INMOTION

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

INMOTION

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Certified Public Accountants
Management Consultants
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
InMotion
Cleveland, Ohio

Opinion

We have audited the accompanying financial statements of InMotion (a nonprofit organization), which comprise the statements of financial position as of December 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 InMotion as of December 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 InMotion 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 InMotion's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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.

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 InMotion'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 InMotion'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.

Zinner & Co. LLP

Beachwood, Ohio

May 16, 2024

INMOTION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 862,511	$ 789,830
Unconditional promises to give, net		
Without donor restrictions	38,899	98,643
With donor restrictions	7,024	10,100
Prepaid expenses	12,873	18,506
Land, building and equipment, net	3,051,614	3,162,897
Operating lease right-of-use-assets	3,467	4,533
Capital campaign cash	325,637	204,262
Capital campaign pledges receivable, net	451,341	582,933
Cash restricted for establishment of endowment	25,174	0
Total assets	$ 4,778,540	$ 4,871,704
Liabilities		
Accounts payable	$ 14,912	$ 8,935
Accrued expenses	27,545	23,975
Accrued wages and taxes	60,788	52,982
Operating lease obligation	3,500	4,576
Mortgage and note payable, net	1,580,435	1,649,418
Total liabilities	1,687,180	1,739,886
Net Assets		
Without donor restrictions		
Available for programs and services	1,511,481	1,505,182
Allocated to land, building and equipment	1,471,179	1,513,479
	2,982,660	3,018,661
With donor restrictions	108,700	113,157
Total net assets	3,091,360	3,131,818
Total liabilities and net assets	$ 4,778,540	$ 4,871,704

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	$ 789,992	$ 86,994	$ 876,986
Special events			
Gross revenue	473,877	0	473,877
Less: Direct expenses	(33,655)	0	(33,655)
Donated goods and services	6,652	0	6,652
Sublet income	60,082	0	60,082
Miscellaneous income (expense)	1,104	0	1,104
	1,298,052	86,994	1,385,046
Net assets released from restrictions:			
Satisfaction of program restrictions	91,451	(91,451)	0
Total Reclassifications	91,451	(91,451)	0
Total Support and Revenue	1,389,503	(4,457)	1,385,046
Expenses			
Program services	1,019,740	0	1,019,740
Management and general	163,363	0	163,363
Fundraising	280,310	0	280,310
Total Expenses	1,463,413	0	1,463,413
Changes in Net Assets from Operations	(73,910)	(4,457)	(78,367)
Other Income			
Interest income	37,909	0	37,909
Total Other Income	37,909	0	37,909
Changes in Net Assets	(36,001)	(4,457)	(40,458)
Total Net Assets at Beginning of Year	3,018,661	113,157	3,131,818
Total Net Assets at End of Year	$ 2,982,660	$ 108,700	$ 3,091,360

The accompanying notes are an integral part of these financial statements.

INMOTION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions	$ 532,265	$ 52,769	$ 585,034
Special events			
Gross revenue	481,910	27,500	509,410
Less: Direct expenses	(46,076)	0	(46,076)
Donated goods and services	17,515	0	17,515
Sublet income	61,096	0	61,096
Miscellaneous income (expense)	(3,794)	0	(3,794)
	1,042,916	80,269	1,123,185
Net assets released from restrictions:			
Satisfaction of program restrictions	72,676	(72,676)	0
Total Reclassifications	72,676	(72,676)	0
Total Support and Revenue	1,115,592	7,593	1,123,185
Expenses			
Program services	874,129	0	874,129
Management and general	157,071	0	157,071
Fundraising	241,806	0	241,806
Total Expenses	1,273,006	0	1,273,006
Changes in Net Assets from Operations	(157,414)	7,593	(149,821)
Other Income			
Interest income	5,406	0	5,406
Total Other Income	5,406	0	5,406
Changes in Net Assets	(152,008)	7,593	(144,415)
Total Net Assets at Beginning of Year	3,170,669	105,564	3,276,233
Total Net Assets at End of Year	$ 3,018,661	$ 113,157	$ 3,131,818

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Salaries	$ 458,621	$ 88,766	$ 192,327	$ 739,714
Program costs	234,005	0	3,074	237,079
Depreciation	130,142	15,311	7,655	153,108
Payroll taxes and employee benefits	42,628	8,251	17,876	68,755
Interest	52,507	6,177	3,089	61,773
Maintenance and repairs	30,391	3,575	1,788	35,754
Utilities	26,920	3,167	1,584	31,671
Professional fees	7,358	20,375	263	27,996
Software license	2,390	0	21,508	23,898
Fundraising costs	0	0	19,761	19,761
Insurance	16,033	1,886	943	18,862
Cleaning and security	15,673	1,844	922	18,439
Office expenses	1,273	11,001	2,466	14,740
Bank charges	0	1,181	4,824	6,005
Staff retreat and development	395	220	1,512	2,127
Miscellaneous	336	1,441	141	1,918
Travel and meetings	1,068	168	577	1,813
Total	$ 1,019,740	$ 163,363	$ 280,310	$ 1,463,413
	70%	11%	19%	100%

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	$ 364,497	$ 72,899	$ 170,098	$ 607,494
Program costs	183,023	71	213	183,307
Depreciation	125,282	14,739	7,370	147,391
Payroll taxes and employee benefits	34,288	6,858	16,001	57,147
Interest	60,786	7,151	3,575	71,512
Maintenance and repairs	25,279	2,974	1,486	29,739
Utilities	25,445	2,993	1,496	29,934
Professional fees	20,232	34,118	7,762	62,112
Software license	1,505	0	13,545	15,050
Fundraising costs	0	0	11,465	11,465
Insurance	14,550	1,712	856	17,118
Cleaning and security	15,071	1,773	887	17,731
Office expenses	428	9,298	1,225	10,951
Bank charges	0	1,283	2,943	4,226
Staff retreat and development	282	164	1,145	1,591
Miscellaneous	2,621	904	1,292	4,817
Travel and meetings	840	134	447	1,421
Total	$ 874,129	$ 157,071	$ 241,806	$ 1,273,006
	69%	12%	19%	100%

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STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
Changes in net assets	$ (40,458)	$ (144,415)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	153,108	147,391
Amortization of deferred financing costs	400	5,100
Change in measurement of operating leases	(10)	43
Contribution of nonfinancial fixed assets	0	(9,856)
(Increase) decrease in:		
Accounts receivable	0	104,826
Unconditional promises to give	62,820	67,676
Prepaid expenses	5,633	(6,749)
Capital campaign pledges receivable	131,592	115,405
Increase (decrease) in:		
Accounts payable	5,977	(8,046)
Accrued expenses	3,570	(2,930)
Accrued wages and taxes	7,806	6,207
Net Cash Provided by Operating Activities	330,438	274,652
Cash Flows from Investing Activities		
Purchases of building improvements and equipment	(41,825)	(27,495)
Net Cash Used for Investing Activities	(41,825)	(27,495)
Cash Flows from Financing Activities		
Payments on mortgage and note payable	(69,383)	(73,034)
Net Cash Used for Financing Activities	(69,383)	(73,034)
Net Increase in Cash, Cash Equivalents and Capital Campaign Cash	219,230	174,123
Cash, Cash Equivalents and Capital Campaign Cash at Beginning of Year	994,092	819,969
Cash, Cash Equivalents and Capital Campaign Cash at End of Year	$ 1,213,322	$ 994,092
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 61,587	$ 67,327
Supplemental Disclosure of Non-Cash Transactions:		
Non-cash contributions of fixed asset equipment	$ 0	$ 9,856

The accompanying notes are an integral part of these financial statements.

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

InMotion (the Organization) is a non-profit organization incorporated in Ohio in 2013. The Organization's mission is to help people with Parkinson's disease feel better every day. All programs and services are offered free of charge. The Organization is supported through donor contributions and grants from foundations, corporations and individuals. The majority of the Organization's work takes place at its wellness center, located in Beachwood, Ohio. Since opening its doors in 2015, the Organization has been committed to creating a rigorous and academically sound data collection and analysis effort to measure program outcomes. The Organization's approach of offering multiple modalities - physical wellness, expressive movement, creative thinking, support and education - is both unique and effective. The Organization's findings to date, based on client data from physical and quality of life assessments, show that, in aggregate, the clinical course of the Organization's participants remains stable or improves.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

ASC 958-205 requires board-designated funds to be reported as part of net assets without donor restrictions. Accordingly, the Organization reports designations of voluntary board-approved segregations of net assets without donor restrictions for specific purposes as a classification of net assets without donor restrictions.

Cash, Cash Equivalents and Capital Campaign Cash

For purposes of the financial statements, the Organization considers all unrestricted highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents, and capital campaign cash reported within the Statements of Financial Position to the Statements of Cash Flows as of December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 862,511	$ 789,830
Capital campaign cash	325,637	204,262
Cash restricted for establishment of endowment	25,174	0
	$ 1,213,322	$ 994,092

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Discount rates range from 3.25% to 8.50%.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance, when recorded, is based on prior experience and management's analysis of specific promises made. Management determined that an allowance was not deemed necessary as of December 31, 2023 and 2022.

Accounts Receivable

At times the Organization has trade accounts receivable balances. Trade accounts receivable are stated at the amount management expects to collect from the balances outstanding at year end. The Organization establishes an allowance based on the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the assets. If management determines that a balance is no longer collectible it is written-off to credit loss expense at that time. Accounts receivable are reported net of allowance for credit losses. As of December 31, 2023 and 2022 there is no accounts receivable balance and therefore, an allowance for credit losses is not necessary.

Valuation of Long-Lived Assets

The Organization reviews for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the estimated future cash flows are less than the carrying amount of the asset. No impairment losses were recognized in 2023 or 2022.

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is recorded at historical cost or at fair market value at the date of donation. Depreciation on the purchased building (Note F) commenced in 2020 on the straight-line method over 39 years. Depreciation on remaining property and equipment is calculated on the straight-line method over the estimated useful lives of the assets, ranging from 5 to 20 years. Additions and major improvements are capitalized. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of $2,500. Repairs and maintenance costs are expensed as incurred.

Deferred Revenue

Funds received by the Organization prior to the recognition of revenue are recorded as deferred revenue.

Compensated Absences

The Organization has not accrued a liability for compensated absences in accordance with Accounting Standards Codifications 710–Compensation–General, as the amount of the liability cannot be reasonably estimated at December 31, 2023 and 2022. An accrual is not deemed by management to have a material effect on the financial statements.

Deferred Financing Costs

Deferred financing costs of $3,996 on the mortgage note payable described in Note E are being amortized on a straight-line basis over the term of the related mortgage. Amortization of such costs is included in interest expense. Unamortized deferred financing costs of $3,297 and $3,697 are included as a direct deduction from long-term debt in the Statement of Financial Position as of December 31, 2023 and 2022, respectively. Deferred financing costs of $8,000 were being amortized on the original mortgage note payable, prior to the mortgage refinance. The remaining $4,800 of unamortized deferred financing costs were expensed during 2022.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. As discussed in Note F, the Organization has pledges and cash collections on pledges related to the capital campaign that the Board and management intends to use for mortgage payments and other capital projects. The related net assets are a component of net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets With Donor Restrictions (Continued)

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restrictions.

Revenue and Support With and Without Donor Restrictions

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. In situations where the Organization meets all donor-imposed restrictions on amounts contributed for a specific purpose in the same reporting period in which the contribution was received, the contribution is reported as without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. Funds received related to conditional grants are classified as refundable advances until expended for the purposes of the grants.

Revenue Recognition for Contracts with Customers

The Organization's revenue streams under contracts with customers consists primarily of revenues from certain products for sale related to its mission or programs. Revenues are recognized when performance obligations are satisfied at a point in time when the sale occurs. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for providing goods. Any payment received in advance of satisfaction of performance obligations is recorded as deferred revenue until the obligation is met.

Functional Expense Allocation

Costs of providing various programs and supporting services are allocated based on specific identification, if practical. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and utilities, and depreciation and amortization, which are allocated on use of square-footage. Salaries, benefits and taxes are allocated based on estimates of time and effort. All programs and services are offered free of charge. The Organization is supported through donor contributions and grants from foundations, corporations and individuals. As such, the Organization allocates more time and effort towards fundraising activities than if program participants were charged fees for the services provided.

Advertising

Advertising costs are expensed when incurred.

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and equivalents and promises to give. The Organization maintains its cash and equivalents with financial institutions and although they have invested amounts in excess of any federal insurance limits, management does not feel that it is exposed to any substantial credit risk. Concentrations with respect to promises to give are limited due to the large number of donors comprising the Organization's donor base and the variety of the Organization's funding sources. As of December 31, 2023 and 2022, the Organization had no other significant concentrations of credit risk.

Employee Retention Credit

The CARES Act created the Employee Retention Credit (ERC) for a refundable payroll tax credit. During 2021 the Organization applied to the Internal Revenue Service for credits totaling $189,510 which was recorded as revenue in the year ended December 31, 2021. The final $104,826 related to the ERC was received in the year ended December 31, 2022.

Reclassification

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

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). The objective of ASU 2016-02 is to recognize lease assets and lease liabilities by leases for those leases classified as operating leases under previous generally accepted accounting principles (GAAP). In June 2020, the FASB issued ASU 2020-05 as a limited deferral of the effective dates of two Updates, one of which is ASU 2016-02. Lease rules will now be applied for fiscal years beginning after December 15, 2021. During 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The adoption of the standard resulted in new recognition, presentation and disclosure requirements for lease assets and lease liabilities by entities for those leases classified as operating leases under previous generally accepted accounting principles (GAAP). The ASU was adopted prospectively for fiscal 2022 and as such fiscal year 2021 is presented under previous GAAP, as permitted. The adoption of this standard impacted the financial statements and footnote disclosures, as further described in Note I.

NOTE A - NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued)
In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables, and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the Statements of Activities as the amounts expected to be collected change. ASU 2016-13 was effective for fiscal years beginning after December 15, 2022. The Organization adopted this standard on January 1, 2023 using a modified-retrospective approach. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. The adoption of this standard did not have any significant impact on the financial statements.

Subsequent Events
The Organization evaluated its December 31, 2023 financial statements for subsequent events through May 16, 2024, the date the financial statements were available to be issued and all relevant subsequent information is included within the applicable notes to the financial statements.

NOTE B - PROMISES TO GIVE

Unconditional promises to give at December 31, 2023 and 2022 consist of:

	2023	2022
Without donor restrictions	$ 40,596	$ 101,435
Restricted for programs and classes	7,024	10,100
Capital campaign pledges	481,867	627,529
Gross unconditional promises to give	529,487	739,064
Less: Unamortized discount	32,223	47,388
Net unconditional promises to give	$ 497,264	$ 691,676
Amounts due in:		
Less than one year	$ 163,142	$ 286,887
One to five years	366,345	452,177
Total amounts due	$ 529,487	$ 739,064

NOTE B - PROMISES TO GIVE (CONTINUED)

As discussed in Note F, the Organization completed its building purchase and renovations and moved its operations into the new building in 2020. As such, all related restrictions on the capital campaign contributions have been earned. It is the intention of the Board and management to retain and use all proceeds from the collections on the capital campaign pledges to meet mortgage payment obligations and other capital projects.

The Organization estimates an allowance for doubtful pledges based upon its review of outstanding promises to give. As of December 31, 2023 and 2022, management determined that no allowance was necessary.

NOTE C - LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following as of December 31, 2023 and 2022:

	2023	2022
Land	$ 350,000	$ 350,000
Building	1,411,996	1,411,996
Building and improvements	1,683,436	1,641,611
Equipment, furniture and fixtures	195,918	195,918
	3,641,350	3,599,525
Less: Accumulated depreciation	(589,736)	(436,628)
	$ 3,051,614	$ 3,162,897

NOTE D - LINE OF CREDIT

The Organization has available a $200,000 revolving line of credit agreement with a bank. The line was signed during March 2022 and renews annually. Per the agreement, the line requires monthly interest payments on the outstanding balances at the prime rate plus .50%, (9.00% and 8.00% as of December 31, 2023 and 2022). The outstanding balance on the line of credited amount to $0 as of both the years ended December 31, 2023 and 2022.

NOTE E - MORTGAGE AND NOTE PAYABLE

In December 2019, the Organization signed a mortgage note payable for $1,800,000 with a bank, bearing interest at 4.50%, payable in monthly installments of interest only through June 2020. In March 2022, the Organization refinanced the mortgage note payable described above with a bank, in the amount of $1,700,000, bearing interest at 3.75%.

NOTE E - MORTGAGE AND NOTE PAYABLE (CONTINUED)

Principal and interest payments of $10,647 are due through February 2032. In March 2032, the remaining principal and interest amounts will be due in one balloon payment. The borrower shall maintain a Debt Service Coverage Ratio of not less than 1:1, as determined as of the end of each calendar year for the twelve-month period then ending. The borrower shall maintain Liquidity of not less than $250,000, with Liquidity defined as the sum of all cash plus the fair market value of all readily marketable securities. The mortgage agreement also contains certain non-financial covenants, as defined. The mortgage is secured by the building.

In December 2020, the Organization signed a 0% note payable in the amount of $11,750 with a financial services company for the purchase of furniture. Principal payments of $356 were due monthly through September 2023. The balance was paid in full during 2023 and amounts outstanding as of December 31, 2023 and 2022 were $0 and $3,204, respectively.

Principal payments required on the Organization's long-term debt agreements in place as of December 31, 2023, are summarized as follows:

2024	$ 68,574
2025	71,396
2026	74,159
2027	77,028
2028	79,871
Thereafter	1,212,704
Total gross future principal payments	1,583,732
Less deferred financing costs	(3,297)
Total net future principal payments	$ 1,580,435

NOTE F - BUILDING FOR OUR FUTURE CAMPAIGN

In 2019, the Organization initiated the Building for Our Future Campaign (the Campaign) to raise funds for its new headquarters, including land, building and improvements. The goal of the Campaign was to raise $3.1 million. The purchase of a building was completed in December 2019. Renovations started in April 2020 and the Organization moved into its new headquarters in November 2020 and subsequently commenced substantially all operations in the building. As of December 31, 2023, the Campaign was complete, and the Organization exceeded its goal of $3.1 million.

NOTE G - NET ASSETS

Net assets with donor restrictions as of December 31, 2023 and 2022 comprise the following:

	2023	2022
Restricted for programs and classes	$ 83,526	$ 85,657
Restricted for establishment of an Endowment	25,174	0
Restricted for 2023 Pals in Motion	0	27,500
Total net assets with donor restrictions	$ 108,700	$ 113,157

NOTE H - INCOME TAXES

The Organization qualifies as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from income taxes. The Organization has not been classified as a private foundation within the meaning of Section 509(a) and does qualify for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization follows the accounting guidance for uncertainty in income taxes. The Organization's income tax filings are subject to audit by various taxing authorities. In evaluating the Organization's activities, the Organization believes its position of current tax-exempt status is current based on current facts and circumstances. As of January 1, 2022 and for the years ended December 31, 2023 and 2022, the Organization had not engaged in any activity which management considers to be activity that could result in a loss of its 501(c)(3) IRS designation.

As well, management does not consider any of the activity of the Organization to be considered unrelated business income that could result in income tax. For the years ended December 31, 2023 and 2022, there was no tax interest or penalties reflected in the statement of activities or in the statement of financial position.

NOTE I - OPERATING LEASES

The Organization leases office equipment under a non-cancelable operating lease expiring in 2027. During 2022, the Organization implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02 related to leases. ASU 2016-02 requires the recognition of right-of-use assets and corresponding lease liabilities, initially measured at the present value of the lease payments. The Organization adopted the ASU on January 1, 2022 using a prospective approach, and as such recorded a right-of-use asset and operating lease liability totaling $5,586.

NOTE I - OPERATING LEASES (CONTINUED)

The net present value of the lease commitments were calculated using the risk free rate practical expedient resulting in a discount rate of 1.263%. The right-of-use asset and operating lease liability are being amortized over the respective lives of the leases.

As of December 31, 2023 and 2022, the unamortized right-of-use asset was valued at $3,467 and $4,533, respectively and the unamortized operating lease obligation was valued at $3,500 and $4,576, respectively. Operating lease expense totaled $1,118 for both the years ended December 31, 2023 and 2022.

The following is a schedule by years of future minimum lease payments required under operating leases with initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2023:

2024	$ 1,128
2025	1,128
2026	1,128
2027	188
2028	0
Thereafter	0
Total future principal payments	3,572
Less: Imputed Interest	72
Total operating lease liability	$ 3,500

NOTE J - DONATED GOODS AND SERVICES

The value of donated goods and services included in the financial statements for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Programming equipment and supplies	$ 6,652	$ 12,295
Fundraiser event supplies	0	5,220
Total	$ 6,652	$ 17,515

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with programs and administration. During the years ended December 31, 2023 and 2022, 95 and 86 volunteers donated in excess of 4,984 and 2,767 hours at a value of approximately $230,818 and $137,252, respectively. These services do not meet the criteria for recognition and have not been reflected in the audited financial statements.

NOTE K - FINANCIAL ASSETS AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs. As part of the Organization's liquidity management, financial assets are structured to be available as its general expenditures, liabilities and other obligations come due. The Organization receives contributions without donor restrictions; such gifts have historically supported annual program funding needs.

The following table reflects the Organization's financial assets available within one year as of December 31, 2023 and 2022:

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 862,511	$ 789,830
Unconditional promises to give, net		
Without donor restrictions	38,899	98,643
Financial assets, at year-end	901,410	888,473
Less those not available for general expenditure within one year:		
Unconditional promises to give collectible beyond one year	18,648	23,518
	$ 882,762	$ 864,955

The Organization has certain donor restricted net assets that are available for general expenditures within one year of the Statement of Financial Position date because the restrictions on the net assets are expected to be met by conducting the activities of projects in the coming year. Accordingly, the related resources have been included in the quantitative information detailing financial assets available to meet general expenditures within one year. The Organization has other assets limited to use for donor-restricted purposes in a future period, which are not included. Additionally, the Organization released all restrictions related to the capital campaign upon completion of the building and commencement of substantially all operating activities within the building. However, because the Organization had to take out a mortgage to finance the cost of the building while waiting for promises to give to be collected, the Organization has excluded those promises to give from the quantitative information detailing financial assets available to meet general expenditures within one year.

The Organization obtained an operating line of credit in March, 2022 in the amount of $200,000, all of which is available for general expenditures.