

***SHOWME AQUATICS AND FITNESS***

***FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2022 AND 2021***

# ***SHOWME AQUATICS AND FITNESS***

ST. CHARLES, MISSOURI

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## INDEPENDENT AUDITORS' REPORT



Board of Directors  
***SHOWME AQUATICS AND FITNESS***

### ***Opinion***

We have audited the accompanying financial statements of ShowMe Aquatics and Fitness, (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 ShowMe Aquatics and Fitness, as of June 30, 2022 and 2021, and the changes in their net assets and 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 audit 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 ShowMe Aquatics and Fitness 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 fair presentation of these 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 ShowMe Aquatics and Fitness's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## *Auditors' Responsibility 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 ShowMe Aquatics and Fitness '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 ShowMe Aquatics and Fitness '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.



St. Charles, Missouri

January 23, 2023

**SHOWME AQUATICS AND FITNESS**  
**STATEMENTS OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**ASSETS**

	2022	2021
<b>CURRENT ASSETS</b>		
Cash	\$ 301,429	\$ 300,901
Accounts receivable	30,741	21,145
Pledge receivable - current	100,000	95,105
Prepaid expenses	4,991	-
TOTAL CURRENT ASSETS	437,161	417,151
<b>NONCURRENT</b>		
Pledge receivable, net current portion	46,943	146,938
<b>FIXED ASSETS</b>		
Furniture and equipment	63,788	71,401
Accumulated depreciation	(57,057)	(67,004)
NET FIXED ASSETS	6,731	4,397
TOTAL ASSETS	\$ 490,835	\$ 568,486

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,481	\$ 1,278
Accrued interest	-	3,266
Pledge payable	37,500	37,500
Notes payable - amounts due in one year	3,588	16,088
TOTAL CURRENT LIABILITIES	42,569	58,132
<b>LONG-TERM LIABILITIES</b>		
Notes payable	150,000	162,500
Amounts due within one year	(3,588)	(16,088)
TOTAL LONG-TERM LIABILITIES	146,412	146,412
TOTAL LIABILITIES	188,981	204,544
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	154,911	121,899
With donor restrictions:		
Time-restricted for future periods	146,943	242,043
TOTAL NET ASSETS	301,854	363,942
TOTAL LIABILITIES AND NET ASSETS	\$ 490,835	\$ 568,486

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

**SHOWME AQUATICS AND FITNESS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 31,901	\$ 4,900	\$ 36,801
Grants	502,281	-	502,281
Program fees	41,972	-	41,972
Special events, net of \$10,233 direct benefit to donors	24,856	-	24,856
In-kind donations	6,800	-	6,800
Miscellaneous	653	-	653
Net assets released from restriction - time	100,000	(100,000)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<b>708,463</b>	<b>(95,100)</b>	<b>613,363</b>
 <b>EXPENSES</b>			
Program	611,710	-	611,710
Management and general	44,636	-	44,636
Fundraising	19,105	-	19,105
<b>TOTAL EXPENSES</b>	<b>675,451</b>	<b>-</b>	<b>675,451</b>
 <b>CHANGE IN NET ASSETS</b>	 33,012	 (95,100)	 (62,088)
 <b>NET ASSETS - BEGINNING OF YEAR</b>	 121,899	 242,043	 363,942
 <b>NET ASSETS - END OF YEAR</b>	 \$ 154,911	 \$ 146,943	 \$ 301,854

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

**SHOWME AQUATICS AND FITNESS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 56,848	\$ 7,117	\$ 63,965
Grants	591,159	-	591,159
Program fees	23,530	-	23,530
Special events, net of \$7,608 direct benefit to donors	16,088	-	16,088
In-kind donations	8,333	-	8,333
Miscellaneous	1,266	-	1,266
Net assets released from restriction	100,100	(100,100)	-
<b>TOTAL REVENUE, GAINS AND OTHER SUPPORT</b>	<u>797,324</u>	<u>(92,983)</u>	<u>704,341</u>
 <b>EXPENSES</b>			
Program	609,459	-	609,459
Management and general	46,602	-	46,602
Fundraising	18,658	-	18,658
<b>TOTAL EXPENSES</b>	<u>674,719</u>	<u>-</u>	<u>674,719</u>
 <b>CHANGE IN NET ASSETS</b>	122,605	(92,983)	29,622
 <b>NET ASSETS - BEGINNING OF YEAR</b>	<u>(706)</u>	<u>335,026</u>	<u>334,320</u>
 <b>NET ASSETS - END OF YEAR</b>	<u>\$ 121,899</u>	<u>\$ 242,043</u>	<u>\$ 363,942</u>

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

**SHOWME AQUATICS AND FITNESS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program	Management and General	Fundraising	Total
Salaries	\$ 405,546	\$ 23,547	\$ 16,479	\$ 445,572
Employee benefits	56,250	1,696	1,272	59,218
Payroll taxes	33,319	1,935	1,354	36,608
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>495,115</b>	<b>27,178</b>	<b>19,105</b>	<b>541,398</b>
Advertising	947	369	-	1,316
Bad debt	-	199	-	199
Depreciation	3,433	-	-	3,433
Dues and subscriptions	773	255	-	1,028
Special events	-	-	10,233	10,233
Insurance	9,084	1,009	-	10,093
Interest	-	3,144	-	3,144
Miscellaneous	710	70	-	780
Office supplies	4,170	1,479	-	5,649
Pool and office rental	58,628	2,006	-	60,634
Postage	1,009	560	-	1,569
Professional fees	17,039	6,398	-	23,437
Program supplies	1,678	-	-	1,678
Program equipment	2,333	-	-	2,333
Repairs and maintenance	558	312	-	870
Telephone	3,862	450	-	4,312
Training and conferences	3,171	570	-	3,741
Travel	6,092	410	-	6,502
Utilities	3,108	227	-	3,335
<b>TOTAL EXPENSES</b>	<b>\$ 611,710</b>	<b>\$ 44,636</b>	<b>\$ 29,338</b>	<b>\$ 685,684</b>
Less expense with direct benefits to donors included with revenues on the statement of activities:				
Fundraising events	-	-	(10,233)	(10,233)
<b>Total expenses on statement of activities</b>	<b>\$ 611,710</b>	<b>\$ 44,636</b>	<b>\$ 19,105</b>	<b>\$ 675,451</b>

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



**SHOWME AQUATICS AND FITNESS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries	\$ 399,949	\$ 21,137	\$ 15,853	\$ 436,939
Employee benefits	58,277	1,788	1,340	61,405
Payroll taxes	33,329	1,831	1,465	36,625
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<u>491,555</u>	<u>24,756</u>	<u>18,658</u>	<u>534,969</u>
Advertising	347	38	-	385
Bad debt	-	9,199	-	9,199
Depreciation	3,246	-	-	3,246
Dues and subscriptions	1,085	55	-	1,140
Special events	-	-	7,608	7,608
Insurance	8,487	1,290	-	9,777
Interest	-	3,266	-	3,266
Miscellaneous	642	442	-	1,084
Office supplies	4,628	1,518	-	6,146
Pool and office rental	52,491	2,037	-	54,528
Postage	949	336	-	1,285
Professional fees	25,896	2,317	-	28,213
Program supplies	349	-	-	349
Program equipment	3,705	-	-	3,705
Repairs and maintenance	757	18	-	775
Telephone	4,720	477	-	5,197
Training and conferences	2,789	263	-	3,052
Travel	4,431	364	-	4,795
Utilities	3,382	226	-	3,608
<b>TOTAL EXPENSES</b>	<u>\$ 609,459</u>	<u>\$ 46,602</u>	<u>\$ 26,266</u>	<u>\$ 682,327</u>
Less expense with direct benefits to donors included with revenues on the statement of activities:				
Fundraising events	-	-	(7,608)	(7,608)
<b>Total expenses on statement of activities</b>	<u>\$ 609,459</u>	<u>\$ 46,602</u>	<u>\$ 18,658</u>	<u>\$ 674,719</u>

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

***SHOWME AQUATICS AND FITNESS***  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from service recipients	\$ 32,376	\$ 45,862
Cash received from contributors and grantors	669,271	771,703
Cash paid to suppliers and employees	(677,095)	(695,550)
Interest paid	(6,410)	-
Other cash received	653	1,266
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>18,795</u>	<u>123,281</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(5,767)</u>	<u>-</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of notes payable	-	150,000
Principal payments on debt	<u>(12,500)</u>	<u>(12,500)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(12,500)</u>	<u>137,500</u>
 <b>NET INCREASE IN CASH</b>	528	260,781
 <b>CASH - BEGINNING OF YEAR</b>	<u>300,901</u>	<u>40,120</u>
 <b>CASH - END OF YEAR</b>	<u><u>\$ 301,429</u></u>	<u><u>\$ 300,901</u></u>

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

**RECONCILIATION OF CHANGE IN NET ASSETS  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

	2022	2021
<b>CHANGE IN NET ASSETS</b>	<b>\$ (62,088)</b>	<b>\$ 29,622</b>
 <b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Depreciation	3,433	3,246
Present value adjustment of pledges receivable	(4,895)	(7,117)
(Increase) decrease in assets:		
Accounts receivable	(9,596)	22,332
Pledges receivable	99,995	100,000
Prepaid expenses	(4,991)	-
Increase (decrease) in liabilities:		
Accounts payable	203	(17,714)
Accrued current liabilities	-	(10,354)
Accrued interest	(3,266)	3,266
<b>TOTAL ADJUSTMENTS</b>	<b>80,883</b>	<b>93,659</b>
 <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	 <b>\$ 18,795</b>	 <b>\$ 123,281</b>
 Supplemental Data For Noncash Activities		
In-kind contributions	\$ 6,800	\$ 8,333

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

**SHOWME AQUATICS AND FITNESS**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

**1. DESCRIPTION OF OPERATIONS**

ShowMe Aquatics and Fitness (the Organization) is a nonprofit organization dedicated to removing barriers to fitness and improving quality of life. The Organization offers physical therapy, water exercise and adaptive swimming lessons for the purpose of improving health, mobility and psycho/social well being especially targeted for people with physical limitations. The majority of revenue obtained by the Organization is received from state and local government agency grants.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Net Assets** - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue and Revenue Recognition** - The Organization recognizes revenue primarily from fees for provided services. The Organization's performance obligations are satisfied at a point in time when the service occurs. Revenues are recognized (performance obligation is met) when earned (service provided), in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the service provided. Terms and conditions are set at the time the service is provided, and do not include any financing component. Grant revenues under cost-reimbursable contracts are recognized when the condition is met. Funds received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred. 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 conditions on which they depend have been substantially met.

**Donated Facilities** - Donations of pool usage provided to the Organization are recorded as contributions at fair market value of the facilities provided. Such donations are reported as unrestricted support.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**Donated Services** - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification Topic 958, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and administrative tasks. Services that meet the criteria of FASB Accounting Standards Codification Topic 958 are recorded as in-kind donation of services.

**Cash and Cash Equivalents** - For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Concentration of Cash** - The Organization maintains its cash balances at two local financial institutions. The balances are insured up to the amounts allowed by Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund. As of June 30, 2022, deposits in excess of FDIC limits totaled \$63,573.

**Concentration of Credit Risk** - At June 30, 2022 and 2021, 87% and 95%, respectively, of the accounts receivable balance was due from a local taxing authority.

**Concentration of Revenue** - Grants from state and local agencies represent 77% and 57% of the Organization's revenue, gains and other support for the years ended June 30, 2022 and 2021, respectively.

**Accounts Receivable** - Accounts receivable consists of fees billed for program services provided. Management believes all balances are collectible based on knowledge of their business and their history of collections. Therefore, no allowance for doubtful accounts is deemed necessary. It is the Organization's policy to write off uncollectible accounts when management determines the receivable will not be collected.

**Promises to Give** - Unconditional promises to give that are expected to be collected within one year are recorded 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. Management determines the allowance for uncollectible promise to give based on historical experience, and assessment of economic conditions, and a review of subsequent collections. A allowance for uncollectible promises to give is recorded when a promise to give is deemed uncollectible. At June 30, 2022 and 2021, all promises to give are deemed 100% collectible.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**Fixed Assets** - Acquisitions of furniture and equipment in excess of \$500 are capitalized. Fixed assets are recorded at cost or fair market value at time of donation and depreciated over estimated useful lives as follows:

<u>Major Group</u>	<u>Method</u>	<u>Life</u>
Furniture and equipment	Straight-line	3 - 7 years

Depreciation expense was \$3,433 and \$3,246 for the years ended June 30, 2022 and 2021, respectively.

**Functional Allocation of Expense** - The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Expenses which directly benefit programs, management and general or fundraising are charged to the respective functional area on the basis of actual costs. Other expenses attributed to more than one program or supporting function, are allocated using an appropriate allocation method that is consistently applied. The expenses allocated based on the Organization's estimates of time and effort of individual employees are salaries, employee benefits, advertising, dues and subscriptions, insurance, miscellaneous, office supplies, postage, professional fees, repairs and maintenance, telephone, training and conferences, travel, and utilities.

**Income Taxes** - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**Advertising** - The Organization follows the policy of charging advertising to expense when incurred. Advertising costs amounted to \$1,316 and \$385 for the years ended June 30, 2022 and 2021, respectively.

## 3. PLEDGES RECEIVABLE

During 2019, the Organization received a pledge from the Schaeffer Foundation whereby \$500,000 would be donated to the organization over a five-year period, in quarterly installments of \$25,000. Total pledges receivable as of June 30, 2022 and 2021, are \$146,943 and \$242,043, respectively. All pledges are deemed 100% collectible.

Due to the long-term duration of the receivable, the five year treasury rate of 2.37% was utilized to calculate the present value of future cash flows.

### 3. PLEDGES RECEIVABLE - continued

Unconditional promises to give are estimated to be collected as follows;

Within one year	\$	100,000
In one to four years		50,000
Total		<u>150,000</u>
Less: Discount to net present value at 2.37%		<u>3,057</u>
 Total Pledges Receivable, Net	 \$	 <u><u>146,943</u></u>

### 4. LIQUIDITY AND AVAILABILITY

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

Financial assets:		
Cash	\$	301,429
Accounts receivable		30,741
Pledges receivable		<u>146,943</u>
Financial assets, at year-end		<u>479,113</u>
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restrictions by donor for time or purpose		<u>(146,943)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>332,170</u></u>

The Organization receives significant revenue from state and local agencies, along with contributions from donors, which are available to meet cash needs for general expenditures.

The Organization manages its liquidity and reserves following three principles; operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization expects to collect sufficient revenue in addition to cash and cash equivalents on hand to meet cash needs for the next 12 months. When necessary the Organization may obtain short-term loans from related parties to satisfy any cash shortages.

### 5. OPERATING LEASE COMMITMENTS

The Organization leases office space under an agreement expiring June 30, 2023. Monthly lease payments accelerated from \$1,509 to \$1,760 over the course of the lease term. In addition to office space, the Organization leases storage on a monthly basis and pool time on a per usage basis. Total rent expense was \$60,634 and \$54,528 for the years ended June 30, 2022 and 2021, respectively. Total rent expense includes in-kind pool rent of \$6,800 and \$8,333 for the years ended June 30, 2022 and 2021, respectively.

5. **OPERATING LEASE COMMITMENTS** - continued

The Organization entered into a 63 month copier lease, commencing May 26, 2021 and ending August 26, 2026. Monthly payments of \$224 began June 26, 2021.

Future minimum lease payments for the years ended June 30 are as follows:

2023	\$	21,739
2024		2,688
2025		2,688
2026		2,688
2027		448

6. **PLEDGES PAYABLE**

During the year ending June 30, 2019, the Organization pledged \$50,000 to Rainbow Village, payable over a five-year period. Per the agreement, the Organization will make quarterly installment payments of \$2,500. During the year ended June 30, 2022, as a result of the economic impact caused by COVID-19, the quarterly commitment payments were temporarily suspended. The unpaid balance as of June 30, 2022 and 2021 was \$37,500. Remaining future installment payments for the years ended June 30 are as follows:

2023	\$	10,000
2024		10,000
2025		7,500
Total	\$	<u>37,500</u>

7. **NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2022</u>	<u>2021</u>
Subject to the passage of time	\$146,943	\$242,043

8. **ECONOMIC INJURY DISASTER LOAN**

The Organization, received the Economic Injury Disaster Loan (EIDL) as part of the federal small business loan program offered through the Small Business Administration during the year ended June 30, 2021. The EIDL is provided to help overcome the effects of the COVID-19 pandemic by providing working capital to meet operating needs. The loan bears a fixed interest rate of 2.75%. Payments are deferred the first two years, during which time interest accrues. Principle and interest payments are made over the remaining 28 years. Loan payments of \$641 monthly commenced September 15, 2021, totaling \$6,410, all of which applied to interest expense. The unpaid balance is \$150,000, as of June 30, 2022 and 2021.



## 9. NOTES PAYABLE

Notes payable consist of the following:

	<u>2022</u>	<u>2021</u>
Schaeffer Foundation	\$ -	\$ 12,500
Date of note - July 25, 2019		
Interest rate - 0%		
Maturity - July 25, 2021		
Payments - \$12,500, annually		
SBA EIDL Loan	150,000	150,000
Date of note - September 17, 2020		
Interest rate - 2.75%		
Maturity - September 17, 2051		
Payments - \$641, monthly		
Total notes payable	\$ <u>150,000</u>	\$ <u>162,500</u>

Estimated future maturities/payments for the year ended June 30 are as follows:

2023	\$ 3,588
2024	3,688
2025	3,790
2026	3,896
2027	4,004
Thereafter	<u>131,034</u>
Total	\$ <u>150,000</u>

## 10. IN-KIND DONATION

Donated materials, equipment and facilities are recorded as support income at their estimated fair market values at the time they are received. Such donations are reported as unrestricted support unless the donor has restricted these donations to a specific purpose.

The Organization received donated facilities in the form of pool time. For the years ended June 30, 2022 and 2021 the Organization recognized \$6,800 and \$8,333, respectively in pool and office rental expense. The donated pool rent is valued at the fair value of facility usage at similar properties in the area.

## 11. INCOME TAX

FASB Accounting Standards Codification Topic 740, Income Taxes, provides for the recognition of tax benefits related to uncertain tax positions. For the year ended June 30 2022 and 2021, management believes there are no material uncertain tax positions. The Organization files form 990 Return of Organization Exempt From Income Tax. Returns prior to 2018 are closed.

## **12. COMMITMENTS AND CONTINGENCIES**

The Organization receives a substantial amount of its support from federal, state and local governments and agencies. A significant reduction in the level of this support, if this were to occur, may have a negative effect on the Organization's programs and activities. Although this is a possibility, management deems this possibility remote.

## **13. RISK AND UNCERTAINTY DUE TO COVID-19**

During the first quarter of 2020, there was a global outbreak of a novel strain of the coronavirus (COVID-19). The impact of this virus and the government mandated restrictions which resulted in a worldwide pandemic could have a significant effect on the operations and future revenue of the Organization. As of the date of the independent auditors' report, management cannot reasonably estimate the duration of the COVID-19 pandemic, nor the overall impact on the Organization's operations. The accompanying financial statements do not include any adjustments for the risk and uncertainty of COVID-19.

## **14. SUBSEQUENT EVENT**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.