SOUTHSIDE EARLY CHILDHOOD CENTER

Consolidated Financial Statements and Independent Auditors' Report

YEARS ENDED DECEMBER 31, 2022 AND 2021

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Independent Auditors' Report

Board of Trustees
SouthSide Early Childhood Center
St. Louis, Missouri

Opinion

We have audited the accompanying consolidated financial statements of SouthSide Early Childhood Center (a not-for-profit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, 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 SouthSide Early Childhood Center as of December 31, 2022 and 2021, and the results of its operations 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of SouthSide Early Childhood Center 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 these 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 SouthSide Early Childhood Center’s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 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 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 SouthSide Early Childhood Center’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 SouthSide Early Childhood Center’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.

Anders Minkler Huber & Helm LLP

Saint Louis, MO
June 23, 2023

SouthSide Early Childhood Center
Consolidated Statements of Financial Position
December 31, 2022 and 2021

Assets

	2022	2021
Current Assets		
Cash and cash equivalents	$ 1,284,622	$ 1,214,585
Unconditional promises to give	525,088	386,020
Prepaid expenses	65,019	41,039
Total Current Assets	1,874,729	1,641,644
Investments, at Fair Value	262,113	316,966
Property and Equipment, net	3,547,587	3,612,199
Total Assets	$ 5,684,429	$ 5,570,809

Liabilities and Net Assets

	2022	2021
Current Liabilities		
Accounts payable	$ 29,880	$ 52,107
Accrued expenses	109,337	72,876
Deferred revenue	92,500	45,000
Total Current Liabilities	231,717	169,983
Net Assets		
Without donor restrictions	4,678,983	5,002,407
With donor restrictions	773,729	398,419
Total Net Assets	5,452,712	5,400,826
Total Liabilities and Net Assets	$ 5,684,429	$ 5,570,809

SouthSide Early Childhood Center
Consolidated Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	$ 118,782	$ 630,741	$ 749,523
Grants	2,163,372	-	2,163,372
United Way funding	175,315	-	175,315
Program fees	425,067	-	425,067
Endowment investment returns	(54,853)	-	(54,853)
Miscellaneous income	26,977	-	26,977
	2,854,660	630,741	3,485,401
Gross special events revenue	371,029	-	371,029
Less cost of direct benefits to donors	(116,951)	-	(116,951)
Net special events revenue	254,078	-	254,078
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	255,431	(255,431)	-
Total Revenues, Gains, and Other Support	3,364,169	375,310	3,739,479
Expenses			
Program Services	3,211,499	-	3,211,499
Supporting Activities			
Management and general	256,926	-	256,926
Fundraising	219,168	-	219,168
Total Supporting Activities	476,094	-	476,094
Total Expenses	3,687,593	-	3,687,593
Change in Net Assets	(323,424)	375,310	51,886
Net Assets, Beginning of Year	5,002,407	398,419	5,400,826
Net Assets, End of Year	$ 4,678,983	$ 773,729	$ 5,452,712

SouthSide Early Childhood Center
Consolidated Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	$ 313,289	$ 221,950	$ 535,239
Grants	1,526,221	-	1,526,221
In-kind contributions	23,045	-	23,045
United Way funding	169,380	-	169,380
Program fees	332,858	-	332,858
Endowment investment returns	30,152	-	30,152
Debt Forgiveness - Paycheck Protection Program	837,220	-	837,220
Miscellaneous income	17,895	-	17,895
	3,250,060	221,950	3,472,010
Gross special events revenue	308,127	-	308,127
Less cost of direct benefits to donors	(59,566)	-	(59,566)
Net special events revenue	248,561	-	248,561
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	515,381	(515,381)	-
Total Revenues, Gains, and Other Support	4,014,002	(293,431)	3,720,571
Expenses			
Program Services	2,736,076	-	2,736,076
Supporting Activities			
Management and general	369,522	-	369,522
Fundraising	212,541	-	212,541
Total Supporting Activities	582,063	-	582,063
Total Expenses	3,318,139	-	3,318,139
Change in Net Assets	695,863	(293,431)	402,432
Net Assets, Beginning of Year	4,306,544	691,850	4,998,394
Net Assets, End of Year	$ 5,002,407	$ 398,419	$ 5,400,826

SouthSide Early Childhood Center
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

		Supporting Activities			
	Program Services	Management and General	Fundraising	Total Supporting Activities	Total Expenses
Salaries	$ 2,057,258	$ 14,608	$ 111,154	$ 125,762	$ 2,183,020
Employee benefits	410,893	7,276	25,599	32,875	443,768
Payroll taxes and workers compensation	16,398	116	886	1,002	17,400
Total Personnel Expense	2,484,549	22,000	137,639	159,639	2,644,188
Conferences, conventions, and meetings	13,839	3,457	1,658	5,115	18,954
Miscellaneous	14,912	99,665	703	100,368	115,280
Occupancy	86,004	611	4,647	5,258	91,262
Printing and publications	8,883	2,919	24,122	27,041	35,924
Professional fees	4,233	109,526	30,980	140,506	144,739
Program expenses - food, supplies, and other	269,652	2,267	1,755	4,022	273,674
Repairs and maintenance	158,583	1,126	8,568	9,694	168,277
Supplies	27,402	14,336	1,346	15,682	43,084
Total Expenses Before Depreciation	3,068,057	255,907	211,418	467,325	3,535,382
Depreciation	143,442	1,019	7,750	8,769	152,211
Total Expenses	$ 3,211,499	$ 256,926	$ 219,168	$ 476,094	$ 3,687,593

SouthSide Early Childhood Center
Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Supporting Activities: Management and General	Supporting Activities: Fundraising	Supporting Activities: Total Supporting Activities	Total Expenses
Salaries	$ 1,883,935	$ 11,152	$ 97,188	$ 108,340	$ 1,992,275
Employee benefits	233,012	87,273	13,925	101,198	334,210
Payroll taxes and workers compensation	708	16,430	137	16,567	17,275
Total Personnel Expense	2,117,655	114,855	111,250	226,105	2,343,760
Conferences, conventions, and meetings	7,684	5,851	860	6,711	14,395
In-kind expense	-	-	23,045	23,045	23,045
Miscellaneous	19,758	39,816	5,433	45,249	65,007
Occupancy	57,103	19,936	3,124	23,060	80,163
Printing and publications	5,569	2,701	16,186	18,887	24,456
Professional fees	4,286	98,261	17,135	115,396	119,682
Program expenses - food, supplies, and other	228,278	29,309	15,392	44,701	272,979
Repairs and maintenance	122,073	24,803	9,553	34,356	156,429
Supplies	35,297	26,303	2,875	29,178	64,475
Total Expenses Before Depreciation	2,597,703	361,835	204,853	566,688	3,164,391
Depreciation	138,373	7,687	7,688	15,375	153,748
Total Expenses	$ 2,736,076	$ 369,522	$ 212,541	$ 582,063	$ 3,318,139

SouthSide Early Childhood Center
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	$ 51,886	$ 402,432
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	152,211	153,748
Forgiveness of Debt - Paycheck Protection Program	-	(837,220)
(Gain) loss on investments	54,853	(30,152)
Increase (decrease) in assets:		
Unconditional promises to give	(139,068)	52,867
Prepaid expenses	(23,980)	(24,994)
(Increase) decrease in liabilities:		
Accounts payable	(22,227)	(4,896)
Accrued expenses	36,461	(16,502)
Deferred revenue	47,500	12,719
Net Cash Provided by (Used in) Operating Activities	157,636	(291,998)
Cash Flows From Investing Activities		
Purchases of property and equipment	(87,599)	(80,603)
Net Cash Used in Investing Activities	(87,599)	(80,603)
Cash Flows From Financing Activities		
Proceeds from Debt - Paycheck Protection Program	-	416,620
Net Cash Provided by Financing Activities	-	416,620
Net Increase in Cash and Cash Equivalents	70,037	44,019
Cash and Cash Equivalents, Beginning of Year	1,214,585	1,170,566
Cash and Cash Equivalents, End of Year	$ 1,284,622	$ 1,214,585

1. Nature of Operations and Basis of Presentation

SouthSide Early Childhood Center (the “Organization” or “SouthSide”) was founded in 1886 as South Side Day Nursery by 15 Unitarian women with the mission to “prevent pauperism by assisting breadwinners with young children on their hands to earn an honest living.” Today the Organization’s mission is to nurture, educate, and inspire children and families in a diverse and inclusive environment, promoting healthy development and a strong foundation for success. The Organization’s revenue and support are derived primarily from government agencies, contracts with other not-for-profits, and public contributions.

Description of Program Services

SouthSide is committed to providing every child with the skills he or she needs to succeed in kindergarten and beyond. This commitment starts with our dedication to diversity in all forms: racial, ethnic, economic, and developmental. The educational programs offered are a critically important first “block” in building a strong foundation for success in school. Full-day, full-year early childhood education and childcare is provided for up to 260 children, ages six weeks through five years of age. The program improves language and literacy skills, increasing the likelihood that children will read at grade level by the end of their kindergarten year; and increases the probability a child will graduate from high school and have increased earning power as an adult. Social-emotional skill development is a focus of the program and results in increased readiness for the routine and social environment of elementary school.

The Organization also provides much-needed family support services to parents, including monthly meetings and educational workshops, nutrition education, and connections to health, employment, housing, and legal services through community partnerships.

The Organization receives funding through Head Start and Early Head Start partnerships, state childcare subsidy, United Way funding and parent fees. To bridge the gap between the cost of services and the revenues received, the Organization raises contributions annually from individuals, corporations, organizations, and foundations.

Principles of Consolidation

The Organization established an entity called Friends of SouthSide (“FOSS”) which provided funding for the Organization’s new early childhood center facility in 2013.

The accompanying consolidated financial statements include the accounts of SouthSide and FOSS, collectively referred to as the Organization. All significant inter-entity accounts and transactions have been eliminated in the consolidation. FOSS monies are available for expenditure by SouthSide. FOSS may be used for additional capital raising in the future.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Board designated funds are established by the Board of Directors and represent net assets without donor restrictions that have been set aside to help ensure the long-term financial stability of the Organization.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Organization. The income earned on any related investments may be subject to donor-imposed stipulations.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Organization follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less at the time of purchase, which are neither held for sale nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Investments

The Organization carries investments at fair value with unrealized holding gains and losses included in earnings. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of securities sold. Dividend and interest income is recognized when earned.

Unconditional Promises to Give

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free interest rates applicable to the years in which the unconditional promises to give are to be received.

The Organization provides an allowance for doubtful unconditional promises to give equal to the estimated losses that will be incurred in the collection of the unconditional promises to give. This estimate is based on historical experience coupled with a review of the current status of existing unconditional promises to give. The allowance and associated promises are reduced when the promises are determined to be uncollectible. Currently, the Organization considers unconditional promises to give receivable to be fully collectible.

Property and Equipment

Property and equipment acquisitions with a life of one year or greater and a cost in excess of $2,000 are capitalized and recorded at cost, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The estimated lives for computing depreciation on property and equipment are:

Classification	Years
Buildings and improvements	5-40
Furniture and equipment	3-7

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment exists as of December 31, 2022 and 2021.

Support and Revenue

Revenue including contracts revenue, special events revenue, and program service fees is recognized when satisfaction of the contractual performance obligation is met. The performance obligation is met upon completion of the service. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the condition on which they depend has been substantially met.

Grants are generally recognized as income in the period that specific services are provided.

Donated Materials (In-Kind)

Donated noncash assets are recorded as contributions at their fair values at the date of donation. The estimated fair value of donated materials was $23,045 for the year ended December 31, 2021. There were no donated materials for the year ended December 31, 2022.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided various services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met.

Functional Expense Allocation

The costs of program services and supporting activities have been summarized on a functional basis in the statements of activities. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Income Taxes

SouthSide and FOSS are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, each entity files as a tax exempt organization.

The Organization follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. Each entity's returns for tax years 2019 and later remain subject to examination by taxing authorities.

Subsequent Events

The Organization has evaluated subsequent events through June 23, 2023, the date the financial statements were available to be issued.

3. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. 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). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets.

Level 2 — Inputs to the valuation methodology to include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

The instruments' 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value:

Level 1 — Instruments consist of money market funds and publicly traded mutual funds. These securities are traded on national exchanges and are stated at the last reported sales price on the day of valuation.

The following table presents the fair value measurements of instruments recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at December 31,:

	2022			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Money Market Funds	$ 7,608	$ 7,608	$ -	$ -
Mutual Funds:				
Balance/Asset allocation	12,194	12,194	-	-
Fixed income	95,986	95,986	-	-
Large U.S. Equity	91,742	91,742	-	-
Small/Mid U.S. Equity	54,583	54,583	-	-
	254,505	254,505	-	-
Total Investments	$ 262,113	$ 262,113	$ -	$ -

	2021			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Money Market Funds	$ 8,464	$ 8,464	$ -	$ -
Mutual Funds:				
Balance/Asset allocation	17,895	17,895	-	-
Fixed income	89,642	89,642	-	-
Large U.S. Equity	135,425	135,425	-	-
Small/Mid U.S. Equity	65,540	65,540	-	-
	308,502	308,502	-	-
Total Investments	$ 316,966	$ 316,966	$ -	$ -

4. Unconditional Promises to Give

Unconditional promises to give at December 31, are as follows:

	2022	2021
Less than one year	$ 525,088	$ 386,020

The Organization has determined that a discount on unconditional promises to give is not required to be recorded at December 31, 2022 and 2021.

5. Property and Equipment

Property and equipment at December 31, is as follows:

	2022	2021
Land	$ 682,092	$ 682,092
Buildings and improvements	3,593,324	3,539,322
Furniture and equipment	481,698	448,101
	4,757,114	4,669,515
Less accumulated depreciation	1,209,527	1,057,316
	$ 3,547,587	$ 3,612,199

Depreciation expense for the years ended December 31, 2022 and 2021 totaled $152,211 and $153,748, respectively.

6. Line of Credit

The Organization has a line of credit agreement (the "Agreement") of $250,000 scheduled to expire on October 19, 2023. Borrowings are charged interest at the bank's Prime Rate (6.25%, with a 4 percent floor), less 0.50 percent, and is secured by the Organization's assets. There were no borrowings outstanding under the line of credit at December 31, 2022 and 2021.

7. Debt - Paycheck Protection Program

The Organization received a loan from Commerce Bank in the amount of $420,600 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was initially subject to a note dated April 20, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Organization applied for and has been notified that $420,600 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven during the year ended December 31, 2021. Loan forgiveness is included in debt forgiveness - Paycheck Protection Program in the accompanying consolidated statements of activities.

The Organization received a loan from Enterprise Bank & Trust in the amount of $416,620 under the CARES Act. The loan was initially subject to a note dated April 2, 2021 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Organization applied for and has been notified that $416,620 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven during the year ended December 31, 2021. Loan forgiveness is included in debt forgiveness - Paycheck Protection Program in the accompanying consolidated statements of activities.

8. Liquidity and Availability of Financial Assets

The following reflects the Organization's consolidated financial assets as of December 31, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

	2022	2021
Cash and cash equivalents	$ 1,284,622	$ 1,214,585
Unconditional promises to give	525,088	386,020
Contractual or donor-imposed restrictions and internal designations:		
Donor restrictions	(773,729)	(398,419)
Board designated - capital expenditures	(97,197)	(166,692)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	$ 938,784	$ 1,035,494

The Organization's endowment funds may consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor restricted endowment funds are not available for general expenditure.

The Organization's primary sources of support are contributions, fees for services, and foundation grants. Some support is required to be used in accordance with the purpose restrictions imposed by the donors.

9. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, are restricted for the following purposes or periods:

	2022	2021
Subject to expenditures for specified purpose	$ 59,454	$ 32,000
Subject to passage of time	452,162	49,453
Endowment: investment in perpetuity, with earnings held until appropriated for expenditure	262,113	316,966
	$ 773,729	$ 398,419

Assets released from restrictions for the years ended December 31, are as follows:

	2022	2021
Released from restrictions of purpose	$ 195,977	$ 102,701
Released from restrictions of time	59,454	412,680
	$ 255,431	$ 515,381

10. Endowment Funds

The Organization's endowment was established in 2017 and may include funds designated by the Board of Trustees and donors to function as endowments. As required by accounting standards, net assets associated with endowment funds, including funds designated by the Board of Trustees and donors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees has interpreted Missouri State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment funds at December 31, are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds	$ -	$ 262,113	$ 262,113

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds	$ -	$ 316,966	$ 316,966

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Return Objectives, Risk Parameters, and Strategies for Achieving Objectives

The purpose of the endowment fund is to manage, grow, and distribute amounts according to the Organization's policy. The assets of the endowment fund can be viewed as short-term and long-term in nature. The investment strategy for short-term funds focuses on a "Conservative Investment Account Profile." The strategy for investing these funds will focus primarily on principal preservation and liquidity. Diversification of risk, preservation of purchasing power, and generating reliable sources of interest income are also important considerations. The investment strategy for long-term funds focuses on a "Balance Investment Account Profile". The strategy for investing these funds will focus on a balance of long-term growth of capital plus generation of interest and dividend income. The objective is to achieve overall returns that outpace inflation, while diversifying risk and minimizing capital losses.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In 2017, the Board of Trustees revised and adopted the Organization's spending policy in the newly adopted investment policy. The new policy states that for the foreseeable future, the endowment is expected to be focused on achieving prudent growth and reinvesting its gains and income, until the endowment's assets exceed at least $1.0 million. At such time as deemed appropriate, it will be the Trustees' responsibility to approve an annual spending allowance. As such, all earnings in the endowment for the years ended December 31, 2022 and 2021 remain in net assets with donor restrictions until such appropriation is made by the Trustees.

Changes in endowment net assets for the years ended December 31, are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	$ -	$ 316,966	$ 316,966
Investment income	-	9,038	9,038
Net change in market value	-	(63,891)	(63,891)
Endowment net assets, end of year	$ -	$ 262,113	$ 262,113

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, beginning of year	$ -	$ 286,814	$ 286,814
Investment income	-	16,494	16,494
Net change in market value	-	13,658	13,658
Endowment net assets, end of year	$ -	$ 316,966	$ 316,966

11. Retirement Plan

The Organization has a 401(k)-profit sharing plan where eligible employees can contribute a percentage of their annual compensation not to exceed federal limits. The Organization did not make contributions to the plan for the years ended December 31, 2022 and 2021.

12. Risks and Uncertainties

Concentrations

Contributions from two grantors during the years ended December 31, 2022 and 2021, were approximately 37 and 44 percent of the Organization's revenue, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents, investments, and unconditional promises to give. The Organization maintains its cash primarily with four financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2022, there were cash balances of $489,213 in excess of federally insured limits at the banks. The Organization performs ongoing credit evaluations of its contributors and maintains allowances, as needed, for potential credit losses. Although the Organization is directly affected by the financial stability of its customer base, management does not believe significant credit risk exists at December 31, 2022.