

I.C.A.N., Improving Chandler Area Neighborhoods

Financial Statements

June 30, 2023 and 2022

I.C.A.N., Improving Chandler Area Neighborhoods

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Independent Auditors' Report

To the Board of Directors of
I.C.A.N., Improving Chandler Area Neighborhoods

Opinion

We have audited the financial statements of I.C.A.N., Improving Chandler Area Neighborhoods (the Organization), which comprise the statement 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

Tempe, Arizona
December 14, 2023

I.C.A.N., Improving Chandler Area Neighborhoods

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,657,302	\$ 2,934,875
Grants receivable, current portion	123,268	78,479
Prepaid expenses	34,719	67,707
Total current assets	3,815,289	3,081,061
Grants Receivable, Net of Current Portion	-	50,000
Investments	487,672	451,727
Property and Equipment, Net	2,871,834	2,976,914
Total assets	<u>\$ 7,174,795</u>	<u>\$ 6,559,702</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 38,834	\$ 56,222
Accrued payroll	71,459	44,351
Deferred revenue	-	31,500
Total liabilities	110,293	132,073
Net Assets		
Without donor restrictions		
Board designated	1,668,654	804,106
Undesignated	4,520,848	5,263,902
	6,189,502	6,068,008
With donor restrictions	875,000	359,621
Total net assets	7,064,502	6,427,629
Total liabilities and net assets	<u>\$ 7,174,795</u>	<u>\$ 6,559,702</u>

See notes to financial statements

I.C.A.N., Improving Chandler Area Neighborhoods

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 and Support						
Contributions and other grants	\$ 1,420,393	\$ 845,000	\$ 2,265,393	\$ 2,393,024	\$ 230,122	\$ 2,623,146
Special events contributions	487,850	-	487,850	274,325	-	274,325
Government grants	517,139	-	517,139	391,063	129,500	520,563
In-kind donations	33,388	-	33,388	40,071	-	40,071
Facility use income	77,000	-	77,000	77,000	-	77,000
Other income	361	-	361	1,749	-	1,749
Investment return	80,639	-	80,639	(84,848)	-	(84,848)
Net assets released from time restrictions	70,000	(70,000)	-	-	-	-
Net assets released from purpose restrictions	259,621	(259,621)	-	15,858	(15,858)	-
	<u>2,946,391</u>	<u>515,379</u>	<u>3,461,770</u>	<u>3,108,242</u>	<u>343,764</u>	<u>3,452,006</u>
Special events revenue	264,231	-	264,231	335,907	-	335,907
Direct donor benefits	(146,232)	-	(146,232)	(142,728)	-	(142,728)
	<u>117,999</u>	<u>-</u>	<u>117,999</u>	<u>193,179</u>	<u>-</u>	<u>193,179</u>
Total revenues and support	<u>3,064,390</u>	<u>515,379</u>	<u>3,579,769</u>	<u>3,301,421</u>	<u>343,764</u>	<u>3,645,185</u>
Operating Expenses						
Program services	2,062,995	-	2,062,995	1,411,234	-	1,411,234
General and administrative	595,832	-	595,832	655,392	-	655,392
Fundraising expenses	284,069	-	284,069	166,780	-	166,780
Total expenses	<u>2,942,896</u>	<u>-</u>	<u>2,942,896</u>	<u>2,233,406</u>	<u>-</u>	<u>2,233,406</u>
Change in net assets	121,494	515,379	636,873	1,068,015	343,764	1,411,779
Net Assets, Beginning	<u>6,068,008</u>	<u>359,621</u>	<u>6,427,629</u>	<u>4,999,993</u>	<u>15,857</u>	<u>5,015,850</u>
Net Assets, Ending	<u>\$ 6,189,502</u>	<u>\$ 875,000</u>	<u>\$ 7,064,502</u>	<u>\$ 6,068,008</u>	<u>\$ 359,621</u>	<u>\$ 6,427,629</u>

See notes to financial statements

I.C.A.N., Improving Chandler Area NeighborhoodsStatement of Functional Expenses
Year Ended June 30, 2023

	Program Services- Youth Program	General and Administrative	Fundraising Expenses	Direct Benefit to Donors	Total Expenses
Payroll and contract labor	\$ 1,365,567	\$ 284,165	\$ 170,803	\$ -	\$ 1,820,534
Payroll taxes	109,087	23,220	13,594	-	145,901
Employee benefits	49,438	38,365	3,323	-	91,126
Total payroll	1,524,092	345,750	187,720	-	2,057,561
Advertising	15,223	3,168	1,904	-	20,295
Automobile expenses	24,187	-	-	-	24,187
Bank and credit card fees	-	20,815	-	-	20,815
Cleaning	28,086	-	-	-	28,086
Community relations	36,100	7,512	4,515	-	48,127
Depreciation	88,908	32,884	-	-	121,792
Education	32,364	12,858	3,773	-	48,995
Field trips	4,732	-	-	-	4,732
In-kind services expenses	5,652	2,090	-	-	7,742
Legal and accounting	-	18,818	-	-	18,818
Liability and D&O insurance	14,641	5,415	-	-	20,056
Maintenance and repairs	38,530	14,251	-	-	52,781
Miscellaneous	9,889	2,375	914	-	13,178
Office supplies	2,419	503	303	-	3,224
Outside services	25,304	84,094	75,558	-	184,956
Postage and delivery	1,373	286	172	-	1,830
Printing	17,376	4,468	2,979	-	24,823
Program supplies	49,007	-	-	-	49,007
Program supplies, in-kind	22,705	-	-	-	22,705
Security	2,944	1,089	-	-	4,033
Technology	40,201	13,524	5,678	-	59,402
Student meals expense	7,639	-	-	-	7,639
Student meals expense, in-kind	2,941	-	-	-	2,941
Telephone	12,917	4,778	-	-	17,695
Travel	3,440	2,665	553	-	6,658
Utilities	52,325	18,489	-	-	68,479
Special events, venue and other	-	-	-	146,232	146,232
	2,062,995	595,832	284,069	146,232	3,089,128
Amounts reported in total support and other revenue on the statement of activities: Direct benefit to donors	-	-	-	(146,232)	(146,232)
Total expenses	\$ 2,062,995	\$ 595,832	\$ 284,069	\$ -	\$ 2,942,896

See notes to financial statements

I.C.A.N., Improving Chandler Area NeighborhoodsStatement of Functional Expenses
Year Ended June 30, 2022

	Program Services- Youth Program	General and Administrative	Fundraising Expenses	Direct Benefit to Donors	Total Expenses
Payroll and contract labor	\$ 823,357	\$ 392,587	\$ 92,955	\$ -	\$ 1,308,899
Payroll taxes	60,288	28,782	6,801	-	95,871
Employee benefits	36,789	30,233	2,344	-	69,366
Total payroll	920,434	451,602	102,100	-	1,474,136
Advertising	9,862	4,702	1,113	-	15,677
Automobile expenses	30,862	-	-	-	30,862
Bank and credit card fees	-	20,234	-	-	20,234
Cleaning	26,275	-	-	-	26,275
Community relations	20,333	9,695	2,296	-	32,324
Depreciation	85,791	31,730	-	-	117,521
Education	13,641	7,236	1,507	-	22,384
Field trips	12,571	-	-	-	12,571
Food supplies and other fundraising expenses	-	-	632	-	632
In-kind services expenses	16,215	5,998	-	-	22,213
Interest	4,676	1,730	-	-	6,406
Legal and accounting	-	16,500	-	-	16,500
Liability and D&O insurance	14,739	5,452	-	-	20,191
Maintenance and repairs	35,324	13,065	-	-	48,389
Miscellaneous	8,526	3,524	534	-	12,584
Office supplies	1,942	926	219	-	3,087
Outside services	14,377	44,899	49,633	-	108,909
Postage and delivery	1,393	664	157	-	2,214
Printing	14,036	3,610	2,407	-	20,053
Program supplies	43,348	-	-	-	43,348
Program supplies, in-kind	16,516	-	-	-	16,516
Security	3,109	1,150	-	-	4,259
Technology	37,737	9,134	5,874	-	52,745
Student meals expense	17,691	-	-	-	17,691
Student meals expense, in-kind	1,342	-	-	-	1,342
Telephone	18,212	6,736	-	-	24,948
Travel	1,730	1,806	308	-	3,844
Utilities	40,552	14,999	-	-	55,551
Special events, venue and other	-	-	-	142,728	142,728
	1,411,234	655,392	166,780	142,728	2,376,134
Amounts reported in total support and other revenue on the statement of activities: Direct benefit to donors	-	-	-	(142,728)	(142,728)
Total expenses	\$ 1,411,234	\$ 655,392	\$ 166,780	\$ -	\$ 2,233,406

See notes to financial statements

I.C.A.N., Improving Chandler Area Neighborhoods

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	\$ 636,873	\$ 1,411,779
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	121,792	117,521
Realized and unrealized (gain)/loss	(35,945)	86,549
Decrease (increase) in:		
Grants receivable	5,211	(99,949)
Prepaid expenses	32,988	(14,721)
Increase (decrease) in:		
Accounts payable	(17,388)	45,493
Accrued payroll	27,108	(12,618)
Deferred revenue	(31,500)	15,850
	<u>739,139</u>	<u>1,549,904</u>
Net cash provided by operating activities		
Cash Flows From Investing Activities		
Purchases of property and equipment	(16,712)	(65,407)
Purchases of investments	-	(500,000)
	<u>(16,712)</u>	<u>(565,407)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities		
Principal payments on note payable	-	(141,862)
	<u>-</u>	<u>(141,862)</u>
Net cash used in financing activities		
Net increase in cash	722,427	842,635
Cash and Cash Equivalents, Beginning	<u>2,934,875</u>	<u>2,092,240</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,657,302</u>	<u>\$ 2,934,875</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 6,408</u>

See notes to financial statements

I.C.A.N., Improving Chandler Area Neighborhoods

Notes To Financial Statements

June 30, 2023 and 2022

1. Nature of Operations And Summary of Significant Accounting Policies

Nature of Activities

ICAN (the Organization) is a free youth center in the East Valley that offers programming for youth, teens, families and the community. The Organization's nationally recognized prevention programming teaches disadvantaged youth real-life skills including goal setting, positive decision making and how to avoid the risky behaviors that are prevalent in the community the Organization serves. The Organization's evidence-based programming equips youth to achieve personal and academic success. Parenting classes and substance abuse education complete the Organization's programming, impacting the entire community. The Organization is one of only 21 Arizona nonprofit organizations accredited by the National Council on Accreditation (meeting over 400 standards for excellence), was named "Outstanding Afterschool Program" by the Arizona Center for After School Excellence in 2009 and 2013 and is a four-time winner of "Best Places to Work."

The Organization is unique because our programming - including healthy snacks, meals and transportation - are offered free of charge to remove the barriers that can prevent low-income families from accessing needed services. The Organization serves 500 largely minority youth. Our program takes advantage of underutilized time outside of school to engage youth in a variety of rich learning experiences. The Organization's activities focus on prevention, academic achievement, life and leadership skills and community service. Prevention classes use evidence-based curriculum tailored to the needs of the community, including Botvin's Life Skills and PATHS. Academic support includes homework help, tutoring, and enrichment courses in a variety of subjects such as STEAM, multi-media arts and literacy. Community service focuses on youth substance abuse risks and other specific community needs.

The program's carefully structured activities promote strong risk avoidance skills in youth as well as greater self-esteem and confidence, improved school attendance and grades, social-emotional skills such as empathy and self-regulation, and a greater attachment to the community. The Organization's goal is to teach youth the skills they need to avoid juvenile delinquency, substance abuse, and gang involvement and attain their high school diploma while setting goals for their future. Independently conducted program evaluations confirm the program's effectiveness through youth surveys administered three times annually.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all receivables, payables and other liabilities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all account balances with original maturities of 90 days or less at date of acquisition to be cash equivalents.

Grants Receivable and Promises to Give

Grants receivable are unconditional promises to give and are recognized as revenues in the period the promise is received, and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates as determined by management that are applicable to the years in which the promises are made. Amortization of the discounts is included in contribution support.

I.C.A.N., Improving Chandler Area Neighborhoods

Notes To Financial Statements

June 30, 2023 and 2022

Management provides for uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual promises. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to receivables.

Fair Value of Financial Instruments

Accounting Standards establish a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

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

Level 2 - Inputs to the valuation methodology include:

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

If the asset or liability has a specified term (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, and usually reflect the Organization's own assumptions about the assumptions that market participants would use in pricing the assets (i.e. real estate valuations, broker quotes).

The asset's 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are recorded at fair market value in the statements of financial position. Investment return (including realized and unrealized gains and losses, net of investment expenses) is included in the change in net assets without donor restrictions in the statements of activities, unless the income or loss is restricted by donor or law.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is calculated using the straight-line method over the estimated useful lives of the respective assets.

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the account and gains and losses are included in operations.

I.C.A.N., Improving Chandler Area Neighborhoods

Notes To Financial Statements

June 30, 2023 and 2022

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Revenue Recognition

Government grant income consists of contributions and cost reimbursement grants which are classified as conditional contributions and are therefore not subject to Accounting Standards Codification (ASC) 606.

Revenue that is subject to ASC 606 includes facility use income which is recognized and earned in the period the use of the facility occurs. Payments for the annual facility use are due in two semi-annual installments during the year of the usage.

Contributions

Contributions received are recorded as either support with donor restrictions or as support without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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. It is the Organization's policy to classify donor restricted contributions and contributions with donor-imposed conditions as support without donor restrictions to the extent that donor restrictions and conditions were met in the year the contribution was received.

Conditional contributions consist of cost reimbursement arrangements where income is recognized as allowable expenses are incurred.

In-Kind Contributions

Non-financial assets, including donated materials and supplies are recorded at their estimated fair value upon receipt and include program supplies, school supplies, donated raffle items and gift cards. Donated services are recorded at the estimated fair value if they create or enhance 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 donated services. Since specialized skills are not required by community volunteers, contribution revenue for the donated hours has not been recorded in the accompanying financial statements.

I.C.A.N., Improving Chandler Area Neighborhoods

Notes To Financial Statements
June 30, 2023 and 2022

Functional Allocation of Expenses

Expenses are charged to program services, management and general, and fundraising categories based on direct expenditures incurred. Any expenditures not directly chargeable are allocated based on personnel activity, square footage, and other appropriate indicators. Certain employee positions are allocated based on time and effort. Other expenses, including office supplies, information technology and printing are allocated based on a full-time employee equivalent basis. Occupancy and depreciation expense are allocated based on square footage utilized by the function.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code), and therefore, there is no provision for income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Organization recognizes uncertain tax positions in the financial statements when it is more likely-than-not that the positions will not be sustained upon examination of the tax authorities. As of June 30, 2023 and 2022 the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Organization recognizes interest and penalties associated with income tax in operating expenses. During the years ended June 30, 2023 and 2022 the Organization did not have any income tax related interest and penalty expenses.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, funds in the amounts of \$1,668,654 and \$804,106 as of June 30, 2023 and 2022, respectively, for future operating purposes, capital and expansion.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Management's 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.

Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 14, 2023, which is the date the financial statements were available to be issued.

I.C.A.N., Improving Chandler Area Neighborhoods

Notes To Financial Statements

June 30, 2023 and 2022

2. Liquidity and Availability

The Organization's financial assets as of June 30, available for general expenditure within one year of the statement of financial position date are comprised of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents without donor restrictions	\$ 3,627,302	\$ 2,675,253
Grants receivable, current portion	123,268	78,479
Investments	<u>487,672</u>	<u>451,727</u>
Financial assets available for expenditure	<u>\$ 4,238,242</u>	<u>\$ 3,205,459</u>

Cash and cash equivalents and investments include net assets without donor restrictions that are board designated in the amount of \$1,668,654 and \$804,106 as of June 30, 2023 and 2022, respectively. The Organization could request the board to un-designate these funds, if necessary. The Organization has determined that net assets with donor restrictions that are restricted for ongoing program activities are available for general expenditure within the next year.

The Organization regularly monitors liquidity to meet its operating needs, operates with a balanced budget and has a goal to maintain cash and cash equivalents on hand to meet 90 days of normal cash operating expenses. Cash without donor restrictions as of June 30, 2023 equals approximately 450 days' worth of expenses, based on total expenses incurred during the fiscal year. Approximately 15% of the Organization's expenses are related to reimbursement contracts with government agencies. If for some reason funding was decreased, the Organization would decrease expenses accordingly. Additionally, the Organization has a \$300,000 line of credit that could be utilized if needed.

3. Concentrations of Credit Risk

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and cash equivalents and grants receivable. The Organization maintains its cash in bank accounts which at times, may exceed federally insured limits.

As of June 30, 2023, 93% of the grants receivable balance is made up of amounts from two funding sources. As of June 30, 2022, 78% of the grants receivable balance is made up of amounts from one funding source. Credit risk with respect to these balances is determined to be limited due to the Organization's history and relationships with these entities.

4. Grants Receivable

Grants receivable consists of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Governor's Office of Arizona	\$ 84,318	\$ 10,405
Virginia G. Piper Charitable Trust	30,000	100,000
Other	<u>8,950</u>	<u>18,074</u>
	<u>\$ 123,268</u>	<u>\$ 128,479</u>

At June 30, 2023, the total amount of conditional promises to give related to cost reimbursement grant agreements was \$190,283. This amount represents the unspent amounts available under these agreements.

I.C.A.N., Improving Chandler Area Neighborhoods

Notes To Financial Statements

June 30, 2023 and 2022

5. Investments and Fair Value

Investments consists of the following as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds	\$ 40,880	\$ -	\$ -	\$ 40,880
Investment pool, socially responsible pool	-	446,792	-	446,792
	<u>\$ 40,880</u>	<u>\$ 446,792</u>	<u>\$ -</u>	<u>\$ 487,672</u>

The socially responsible pool is an investment pool held by Arizona Community Foundation. The value is measured based on the value of the underlying assets, which are publicly traded investments, and the Organization's portion of the total investment pool.

Investments consists of the following as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds	\$ 34,195	\$ -	\$ -	\$ 34,195
Investment pool, socially responsible pool	-	417,532	-	417,532
	<u>\$ 34,195</u>	<u>\$ 417,532</u>	<u>\$ -</u>	<u>\$ 451,727</u>

Investment income and loss on the above investments, as well as interest on cash accounts, consists of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 50,521	\$ 1,701
Unrealized and realized gain (loss)	35,945	(82,380)
Investment fees	(5,827)	(4,169)
Total	<u>\$ 80,639</u>	<u>\$ (84,848)</u>

6. Property and Equipment

Property and equipment consists of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 285,000	\$ 285,000
Buildings and improvements	3,525,956	3,525,956
Furniture and equipment	460,043	443,331
Vehicle	154,271	154,271
	4,425,270	4,408,558
Accumulated depreciation	(1,553,436)	(1,431,644)
	<u>\$ 2,871,834</u>	<u>\$ 2,976,914</u>

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Depreciation expense charged to operations was \$121,792 and \$117,521 for the years ended June 30, 2023 and 2022, respectfully.

7. Line of Credit

The Organization maintains a line of credit as part of their normal operating procedures. Currently, the Organization has available an unsecured \$300,000 bank line of credit, expiring October 28, 2025. Interest on any outstanding balance is payable monthly at a rate of .05 over the Wall Street Journal Prime Rate (8.25% at June 30, 2023). There was no outstanding balance at June 30, 2023 and 2022.

8. Facility Use Agreement

The Organization entered into an agreement with the Chandler Unified School District (CUSD) for the purpose of collaborating to create a school of choice. CUSD is utilizing the Organization's facility during school time as an educational space. A fundamental precept of the school is that it be a reflection of the parents, students, staff and community members who choose to participate in the school. This school provides a solid foundation and framework upon which participants can build a strong education, socio-emotional, behavioral and community connection. This agreement is for 5 years commencing July 1, 2013 with an option to renew for three successive five year terms through June 30, 2033. The agreement has currently been renewed through June 30, 2028. Either party may terminate the agreement at least 180 days before the end of the current contract year with written notice. Annual fees recognized currently under this agreement are \$77,000, which may be adjusted annually based on the growth of students.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Time and purpose restricted:		
Program expansion	\$ 400,000	\$ -
Safety measure improvements	145,000	-
Expansion of Mesa school programs through April 2025	300,000	
Purpose restricted:		
Youth services summer program	-	259,621
Time restricted:		
Grant receivable	<u>30,000</u>	<u>100,000</u>
Total	<u>\$ 875,000</u>	<u>\$ 359,621</u>

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10. Commitments and Contingencies

Grants

The Organization participates in a number of federal and state-assisted grant and contract programs which may be subject to financial and compliance audits. Accordingly, the Organization's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Organization's management expects such amounts, if any, to be minimal.

11. In-Kind Donations

The Organization received the following contributions of nonfinancial assets for the year ended June 30, 2023:

Type	Youth Program	General and Administrative	Fundraising	Total
Program supplies	\$ 22,705	\$ -	\$ -	\$ 22,705
Snacks	2,941	-	-	2,941
Services	7,742	-	-	7,742
	<u>\$ 33,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,388</u>

The Organization received the following contributions of nonfinancial assets for the year ended June 30, 2022:

Type	Youth Program	General and Administrative	Fundraising	Total
Program supplies	\$ 16,516	\$ -	\$ -	\$ 16,516
Gift cards	-	-	10,000	10,000
Snacks	1,342	-	-	1,342
Services	6,215	5,998	-	12,213
	<u>\$ 24,073</u>	<u>\$ 5,998</u>	<u>\$ 10,000</u>	<u>\$ 40,071</u>

The Organization's policy is to utilize all in-kind donations that are received to carry out the mission of the Organization. All donated services and items were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and other items. In-kind donations of supplies, snacks and services are valued at the amount it would cost to purchase these items from vendors operating in the same geographical area.