# WEST ENTERPRISE CENTER, INC.
# (DBA WEST BUSINESS DEVELOPMENT CENTER)
# FINANCIAL STATEMENTS
# FOR THE FISCAL YEAR ENDED
# SEPTEMBER 30, 2022

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**West Enterprise Center, Inc.**
**Financial Statements**
**For the year ended September 30, 2022**
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## INDEPENDENT AUDITORS' REPORT

Board of Directors
West Enterprise Center, Inc.
345 N. Franklin St.
Fort Bragg, California

### Report on the Financial Statements

***Opinion***

We have audited the financial statements of West Enterprise Center, Inc. (a California nonprofit corporation) (the "Center"), which comprise the statement of financial position as of September 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 accompanying financial statements present fairly, in all material respects the financial position of the Center as of September 30, 2022, and the results of its operations 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 (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 fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for within one year after the date that the financial statements are available to be issued.

7080 Donlon Way, Suite 204, Dublin, CA 94568 ● phone (925) 556-6200 ● fax: (707) 232-6226
1102 South Main Street, Suite 1, Fort Bragg, CA 95437 ● phone (707) 964-6325
www.jjacpa.com

***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 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 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 GAAS, 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 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 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.

JJACPA, Inc.

March 10, 2023

**JJACPA, Inc.**
**Dublin, California**

## FINANCIAL STATEMENTS

# West Enterprise Center, Inc.
## Statement of Financial Position
## September 30, 2022

| ASSETS | | 2022 |
|---|---|---|
| **Current Assets:** | | |
| Cash and cash equivalents | $ | 245,289 |
| Accounts receivable | | 3,713 |
| Grants receivable | | 368,160 |
| Prepaid expenses | | 7,740 |
| Deposits | | 1,891 |
| **Total assets** | $ | 626,793 |
| **LIABILITIES AND NET ASSETS** | | |
| **Liabilities:** | | |
| Current Liabilities: | | |
| Accounts payable | $ | 28,746 |
| Accrued payroll | | 1,422 |
| Accrued vacation | | 25,657 |
| Unearned revenue | | 74,000 |
| Deposits payable | | 19,100 |
| Other liabilities | | 16,152 |
| **Total liabilities** | | 165,077 |
| **Net Assets:** | | |
| Without donor restrictions: | | |
| Undesignated | | 461,716 |
| **Total net assets** | | 461,716 |
| **Total liabilities and net assets** | $ | 626,793 |

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

## West Enterprise Center, Inc.
### Statement of Activities
### For the year ended September 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Changes in Unrestricted Net Position** | | | |
| **Unrestricted support:** | | | |
| Grant Income: | | | |
| Mendocino County | $ 123,009 | $ - | $ 123,009 |
| Small Business Administration (SBA) | 275,862 | - | 275,862 |
| State GOBIZ | 295,000 | - | 295,000 |
| Foundation Grants | 315,220 | - | 315,220 |
| Charitable Contributions | 25,649 | - | 25,649 |
| In-kind income | - | - | - |
| Interest income | 122 | - | 122 |
| **Total unrestricted revenues and support** | 1,034,862 | - | 1,034,862 |
| **Expenses:** | | | |
| Program services: | | | |
| Womens Business Center | 490,734 | - | 490,734 |
| Small Business Development Center | 195,738 | - | 195,738 |
| Centro Latino West | 35,663 | - | 35,663 |
| Start Up Mendocino | 23,167 | - | 23,167 |
| Community Economic Development | 156,485 | - | 156,485 |
| Total program expenses | 901,787 | - | 901,787 |
| Support services: | | | |
| Management and general | 131,915 | - | 131,915 |
| Fundraising | 25,532 | - | 25,532 |
| **Total expenses** | 1,059,234 | - | 1,059,234 |
| **Change in Net Assets** | (24,372) | - | (24,372) |
| **NET ASSETS (DEFICIT):** | | | |
| Net Assets, Beginning of year | 486,088 | - | 486,088 |
| Net Assets, End of year | $ 461,716 | $ - | $ 461,716 |

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

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**West Enterprise Center, Inc.**

**Statement of Functional Expenses**

**For the year ended September 30, 2022**

| | Program Services | | | | | | Supporting Services | | |
|---|---|---|---|---|---|---|---|---|---|
| | Womens Business Center | Small Business Development Center | Centro Latino West | Start Up Mendocino Programs | Community Economic Development | Total Program Expenses | Management and General | Fundraising | Total Expenses |
| Salaries and wages | $ 285,143 | $ 126,119 | $ 15,358 | $ 7,813 | $ 98,863 | $ 533,296 | $ 13,046 | $ 21,844 | $ 568,186 |
| Payroll taxes and benefits | 48,879 | 23,367 | 2,526 | 1,218 | 16,199 | 92,189 | 6,811 | 3,127 | 102,127 |
| Total personnel costs | 334,022 | 149,486 | 17,884 | 9,031 | 115,062 | 625,485 | 19,857 | 24,971 | 670,313 |
| Contract services | 94,097 | 32,620 | 9,233 | 8,909 | 22,973 | 167,832 | 77,398 | - | 245,230 |
| Facilities and equipment | 16,195 | 7,414 | 923 | 470 | 6,380 | 31,382 | 6,371 | - | 37,753 |
| Travel & meeting expenses | 3,176 | 771 | 1,098 | 501 | 311 | 5,857 | 152 | - | 6,009 |
| Operations | 21,700 | 4,716 | 3,837 | 2,380 | 5,456 | 38,089 | 21,812 | - | 59,901 |
| Staff development/training | - | - | - | - | - | - | 400 | - | 400 |
| Staff recruitment | - | - | - | - | - | - | 95 | - | 95 |
| Insurance - Liability, D and O | - | - | - | - | - | - | 3,990 | - | 3,990 |
| Membership/Dues/Misc Fees | 850 | - | - | - | - | 850 | 939 | - | 1,789 |
| Business registration fees | - | - | - | - | - | - | 103 | - | 103 |
| Advertising expenses | 20,694 | 731 | 2,688 | 1,876 | 6,303 | 32,292 | 200 | - | 32,492 |
| Bank/Merchant services fees | - | - | - | - | - | - | 41 | - | 41 |
| Other costs | - | - | - | - | - | - | 557 | 561 | 1,118 |
| Total expenses | $ 490,734 | $ 195,738 | $ 35,663 | $ 23,167 | $ 156,485 | $ 901,787 | $ 131,915 | $ 25,532 | $ 1,059,234 |
| Percentages | 46.3% | 18.5% | 4.0% | 2.6% | 14.8% | 85.1% | 12.5% | 2.4% | 100.0% |

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

## West Enterprise Center, Inc.
### Statement of Cash Flows
### For the year ended September 30, 2022

| | | 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Receipts from Grants | $ | 993,623 |
| Receipts from charitable contributions | | 25,649 |
| Payments to vendors for services and supplies | | (536,593) |
| Payments to employees | | (532,690) |
| **Net cash provided by operating activities** | | (50,011) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Investment income received | | 122 |
| **Net increase in cash** | | (49,889) |
| **CASH AND INVESTMENTS:** | | |
| Beginning of year | | 295,178 |
| End of year | $ | 245,289 |
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Increase (decrease) in net assets | $ | (24,372) |
| **Adjustments to reconcile change in net position to net cash provided by operating activities:** | | |
| Investment income | | (122) |
| **Changes in operating assets and liabilities:** | | |
| Grants receivable | | (47,255) |
| Accounts receivable | | 69,287 |
| Prepaid expenses | | (1,859) |
| Deposits | | 100 |
| Accounts payable | | (5,897) |
| Accrued payroll | | (13,334) |
| Unearned revenue | | (37,500) |
| Deposits payable | | (486) |
| Other liabilities | | 11,427 |
| **Net cash provided (used) by operating activities** | $ | (50,011) |

*Supplemental disclosures*

| | | |
|---|---|---|
| Advertising | $ | 32,492 |
| Noncash contributions | $ | - |

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

## NOTES TO FINANCIAL STATEMENTS

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Enterprise Center, Inc. (Center), is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. It was established in April 1992 to foster the economic opportunities in Northern California, with particular emphasis on creating jobs and expanding the economic options for low-income persons.

### Major Operating Program Description

The Center provides training and technical assistance to nascent entrepreneurs and micro to small business owners. Training consists of a range from basic business principles used in operating a business to specific topic areas in management, marketing, and financial management to assist business owners with stabilization or growth of their business. Business advising or consulting is provided by employees and contracted advisors who have additional expertise to assist clients. We work with economic developers and strategies within the community to increase economic opportunities for businesses. Seventy percent of our clients are of low to moderate income. We also serve, in particular, women and the Spanish speaking of our community.

*Management and General* – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Center's program strategy through the Executive Director; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Center; and, manage the financial and budgetary responsibilities of the Center.

### Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

### *A. Cash and Cash Equivalents*

*Cash and cash equivalents* consist of cash held in a checking account and a short-term savings account with Wells Fargo Bank.

The following table provides a reconciliation of cash and cash equivalents reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

| | 2022 |
|---|---|
| Cash and investments - without donor restriction | $ 245,289 |

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *B. Accounts Receivable*

Accounts receivable are stated at unpaid balances with no allowance for doubtful accounts as all amounts are deemed collectible as they are payable through governmental entities.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position. Contract liabilities are reported as unearned revenue in the accompanying statements of financial position.

### *C. Donated Assets*

Donated marketable securities, classified as restricted cash and investments, and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation utilizing standard indices and valuations for similar items purchased based upon the security or non-cash item.

### *D. Prepaid Expenses*

Prepaid insurance and other costs are expended ratable over their respective terms of agreement.

### *E. Property and Equipment and Depreciation*

The Center records purchased ·furniture and equipment at cost and donated fixed assets at their fair market value on the date received. The capitalization policy of the Center is for items of $5,000 or more. Furniture and equipment purchased in connection with restricted grant funds are expensed during the grant period as required by the funding terms and conditions. The funder retains a reversionary interest in assets purchased with their funds. As further discussed in Note E, furniture and equipment not purchased with grant funds are depreciated by the straight-line method over the estimated useful lives of the respective assets. As indicated in the Footnote № 4, all Center's assets were fully depreciated, and no additions or retirements were recorded.

### *F. Paid Time Off (PTO)*

The Agency provides Paid Time Off (PTO), to employees without regard to the reason that the employee is taking time off. PTO will start accruing at the date of employment but may not be used until the ninety (90) day probationary period has been completed.

Maximum carry over to the next calendar year is 200 hours for employees with 3 years and under employment and 400 hours for employees with 3 years and over employment. Any PTO accrued over the maximum carry over will be cashed out in January following the year of the accrual all and PTO will be cashed out on termination.
The value of accumulated paid time off at September 30, 2022 was $25,657.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *G. 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. The governing board has no current designations.

**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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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. There are currently no net assets with donor restrictions that were not met by the end of the fiscal year.

### *H. Revenue and Support and adoption of recent accounting guidance*

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update 2014-09 Revenue from Contracts with Customers. The FASB issued ASU 2016-10 "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing" in April 2016, ASU 2016-11, and ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients" in May 2016. These new standards supersede existing revenue recognition guidance and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update 2018-08, Not-for-profit Entities (Topic 958). This amendment is intended to clarify the scope and accounting guidance for contributions received and contributions made and eliminate diversity in practice in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. Distinguishing between contributions and exchange transactions determines which guidance is applied. For contributions, an entity should follow clarified guidance in Topic 958, whereas for exchange transactions, an entity should adopt the guidance in Topic 606. The Center adopted this new guidance for the year ended September 30, 2022 with no effect on net assets balances or classification.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *I. Revenue and Support and adoption of recent accounting guidance, Continued*

Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. These contributions and gifts are shown as restricted support and revenues if they are subject to time or donor restrictions. Restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both. However, temporarily restricted contributions and grants are reported as unrestricted support and revenues if the restriction is met in the same year that the contribution or grant is received.

Conditional contributions are not recorded as support and revenues until the conditions are met. Payments classified as exchange transactions (reciprocal transfers between two entities in which goods and services of equal value is exchanged) are not recorded as other support and revenue until allowable expenditures are incurred.

*Concentration of Revenue Sources*

During the year ended September 30, 2022, the Center had three major revenue sources that accounted for approximately 86% of the total revenue of the Center, the U.S. Small Business Administration office accounted for approximately 27%, the State of California Governor's Office of Business and Economic Development (GO-Biz) accounted for approximately 29%, and the County of Mendocino accounted for approximately 30% of the total revenue.

<u>U.S. Small Business Administration Grants:</u>
WBC & SBDC CORE
West Center received both direct and subrecipient funding from the U.S. Small Business Administration office in the amount of $222,411 for the implementation of relevant, timely, and strategic training programs built around the needs of small business owners in Mendocino and Lake counties, especially in underserved communities (i.e., woman of color, rural, Hispanic).

OWBO COVID Relief Funding

In May of 2020 West Center received a COVID relief grant of $420,000 to provide support to small businesses impacted by COVID-19 through education, training and business advising. $53,451 of grant funds were expended in the year ending September 30, 2022.

<u>California Governor's Office of Business and Economic Development (GO-Biz)</u>
Technical Assistance Expansion Program (TAEP)
As subrecipients through Humboldt State University and Southwestern Community College District, West Center received two one-year grants totaling $270,000 to provide one-on-one consulting and training to local small businesses.

Capital Infusion Program (CIP)
Through Humboldt State University, West Center received a $25,000 one-year grant to help small businesses and entrepreneurs navigate the financing landscape and successfully access business funding.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *I. Revenue and Support and adoption of recent accounting guidance, Continued*

County of Mendocino
A total of $315,220 was earned through services provided under several contracts with the County of Mendocino:

Community Development Block Grant (CDBG) Agreement
Microenterprise Technical Assistant Program to provide counseling and technical assistance to low and moderate income small business owners.

EDA Digital Hub Project Agreement
Digital Learning Center Program to provide specialized services related directly to the provision and application of internet-based learning systems.

Mendocino County Economic Development Agreement
A one-year contract to provide services in three strategic areas: Build economic development capacity, Enhance business recruitment and retention, and Support workforce development initiatives.

The following table summarizes the revenue earned from grant contracts and agreements during the fiscal year ended September 30, 2022, from existing grant contracts and different sources:

| | | |
|---|---|---|
| Mendocino County | $ 315,220 | 30.5% |
| Small Business Administration (SBA) | 275,862 | 26.7% |
| State GOBIZ | 295,000 | 28.5% |
| Foundation Grants | 123,009 | 11.9% |
| Individual & Corporate Donations | 25,649 | 2.5% |
| Interest | 122 | 0.0% |
| | $ 1,034,862 | 100% |

### *J. Donated Contributions and Services*

Contributions are recognized when a donor makes a promise to give to the Center, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net position if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net position depending on the nature of the restrictions.

Contract revenues make up the primary source of revenue for the Center. Funds are received from assessments within the Business Improvement District and for administration of MCLA and MCPA.

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made,* 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. Many individuals volunteer their time and perform a variety of tasks that assist the Center in providing program services, administration and development. These services do not meet the criteria for recognition as contributed services as defined above.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### *K. Income Taxes*

The Center is a California not-for-profit corporation that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is classified by the Internal Revenue Service as other than a private foundation.

### *L. Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

### *M. Functional Allocation of Expenses*

Costs of providing the Center's programs and other activities have been summarized in the Statements of Functional Expenses for the applicable year. During the year, such costs were accumulated into separate accounts as either direct for program services or direct management and administrative costs. Indirect costs were not allocated to the programs.

## 2. LIQUIDITY AND AVAILABILITY

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

| | 2022 |
|---|---|
| Cash and cash equivalents | $ 245,289 |
| Accounts receivable | 371,873 |
| Total | $ 617,162 |

*Concentration of Credit and Market Risk*

Financial instruments that potentially expose the Center to concentrations of credit and market risk consist primarily of cash and cash equivalents in Wells Fargo, although amounts held are insured up to $250,000.

Cash and investments are maintained at high quality financial institutions and credit exposure is limited at any one institution. Center has not experienced any losses on its cash and investments.

## 3. ACCOUNTS RECEIVABLE

*Concentrations of receivables*

Accounts receivable balances as of September 30, 2022, consisted of all receivables (aged up to greater than 90 days from their due date) with the following categorization:

| | 2022 | |
|---|---|---|
| | Total | Percentage |
| CDBG | $ 55,239 | 15.0% |
| Mendocino County | 20,057 | 5.4% |
| WBC XI -SBA | 169,681 | 46.1% |
| Mendocino P&S | 8,000 | 2.1% |
| SBDC | 115,183 | 31.3% |
| Total | $ 368,160 | 100% |

The concentrations consisted of the following:

Federal - 61.1%
County – 36.8%
Other entities – 2.1%

Reductions in Federal revenues would cause program reductions of approximately 22%.

## 4. PROPERTY AND EQUIPMENT

All of the Center’s assets were fully depreciated, and no additions or retirements were recorded.

## 5. ACCOUNTS PAYABLE

*Concentrations of payables*

Accounts payable at September 30, 2022, consisted of amounts with the following concentrations, in which an amount payable to Others exceeded 65% for September 30, 2022 of total payables and were diluted by amounts payable to other vendors and do not represent a specific concentration with any single vendor:

| | 2022 | |
|---|---|---|
| | Total | Percentage |
| Staples | $ 134 | 0.5% |
| Stornetta Fiscal Solutions Inc | 8,360 | 33.7% |
| Others | 16,336 | 65.8% |
| Total | $24,830 | 100.0% |

## 6. CONTRIBUTORY RETIREMENT PLAN

The Center maintains a simplified employee pension plan which allows participants to make investment contributions. Total cash contributions made by the Center to the Plan for the years ended September 30, 2022 were $12,966.

## 7. CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the granters. The Center deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Center's management is of the opinion that the organization has complied with the terms of all grants.

## 8. UNEARNED REVENUE

Amounts recorded to unearned revenue in the amount of $74,000 consisted of balances related to 2022 - 2023 sponsorships and programs, which have not yet occurred.

## 9. CASH FLOW INFORMATION

The Center had no income tax expense and there were no non-cash financing transactions.

## 10. NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under ASU 2016-02, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-to-use asset representing its right to use the underlying asset for the lease term. The amendments of this ASU are effective for reporting periods beginning after December 15, 2022. The Center will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Management is currently assessing the impact the adoption of ASU 2016-02 will have on its financial statements and disclosures.

In December 2021, FASB issued ASU 2021-10 - *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance.* 'These amendments are expected to increase transparency in financial reporting by requiring business entities to disclose information about certain types of government assistance they receive. The amendments require the following annual disclosures about transactions with a government that are accounted for by applying a grant or contribution accounting model by analogy to other accounting guidance such as a grant model within FASB Accounting Standards Codification Topic 958, Not-for-Profit (NFP) Entities, Accounting for Government Grants and Disclosure of Government Assistance: (1)-Information about the nature of the transactions and the related accounting policy used to account for the transactions; (2)-The line items on the balance sheet and income statement that are affected by the transactions, and the amounts applicable to each financial statement line item; and (3)-Significant terms and conditions of the transactions, including commitments and contingencies. ASU No. 2021-10 is effective for financial statements issued for annual periods beginning after December 15, 2021, for all entities except not-for-profit entities and employee benefit plans within the scope of Topics 960, 962, and 965 on plan accounting. The Center has implemented Topic 832 and has adjusted the presentation in these financial statements accordingly.

## 11. SUBSEQUENT EVENTS

The COVID-19 pandemic in the United States has caused business disruption and a reduction in the economic activity. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and the impact it will have on the Center's operations and financial position. The Center has evaluated subsequent events from their year-end of September 30, 2022, through March 10, 2023, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or additional disclosure within the financial statements.