

**ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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# TAYLORROTH

*Certified Public Accountants*

WORKING EXCLUSIVELY WITH NONPROFITS

March 22, 2023

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Rocky Mountain Multiple Sclerosis Center  
Westminster, Colorado

### ***Opinion***

We have audited the accompanying financial statements of the **Rocky Mountain Multiple Sclerosis Center** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 the Rocky Mountain Multiple Sclerosis Center as of June 30, 2022, and the changes in net assets and its cash flows for the year 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 the Rocky Mountain Multiple Sclerosis 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.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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 Rocky Mountain Multiple Sclerosis Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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.

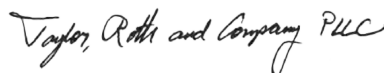
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 the Rocky Mountain Multiple Sclerosis Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rocky Mountain Multiple Sclerosis Center's ability to continue as a going concern for a reasonable period of time.

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

### ***Report on Summarized Comparative Information***

Other auditors previously audited Rocky Mountain Multiple Sclerosis Center's 2021 financial statements and they expressed an unqualified opinion in their report dated February 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial information from which it has been derived.



TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER, COLORADO

**ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER**

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,170,859	\$ 1,011,023
Accounts receivable (Note 3)	102,833	91,512
Promises to give	21,000	28,000
Prepaid expenses and deposits	96,878	51,464
Investments (Note 4)	731,542	905,837
Beneficial interest in assets held by others (Notes 4 and 5)	388,980	471,800
Endowment (Note 4)	87,376	102,674
Property and equipment (Note 6)	<u>1,845,216</u>	<u>1,351,947</u>
Total assets	<u>\$ 4,444,684</u>	<u>\$ 4,014,257</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 68,724	\$ 42,981
Accrued payroll costs	86,229	83,831
Deferred revenue	50,449	79,056
Note payable (Note 7)	644,380	105,427
Payroll Protection Program loan	<u>-</u>	<u>269,581</u>
Total liabilities	<u>849,782</u>	<u>580,876</u>
 <u>Net assets</u>		
Without donor restrictions	<u>2,612,639</u>	<u>2,552,674</u>
With donor restrictions		
Purpose restrictions (Note 8)	534,001	349,625
Beneficial interest in assets held by others (Notes 5 and 8)	388,980	471,800
Endowment (Note 4)	<u>59,282</u>	<u>59,282</u>
	<u>982,263</u>	<u>880,707</u>
Total net assets	<u>3,594,902</u>	<u>3,433,381</u>
Total liabilities and net assets	<u>\$ 4,444,684</u>	<u>\$ 4,014,257</u>

The accompanying notes are an integral part of these financial statements

**ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021	
	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Purpose Restrictions	Endowment		
<u>Revenue and other support</u>					
KADEP	\$ 991,447	\$ -	\$ -	\$ 991,447	\$ 643,979
Foundations	74,750	508,403	-	583,153	253,934
Individual and board donations	355,175	23,630	-	378,805	318,956
Loan forgiveness income (Note 9)	269,581	-	-	269,581	266,300
Special events	388,434	-	-	388,434	312,773
Less direct event expenses	(133,336)	-	-	(133,336)	(70,347)
Pharmaceutical companies	10,000	105,000	-	115,000	191,500
Legacies and bequests	86,035	-	-	86,035	-
Seminars and publications	60,200	-	-	60,200	82,240
Rental income	16,594	-	-	16,594	-
Other program and services	12,910	-	-	12,910	9,085
Investment income	(145,128)	(66,502)	-	(211,630)	300,092
In-kind contributions (Note 10)	37,006	-	-	37,006	42,680
Net assets released from restrictions (Note 11)	468,975	(468,975)	-	-	-
<b>Total revenue and other support</b>	<b>2,492,643</b>	<b>101,556</b>	<b>-</b>	<b>2,594,199</b>	<b>2,351,192</b>
<u>Expense</u>					
Program services					
KADEP	1,182,290	-	-	1,182,290	1,044,435
Community care and support	292,094	-	-	292,094	224,166
Education	243,013	-	-	243,013	251,264
Research	239,963	-	-	239,963	504,254
<b>Total program services</b>	<b>1,957,360</b>	<b>-</b>	<b>-</b>	<b>1,957,360</b>	<b>2,024,119</b>
Supporting services					
Management and general	204,446	-	-	204,446	140,770
Fundraising	270,872	-	-	270,872	251,497
<b>Total expense</b>	<b>2,432,678</b>	<b>-</b>	<b>-</b>	<b>2,432,678</b>	<b>2,416,386</b>
<b>Change in net assets</b>	<b>59,965</b>	<b>101,556</b>	<b>-</b>	<b>161,521</b>	<b>(65,194)</b>
Net assets, beginning of year	2,552,674	821,425	59,282	3,433,381	3,498,575
<b>Net assets, end of year</b>	<b>\$ 2,612,639</b>	<b>\$ 922,981</b>	<b>\$ 59,282</b>	<b>\$3,594,902</b>	<b>\$3,433,381</b>

The accompanying notes are an integral part of these financial statements

**ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)

	2022					2021			
	Program services				Supporting Services				
	KADEP	Community Care and Support	Education	Research	Total Program Services	Management and General	Fund- raising	Total	Total
Salaries, taxes and benefits	\$ 822,031	\$ 190,474	\$167,234	\$ 78,953	\$1,258,692	\$ 87,451	\$210,056	\$1,556,199	\$1,437,586
Program grants	-	4,375	-	118,405	122,780	-	-	122,780	357,250
Physicians	-	53,096	21,238	31,858	106,192	-	-	106,192	153,750
Participant activities, travel and meals	100,493	3,607	-	-	104,100	-	-	104,100	52,571
Occupancy	77,880	2,526	1,311	1,271	82,988	2,493	1,728	87,209	53,777
Accounting and audit services	-	-	-	-	-	58,588	-	58,588	59,545
Printing and publications	30	672	20,690	122	21,514	7,009	13,983	42,506	41,282
Insurance	29,019	2,102	1,251	1,033	33,405	3,787	1,561	38,753	42,719
Contract therapists	-	15,686	9,003	-	24,689	11,385	-	36,074	21,242
Software and database	16,279	-	-	-	16,279	-	12,494	28,773	19,503
Interest	19,193	1,440	720	720	22,073	960	960	23,993	5,994
Conferences, conventions and meetings	1,663	4,478	513	3,023	9,677	3,856	5,868	19,401	1,706
Postage and delivery	980	177	10,773	-	11,930	5,450	1,700	19,080	20,909
Supplies	10,554	1,948	969	26	13,497	3,990	1,293	18,780	6,635
Repairs and maintenance	8,545	107	55	53	8,760	3,305	72	12,137	4,924
Telephone and telecommunications	8,983	1,239	1,422	818	12,462	749	1,782	14,993	9,692
IT support	4,637	750	3,478	750	9,615	2,659	2,318	14,592	12,657
Medical supplies	10,787	-	-	-	10,787	-	-	10,787	9,075
Dues, memberships, and subscriptions	3,351	606	1,259	373	5,589	2,057	1,800	9,446	5,712
Volunteer and donor recognition	1,143	-	-	-	1,143	1,174	5,003	7,320	2,001
Seminars and speakers	-	1,071	-	-	1,071	3,212	1,071	5,354	2,701
Grant-writing and fundraising	-	-	-	-	-	-	3,950	3,950	4,890
Credit card and bank fees	512	74	17	40	643	1,316	1,773	3,732	4,393
Other	1,060	2,734	592	75	4,461	1,793	248	6,502	16,088
	1,117,140	287,162	240,525	237,520	1,882,347	201,234	267,660	2,351,241	2,346,602
Depreciation	65,150	4,932	2,488	2,443	75,013	3,212	3,212	81,437	69,784
<b>Total</b>	<b>\$1,182,290</b>	<b>\$ 292,094</b>	<b>\$243,013</b>	<b>\$239,963</b>	<b>\$1,957,360</b>	<b>\$ 204,446</b>	<b>\$270,872</b>	<b>\$2,432,678</b>	<b>\$2,416,386</b>

The accompanying notes are an integral part of these financial statements

**ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
Change in net assets	\$ 161,521	\$ (65,194)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	81,437	69,783
Write-off loan origination fee	4,988	-
Payroll Protection Program loan forgiveness	(269,581)	(266,300)
Change in provision for bad debt	5,000	(3,518)
Donated securities	-	(10,196)
Unrealized/realized (gain)loss on assets held by others	76,032	(67,250)
Unrealized/realized (gain)loss on endowment investments	17,030	(19,496)
Unrealized/realized (gain)loss on other investments	137,245	(178,259)
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(16,321)	26,259
(Increase)decrease in promises to give	7,000	340,667
(Increase)decrease in prepaid expenses and deposits	(45,414)	(16,671)
(Decrease)increase in accounts payable and accrued expenses	28,141	(27,516)
(Decrease)increase in deferred revenue	(28,607)	30,771
Net cash provided(used) by operating activities	158,471	(186,920)
<u>Cash flows from investing activities</u>		
(Additions)withdrawals to assets held by others	16,318	15,823
(Additions)withdrawals from other investments	51,808	59,533
(Reinvestment) of earnings	(26,020)	(14,928)
(Purchases) of property and equipment	(574,706)	(16,490)
Net cash provided(used) by investing activities	(532,600)	43,938
<u>Cash flows from financing activities</u>		
Borrowing under the Payroll Protection Program	-	269,581
Proceeds from mortgage	655,529	122,805
(Repayment) on notes payable	(121,564)	(50,727)
(Repayment) on line of credit	-	(83,613)
Net cash provided(used) by financing activities	533,965	258,046
Net increase(decrease) in cash and cash equivalents	159,836	115,064
Cash and cash equivalents, beginning of year	1,011,023	895,959
Cash and cash equivalents, end of year	\$ 1,170,859	\$ 1,011,023
<u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	\$ 23,993	\$ 5,994

The accompanying notes are an integral part of these financial statements



# ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

### NOTE 1 - NATURE OF ACTIVITIES

Rocky Mountain Multiple Sclerosis Center (the MS Center) was founded in 1978 as one of the nation's first comprehensive centers dedicated to the study and treatment of multiple sclerosis. The MS Center's mission is to improve the lives of individuals and families living with multiple sclerosis (MS) and related neurological diseases through care, support, education, and research. The MS Center accomplishes its mission through a variety of programs, services, collaborations, and outreach.

#### **Program Descriptions**

##### **King Adult Day Enrichment Program (KADEP)**

The MS Center's King Adult Day Enrichment Program (KADEP) serves younger adults who have moderate to severe disability caused by neurological illnesses or trauma. KADEP is designed to enhance wellness, maintain, or improve functional status, and provide opportunities for socialization, personal development, and enjoyment.

##### **Community Care and Support**

**Specialty Care:** The Rocky Mountain MS Center joined together with the University of Colorado Anschutz Medical Campus, and University of Colorado Hospital Authority (UCHealth) to form the Rocky Mountain MS Center at University of Colorado partnership. Together we serve the Rocky Mountain region through state-of-the-art patient care provided by MS fellowship-trained neurologists, education, support, and research. MS Center physicians also provide care to MS patients at the Veterans Administration Hospital and Denver Health.

**Support:** The MS Center's support programs for individuals living with MS and related neurological diseases include: Adaptive exercise & social support programs including hydrotherapy and online exercise sessions; specialized legal services to help individuals navigate applying for Social Security Disability Insurance; individual and family counseling sessions; MS young professionals network and mentorship program; and rural engagement program to increase access to specialized support and education for rural-based individuals and families living with MS.

**Education:** The MS Center conducts a variety of in-person and online programs and seminars to educate individuals and families with MS and related neurological diseases across the country and throughout the world. The MS Center provides monthly MS 101 sessions for newly diagnosed patients and families; maintains an educational website, publishes a quarterly magazine, InforMS, and distributes an electronic newsletter, eMS News, featuring research and educational information, opportunities to participate in MS clinical research, and information on upcoming events.

**Research:** The MS Center sponsors basic science and translational research, which includes a variety of clinical trials. The physicians and scientists play a critical role in the development of current and emerging MS therapies, as well as studies to determine the biological basis of the disease. Research priorities include the development of an in-depth profile for MS to include genes, biomarkers, or environmental circumstances that are associated with earliest manifestations of MS and related neurological diseases. The MS Center also administers one of the world's largest fresh-brain tissue banks. The tissue is retrieved, stored, and provided to MS researchers from around the world.

NOTE 1 - NATURE OF ACTIVITIES (Concluded)

The Organization is primarily supported by the King Adult Day Enrichment Program (KADEP), foundations, and individual and board contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

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

2. Basis of Presentation

The financial statements of the Rocky Mountain Multiple Sclerosis Center have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents does not include those amounts held for long-term investment purposes.

4. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received; conditional promises to give with a measurable performance barrier and a right of return are not recognized until the conditions on which they depend have been met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

6. 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.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended June 30, 2022, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocations are determined by management on a rational and systematic basis. Salaries and benefits are allocated on a time and effort basis. Occupancy costs are allocated on square footage. All other expenses are allocated to the program or functional area benefited.

9. Summarized 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021 from which the summarized information was derived.

10. Reclassifications

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. There was no effect on the change of net assets.

11. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which require use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

12. Subsequent Events

Management has evaluated subsequent events through March 22, 2023, the date the financial statements were available for distribution.

NOTE 3 - ACCOUNTS RECEIVABLE

At year-end, accounts receivable primarily consists of reimbursements from Medicaid. At June 30, 2022, the allowance for doubtful accounts was approximately \$14,000.

NOTE 4 - INVESTMENTS AND DONOR RESTRICTED ENDOWMENT

The following table sets forth by level, within the fair value hierarchy, the Organization's investments:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 53,316	\$ -	\$ -	\$ 53,316
Domestic corporate bonds	-	227,362	-	227,362
Mutual funds	471,043	-	-	471,043
Alternative investments	67,197	-	-	67,197
Assets held by Community First Foundation	-	-	388,980	388,980
Total	<u>\$ 591,556</u>	<u>\$ 227,362</u>	<u>\$ 388,980</u>	<u>\$ 1,207,898</u>

Investment income and account activity is summarized as follows:

	Without donor Restrictions	Endowment	Community First Foundation Endowment	Total
	<u>Investments</u>	<u>Restricted in perpetuity</u>	<u>Purpose restricted</u>	
Balance, beginning of year	\$ 949,229	\$ 59,282	\$ 471,800	\$ 1,480,311
Interest and dividends	16,490	-	9,530	26,020
Realized/unrealized gains(losses)	(146,490)	-	(71,534)	(218,024)
Less: Management fees	<u>(7,785)</u>	<u>-</u>	<u>(4,498)</u>	<u>(12,283)</u>
Total investment return	(137,785)	-	(66,502)	(204,287)
Less: distributions	<u>(51,808)</u>	<u>-</u>	<u>(16,318)</u>	<u>(68,126)</u>
Balance, end of year	<u>\$ 759,636</u>	<u>\$ 59,282</u>	<u>\$ 388,980</u>	<u>\$ 1,207,898</u>

Donor Restricted Endowment

The MS Center's endowment (the Endowment) was established in 2004 and consists of five individual funds established by donors to provide annual funding for specific activities and general operations. The donors' original intent was to preserve the fair value of their original gifts in perpetuity, along with subsequent gifts to the Endowment.

NOTE 4 - INVESTMENTS AND DONOR RESTRICTED ENDOWMENT (Concluded)

Donor Restricted Endowment (Concluded)

The MS Center has a policy of appropriating annual distributions. In establishing this policy, the MS Center considered the long-term expected return on its endowment. Accordingly, over the long-term, the MS Center expects the current spending policy to preserve the net assets with donor restrictions to be maintained in perpetuity of the endowment. This is consistent with the MS Center's objective to preserve the original fair values of the original gifts made to the Endowment as well as to provide an opportunity for real growth through new gifts and undistributed investment return. During fiscal year 2022, the Board opted to not take a distribution from the Endowment.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The MS Center established an endowment fund in 2004 through the Community First Foundation (the Foundation) Non-profit Preservation Endowment Challenge Grant program and named itself beneficiary. The MS Center granted variance power to CFF which allows CFF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of CFF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by CFF for the benefit of the MS Center's KADEP program and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

The MS Center receives an annual distribution of approximately 4% of the average of the net fair market value of the assets of the endowment fund on the last business day of each of the three calendar years preceding the year for which the distribution is made.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Buildings	\$ 877,646
Land	718,114
Building improvements	653,817
Furniture, fixtures, and equipment	252,349
Grounds and landscaping	<u>91,010</u>
Total	2,592,936
Less: accumulated depreciation	<u>(747,720)</u>
Net property and equipment	<u>\$ 1,845,216</u>

Depreciation expense for the year was \$81,437.

NOTE 7 - NOTE PAYABLE

The Organization has a note payable of \$668,000 that was used to pay off the FirstBank 1st Deed of Trust (DOT) and provide cash-out for the purchase of a single-family residence. The note bears interest at 4.13% and matures on September 1, 2046. The note requires monthly payments of \$3,596. The future scheduled principal maturities under the note for the years ending June 30<sup>th</sup> are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 15,972
2024	16,581
2025	17,362
2026	18,103
2027 and after	<u>576,362</u>
Total	<u>\$ 644,380</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end net assets with donor restrictions were available for the following program purposes:

<u>Description</u>	<u>Amount</u>
Beneficial assets held by the Foundation to benefit the KADEP program	\$ 388,980
Rural engagement program	212,373
Education seminars	125,250
Research and grant making	118,506
Exercise and wellness	36,330
Time restricted	21,000
KADEP equipment and supplies	11,167
Peer support programs	<u>9,375</u>
Total	<u>\$ 922,981</u>

NOTE 9 - LOAN FORGIVENESS INCOME

On March 15, 2021, the Organization received a \$269,581 loan under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the Cares Act). The Organization received notification from the SBA on October 22, 2021, that the entirety of the loan had been forgiven.

NOTE 10 - IN-KIND CONTRIBUTIONS

During the year, in-kind contributions were received as follows:

<u>Description</u>	<u>Amount</u>
Advertising – valued by the donor	\$ 31,200
Donated accounting services	2,500
Legal services	2,096
Client gift cards	750
Handy man services	<u>460</u>
Total	<u>\$ 37,006</u>

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes:

<u>Description</u>	<u>Amount</u>
KADEP program	\$ 180,470
Research and grant making	120,806
Education seminars	60,750
Rural engagement program	50,068
KADEP equipment and supplies	20,000
Peer support programs	15,875
Exercise and wellness	14,006
Time restricted	<u>7,000</u>
Total	<u>\$ 468,975</u>

NOTE 12 - PENSION PLAN

The Organization has a SIMPLE IRA plan (the Plan). The Organization matches employee contributions up to 3% of the employee's salary. Pension plan expense for the year was \$35,615.

NOTE 13 - CONCENTRATION OF CREDIT RISK

The Organization places all of its cash with one financial institution. Amounts in excess of \$250,000 are not insured by the FDIC or related entity. At year-end, the Organization's uninsured balance at this financial institution was about \$915,626. Management has evaluated its banking needs and the strength of this financial institution and feels it is in the best long-term interest of the organization to continue its existing banking relationships.

NOTE 14 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2022:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 1,170,859
Accounts receivable	102,833
Promises to give	21,000
Investments	<u>1,207,898</u>
	2,502,590
Less amounts not available for general expenditures within one year due to:	
Endowment	(59,282)
Beneficial interest in assets held by others	<u>(388,980)</u>
	<u>(448,262)</u>
Total financial assets available to meet General expenditures within one year:	<u>\$ 2,054,328</u>

The Organization's goal is generally to maintain financial assets to meet 6 to 8 months of cash operating expenses. Management considers donor restricted contributions that will be used within one year as part of its ordinary operations, as being available for general expenditures.