THE DETROIT INSTITUTE FOR CHILDREN

AUDITED FINANCIAL STATEMENTS

Years ended August 31, 2023 and 2022

THE DETROIT INSTITUTE FOR CHILDREN

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
The Detroit Institute for Children

Opinion

We have audited the accompanying financial statements of Detroit Institute for Children, (a Michigan nonprofit organization) (the "Institute"), which comprise the statements of financial position as of August 31, 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 Institute as of August 31, 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 Institute 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 Institute'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.

Board of Trustees
The Detroit Institute for Children
Page Two

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 Institute'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 Institute'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.

Other Information Included in the Annual Report

Management is responsible for the other information included in the Institute's Annual Report. The other information comprises the information included in the Annual Report, but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

UHY LLP

Farmington Hills, Michigan
March 13, 2024

THE DETROIT INSTITUTE FOR CHILDREN
STATEMENTS OF FINANCIAL POSITION

	August 31, 2023	August 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 556,594**	$ 985,488
Contract accounts receivable, net	**168,729**	87,443
Patient accounts receivable, net	**12,283**	3,980
Pledges receivable	**97,500**	-
Other receivables	**5,497**	3,468
Prepaid expenses and deposits	**42,180**	40,757
Total current assets	**882,783**	1,121,136
MARKETABLE SECURITIES	**893,506**	920,495
BENEFICIAL INTERESTS		
Remainder trusts administered by other trustees	**168,454**	211,453
Endowment fund held by Community Foundation	**9,530**	9,425
Total beneficial interests	**177,984**	220,878
PROPERTY AND EQUIPMENT, NET	**8,080**	1,042
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	**31,107**	-
FINANCE LEASE RIGHT-OF-USE ASSETS, NET	**14,594**	18,730
TOTAL ASSETS	**$ 2,008,054**	$ 2,282,281
CURRENT LIABILITIES		
Accounts payable	**$ 10,524**	$ 892
Current portion of finance lease liabilities	**4,351**	4,231
Current portion of operating lease liabilities	**29,653**	-
Accrued expenses	**116,046**	103,564
Total current liabilities	**160,574**	108,687
FINANCE LEASE LIABILITIES, LESS CURRENT PORTION	**10,213**	14,920
Total liabilities	**170,787**	123,607
NET ASSETS		
Without donor restriction	**1,493,845**	1,760,112
With donor restriction	**343,422**	398,562
Total net assets	**1,837,267**	2,158,674
TOTAL LIABILITIES AND NET ASSETS	**$ 2,008,054**	$ 2,282,281

THE DETROIT INSTITUTE FOR CHILDREN
STATEMENTS OF ACTIVITIES

	Years ended August 31,					
	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenue and support						
Contract revenues	**$ 4,137,798**	**$ -**	**$ 4,137,798**	$ 3,605,330	$ -	$ 3,605,330
Patient service revenues, net	**85,022**	**-**	**85,022**	30,048	-	30,048
Gifts and bequests	**502,497**	**58,395**	**560,892**	499,575	193,148	692,723
United Way Community Services	**12,997**	**-**	**12,997**	27,750	-	27,750
Investment income (loss), net	**58,568**	**-**	**58,568**	(136,387)	-	(136,387)
Miscellaneous income	**50**	**-**	**50**	103,955	-	103,955
Contributed non-financial assets	**4,500**	**-**	**4,500**	124	-	124
Net assets released from restrictions	**113,535**	**(113,535)**	**-**	147,950	(147,950)	-
Total revenue and support	**4,914,967**	**(55,140)**	**4,859,827**	4,278,345	45,198	4,323,543
Expenses						
Program services:						
Contractual services	**4,454,268**	**-**	**4,454,268**	3,776,054	-	3,776,054
Supporting services:						
Management and general	**480,838**	**-**	**480,838**	401,412	-	401,412
Fundraising	**246,128**	**-**	**246,128**	184,198	-	184,198
Total expenses	**5,181,234**	**-**	**5,181,234**	4,361,664	-	4,361,664
Increase (decrease) in net assets	**(266,267)**	**(55,140)**	**(321,407)**	(83,319)	45,198	(38,121)
Net assets, beginning of year	**1,760,112**	**398,562**	**2,158,674**	1,843,431	353,364	2,196,795
Net assets, end of year	**$ 1,493,845**	**$ 343,422**	**$ 1,837,267**	$ 1,760,112	$ 398,562	$ 2,158,674

See notes to financial statements.

THE DETROIT INSTITUTE FOR CHILDREN
STATEMENTS OF FUNCTIONAL EXPENSES

	Years ended August 31,							
	2023				2022			
	Contractual Services	Management and General	Fund-Raising	Total Functional Expenses	Contractual Services	Management and General	Fund-Raising	Total Functional Expenses
Salaries and wages	**$ 3,386,052**	**$ 151,064**	**$ 176,983**	**$ 3,714,099**	$ 2,821,998	$ 153,863	$ 144,192	$ 3,120,053
Taxes - payroll	**261,473**	**11,665**	**13,667**	**286,805**	220,921	12,045	11,288	244,254
Employee benefits	**219,489**	**10,232**	**10,806**	**240,527**	204,453	13,560	9,825	227,838
Employee mileage	**9,864**	**11,916**	**-**	**21,780**	11,807	9,343	-	21,150
Professional fees	**393,064**	**190,098**	**5,186**	**588,348**	309,958	123,228	6,752	439,938
Supplies	**83,263**	**10,965**	**927**	**95,155**	36,758	7,198	814	44,770
Purchased services	**1,545**	**4,334**	**462**	**6,341**	3,665	2,990	710	7,365
Utilities	**8,253**	**13,426**	**4,280**	**25,959**	17,401	5,481	4,564	27,446
Insurance	**4,933**	**14,800**	**4,933**	**24,666**	14,785	4,928	4,928	24,641
Printing	**587**	**142**	**285**	**1,014**	217	1,051	-	1,268
Special events	**-**	**-**	**9,245**	**9,245**	59,162	-	-	59,162
Rent	**47,759**	**12,742**	**7,390**	**67,891**	49,820	12,762	149	62,731
Bad debt expense	**15,699**	**-**	**-**	**15,699**	3,979	-	-	3,979
Other expense	**22,112**	**41,191**	**11,789**	**75,092**	18,200	52,399	-	70,599
Interest expense	**-**	**3,602**	**-**	**3,602**	-	1,588	-	1,588
Depreciation and amortization	**175**	**4,661**	**175**	**5,011**	2,930	976	976	4,882
	$ 4,454,268	**$ 480,838**	**$ 246,128**	**$ 5,181,234**	$ 3,776,054	$ 401,412	$ 184,198	$ 4,361,664

THE DETROIT INSTITUTE FOR CHILDREN
STATEMENTS OF CASH FLOWS

	Years ended August 31,	
	2023	**2022**
OPERATING ACTIVITIES		
Change in net assets	**$ (321,407)**	$ (38,121)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation and amortization	**5,011**	4,882
Net realized and unrealized loss (gain) on investments	**(28,555)**	163,714
Allowances for accounts receivable	**15,700**	3,979
Non-cash lease expense	**(1,454)**	-
Changes in current assets and liabilities:		
Accounts receivable	**(105,289)**	(10,652)
Pledges receivable	**(97,500)**	-
Beneficial interests	**42,894**	(4,672)
Other receivables	**(2,029)**	9,041
Prepaid expenses	**(1,423)**	2,912
Accounts payable and accrued expenses	**22,114**	45,344
Net cash provided by (used in) operating activities	**(471,938)**	176,427
INVESTING ACTIVITIES		
Purchases of property and equipment	**(7,913)**	-
Proceeds from sale of investments	**651,680**	227,617
Purchases of investments	**(596,136)**	(449,457)
Net cash provided by (used in) investing activities	**47,631**	(221,840)
FINANCING ACTIVITY		
Payments on finance lease liabilities	**(4,587)**	(1,698)
NET CHANGE IN CASH	**(428,894)**	(47,111)
CASH, Beginning of year	**985,488**	1,032,599
CASH, End of year	**$ 556,594**	$ 985,488
NON-CASH ACTIVITIES:		
Finance lease acquistion	**$ -**	$ 22,936
Contributions of non-financial assets	**$ 4,500**	$ 124
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Cash paid during the year for interest	**$ 3,602**	$ 1,588

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Institute and Nature of Activities

The Detroit Institute for Children (the "Institute") provides comprehensive diagnostic services and treatment for children and young adults with special needs in Michigan.

The mission of the Institute is to provide a passionate, integrated approach to services for Michigan's children with special needs and their families. The Institute specializes in providing care for children with developmental, learning, emotional and physical disabilities including specialized early intervention programs for children from birth to 5 years.

The Institute provides therapeutic and mental health services including occupational and physical therapies, speech language pathology, social work, psychological and special education evaluations and consultations in schools exclusively in the State of Michigan, primarily the City of Detroit and the surrounding metropolitan areas. Additionally, workshops are provided at little or no cost to parents and professionals who provide care and support to children with special needs.

Basis of Presentation

The financial statements of the Institute have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, and the provisions of the American Institute of Certified Public Accountant (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Institute and changes therein are classified as follows:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Institute. These net assets may be used at the discretion of the Institute management and the board of trustees.
>
> **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Institute or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks and cash on hand. For the purpose of the statement of cash flows, the Institute considers all highly-liquid investments that are not included with marketable securities and purchased with original maturities of three months or less to be cash equivalents. The Institute had, at times throughout the year, bank balances that exceeded FDIC federally insured limits. Management has deemed this as a normal business risk.

Pledges Receivable

Pledges receivable consist of unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using the present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for doubtful accounts is determined based on management's evaluation of the collectability of individual promises. Management has determined that no allowance is necessary.

Investments

The Institute records its investments in marketable equity securities in accordance with ASC topic Not-for-Profit entities Investments. Accordingly, investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value. Any related gains or losses are reported in the statement of activities.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract and Patient Accounts Receivable and Allowances

Contract accounts receivable are stated at invoiced amount less an allowance for doubtful accounts if an allowance is deemed necessary by management. The provision for the allowance is based on management's assessment of historical and expected net collections. At August 31, 2023 and 2022, there was an allowance of $10,526 and $-0-, respectively.

Patient accounts receivables are stated at net realizable value less a contractual allowance. The contractual allowance is based on management's assessment of historical and expected collections based on actual amounts reported under contractual arrangements with third-party payers. At August 31, 2023 and 2022, there was a contractual allowance of $9,153 and $3,979, respectively.

Property and Equipment and Depreciation and Amortization

Purchased property and equipment are stated at cost. Donated property and equipment is recorded at fair market value at the date of the gift. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these fixed assets to determine whether carrying values have been impaired. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 7 years.

Beneficial Interest in Remainder Trusts Administered by Other Trustees

The Institute is a remainder beneficiary in various trusts administered by other trustees. A receivable is recorded at the present value of the amount held by the trustee that is due to the Institute, which is calculated using the lesser of the life expectancy of the income beneficiaries and the life of remainder trusts. The Institute uses a discount rate commensurate with the risks involved to discount the contribution receivable. Valuations are reviewed annually by management by updating life expectancy of the income beneficiaries, discount rates and the fair value of the underlying investments. As the receivable was expected to be collected, the balance was not discounted in either of the years ended August 31, 2023 and 2022. Subsequent changes to the fair value of the beneficial interest are reflected in the statement of activities as part of gifts and bequests.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

Contract Revenue

The Institute's revenue under contracts from customers is comprised of therapeutic and mental health services provided to children and young adults. This contract revenue is reported on a fee per service basis net of an uncollectible allowance. The Institute recognizes revenue at the amount to which it expects to be entitled to when the control of the goods or services is transferred to the student. Control is generally transferred when the Institute has present right to payment and the significant risks and rewards of ownership of the goods or services are transferred to its students. Revenue is recognized over time as services are performed. The Institute's contracts with customers generally do not contain any significant variable consideration.

Contract balances consist of the following:

	August 31, 2023	August 31, 2022
Accounts receivable from contracts, beginning of year	$ 95,402	$ 84,750
Accounts receivable from contracts, end of year	$ 200,691	$ 95,402

Patient Service Revenue

A portion of the Institute's revenue under contracts from customers is comprised of patient service revenue. Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payers and others for service rendered. The Institute recognizes revenue at the amount to which it expects to be entitled when the control of the goods or services is transferred to the patient. Control is generally transferred when the Institute has present right to payment and the significant risks and rewards of ownership of the goods or services are transferred to its patients. Revenue is recognized over time as services are performed. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. The Institute's contracts with customers generally do not contain any significant variable consideration.

Contributions

All contributions are considered to be for unrestricted use unless specifically restricted by the donor. 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. However, donor restricted contributions whose restrictions are met in the same reporting period are reported by the Institute as unrestricted support in the financial statements. Contributions of cash and other assets are reported as revenue when received and measured at fair value.

THE DETROIT INSTITUTE FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
August 31, 2023 and 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue and Revenue Recognition (Continued)

Contributed Non-Financial Assets, Services and Facilities

During the years ended August 31, 2023 and 2022, the value of contributed non-financial assets meeting the requirement for recognition in the financial statements was $4,500 and $124, respectively. Contributed assets include materials provide toward the fulfillment of programs and general managerial administration. There were no contributed services or facilities for the years ended August 31, 2023 and 2022. Donated materials are recorded at the fair market value upon receipt.

Income Taxes

The Institute is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At August 31, 2023 and 2022, there were no uncertain tax positions that require accrual.

Functional Expenses

Direct identifiable expenses are charged to programs and supporting services accordingly. Expenses related to more than one function are charged to program services and support services based on management’s estimates of periodic time and expense allocation. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization. Although the allocation method used is considered appropriate, other methods could be used that would produce different results.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued accounting standards update ("ASU") 2016-02 "Leases (Topic 842)". Under this guidance, an entity is required to recognize right-of-use ("ROU") assets and lease liabilities on its statement of financial position and disclose key information about leasing arrangements.

The Institute adopted the new standard effective September 1, 2022, using the modified retrospective approach. This approach allows the Institute to initially apply the new accounting standards at the adoption date and recognize a cumulative adjustment to the opening balance of net assets in the period of adoption. The prior year comparative information has not been restated and continues to be reported under the accounting standards for that period. The adoption of the new standard had no impact on the opening balance of net assets on the adoption date. On the date of adoption, the Institute recorded both operating lease right-of-use assets and liabilities totaling $79,464.

The new standard provides a number of optional practical expedients at transition. The Institute elected certain practical expedients that must be elected as a package, which permit the Institute to not reassess, under the new standard, prior conclusions about (1) lease identification, (2) lease classification, and (3) initial direct costs. Additionally, the Institute elected a short-term lease exception policy, which allows entities to not apply the new standard to short-term leases (i.e. leases with terms of 12 months or less) and a hindsight policy, which allows entities to include current considerations for existing leases when determining initial lease terms. The Institute has also elected to account for lease and non-lease components as a single component for all leases, to utilize a risk-free rate for all leases when calculating the lease liability if the implicit rate in the lease is not readily determinable, and elected to not record any right-of-use assets under the Institute's capitalization threshold.

In September 2020, the FASB issued ASU 2020-07, "Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets". The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021. The Institute adopted the ASU 2020-07 effective September 1, 2022.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Institute determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the Institute has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the rate implicit in the lease or the risk-free rate. The risk-free rate is defined as the daily treasury par yield curve rate for a period of time that approximates the lease term. The Institute's lease terms include options to renew or terminate the lease when it is reasonably certain that they will exercise the option.

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use-asset.

The Institute's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Reclassification

Certain reclassifications have been made to the financial statements for the prior year to conform to current year presentation.

Subsequent Events

The Institute has performed a review of events subsequent to the balance sheet date through March 13, 2024, the date the financials were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	August 31,	
	2023	2022
Cash and cash equivalents	$ 556,594	$ 985,488
Investments, at fair value	893,506	920,495
Beneficial interests	177,984	220,878
Contracts receivable, net	168,729	87,443
Patient accounts receivable, net	12,283	3,980
Other receivable	5,497	3,468
	1,814,593	2,221,752
Less those unavailable for general expenditures within one year:		
Board designated endowment fund	(9,530)	(9,425)
Donor restriction	(343,422)	(398,562)
	(352,952)	(407,987)
	$ 1,461,641	$ 1,813,765

The Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Institute also realizes there could be unanticipated liquidity needs. The Institute has a line of credit in the amount of $300,000 which it could draw upon, as further described in Note 7.

NOTE 3 – MARKETABLE SECURITIES

The cost and fair value of the Institute's investments are as follows:

	August 31, 2023		
	Cost	Fair Value	Unrealized Gain
Mutual funds	$ 823,877	$ 893,506	$ 69,629

	August 31, 2022		
	Cost	Fair Value	Unrealized Loss
Mutual funds	$ 946,275	$ 920,495	$ (25,780)

NOTE 3 – MARKETABLE SECURITIES (Continued)

The composition of investment income for the years ended is as follows:

	August 31,	
	2023	2022
Interest and dividend income	$ 38,556	$ 35,995
Realized and unrealized gains (losses)	28,554	(163,714)
Investment fees	(8,542)	(8,668)
Total investment income	$ 58,568	$ (136,387)

NOTE 4 – FAIR VALUE MEASUREMENTS

The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Institute has the ability to access.

Level 2 Inputs to the valuation methodology include

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

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

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

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

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

Beneficial interests in remainder trusts: Valued at the NAV, based on the fair value of the underlying investments held by the remainder trusts less remainder trusts' liabilities. The fair value of the underlying investments is provided by the other trustees annually. Due to the minimal observable inputs, the beneficial interests are classified as Level 3.

Beneficial interests in endowment fund: Valued at the NAV, based on the fair value of the underlying endowment fund investments held by the community foundation. The fair value of the underlying investments is provided by the community foundation annually. Due to the minimal observable inputs, the beneficial interests are classified as Level 3.

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

The following tables set forth by level, within the fair value hierarchy, the Institute's assets at fair value.

	Assets at fair value as of August 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 893,506	$ -	$ -	$ 893,506
Equities:				
Beneficial interests				
in remainder trusts	-	-	168,454	168,454
in endowment fund	-	-	9,530	9,530
Net assets at fair value	$ 893,506	$ -	$ 177,984	$ 1,071,490

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

	Assets at fair value as of August 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	$ 920,495	$ -	$ -	$ 920,495
Equities:				
Beneficial interests				
in remainder trusts	-	-	211,453	211,453
in endowment fund	-	-	9,425	9,425
Net assets at fair value	$ 920,495	$ -	$ 220,878	$ 1,141,373

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	August 31,	
	2023	2022
Software	$ 6,327	$ 6,327
Other depreciable property	21,545	21,545
Equipment	8,958	1,057
Total cost	36,830	28,929
Less accumulated depreciation and amortization	28,750	27,887
Property and equipment, net	$ 8,080	$ 1,042

NOTE 6 – ACCRUED EXPENSES

Accrued expenses consist of the following:

	August 31, 2023	August 31, 2022
Payroll	$ 67,448	$ 60,584
Other	48,598	42,980
Total accrued expenses	$ 116,046	$ 103,564

NOTE 7 – LINE OF CREDIT

The Institute has a line of credit with a bank. The Institute may borrow up to $300,000. At August 31, 2023 and 2022, there were no borrowings outstanding on this line of credit. Interest is payable at a monthly rate of 3.0% or the prime rate (the prime rate was 5.50% and 3.25% at August 31, 2023 and 2022, respectively), whichever is higher. The line of credit is collateralized by the investments held at Huntington National Bank.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following purpose or time restrictions:

	August 31, 2023	August 31, 2022
Summer program	$ 174,968	$ 172,705
Time restriction	168,454	211,453
Other programming	-	14,404
Total temporarily restricted net assets	$ 343,422	$ 398,562

NOTE 9 – COMMUNITY FOUNDATION ENDOWMENT

The Institute has an endowment to support the general charitable purposes of the organization. The endowment includes funds without donor restrictions. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 9 – COMMUNITY FOUNDATION ENDOWMENT (Continued)

Interpretation of Relevant Law

The Institute has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with generally accepted accounting principles and this interpretation, the Institute classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulated to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified is permanently restricted net asset is classified as unrestricted unless otherwise specified by the donor.

The Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Institute and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies

The Institute's endowment fund is held by the Community Foundation (the "Foundation"). The Fund is administered and invested in accordance with investment and other policies applicable to endowment funds adopted by the Foundation. Earnings are available for distribution to the Institute at the discretion of the Foundation and are reflected in the financial statements when received from the Foundation. As of August 31, 2023 and 2022, the fair value of the endowment fund totaled $9,530 and $9,425, respectively.

NOTE 9 – COMMUNITY FOUNDATION ENDOWMENT (Continued)

Change in endowment net assets are as follows:

	Year ended August 31, 2023		
	Without Restriction	With Restriction	Total
Endowment Net Assets, beginning of year	$ 9,425	$ -	$ 9,425
Grants paid	(467)		(467)
Fees	(51)		(51)
Net realized and unrealized gains and losses	623	-	623
Total investment return	105	-	105
Contributions	-	-	-
Endowment assets used for expenditures	-	-	-
Endowment Net Assets, end of year	$ 9,530	$ -	$ 9,530

	Year ended August 31, 2022		
	Without Restriction	With Restriction	Total
Endowment Net Assets, beginning of year	$ 10,792	$ -	$ 10,792
Grants paid	(237)		(237)
Fees	(26)		(26)
Net realized and unrealized gains and losses	(1,104)	-	(1,104)
Total investment return	(1,367)	-	(1,367)
Contributions	-	-	-
Endowment assets used for expenditures	-	-	-
Endowment Net Assets, end of year	$ 9,425	$ -	$ 9,425

NOTE 10 – LEASES

The Institute has an operating lease with a third party for operating facilities and a finance lease with a third party for office equipment and various short-term leases. The Institute's leases have remaining terms through 2027.

The following summarizes the line items in the balance sheet which include balances for operating and finance leases as of August 31, 2023:

	Balance
Operating leases	
Operating leases right-of-use assets, net	$ 31,107
Operating lease liabilities	$ 29,653
Finance leases	
Property and equipment	$ 18,972
Less: accumulated depreciation	4,378
Property and equipment, net	$ 14,594
Finance lease liabilities	$ 14,564

The weighted average remaining lease term of the operating lease and finance lease as of August 31, 2023 was 0.67 and 3.33 years, respectively The weighted average discount rate of the operating lease and finance lease as August 31, 2023 was 4.75% and 2.59%, respectively.

The components of the leases costs for the year ended August 31, 2023 are as follows:

Operating lease expense:	
Operating lease expense	$ 47,364
Short-term lease expense	21,070
Total operating lease expense	$ 68,434
Finance lease expense:	
Amortization of right-of-use asset	4,378
Interest on lease liabilities	446
Total finance lease costs	$ 4,824

NOTE 10 – LEASES (Continued)

For the year ended August 31, 2022, the operating lease expense was $62,732.

As of August 31, 2023, minimum future rental payments under the leases described above is as follows:

Year ending August 31,	Operating Lease	Finance Lease	Total
2024	$ 32,298	$ 4,677	$ 36,975
2025	-	4,677	4,677
2026	-	4,677	4,677
2027	-	1,169	1,169
Total undiscounted cash flows	32,298	15,200	47,498
Less: present value discount	(2,645)	(636)	(636)
Total lease liabilities	29,653	14,564	44,217
Less: current portion	(29,653)	(4,351)	(34,004)
Lease liabilities, net of current portion	$ -	$ 10,213	$ 10,213

NOTE 11– BENEFICIAL INTEREST IN REMAINDER TRUSTS ADMINISTERED BY OTHER TRUSTEES

Changes in beneficial interest measured by fair value using significant unobservable inputs (Level 3) during the years ended are as follows:

	August 31, 2023	August 31, 2022
Beginning balance	$ 211,453	$ 205,414
Increase (decrease) in value due to market value change	(42,999)	6,039
	$ 168,454	$ 211,453

The remaining balance of the beneficial interest in the remainder trust was collected in full subsequent to year end.

NOTE 12 – RETIREMENT PLAN

The Institute has a defined contribution retirement plan available to substantially all employees. Participants may make basic tax-free contributions of their compensation up to the legal limit prescribed by Section 403(b) of the Internal Revenue Code. The Institute can make a discretionary contribution to the Plan based on 3% of employee's annual gross income for those employees who contribute 3% or more of their eligible annual gross income. Employer matching contributions of $38,285 and $35,574 were made for the years ended August 31, 2023 and 2022, respectively. Employer contributions are vested after working three (3) calendar years with at least 1,000 hours in each of the three years. The Institute incurred expenses of $2,279 and $2,010 related to this plan, including fees, for the years ended August 31, 2023 and 2022, respectively.

NOTE 13 – CONTINGENCY

The Institute obtained a loan during 2020 from the Paycheck Protection Program ("PPP"). According to the rules of the Small Business Administration ("SBA"), the Institute is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorize representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. The Institute's PPP loan was forgiven during the year ended August 31, 2021. Should the SBA conduct such review and reject all or some of the Institute's judgements pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Institute may be required to adjust previously reported amounts and disclosures in the financial statements.