SOUTHSIDE FAMILY NURTURING CENTER

Financial Statements

December 31, 2023

SOUTHSIDE FAMILY NURTURING CENTER

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Southside Family Nurturing Center
Minneapolis, Minnesota

We have audited the accompanying financial statements of Southside Family Nurturing Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 Southside Family Nurturing Center as of December 31, 2023, 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 Southside Family Nurturing 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 Southside Family Nurturing 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

INDEPENDENT AUDITOR'S REPORT, continued

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 Southside Family Nurturing 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 Southside Family Nurturing 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 Southside Family Nurturing Center's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

March 26, 2024

Akins Henke and Company

SOUTHSIDE FAMILY NURTURING CENTER
Statements of Financial Position
December 31, 2023 and 2022

		2023	2022
ASSETS			
Current assets:			
Cash	$	374,336	1,201,097
Promises to give		319,449	327,845
Donated inventory		22,423	-
Prepaid expenses		13,362	11,286
Total current assets		729,570	1,540,228
Investments		759,114	52
Unemployment trust funds		22,498	26,130
Right of use asset, net - finance lease		6,455	8,606
Land, building and equipment, net		1,023,059	1,039,101
TOTAL ASSETS	$	2,540,696	2,614,117
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	$	8,300	13,053
Accrued compensation		39,960	48,084
Accrued interest		338	361
Finance lease liability		2,155	2,050
Note payable		15,376	14,654
Total current liabilities		66,129	78,202
Finance lease liability		4,602	6,757
Note payable		203,467	219,125
Total liabilities		274,198	304,084
Net assets:			
Without donor restrictions:			
Undesignated		1,500,009	1,639,968
Board designated		590,000	590,000
Total net assets without donor restrictions		2,090,009	2,229,968
With donor restrictions		176,489	80,065
Total net assets		2,266,498	2,310,033
TOTAL LIABILITIES AND NET ASSETS	$	2,540,696	2,614,117

See accompanying notes to the financial statements

SOUTHSIDE FAMILY NURTURING CENTER
Statement of Activities
For the Year Ended December 31, 2023
With Comparative Totals for 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
SUPPORT AND REVENUE:				
Contributions:				
United Way	$ 84,000	-	84,000	84,000
Corporations and foundations	385,915	100,000	485,915	672,119
Churches and civic groups	14,360	10,458	24,818	-
Individuals	174,800	3,000	177,800	162,489
Donated goods and services	34,975	-	34,975	1,000
State and government grants	302,430	-	302,430	398,684
Total contributions	996,480	113,458	1,109,938	1,318,292
Investment income	22,912	-	22,912	80
Miscellaneous	6,982	-	6,982	1,380
Total Support and Revenue	1,026,374	113,458	1,139,832	1,319,752
NET ASSETS RELEASED FROM RESTRICTIONS:				
Restrictions satisfied	17,034	(17,034)	-	-
EXPENSES:				
Family and early childhood education program	888,438	-	888,438	877,376
Management and general	132,336	-	132,336	127,104
Fundraising	162,593	-	162,593	137,906
Total Expenses	1,183,367	-	1,183,367	1,142,386
CHANGE IN NET ASSETS	(139,959)	96,424	(43,535)	177,366
NET ASSETS - BEGINNING OF YEAR	2,229,968	80,065	2,310,033	2,132,667
NET ASSETS - END OF YEAR	$ 2,090,009	176,489	2,266,498	2,310,033

See accompanying notes to the financial statements

SOUTHSIDE FAMILY NURTURING CENTER
Statement of Functional Expenses
For the Year Ended December 31, 2023
With Comparative Totals For 2022

	Family & Early Childhood Education Program	Management and General	Fundraising	Total 2023	Total 2022
Salaries	$ 516,823	35,076	117,117	669,016	677,798
Payroll taxes and unemployment	43,281	2,937	9,808	56,026	57,279
Employee benefits	63,320	5,485	13,582	82,387	88,503
Total personnel costs	623,424	43,498	140,507	807,429	823,580
Contract services	32,764	36,089	295	69,148	52,446
Program supplies and activities	54,858	-	-	54,858	60,364
Office supplies	1,829	54	177	2,060	1,534
Meal program	9,914	-	-	9,914	7,464
Legal and accounting	-	21,851	-	21,851	10,478
Training	18,435	109	-	18,544	1,332
Telephone and technology	24,868	728	2,399	27,995	33,780
Utilities	14,198	3,786	946	18,930	19,677
Insurance	13,742	3,664	916	18,322	17,563
Maintenance and repairs	26,954	7,188	1,797	35,939	22,918
Transportation	14,903	-	-	14,903	11,107
Public relations	-	-	5,683	5,683	7,192
Interest	8,126	2,036	509	10,671	10,919
Miscellaneous	-	1,357	6,370	7,727	2,876
Depreciation and amortization	44,423	11,976	2,994	59,393	59,156
Total expenses	$ 888,438	132,336	162,593	1,183,367	1,142,386

See accompanying notes to the financial statements.

SOUTHSIDE FAMILY NURTURING CENTER

Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$	(43,535)	177,366
Adjustments to reconcile change in net assets to net cash from operating activities:			
Depreciation and amortization		59,393	59,156
Donated stock		-	(13,518)
Donated inventory received, net of inventory distributed		(22,423)	-
Net unrealized gains on investments and donated stock		(2,435)	(80)
Changes in assets and liabilities:			
Decrease in accounts receivable		-	1,432
(Increase) decrease in promises to give		8,396	(189,712)
Increase in prepaid expenses		(2,076)	(1,714)
Decrease in unemployment trust funds		3,632	3,061
Increase (decrease) in accounts payable		(4,753)	3,448
Increase (decrease) in accrued compensation		(8,124)	1,753
Decrease in accrued interest		(23)	(23)
Net cash provided by (used for) operating activities		(11,948)	41,169
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of donated stock		52	27,086
Purchase of investments		(756,679)	-
Purchase of land, building and equipment		(41,200)	-
Net cash provided by (used for) investing activities		(797,827)	27,086
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on note payable		(15,249)	(14,613)
Reduction in finance lease liability		(2,050)	(1,950)
(Increase) decrease in loan closing costs		313	(178)
Net cash used for financing activities		(16,986)	(16,741)
NET INCREASE (DECREASE) IN CASH		(826,761)	51,514
CASH - BEGINNING OF YEAR		1,201,097	1,149,583
CASH - END OF YEAR	$	374,336	1,201,097

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest in 2023 and 2022 was $10,205 and $10,942, respectively.

See accompanying notes to the financial statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Purpose

Mission: "Together with families and community, we nurture children, build on family strengths, and find alternatives to violence."

Southside Family Nurturing Center (the Center) serves children and families at-risk for abuse and neglect by providing a therapeutic center in the Phillips neighborhood of Minneapolis. The Center is primarily supported by private and family foundations, the Greater Twin Cities United Way, and individual donors.

The Center's programs are as follows:

Education – Includes the early childhood education program which is a multi-cultural therapeutic pre-school program that serves children ages 16 months to 5 years, with a focus on helping each child develop healthy social/emotional, motor, self-regulation, and developmental skills, as well as academic kindergarten readiness skills.

Home Based Family Support – Provides supportive home visiting services to all families whose children are enrolled in the center-based education program. The program seeks to prevent abuse and neglect at the earliest stage possible by promoting nurturing parenting, skill development, individualized goal planning, and access to community support services related to education, housing, healthcare, and legal issues. Eligible participants are referred from many sources including county social services, community agencies, and by current clients.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under U.S. GAAP, the Center is required to report information regarding its financial position and activities according to two classes of net assets:

Without Donor Restrictions - Resources over which the Board of Directors and management has discretionary control. Funds designated by the Board of Directors are comprised of the following on December 31, 2023 and 2022:

Future operating reserves	$ 90,000
Future expansion projects	500,000
Total Board-designated funds	$ 590,000

With Donor Restrictions - Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Center, passage of time, or that will be maintained in perpetuity by the Center. Presently, the Center does not have any net assets that are required to be maintained in perpetuity.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Revenue and Support

The Center recognizes contributions when cash, securities, unconditional promises to give, or other assets are committed by the donor. Conditional contributions - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Certain state and government grants are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. Consequently, at December 31, 2023, contributions approximating $388,062 have not been recognized in the accompanying financial statements because the conditions have not been met. There were no contributions at December 31, 2022 that have not been recognized. Included in state and government grants are $81,929 of employee retention credits for 2022.

Contributions are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as support with donor restrictions and then released from restriction.

Donated Goods and Services

The Center receives donated goods and services which meet the criteria for recognition as contributions, and, accordingly, are reported as donated goods and services on the statement of activities. The Center also receives various donated services by board members, faculty, and other volunteers. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

Cash

Cash is defined as cash in checking, savings, and cash on hand. The Center maintains checking and savings accounts at three financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At December 31, 2023 and 2022, the Center had $46,688 and $258,671 of uninsured balances, respectively.

Promises to Give

Unconditional promises to give are recognized at net realizable value if due within one year, and at present value if due over one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Loan Costs

The Center capitalizes loan closing costs and amortizes the costs over the life of the loan. Amortization relating to the loan closing costs are recorded in interest expense on the statement of activities. The loan closing costs net of amortization are netted against the note payable on the statement of financial position.

Investments

Investments are comprised of a treasury note, a certificate of deposit, and donated stock. The treasury note and donated stock are recorded at fair value. The certificate of deposit is recorded at cost and includes accrued interest on the certificate. Investment income on the investments (including realized and unrealized gains and losses on investments, interest, and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law. The treasury note and donated stock are subject to market and trading fluctuations.

Land, Building and Equipment

All major expenditures in excess of $1,000 for land, building, and equipment are capitalized at cost. Contributed land, building, and equipment are recorded at fair value at the date of the donation. Depreciation is provided using the straight-line method over 5 to 40 years for building and improvements, and over 5 to 10 years for equipment.

Unemployment

The Center has elected to self-insure unemployment claims. The Center makes contributions to Unemployment Services Trust, which is a pooled fund used to pay unemployment claims made against the Center. As claims are paid out of the Center's fund, an expense is recorded on the statement of activities. Unemployment claims expense was $734 and $3,062 for 2023 and 2022, respectively.

Donated Inventory

Donated inventory consists of donated jackets to be used in the Center's programs. The Center records the donated inventory at its estimated fair value.

Concentrations of Credit Risk Due to Promises to Give

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of promises to give. Promises to give predominantly consist of amounts owed by governmental agencies and foundations. As of December 31, 2023, approximately 91% of the Center's promises to give are from four organizations. As of December 31, 2022, approximately 68% of the Center's promises to give are from three organizations.

Management believes concentrations of credit risk with respect to promises to give are limited due to the nature of the promises to give. As of December 31, 2023 and 2022, management believes the Center had no significant concentrations of credit risk.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Concentrations of Contributions

As of December 31, 2023, approximately 41% of the Center's total revenue came from two funders. As of December 31, 2022, approximately 47% of the Center's total revenue came from three funders.

Leases

The Center accounts for leases in accordance with FASB ASC 842. The Center determines if an arrangement is a lease, or contains a lease, at the inception of a contract and when terms of an existing contract are changed. The Center determines if an arrangement conveys the right to use an identified asset and whether the Center obtains substantially all of the economic benefits and has the ability to direct the use of the asset. The Center recognizes a lease liability and right of use asset at the commencement date of the lease.

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the lease terms, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Center uses its incremental borrowing rate. The Center determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

A right of use asset is measured at the commencement date at the amount of the initially measured lease liability plus any lease payments made to the lessor before commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, finance lease right of use assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

The Center has elected for all underlying classes of assets, to not recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Center is reasonably certain to exercise. Such short-term leases are expensed on a straight-line basis over the life of the lease.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Income Tax

The Center has tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

It is the policy of the Center, in accordance with U.S. GAAP, to assess any uncertain tax positions and, if necessary, record a tax asset or liability, and the related income tax expense, for any uncertain tax positions. Management has analyzed the tax positions taken by the Center and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Functional Allocation of Expense

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function which requires allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated on a square footage basis include depreciation and amortization, maintenance and repairs, utilities, interest, and insurance. Personnel costs are allocated on the basis of estimates of time worked in the various functions. Office supplies and telephone and technology expenses are allocated based on full-time staffing equivalents worked in the various functions.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Prior Year Summarized Information

The financial statements include certain prior year summarized information in total but not by net asset class nor by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Center’s financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Reclassification

Certain 2022 amounts have been reclassified for comparability purposes with those of 2023.

Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure through March 26, 2024, the date which the financial statements were available for issue.

(2) LIQUIDITY AND FINANCIAL ASSETS

The Center regularly monitors liquidity required to meet its operating needs and structures its financial assets for availability as its general expenditures, liabilities, and other obligations come due. The Center invests cash in excess of daily requirements in a savings account and investments. Board designated funds of $590,000 are not available for operating needs unless approved by the Board. In the event of immediate liquidity needs, the Center has a committed line of credit in the amount of $80,000 that can be drawn upon.

The following table reflects the Center's financial assets as of December 31, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

	2023	2022
Cash	$ 374,336	1,201,097
Promises to give	319,449	327,845
Investments	759,114	52
Total financial assets	1,452,899	1,528,994
Less amounts not available to be used within one year:		
Board designated	(590,000)	(590,000)
Donor-restricted for use	(55,000)	(46,565)
Financial assets available within one year to meet cash needs for general expenditures	$ 807,899	892,429

(3) INVESTMENTS

Investments are comprised of the following at December 31:

	2023	2022
Treasury note	$ 247,460	-
Certificate of deposit	511,654	-
Stocks	-	52
Total	$ 759,114	52

(4) FAIR VALUE MEASUREMENTS

U.S. GAAP establishes a three-tier fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets, such as the New York Stock Exchange. At December 31, 2022, Level 1 assets were comprised of stock with a fair value of $52.

- Level 2 assets and liabilities are valued using inputs other than unadjusted quoted prices included in Level 1 that are observable either directly or indirectly for the assets or liability. At December 31, 2023, the treasury note is valued based on inputs from brokers and dealers in secondary markets. At December 31, 2022, the Organization had no Level 2 assets or liabilities.

- Level 3 assets and liabilities are valued using pricing inputs which are unobservable for the asset or liability. At December 31, 2023 and 2022, the Organization had no Level 3 assets or liabilities.

The following summaries the Organization's assets within the fair value hierarchy as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Investments:				
Treasury note	$ -	247,460	-	247,460
Total fair value investments	$ -	247,460	-	247,460
Certificate of deposit measured at cost				511,654
Total investments				$ 759,114

(5) LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following as of December 31, 2023 and 2022:

	2023	2022
Building and improvements	$ 2,115,620	2,078,161
Land	5,000	5,000
Furniture and equipment	74,301	70,560
Vehicles	47,458	47,458
	2,242,379	2,201,179
Less: Accumulated depreciation	(1,219,320)	(1,162,078)
	$ 1,023,059	1,039,101

(6) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were comprised of the following at December 31, 2023 and 2022:

	2023	2022
Restricted by donor for purpose:		
Expansion architectural design	$ 35,000	35,000
Architectural renderings	20,000	20,000
Building repairs and maintenance	5,530	-
Therapy services	13,279	18,356
Classroom material	2,680	6,709
	76,489	80,065
Subject to passage of time:		
General operations in future years	100,000	-
Total	$ 176,489	80,065

Net assets were released from donor restrictions by incurring expenses that satisfy the restricted purpose, the passage of time, or other events specified by the donors. Net assets released from restriction were comprised of the following at December 31, 2023 and 2022:

	2023	2022
Satisfaction of purpose restrictions:		
Classroom materials	$ 6,969	3,090
Building repairs and maintenance	4,928	-
Native American early childhood improvement	-	25,000
Family home visiting	-	29,070
Emergency funds	-	2,000
Therapy services	5,137	1,419
Seasonal initiatives	-	15,909
Total	$ 17,034	76,488

(7) LEASES

The Center has an obligation as a lessee for a copier with an initial noncancelable terms of five years and an expiration date of November 24, 2026. The Center classifies this lease as a finance lease and recorded a right of use asset for $10,757. Because the Center is not reasonably certain to exercise the renewal option in the lease, the optional renewal period is not included in determining the lease term, and associated payments under the renewal option are excluded from lease payments used to determine the lease liability. The lease does not include termination options for either party to the lease, guaranteed residual values or restrictive financial or other covenants. Payments due under the lease are based on fixed payments. The Center used a discount rate of 5.0% to determine the lease liability and related right of use asset. The discount rate is commensurate with the Center's borrowing rate at the time of the lease.

(6) LEASES, (continued)

Amortization of the right of use asset $2,151 for both 2023 and 2022, and is recorded in depreciation and amortization expense on the statement of functional expenses. Interest expense related to the finance lease liability was $386 and $486, respectively, for 2023 and 2022, and is included in interest expense on the statement of functional expenses.

The future minimum payments under the finance lease are as follows:

2024	$ 2,436
2025	2,436
2026	2,391
Present value adjustment	(506)
Total	$ 6,757

(7) RETIREMENT PLAN

During 2022, the Center established a Simple IRA retirement plan. The plan is available to all employees and participants may contribute a percentage of their compensation, not to exceed the limitations established by the Internal Revenue Code. The Center makes matching contributions equal to 100% of the employee's contribution, not to exceed 3% of the employees compensation. During 2023 and 2022, the Center contributed $10,932 and $4,085, respectively, to the plan.

(8) LINE OF CREDIT

The Center has a line of credit with a maximum limit of $80,000. The line of credit matures on December 18, 2024. The line of credit calls for monthly payments of interest and payment of any outstanding principal and interest on the maturity date. The interest rate is a variable interest rate of prime plus 0.5% and was 8.50% and 7.50%, respectively, as of December 31, 2023 and 2022. The line of credit is secured by all business assets of the Center. The Center had no borrowings on the line of credit during 2023 and 2022.

(9) NOTE PAYABLE

The Center's note payable is as follows:

	2023	2022
Fixed rate note dated May 8, 2020 that bears interest at a rate of 4.25% and a maturity date of April 18, 2027. The note calls for monthly principal and interest payments of $2,089 and an estimated final payment of principal and interest of $165,476 at maturity. The note is secured by a mortgage on the property of the Center.	$ 220,178	235,427
Unamortized loan costs	(1,335)	(1,648)
	$ 218,843	$ 233,779

(9) **NOTE PAYABLE, (continued)**

Future principal payments on the promissory note are as follows:

2024	$ 15,866
2025	16,590
2026	17,319
2027	170,403
Total	$ 220,178

(10) **DONATED GOODS AND SERVICES**

Donated goods and services consisted of the following for 2023 and 2022:

	2023	2022
Gift cards	$ 1,265	1,000
Food	6,000	-
Jackets	27,710	-
Total	$ 34,975	1,000

The donated goods and services did not have any donor-imposed restrictions. Donated gift cards, food, and jackets are used in providing goods to the clients of the Center and are not monetized. In valuing the gift cards, food and jackets, the Center estimates the fair value based on the purchase price of similar supplies and the face value of the gift cards.

(11) **RISKS AND UNCERTAINTIES**

The Center is exposed to various known and unknown risks and uncertainties. Risks include internal and external events and conditions (e.g. pandemic, international conflict, labor market and supply chain disruption, government mandates and policies, volatile financial markets, etc.) which could impact the availability of grants and contributions and the ability to provide program services. It is at least reasonably possible that changes could occur in the near term and that such changes could materially affect the statement of financial position and results of changes in net assets. The Center is closely monitoring its liquidity and is activity working to minimize the impact of these risks on its operations. Any ongoing financial impact of these risks cannot be determined at this time.