

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

November 20, 2024

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, 2024, 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, 2024, 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

We have previously audited the Rocky Mountain Multiple Sclerosis Center's 2023 financial statements and we expressed an unmodified opinion in our report dated November 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial information from which it has been derived.

Taylor Roth and Company PLLC

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

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
<u>Assets</u>		
Cash and cash equivalents	\$ 708,070	\$ 1,052,139
Accounts receivable (Note 4)	82,113	82,995
Promises to give	10,000	15,000
Employee Retention Tax Credit receivable	-	317,175
Prepaid expenses and deposits	71,933	40,875
Investments (Note 5)	818,224	767,109
Treasury Bonds (Note 5)	367,747	-
Beneficial interest in assets held by others (Notes 6 & 10)	411,901	396,397
Endowment (Note 6)	97,159	91,654
Property and equipment (Note 7)	2,253,982	1,895,639
Total assets	\$ 4,821,129	\$ 4,658,983
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 84,519	\$ 61,199
Accrued payroll costs	71,398	110,555
Deferred revenue	58,609	118,000
Line of credit payable (Note 7)	190,000	-
Note payable (Note 9)	612,823	628,906
Total liabilities	1,017,349	918,660
 <u>Net assets</u>		
Without donor restrictions	2,812,697	2,640,368
With donor restrictions		
Purpose restrictions (Note 10)	519,900	644,276
Beneficial interest in assets held by others (Notes 6 & 10)	411,901	396,397
Endowment (Note 6)	59,282	59,282
	991,083	1,099,955
Total net assets	3,803,780	3,740,323
Total liabilities and net assets	\$ 4,821,129	\$ 4,658,983

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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023	
	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Purpose Restrictions	Endowment		
<u>Support and revenue</u>					
Support					
Foundations	\$ 43,100	\$ 416,209	\$ -	\$ 459,309	\$ 538,837
Special events	458,036	-	-	458,036	401,227
Less direct event expenses	(148,859)	-	-	(148,859)	(131,373)
Individual and board donations	337,928	87,164	-	425,092	520,447
Legacies and bequests	129,525	-	-	129,525	5,000
In-kind contributions (Note 11)	43,381	-	-	43,381	48,815
Total support	863,111	503,373	-	1,366,484	1,382,953
Revenue					
KADEP	1,082,614	-	-	1,082,614	1,029,659
Pharmaceutical companies	75,000	90,000	-	165,000	139,000
Investment income	131,725	32,594	-	164,319	104,133
Seminars and publications	91,250	-	-	91,250	57,750
Other program and services	10,141	-	-	10,141	14,670
Employee retention tax credit	-	-	-	-	317,175
All other	-	-	-	-	3,808
Total revenue	1,390,730	122,594	-	1,513,324	1,666,195
Net assets released from restrictions (Note 12)	734,839	(734,839)	-	-	-
Total support and revenue	2,988,680	(108,872)	-	2,879,808	3,049,148
<u>Expense</u>					
Program services					
KADEP	1,382,322	-	-	1,382,322	1,434,184
Community care and support	430,136	-	-	430,136	459,834
Education	274,707	-	-	274,707	256,980
Research	229,479	-	-	229,479	282,576
Total program services	2,316,644	-	-	2,316,644	2,433,574
Supporting services					
Management and general	220,140	-	-	220,140	205,410
Fundraising	279,567	-	-	279,567	264,743
Total expense	2,816,351	-	-	2,816,351	2,903,727
Change in net assets	172,329	(108,872)	-	63,457	145,421
Net assets, beginning of year	2,640,368	1,040,673	59,282	3,740,323	3,594,902
Net assets, end of year	<u>\$ 2,812,697</u>	<u>\$ 931,801</u>	<u>\$ 59,282</u>	<u>\$3,803,780</u>	<u>\$3,740,323</u>

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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024							2023	
	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	\$ 873,527	\$ 235,434	\$162,712	\$ 73,970	\$1,345,643	\$ 114,912	\$198,338	\$1,658,893	\$1,686,607
Participant activities, travel and meals	183,169	18,437	-	-	201,606	-	-	201,606	197,783
Program grants	-	-	-	111,816	111,816	-	-	111,816	172,752
Occupancy	91,612	3,148	1,574	1,574	97,908	2,540	2,097	102,545	89,449
Physicians	-	50,934	20,374	30,560	101,868	-	-	101,868	101,868
Contract therapists	-	67,559	-	-	67,559	-	-	67,559	84,364
Printing and publications	1,045	4,750	34,611	-	40,406	8,985	16,371	65,762	50,574
Conferences, conventions and meetings	3,443	24,270	8,279	3,971	39,963	3,430	8,968	52,361	54,408
Accounting and audit services	-	-	-	-	-	48,335	-	48,335	47,157
Insurance	33,733	2,244	1,413	1,122	38,512	1,497	1,776	41,785	44,287
Software and database	19,009	-	-	-	19,009	-	12,328	31,337	32,900
Interest	23,342	1,750	875	875	26,842	1,167	1,167	29,176	27,942
Postage and delivery	1,028	283	17,062	39	18,412	5,298	5,370	29,080	24,445
Telephone and telecommunications	16,887	2,484	1,594	892	21,857	1,312	1,977	25,146	27,816
Seminars and speakers	-	6,100	18,035	-	24,135	-	-	24,135	24,100
Repairs and maintenance	15,673	522	261	261	16,717	1,409	348	18,474	19,579
Management and consulting services	8,023	2,674	1,426	1,248	13,371	-	4,457	17,828	28,906
Supplies	10,908	965	223	97	12,193	4,244	104	16,541	20,568
Grant-writing and fundraising	-	-	-	-	-	-	13,613	13,613	5,688
Dues, memberships, and subscriptions	2,294	850	1,985	200	5,329	5,797	1,466	12,592	12,566
Donated legal services	4,122	-	-	-	4,122	8,059	-	12,181	10,553
IT support	8,179	492	246	246	9,163	1,948	328	11,439	6,195
Volunteer and donor recognition	3,050	1,007	29	29	4,115	1,506	4,227	9,848	5,137
Credit card and bank fees	482	44	197	-	723	6,176	1,870	8,769	5,178
Medical supplies	8,366	-	-	-	8,366	-	-	8,366	18,087
Taxes and Licenses	3,722	42	21	21	3,806	162	28	3,996	4,838
Marketing and outreach	-	983	1,185	-	2,168	-	1,372	3,540	7,107
Allowance for bad debts	2,500	-	-	-	2,500	-	-	2,500	10,000
	1,314,114	424,972	272,102	226,921	2,238,109	216,777	276,205	2,731,091	2,820,854
Depreciation	68,208	5,164	2,605	2,558	78,535	3,363	3,362	85,260	82,873
Total	<u>\$1,382,322</u>	<u>\$ 430,136</u>	<u>\$274,707</u>	<u>\$229,479</u>	<u>\$2,316,644</u>	<u>\$ 220,140</u>	<u>\$279,567</u>	<u>\$2,816,351</u>	<u>\$2,903,727</u>

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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024	2023
Change in net assets	\$ 63,457	\$ 145,421
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	85,260	82,873
Change in provision for bad debt	(6,076)	7,356
Unrealized/realized (gain)loss on assets held by others	(21,747)	(16,807)
Unrealized/realized (gain)loss on endowment investments	(8,228)	(5,895)
Unrealized/realized (gain)loss on other investments	(68,864)	(49,080)
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	6,958	12,482
(Increase)decrease in promises to give	5,000	6,000
(Increase)decrease in employee retention credit receivable	317,175	(317,175)
(Increase)decrease in prepaid expenses and deposits	(31,058)	56,003
(Increase)decrease investment return on endowment	(2,475)	(2,229)
(Decrease)increase in accounts payable	23,320	(7,525)
(Decrease)increase in accrued payroll	(39,157)	24,326
(Decrease)increase in deferred revenue	(59,391)	67,551
Net cash provided(used) by operating activities	264,174	3,301
 <u>Cash flows from investing activities</u>		
(Additions)withdrawals to assets held by others	17,090	17,640
(Additions)withdrawals from other investments	43,506	32,125
(Reinvestment) of earnings	(36,603)	(26,862)
(Purchases) of treasury bonds	(367,747)	-
(Purchases) of property and equipment	(443,603)	(133,296)
Net cash provided(used) by investing activities	(787,357)	(110,393)
 <u>Cash flows from financing activities</u>		
Borrowing on line of credit	190,000	-
Endowment distributions	5,198	3,846
(Repayment) on notes payable	(16,083)	(15,474)
Net cash provided(used) by financing activities	179,115	(11,628)
Net increase(decrease) in cash and cash equivalents	(344,069)	(118,720)
Cash and cash equivalents, beginning of year	1,052,139	1,170,859
Cash and cash equivalents, end of year	\$ 708,070	\$ 1,052,139
 <u>Supplemental disclosure of information</u>		
Cash paid during the period for interest	\$ 29,176	\$ 27,942

The accompanying notes are an integral part of these financial statements

ROCKY MOUNTAIN MULTIPLE SCLEROSIS CENTER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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 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; 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 \$1,500. 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, 2024, 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, 2023 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 November 20, 2024, the date the financial statements were available for distribution.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2024:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 708,070
Accounts receivable	82,113
Promises to give	10,000
Investments, treasury bonds, assets held by others, and endowment	<u>1,695,031</u>
	2,495,214
Less amounts not available for general expenditures within one year due to:	
Endowment	(59,282)
Beneficial interest in assets held by others	<u>(411,901)</u>
	<u>(471,183)</u>
Total financial assets available to meet general expenditures within one year:	<u>\$ 2,024,031</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.

NOTE 4 - ACCOUNTS RECEIVABLE

At year-end, accounts receivable consists primarily of KADEP program service fees and publication advertising revenue. At June 30, 2024, the allowance for doubtful accounts was approximately \$15,000.

NOTE 5 - 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	\$ 60,833	\$ -	\$ -	\$ 60,833
Domestic corporate bonds	-	214,276	-	214,276
Treasury Bonds	367,747	-	-	367,747
Mutual funds	585,213	-	-	585,212
Alternative investments	55,062	-	-	55,062
Assets held by Community First Foundation	<u>-</u>	<u>-</u>	<u>411,901</u>	<u>411,901</u>
Total	<u>\$ 1,068,855</u>	<u>\$ 214,276</u>	<u>\$ 411,901</u>	<u>\$ 1,695,031</u>

NOTE 5 - INVESTMENTS AND DONOR RESTRICTED ENDOWMENT (Concluded)

Investment income and account activity is summarized as follows:

	Without donor Restrictions	Endowment	Community First Foundation Endowment	
	<u>Investments</u>	<u>Restricted in perpetuity</u>	<u>Purpose restricted</u>	<u>Total</u>
Balance, beginning of year	\$ 799,482	\$ 59,282	\$ 396,397	\$1,255,161
Additions	367,747	-	-	367,747
Interest and dividends	28,232	-	10,847	39,079
Realized/unrealized gains(losses)	83,510	-	25,852	109,362
Less: Management fees	(6,418)	-	(4,105)	(10,523)
Total investment return	105,324	-	32,594	137,918
Less: distributions	(48,705)	-	(17,090)	(65,795)
Balance, end of year	\$ 1,223,848	\$ 59,282	\$ 411,901	\$1,695,031

Additionally, the Organization earned \$26,401 of interest on its money market accounts and operating cash balances.

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 original intent of the donors was to preserve the fair value of their original gifts in perpetuity, and subsequent gifts to the Endowment.

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 2024, the Board requested and received a distribution of \$17,090 from the Endowment.

NOTE 6 - 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 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of:

<u>Description</u>	<u>Amount</u>
Buildings	\$ 877,646
Building improvements	775,860
Land	718,114
Roof replacement	422,690
Furniture, fixtures, and equipment	276,999
Grounds and landscaping	<u>92,809</u>
Total	3,164,118
Less: accumulated depreciation	<u>(910,135)</u>
Net property and equipment	<u>\$ 2,253,982</u>

Depreciation expense for the year was \$85,260.

NOTE 8 - DEFERRED REVENUE

At June 30, 2024, deferred revenue consists of Gala sponsorships, tickets, and fees received during the fiscal year in advance of the 2025 event. Changes in deferred revenue are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
Beginning balance	\$ 118,000
Gala sponsorships	55,202
Vendor display fees	6,000
Gala tickets	2,767
Revenue recognized during the fiscal year for 2024 event	<u>(123,360)</u>
Ending balance of deferred revenue	<u>\$ 58,609</u>

NOTE 9 - 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 30th are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 17,729
2026	18,486
2027	19,275
2028	20,033
2029 and after	<u>537,300</u>
Total	<u>\$ 612,823</u>

NOTE 10 - 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 Foundation - KADEP program	\$ 411,901
Rural engagement program	294,258
Education seminars	131,250
Research and grant making	63,508
Exercise and wellness	13,384
Time restricted	10,000
Peer support programs	<u>7,500</u>
Total	<u>\$ 931,801</u>

NOTE 11 - IN-KIND CONTRIBUTIONS

The fair value of donated services included as contributions in the financial statements and the corresponding program expenses for the year consist of:

<u>Description</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Revenue Recognized</u>
Advertising	Special Events	None	\$ 31,200
Legal Services (valued at \$400/hr)	Programs	None	<u>12,181</u>
Total			<u>\$ 43,381</u>

The value of advertising services donated to the organization was determined by the donor.

NOTE 12 - 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>
Rural engagement program	\$ 280,190
Research and grant making	153,360
KADEP program	124,995
Education seminars	87,000
Exercise and wellness	33,702
Peer support programs	27,500
KADEP Community First	17,090
KADEP equipment and supplies	6,002
Time restricted	<u>5,000</u>
Total	<u>\$ 734,839</u>

NOTE 13 - 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 \$35,121.

NOTE 14 - 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 \$451,784. 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.