SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
DBA Children's Advocacy Center of Southern Arizona

AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southern Arizona Children's Advocacy Center, Inc.
DBA Children's Advocacy Center of Southern Arizona
Tucson, Arizona

Report on the Financial Statements

Opinion on the Financial Statements

We have audited the June 30, 2023 financial statements of Southern Arizona Children's Advocacy Center, Inc. DBA Children's Advocacy Center of Southern Arizona (the Center), an Arizona nonprofit corporation, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets and cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the June 30, 2023 financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2023 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The June 30, 2022 financial statements presented for comparative purposes are not a complete presentation by net asset categories, and were audited by another auditor who has ceased operations. That auditor expressed an unqualified opinion on them in his report dated October 26, 2022.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the combined 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 Center's ability to continue as a going concern for at least one year beyond this report date.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 matters that we identified during the audit.

Frey Solutions P.C.

Tucson, Arizona
February 29, 2024

STATEMENT 1

SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

Assets	**6/30/2023**	**6/30/2022**
Cash and equivalents	$ 466,860	$ 489,482
Cash and equivalents- donor restricted	116,884	52,415
Beneficial interest in assets held by JCF	12,884	12,415
Certificates of deposit	466,000	254,000
Grants and contracts receivable, at net realizable value	211,331	325,188
Prepaid expenses	28,367	11,042
Property and equipment:		
Equipment	164,833	255,071
Van	33,471	33,471
Furniture	82,696	136,818
Leasehold improvements	23,342	23,342
Accumulated depreciation	(164,416)	(294,351)
Property and equipment, net	139,926	154,351
Total assets	$ 1,442,252	$ 1,298,893
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 23,876	$ 31,916
Accrued vacation pay	37,316	32,648
Accrued payroll and related taxes	43,342	35,008
Deferred revenue	2,700	1,100
Total liabilities	107,234	100,672
Net Assets		
Without donor restrictions	1,220,434	1,145,806
With donor restrictions	116,884	52,415
Total net assets	1,337,318	1,198,221
Total liabilities and net assets	$ 1,444,552	$ 1,298,893

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

STATEMENT 2

SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2023 and 2022

	6/30/2023			
	Without Donor Restrictions	With Donor Restrictions	Total	6/30/2022 Totals
Revenues				
Grant and program revenue				
Government contracts and grants	$1,115,668		$1,115,668	$1,097,547
Program revenue	407,548		407,548	369,452
Public support and other revenue				
Contributions	341,297	$170,508	511,805	242,745
In-kind donations	37,061		37,061	16,696
Clothing bin net proceeds	7,720		7,720	14,164
Special events, net of expenses	27,221		23,564	23,564
Investment and other income	7,268	469	7,737	(501)
Releases from restrictions-purpose satisfied	106,508	(106,508)		
Total revenues	2,050,291	64,469	2,114,760	1,763,667
Expenses				
Program	1,743,982		1,743,982	1,628,299
General and Administrative	119,409		119,409	60,204
Fundraising	112,272		112,272	74,074
Total expenses	1,975,663		1,975,663	1,762,577
Changes in net assets	74,628	64,469	139,097	1,090
Net assets, beginning of year	1,145,806	52,415	1,198,221	1,197,131
Net assets, end of year	1,220,434	116,884	1,337,318	$1,198,221

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

STATEMENT 3

SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	6/30/2023	6/30/2022
Cash flows from operating activities		
Changes in net assets	$ 136,797	$ 1,090
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,218	27,574
Changes in operating assets and liabilities:		
Decrease in grants and contracts receivable	113,857	13,793
Decrease (increase) in prepaid expenses	(17,325)	4,685
Increase (decrease) in accounts payable	(8,040)	18,052
Increase (decrease) in accrued vacation pay	4,668	(8,018)
Increase (decrease) in accrued payroll and related taxes	8,334	(6,075)
Increase (decrease) in deferred revenue	1,600	(7,900)
Net cash provided by operating activities	276,109	43,201
Cash flows from investing activities		
Purchases of property and equipment	(21,793)	(61,395)
Purchases of investments at Jewish community Foundation	(469)	(409)
Purchases of certificates of deposit	(366,000)	(254,000)
Proceeds from sale of certificate of deposit	154,000	182,000
Net cash provided by (used in) investing activities	(234,262)	(133,804)
Net change in cash and equivalents	41,847	(90,603)
Cash, restricted cash and equivalents, beginning of year	541,897	632,500
Cash, restricted cash and equivalents, end of year	$ 583,744	$ 541,897
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-
In-Kind donations received	$ 37,061	$ 16,696

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

STATEMENT 4

SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Programs	General and Administrative	Fundraising	Totals
Payroll	$972,303	$36,231	$43,477	$1,052,011
Payroll taxes and employee benefits	172,026	6,524	7,827	186,377
Small equipment and computers	36,012	410		36,422
Medical contract expenses	134,323			134,323
Clinical and prevention expenses	104,275			104,275
Bad debts	64,939			64,939
Direct fundrasing expenses			44,218	44,218
Dues and subscriptions	4,010	7,977	811	12,798
Insurance	26,857	1,018	1,222	29,097
Occupancy	86,634	3,285	3,942	93,861
Office expenses	5,625	4,959	157	10,741
Postage and printing	5,210	8,730	414	14,354
Professional fees	32,777	34,574		67,351
Promotion	20,040	2,453	7,222	29,715
Staff training and recognition	26,596	2,543	283	29,422
Supplies-food	8,854	2,590	57	11,501
Travel	10,072	962	18	11,052
Miscellaneous		5,885	1,103	6,988
Total expenses before depreciation	1,710,553	118,141	110,751	$1,939,445
Depreciation	33,429	1,268	1,521	36,218
TOTAL FUNCTIONAL EXPENSES	$1,743,982	$119,409	$112,272	$1,975,663

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

STATEMENT 4

SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Programs	General and Administrative	Fundraising	Totals
Payroll	$948,676	$39,687	$39,790	$1,028,153
Payroll taxes and employee benefits	174,396	7,296	7,315	189,007
Small equipment and computers	35,454	1,483	1,487	38,424
Medical contract expenses	119,056			119,056
Clinical and prevention expenses	80,702			80,702
Dues and subscriptions	9,067	379	380	9,826
Insurance	22,624	946	949	24,519
Occupancy	64,589	2,702	2,709	70,000
Office expenses	15,030	629	630	16,289
Postage and printing	13,455	563	564	14,582
Professional fees	65,940	2,759	2,766	71,465
Promotion	1,843	642	14,144	16,629
Staff training	35,014	1,465	1,469	37,948
Travel	12,233	512	513	13,257
Miscellaneous	4,748	199	199	5,146
Total expenses before depreciation	1,602,826	59,262	72,915	1,735,003
Depreciation	25,473	942	1,159	27,574
TOTAL FUNCTIONAL EXPENSES	$1,628,299	$60,204	$74,074	$1,762,577

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

1. Nature of Operations

Southern Arizona Children's Advocacy Center, Inc. (the Center) has been an Arizona non-profit corporation since May 13, 1996 that serves to support and respond to children who are victims of sexual assault, physical abuse, or witness to violence. The Center's mission is to protect and support children through a coordinated response to child maltreatment that includes intervention, assessment and prevention. Effective February 2020 the Center commenced operating under the name Children's Advocacy Center of Southern Arizona.

2. Summary of Significant Accounting Policies

The significant accounting and reporting policies used by the Center are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Presentation

The Center follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP") that the Center follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to GAAP issued by the FASB are to the FASB Accounting Standards Codification ("ASC").

The Center's financial statements have been prepared in accordance with standards of accounting and financial reporting under FASB issued Accounting Standards Update (ASU) No. 2016-14, "Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities" and Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" (Topic 606).

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets having similar characteristics have been combined into similar categories as follows:

Without Donor Restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Center, the environment in which it operates, the purposes specified in its corporate documents and which it operates, the purposes specified in its corporate documents and application for tax-

exempt status, and any limits resulting from agreements with grantor agencies and others entered into in the course of its operations.

With Donor Restrictions – Net assets with donor restrictions include contributed net assets for which donors have imposed future time and particular purpose restrictions. The Center's unspent contributions are classified in this class if the donor limited their use.

When a donor 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.

New Major Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (topic 842), requiring lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and to disclose key information about lease agreements. The guidance was effective for entities' fiscal years beginning after December 15, 2021. The Center has determined this standard does not apply to their major office lease (see Note 10) due to its payment variability structure.

Revenue Recognition

Grants and Contracts - The Center accounts for its government funded grants and contract revenues as exchange transactions. Revenue under cost reimbursement grants and contracts are recognized when costs are incurred or agreed-upon work is performed in accordance with the applicable agreements. Amounts received under unit rate contracts and client fees are earned when services are provided. A receivable is recorded to the extent contract revenue exceeds payment received: conversely, advances in excess of costs incurred under grants are deferred and recognized as revenue when the related expense is incurred or service rendered. A receivable is recorded to the extent revenue recognized exceeds payment received; conversely, advances in excess of costs incurred or work performed under government funded grants and contracts are deferred and recognized as revenue when the related cost is incurred.

Contributions - Contributions restricted by the donor for particular operating purposes or for a particular operating period are reported as revenues in the with donor restrictions net asset group. Once the Center has complied with all of the specific restrictions, the contribution is reclassified to the net asset without donor restrictions group as a net asset released from restrictions. This reclassification increases net assets without donor restrictions and decreases net assets with donor

restrictions.

Donated Goods, Services and Facilities - Donated goods and services are recognized as in-kind donations at their fair market value. Donated services are only recognized when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills and (c) would typically need to be purchased if not provided by donation, Although the Center utilizes the services of outside volunteers to perform a variety of tasks that assist the Center, the fair value of many of these services is not reflected in the accompanying financial statements because the above criteria are not met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement reporting purposes, the Center considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents.

Certificates of Deposit

Certificates of deposit are carried at the original cost, which approximates their market value.

Accounts Receivable

The Center's funding sources are primarily foundations and governmental agencies. The Center grants credit to these agencies on an uncollateralized basis. The carrying amount of accounts, grants, and contracts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The adjustment to net realizable value is based on management's assessment of the collectability of specific accounts and the aging of accounts receivable. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Property and Equipment

Property and equipment are stated at cost if purchased or at fair value at date of acquisition if donated. Depreciation is provided over the estimated useful life of

each class of depreciable asset and is computed using the straight-line method, ranging from five to fifteen years.

The Center's policy is to capitalize expenditures for property and equipment and donated property and equipment received that exceed $1,500 and have a useful life greater than one year. When items are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities and changes in net assets. Repairs and maintenance for normal upkeep are charged to expense as incurred.

The Center periodically reviews the carrying value of long-lived assets held and used, and assets to be disposed of, for possible impairment when events and circumstances warrant such a review. Through June 30, 2023 and 2022 the Center had not experienced impairment losses on its long-lived assets.

Advertising and Promotional

The Center expenses advertising and promotional costs as they are incurred. Total advertising and promotional expenses for the years ended June 30, 2023 and 2022 were $29,715 and $71,465, respectively.

Functional Allocation of Expenses

The cost of providing the programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited on the basis of periodic time or usage studies.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases that it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Income Taxes

The Center is a Section 501(c)(3) organization, exempt from taxation for federal and state income taxes under Internal Revenue Code Section 501(a). Accordingly,

no provision for income taxes is made in the accompanying financial statements Income from certain activities not directly related to the Center's tax-exempt purpose, however, may be subject to taxation as unrelated business income. Management is not aware of any matters which would cause the Center to lose it tax-exempt status. Management evaluated the Center's tax positions in accordance with the accounting standard on accounting for uncertainty in income taxes and concluded that the Center had taken no uncertain tax positions that require adjustment to the financial statements. The statute of limitations for examinations of tax returns is generally three years from the date the return was filed, but may be longer in certain circumstances.

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

3. Composition of Cash and Cash Equivalents

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the combined statement of financial position that sum to the total of the same such amounts shown in the combined statements of cash flows for the years ended June 30:

	2023	2022
Cash and cash equivalents	$ 453,975	$489,482
Cash and cash equivalents- restricted	129,769	52,415
Total cash, cash equivalents, and restricted	$583,744	$541,897

Cash and cash equivalents-restricted include restricted cash received with donor-imposed purpose restrictions as detailed in Note 8.

4. Grants and Contracts Receivable

Grants and contracts receivable were comprised of the following at June 30:

	2023	2022
Pima County Behavioral Health	$ 18,973	$ 33,085
Pima County Outside Agencies		39,730
Arizona Dept. of Public Safety-VOCA	40,896	24,172
Office for Victims of Crime	10,320	67,201
Governor's Office of Youth, Faith, and Family	57,465	4,469
MercyCare		40,000

Tucson Police Department	36,667	
Various forensic interviews and other	55,161	132,066
Adjustment to net realizable value	(8,151)	(15,535)
	$ 211,331	$325,188

5. Credit Risk

The Center had grants and contracts receivable of $211,331 and $325,188 at net realizable value at June 30, 2023 and 2022, respectively. These amounts contain collateral provisions for collections. Total credit risk and accounting loss that could occur if all parties to the receivables fail to perform their obligations is $211,331 and $325,188 as of June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022 the Center had deposits at a single financial institution that exceeded the FDIC insured limits by $327,438 and $256,366, respectively. The Center's management is not concerned about the financial viability of the financial institution. The Center places its cash and cash equivalents with high credit quality institutions. At times, such deposits may be in excess of the FDIC insurance limit; however, management does not believe it is exposed to any significant credit risk on cash and cash equivalents. All such accounts are monitored by management to mitigate risk.

6. Beneficial Interest In Assets Held By Jewish Community Foundation, Investments, Certificates of Deposit and Fair Value Measurements

The Center has established an endowment fund at the Jewish Community Foundation (JCF) for its management with balances of $12,884 and $12,415 as of June 30, 2023 and 2022, respectively. JCF financial managers make the financial decisions of what the funds are invested in, subject to monitoring by Center management. The Center has not granted JCF variance power. While the original corpus amount is to remain intact for perpetuity, the Center is entitled to a beneficial income interest.

GAAP requires that entities use a three-level hierarchy to prioritize the inputs used to measure fair value, and maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Level 1 of the hierarchy utilizes quoted prices for identical assets in active markets to which the Center and JCF had access at the measurement date. Since the Center and JCF have ready access to quoted prices from an active market for its endowment investments, it utilizes level 1inputs to measure their fair value. Level 2 would utilize quoted prices for similar assets in active markets or identical assets in inactive markets. Level 3 utilizes unobservable inputs for an asset's fair value measurement, of which the

Center had none.

The Center's certificates of deposit are FDIC insured and are carried at original cost which approximates the fair market value as determined by the issuing financial institution as determined by GAAP level 2 fair market hierarchy, that is utilizing quoted prices for similar assets in active markets or identical assets in inactive markets.

Certificates of deposit, held-to-maturity and recorded at invested cost were as follows as of June 30:

	2023	2022
Wells Fargo Bank, 4.95%, matures 4-24-24	$80,000	
Customers Bank, 4.7%, matured 11-14-23	100,000	
Everbank, .15%, matured 9-30-22		$100,000
Goldman Sachs Bank, 1.0%, matures 3-09-23		82,000
Goldman Sachs Bank, 1.8%, matures 5-11-23		72,000
JP Morgan Chase, 5.45%, matures 6-26-24	76,000	
Wells Fargo Bank, 4.75%, matures 4-25-25	105,000	
Morgan Stanley Pvt, 4.8%, matures 10-28-24	105,000	
	$466,000	$254,000

6. Beneficial Interest In Assets Held By Jewish Community Foundation, Investments, Certificates of Deposit and Fair Value Measurements (continued)

The composition of the investment return reported in the statement of activities were as follows for the years ending June 30,

	2023	2022
Dividends and interest	$ 3,785	$ 2,819
Unrealized gains (losses)	3,952	(3,320)
	$ 7,737	$ (501)

7. Clothing Bin Proceeds

The Center contracts with Big Brothers Big Sisters to pick up donated goods from the Center's donation boxes and receive 10 cents per pound for saleable goods from them.

8. Net Assets With Donor Restrictions

The net assets with donor restrictions were restricted for the following purposes at June 30th:

	2023	2022
Endowment Fund-JCF	$ 0	$ 12,415
Family Advocacy Center	50,902	
Mobile Advocacy Center		40,000
Allocated for victims for mental health services	31,144	
Allocated for mental health services for staff	30,363	
Clinical program supplies	4,476	
	$ 116,884	$ 52,415

The organization previously reported its interest in the endowment funds held by JCF as net assets with donor restrictions. During the fiscal year ending June 30, 2023 the organization determined these funds were not donor restricted and recorded a release of restrictions for the endowment.

9. Retirement Plan

The Center has a defined contribution plan covering all employees that work at least 20 hours a week. The Center contributes up to 2% of eligible employees' annual compensation to the plan on an employee matching basis. Total retirement expense for the years ended June 30, 2023 and 2022 was $14,324 and $7,544, respectively.

10. Operating Lease

The Center leases office space from Pima County and entered into an agreement which expires in September 2033. In lieu of base rent, the Center pays 61.7% of the lessor's operating expenses for the building and a nominal fee for each telephone line and internet connection, based on the County's budgeted rates. The Center also pays an additional 10% of their prorated share of building expenses toward a capital repair and replacement fund for the building. The required monthly lease amounts were determined to be $7,822 and $5,833 for the years ended June 30, 2023 and 2022, respectively. The required monthly lease amount for the year ended June 30, 2024 has been determined to be $7,440.

The future minimum annual lease payments due under the lease based on current level of operating expenses are as follows:

Year Ending June 30,	Amount
2024	$ 89,280
2025	89,280
2026	89,280
2027	89,280
2028	89,280
Thereafter	468,720
	$ 915,120

Office lease expense for the years ended June 30, 2023 and 2022 was $93,861 and $70,000, respectively.

11. Contingencies

As of June 30, 2022 the Center and its Executive Director had been named defendants in a lawsuit regarding alleged violations of a minor's rights, however subsequently the Executive Director was dismissed from the lawsuit. The lawsuit has not yet asked for specified damages and remains in the discovery stage. The lawsuit is being defended by an attorney representing the Center's insurance company. Both management and the attorney are optimistic for a favorable outcome and if there were to be a negative outcome they believe it will be covered by the Center's policy limits. However, this cannot be guaranteed at this time.

The Center may be subject to compliance audits by the grantor agencies. The nature and extent of such audits is uncertain and assessments, if any, which could result would be recorded when they become determinable.

12. Liquidity

Financial assets as of June 30, 2023	$ 1,261,075
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Property lease commitment	(89,280)
Subject to appropriation and satisfaction of donor restrictions	(116,884)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,054,911

The Center is partially supported by restricted contributions. Because a donor's

restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Center invests cash in excess of immediate and very short-term projected requirements in short-term investments. These short-term, liquid investments may be used to fulfil needs resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

13. Subsequent Events

The Center's management evaluated subsequent events through February 29, 2024, which represents the date this report was available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

These notes are an integral part of the financial statements.