628,462
Employee insurance	33,661	11,220	23,803	68,684	19,624	9,812	29,436	98,120
Payroll taxes	20,363	6,788	9,784	36,935	10,553	5,275	15,828	52,763
Retirement	566	189	1,300	2,055	587	294	881	2,936
Total salaries and related expenses	<u>291,833</u>	<u>97,278</u>	<u>158,487</u>	<u>547,598</u>	<u>156,456</u>	<u>78,227</u>	<u>234,683</u>	<u>782,281</u>
Other expenses								
Specific program expenditures	-	48,334	2,410	50,744	-	13,465	13,465	64,209
Repairs and maintenance	49,964	16,637	-	66,601	2,081	695	2,776	69,377
Utilities	80,346	16,069	-	96,415	3,013	1,005	4,018	100,433
Rent	38,684	12,895	6,533	58,112	1,816	605	2,421	60,533
General insurance	39,134	8,710	-	47,844	825	427	1,252	49,096
Office supplies and expense	20,040	6,680	9,525	36,245	12,087	12,074	24,161	60,406
Accounting and administrative fees	24,363	8,121	600	33,084	15,406	6,649	22,055	55,139
Telephone and internet	3,945	1,315	2,870	8,130	2,711	2,708	5,419	13,549
Training	710	710	91	1,511	507	499	1,006	2,517
Transportation services	1,810	1,809	44	3,663	-	-	-	3,663
Summer camp expenditures	4,828	-	-	4,828	-	-	-	4,828
Promotion and printing	-	-	47	47	-	10	10	57
Total other expenses	<u>263,824</u>	<u>121,280</u>	<u>22,120</u>	<u>407,224</u>	<u>38,446</u>	<u>38,137</u>	<u>76,583</u>	<u>483,807</u>
Depreciation	<u>213,078</u>	<u>42,616</u>	<u>-</u>	<u>255,694</u>	<u>7,990</u>	<u>2,664</u>	<u>10,654</u>	<u>266,348</u>
Total expenses	<u>\$ 768,735</u>	<u>\$ 261,174</u>	<u>\$ 180,607</u>	<u>\$ 1,210,516</u>	<u>\$ 202,892</u>	<u>\$ 119,028</u>	<u>\$ 321,920</u>	<u>\$ 1,532,436</u>

See notes to the consolidated financial statements.

STREETS MINISTRIES, INC.

Consolidated Statements of Functional Expenses (continued)

For the year ended July 31, 2020

	Program Services				Supporting Services			Total
	Ministry Activities	Education	SOUL	Subtotal	General and Administrative	Fundraising	Subtotal	
Salaries and related expenses								
Salaries	\$ 269,782	\$ 89,927	\$ 142,155	\$ 501,864	\$ 136,676	\$ 60,199	\$ 196,875	\$ 698,739
Employee insurance	27,728	9,243	25,676	62,647	17,061	7,514	24,575	87,222
Payroll taxes	25,359	8,453	11,297	45,109	12,285	5,411	17,696	62,805
Retirement	2,541	847	1,300	4,688	1,277	562	1,839	6,527
Total salaries and related expenses	<u>325,410</u>	<u>108,470</u>	<u>180,428</u>	<u>614,308</u>	<u>167,299</u>	<u>73,686</u>	<u>240,985</u>	<u>855,293</u>
Other expenses								
Specific program expenditures	-	62,082	17,046	79,128	-	8,751	8,751	87,879
Utilities	75,843	15,169	-	91,012	2,844	948	3,792	94,804
Repairs and maintenance	69,267	23,076	-	92,343	2,886	962	3,848	96,191
Rent	38,684	12,895	6,531	58,110	1,816	605	2,421	60,531
General insurance	36,738	8,176	-	44,914	774	402	1,176	46,090
Office supplies and expense	18,913	6,304	6,709	31,926	10,647	10,637	21,284	53,210
Accounting and administrative fees	21,233	7,078	877	29,188	13,597	5,861	19,458	48,646
Telephone and internet	4,590	1,530	2,290	8,410	2,806	2,801	5,607	14,017
Transportation services	2,474	2,474	579	5,527	-	-	-	5,527
Training	1,367	1,367	115	2,849	955	944	1,899	4,748
Summer camp expenditures	5,666	-	-	5,666	-	-	-	5,666
Promotion and printing	-	-	5,329	5,329	-	1,191	1,191	6,520
Total other expenses	<u>274,775</u>	<u>140,151</u>	<u>39,476</u>	<u>454,402</u>	<u>36,325</u>	<u>33,102</u>	<u>69,427</u>	<u>523,829</u>
Depreciation	<u>220,509</u>	<u>44,101</u>	<u>-</u>	<u>264,610</u>	<u>8,269</u>	<u>2,755</u>	<u>11,024</u>	<u>275,634</u>
Total expenses	<u>\$ 820,694</u>	<u>\$ 292,722</u>	<u>\$ 219,904</u>	<u>\$ 1,333,320</u>	<u>\$ 211,893</u>	<u>\$ 109,543</u>	<u>\$ 321,436</u>	<u>\$ 1,654,756</u>

See notes to the consolidated financial statements.

STREETS MINISTRIES, INC.

Consolidated Statements of Cash Flows

For the years ended July 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 224,958	\$ (288,424)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	266,348	275,634
Amortization of deferred rent payments	(12,000)	(12,000)
Forgiveness of Paycheck Protection Program loan	(159,322)	-
Change in operating assets and liabilities		
Contributions receivable	(1,003)	16,977
Accounts payable and accrued expenses	1,694	3,555
Deferred revenue	(53,000)	53,000
Net cash provided by operating activities	267,675	48,742
Cash flows from investing activities		
Purchase of property and equipment	(40,453)	-
Net cash used in investing activities	(40,453)	-
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	162,890	159,322
Net cash provided by financing activities	162,890	159,322
Change in cash and cash equivalents	390,112	208,064
Cash and cash equivalents, beginning of year	1,337,671	1,129,607
Cash and cash equivalents, end of year	\$ 1,727,783	\$ 1,337,671

See notes to the consolidated financial statements.

Note 1 – Organization and Activities

Streets Ministries, Inc. was founded in 1987 and incorporated under the laws of the State of Tennessee on December 1, 1998. These statements present the consolidated financial information of Streets Ministries, Inc., its wholly-owned subsidiaries Streets Ministries Management, LLC; Streets Ministries Downtown, LLC; Streets Ministries Graham Heights, LLC; Streets Ministries; SOUL for the City, LLC; and Streets Ministries Real Estate, LLC (collectively “the Organization”). All intercompany balances and intercompany transactions have been eliminated in consolidation.

The Organization is a Christian ministry dedicated to serving the core needs of young people ages 8-20, who generally live in under-resourced neighborhoods in the Downtown and Graham Heights areas of Memphis, with an array of educational, athletic, and mentor-based programming. The Organization, through the love of Jesus Christ, encourages and equips young people to achieve potential by realizing their God-given purpose.

The Organization conducts program and ministry activities from its facilities at 430 Vance for its inner-city ministries (“Downtown”) and at 1304 N. Graham for its Kingsbury School District ministries (“Graham Heights”). The Organization leases employees from a third-party professional employee organization.

The following is a synopsis of the Organization’s major programs and their emphases:

Ministry Activities

The Organization seeks to ignite a flame of hope in every child every day through the love of Jesus Christ, and intentional relationship building. This is achieved through weekly outreach meetings, small group bible studies and mentoring sessions.

Outreach

The vision of the Organization has always been to create a safe and encouraging place for students. In 2012, a second campus in Graham Heights was opened. The Organization now serves two of Memphis’s most underserved communities, bringing after-school programs to children that would otherwise lack access to these opportunities. Each year, the Organization serves around 800 children on these two campuses. While addressing our students’ basic needs for safety, emotional support, snacks, and meals, we strive to create an atmosphere of learning in all things.

Recreation

Recreational options include music, basketball teams, soccer, board games, weightlifting, and other seasonal sports.

Education

Educational growth is offered through ACT prep, literacy classes, college tours, homework lab activities, mentoring, tutoring, STEM and financial literacy.

Sending Out Urban Leaders (“SOUL”)

The mission of SOUL is to recruit, train, and resource potential leaders in order to impact the youth of our city with the Gospel of Jesus Christ.

Note 2 – Summary of Significant Accounting Policies*Basis of Accounting*

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this basis of accounting, support and revenue are recognized when earned and expenses are recognized when incurred.

Consolidated Financial Statement Presentation

Under accounting standards for not-for-profit organizations, the Organization is required to report information regarding its consolidated financial position and activities according to two classes of net assets:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be met in perpetuity.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in subsequent years are recorded at present value of their net realizable value, using discount rates applicable to the years in which the promises are received. All contributions receivable as of July 31, 2021 and 2020, are expected to be collected within one year; therefore, no time value discount or allowance for doubtful contributions has been recorded as of July 31, 2021 and 2020.

Property, Equipment, and Depreciation

Property and equipment is recorded at fair value at the date of contribution, if contributed, or at acquisition cost, if purchased. Major renewals and betterments that extend the useful lives of assets are also recorded at cost. Expenditures for normal repairs and maintenance are expensed as they occur. Depreciation is determined using the straight-line method over estimated useful lives of five to thirty-nine years.

Note 2 – Summary of Significant Accounting Policies (continued)*In-kind Contributions and Donated Services*

Donated materials are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the consolidated financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donations of property and equipment are recorded as unrestricted contributions at the date of donation unless the donor has temporarily or permanently restricted the donated asset to a specific purpose.

Revenue Recognition

The Organization receives support and revenue from a variety of sources including private contributions. Contributions received are recorded as support with or without donor restrictions depending upon the existence and/or nature of any donor restrictions. Revenue collected for future periods are reflected as deferred revenues in the statements of financial position.

Restricted contributions and investment income that is limited to specific uses by donor-imposed restriction are reported as being received without donor restrictions when the restrictions are met within the same reporting period. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the 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 statement of activities as net assets released from restrictions.

Forgivable Loan

The Organization has elected to treat the Paycheck Protection Program (“PPP”) loan (see Note 6) in accordance with the FASB *ASC 470, Debt*, model. Under this model, the effects of any anticipated forgiveness of the loan are not recognized in the financial statements until the Organization has been notified by the Small Business Administration (“SBA”) that the loan, in whole or in part, has been approved for forgiveness.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

<u>Type of Expense</u>	<u>Method of Allocation</u>
Depreciation	Square footage
Office and occupancy	Square footage
Salaries	Time and effort

Income Taxes

The Organization is exempt from federal income taxes under Sections 501(c)(3) of the U.S. Internal Revenue Code and has been determined to be an organization that is not a private foundation under Sections 509(a)(1) and 170(b)(1)(A)(vi).

Note 2 – Summary of Significant Accounting Policies (continued)*Recently Issued Accounting Guidance*

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). The new standard requires lessees to record assets and liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual periods beginning after December 15, 2021, with an option to early adopt. The Organization is currently reviewing its significant lease arrangements to assess the potential impact on its financial statements. The Organization plans to adopt the guidance effective August 1, 2022.

Note 3 – Concentrations of Risk

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk for cash and cash equivalents.

For the years ended July 31, 2021 and 2020, the Organization derived approximately 44% and 50%, respectively, of its revenues and support from one contributor.

Note 4 – Property and Equipment

As of July 31, 2021 and 2020, property and equipment consisted of the following:

Description	2021	2020
Downtown		
Land	\$ 4,000	\$ 4,000
Buildings	4,616,476	4,610,776
Furniture and equipment	256,212	259,323
Vehicles	73,007	54,915
Subtotal	4,949,695	4,929,014
Graham Heights		
Land	189,232	189,232
Buildings	4,899,592	4,899,592
Furniture and equipment	290,521	290,521
Subtotal	5,379,345	5,379,345
Total property and equipment	10,329,040	10,308,359
Accumulated depreciation	(3,663,438)	(3,416,862)
Property and equipment, net	\$ 6,665,602	\$ 6,891,497
Depreciation expense for the year	\$ 266,348	\$ 275,634

Note 5 – Deferred Revenue

As of July 31, 2021 and 2020, deferred revenue consisted of the following:

Description	2021	2020
Su Casa rent	\$ 74,000	\$ 86,000
Golf tournament sponsorship revenue	-	53,000
Total deferred revenue	<u>\$ 74,000</u>	<u>\$ 139,000</u>

Note 6 – Paycheck Protection Program Loan

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. In May 2020, the Organization received a SBA loan in the amount of \$159,322 for the Payroll Protection Program in order to keep staff employed during the coronavirus pandemic. The terms of the Payroll Protection Program loan indicate that the Organization must utilize the proceeds to fund/offset qualifying expenses over an eight-week period, which can be extended to twenty-four weeks if elected. The terms of the agreement specify that the Organization must repay the principal of the loan back plus interest, which accrues at 1% annually. The loan matures in two years which totals \$2,038 in interest expense. On November 10, 2020, the Organization was informed that the Payroll Protection Program loan had been forgiven in full. Therefore, support of \$159,322 has been recognized in the accompanying statements of activities for the year ended July 31, 2021.

On December 27, 2020, Congress passed the Consolidated Appropriations Act, 2021, which extended several provisions of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, including authorizing second draw Payroll Protection Program loans guaranteed by the SBA that may be forgiven if certain criteria for utilization of these funds are met by the borrower. On March 15, 2021, the Organization received a second draw Payroll Protection Program loan in the amount of \$162,890.

Note 7 – Net Assets with Donor Restrictions

For the years ended July 31, 2021 and 2020, net assets were released from restrictions by the passage of time or incurring expenses satisfying the purpose of restrictions imposed by donors as follows:

Description	2021	2020
Time restrictions	\$ -	\$ 150,000
Total	<u>\$ -</u>	<u>\$ 150,000</u>

Note 8 – Fundraising Activity

For the years ended July 31, 2021 and 2020, fund raising activities from special events are as follows:

Description	2021	2020
Revenues	\$ 77,604	\$ 32,005
Direct expenses	<u>(13,465)</u>	<u>(8,751)</u>
Net proceeds	<u>\$ 64,139</u>	<u>\$ 23,254</u>

Note 9 – Income Taxes

The Organization files information tax returns in the United States federal jurisdiction. The Organization is no longer subject to examination by federal authorities for years prior to 2017.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would more likely than not be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended July 31, 2021 and 2020.

Note 10 – Operating Lease

The Organization has a non-cancellable operating lease to rent real property, specifically, 1.38 acres of land, for its Downtown facility. The lease term is for 99 years and provides for base monthly rent of \$3,750, plus the Organization's share of insurance, taxes, and maintenance costs. Beginning in 2015, and for each 10-year period thereafter, lease payments increase by the lesser of the change in the Consumer Price Index or 20%. Effective May 1, 2015, the rent was adjusted to \$4,500 per month. For the years ended July 31, 2021 and 2020, annual rent expense incurred totaled \$60,533.

As of July 31, 2021, future minimum lease payments were as follows:

Year ending July 31,	Amount
2022	\$ 54,000
2023	54,000
2024	54,000
2025	56,700
2026	64,800
Subsequently	<u>10,378,217</u>
	<u>\$ 10,661,717</u>

Effective October 2017, the Organization entered into a non-cancellable operating lease to lease a portion of its Graham Heights facility to another not-for-profit entity. The lease term is for 10 years and provides for monthly rent of \$1,000. The lease provides, among other things, for certain improvements to the properties to be applied to the rental payments. The not-for-profit entity made improvements to the leased property, of which \$74,000 is deferred revenue to be recognized in future periods under the terms of the lease. For the years ended July 31, 2021 and 2020, annual rent income under this lease totaled \$12,000.

Note 10 – Operating Lease (continued)

As of July 31, 2021, future minimum lease revenue under non-cancellable operating leases was as follows:

<u>Year ending July 31,</u>	<u>Amount</u>
2022	\$ 12,000
2023	12,000
2024	12,000
2025	12,000
2026	12,000
Thereafter	<u>14,000</u>
	<u><u>\$ 74,000</u></u>

Note 11 – Retirement Plan

The Organization participates in a third-party professional employee organization’s defined contribution retirement plan (the “Plan”) covering certain eligible employees. Participating employees may elect to defer a portion of their compensation and contribute it to the Plan in an amount not to exceed the annual statutory limits of the Internal Revenue Code. For the years ended July 31, 2021 and 2020, the Organization contributed to the Plan by matching dollar for dollar the first 6% of compensation that a participant deferred and contributed to the Plan. The cost to the Organization for the administration of and contributions to the Plan for the years ended July 31, 2021 and 2020, was \$2,936 and \$6,527, respectively.

Note 12 – Availability of Resources and Liquidity

As part of its ongoing liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of July 31, 2021, the Organization has \$1,774,561 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$1,727,783 and contributions receivable of \$46,778. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

Note 13 – Subsequent Events*General*

Management has evaluated subsequent events through May 31, 2022, the date the financial statements were available to be issued.

Paycheck Protection Program Loan Forgiveness

In January 2022, the Organization received a Notice of Paycheck Protection Program Forgiveness Payment from the SBA stating forgiveness in the amount of \$162,890 with an effective date of January 11, 2022.