Rebound, Inc.

FINANCIAL STATEMENTS

For the Years Ended
October 31, 2022 and 2021

Rebound, Inc.
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For the Years Ended October 31, 2022 and 2021

Boeckermann Grafstrom Mayer

Independent Auditors' Report

Board of Directors
Rebound, Inc.
Minneapolis, Minnesota

Opinion
We have audited the financial statements of Rebound, Inc. (the Organization), which comprise the statements of financial position as of October 31, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of October 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are 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 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 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 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 Organization'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 Organization'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.

Boeckermann Grafstrom + Mayer, LLC

BOECKERMANN GRAFSTROM & MAYEER, LLC
Certified Public Accountants

Bloomington, Minnesota
April 20, 2023

Rebound, Inc.
Statements of Financial Position
October 31, 2022 and 2021

ASSETS	**2022**	**2021**
CURRENT ASSETS		
Cash and Cash Equivalents	$ 742,882	$ 857,112
Investments	332,780	-
Accounts Receivable	264,659	356,759
Prepaid Expenses	10,646	11,916
Total Current Assets	$ 1,350,967	$ 1,225,787
PROPERTY AND EQUIPMENT		
Buildings	$ 424,000	$ 424,000
Building Improvements	36,277	36,277
Furniture and Equipment	12,726	15,498
Leasehold Improvements	7,507	7,507
Vehicles	60,158	60,158
	$ 540,668	$ 543,440
Less Accumulated Depreciation	100,807	72,052
Net Property and Equipment	$ 439,861	$ 471,388
OTHER ASSETS		
Security Deposits	$ 2,165	$ 2,165
Total Other Assets	$ 2,165	$ 2,165
TOTAL ASSETS	$ 1,792,993	$ 1,699,340
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Account Payable	$ 48,508	$ 46,660
Accrued Expenses	73,376	73,024
Current Portion of Long-Term Debt	17,448	14,197
Total Current Liabilities	$ 139,332	$ 133,881
LONG-TERM DEBT, Net of Current Portion	$ 145,283	$ 204,655
NET ASSETS		
Without Donor Restrictions	$ 1,242,712	$ 1,199,742
With Donor Restrictions	265,666	161,062
Total Net Assets	$ 1,508,378	$ 1,360,804
TOTAL LIABILITIES AND NET ASSETS	$ 1,792,993	$ 1,699,340

See Independent Auditors' Report and the Notes to Financial Statements

Rebound, Inc.
Statement of Activities
For the Year Ended October 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support			
Contributions	$ 14,551	$ -	$ 14,551
Total Support	$ 14,551	$ -	$ 14,551
Revenue			
Program Service Income	$ 1,784,498	$ 43,010	$ 1,827,508
Grant Income	49,281	367,065	416,346
Interest	6,112	-	6,112
Unrealized Gains (Losses) on Investment	(42,424)	-	(42,424)
Total Revenue	$ 1,797,467	$ 410,075	$ 2,207,542
TOTAL SUPPORT AND REVENUE	$ 1,812,018	$ 410,075	$ 2,222,093
EXPENSES			
Program Services	$ 1,651,948	$ -	$ 1,651,948
Management and General	412,224	-	412,224
Fundraising	10,347	-	10,347
Total Expenses	$ 2,074,519	$ -	$ 2,074,519
CHANGE (DECREASE) IN NET ASSETS	$ (262,501)	$ 410,075	$ 147,574
NET ASSETS - Beginning of Year	1,199,742	161,062	1,360,804
Net Assets Released from Restriction	305,471	(305,471)	-
NET ASSETS - End of Year	$ 1,242,712	$ 265,666	$ 1,508,378

Rebound, Inc.
Statement of Activities
For the Year Ended October 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support			
Contributions	$ 11,048	-	11,048
Total Support	$ 11,048	$ -	$ 11,048
Revenue			
Program Service Income	$ 2,005,472	$ -	$ 2,005,472
Grant Income	97,917	220,001	317,918
Grant Income - Pandemic	-	241,903	241,903
Interest	4,806	-	4,806
Total Revenue	$ 2,108,195	$ 461,904	$ 2,570,099
TOTAL SUPPORT AND REVENUE	$ 2,119,243	$ 461,904	$ 2,581,147
EXPENSES			
Program Services	$ 1,631,970	$ -	$ 1,631,970
Management and General	188,665	-	188,665
Fundraising	23,683	-	23,683
Total Expenses	$ 1,844,318	$ -	$ 1,844,318
CHANGE (DECREASE) IN NET ASSETS	$ 274,925	$ 461,904	$ 736,829
NET ASSETS - Beginning of Year	596,230	27,745	623,975
Net Assets Released from Restriction	328,587	(328,587)	-
NET ASSETS - End of Year	$ 1,199,742	$ 161,062	$ 1,360,804

Rebound, Inc.
Statements of Functional Expenses
For the Year Ended October 31, 2022

	Program Services										
	Group Homes	Mentoring	Trauma	After Care	AC Housing	AC - Extended Foster Care	Youth Advisory Board	Total	Management and General	Fundraising	Total
Salaries and Wages	$ 788,718	$ 50,671	$ 75,465	$ 39,438	$ 26,928	$ 23,883	$ 3,130	$1,008,233	$ 212,102	$ -	$1,220,335
Payroll Taxes	73,671	4,427	6,922	4,762	1,178	1,178	141	92,279	20,314	-	112,593
Employee Benefits	16,720	4,292	3,003	3,170	244	244	-	27,673	16,004	-	43,677
Contract Services	29,666	-	-	-	-	-	-	29,666	50,058	-	79,724
Insurance	64,349	2,665	4,442	2,666	2,666	2,666	-	79,454	7,128	-	86,582
Auto Expense	9,379	-	-	-	-	-	-	9,379	-	-	9,379
Licenses and Permits	7,120	-	-	-	50	-	-	7,170	513	-	7,683
Dues and Subscriptions	25	-	-	-	-	-	-	25	5,298	-	5,323
Bank and Payroll Fees	50	-	-	65	-	-	-	115	929	-	1,044
Miscellaneous expense	3,039	-	-	128	-	-	-	3,167	30,389	-	33,556
Office Expense	1,010	2,336	476	-	-	-	-	3,822	93	-	3,915
Supplies	4,619	493	484	2,974	872	118	299	9,859	9,338	-	19,197
Professional fees	11,597	-	-	186	-	-	-	11,783	8,159	-	19,942
Program Activities and Expenses	136,586	8,337	23,679	10,528	10,167	525	811	190,633	-	-	190,633
Interest	10,708	-	-	-	-	-	-	10,708	-	-	10,708
Occupancy	65,650	4,096	5,277	2,478	18,654	191	84	96,430	4,367	-	100,797
Repairs and Maintenance	22,595	-	-	6	256	-	-	22,857	1,246	-	24,103
Staff Development	7,830	298	1,333	181	-	-	-	9,642	22,957	-	32,599
Meeting Expense	398	-	-	-	-	-	-	398	242	-	640
Property Taxes	2,188	-	-	-	-	-	-	2,188	-	-	2,188
Fundraising Expenses	-	-	-	-	-	-	-	-	-	10,347	10,347
Marketing Expense	-	-	-	-	-	-	-	-	21,835	-	21,835
Security	4,049	33	858	-	-	-	-	4,940	1,252	-	6,192
Depreciation and Amortization	31,527	-	-	-	-	-	-	31,527	-	-	31,527
TOTAL	$ 1,291,494	$ 77,648	$ 121,939	$ 66,582	$ 61,015	$ 28,805	$ 4,465	$1,651,948	$ 412,224	$ 10,347	$2,074,519

See Independent Auditors' Report and the Notes to Financial Statements

Rebound, Inc.
Statements of Functional Expenses
For the Year Ended October 31, 2021

	Program Services										
	Group Homes	Mentoring	Trauma	After Care	AC Housing	Jeun Dara Food Program	Nguzo Saba After School	Total	Management and General	Fundraising	Total
Salaries and Wages	$ 811,622	$ 40,846	$ 74,844	$ 43,966	$ -	$ 24,755	$ 22,525	$1,018,558	$ 104,031	$ 22,230	$ 1,144,819
Payroll Taxes	67,558	4,024	6,419	4,016	-	2,467	2,672	87,156	10,549	1,453	99,158
Employee Benefits	13,406	4,707	2,562	2,838	-	-	-	23,513	7,565	-	31,078
Contract Services	55,718	-	-	6,000	-	-	3,000	64,718	625	-	65,343
Insurance	42,666	1,641	2,487	3,602	-	494	-	50,890	1,441	-	52,331
Auto Expense	5,861	-	-	-	-	-	-	5,861	-	-	5,861
Licenses and Permits	8,204	-	-	-	-	-	-	8,204	439	-	8,643
Dues and Subscriptions	-	-	-	-	-	-	-	-	2,309	-	2,309
Bank and Payroll Fees	15	-	-	-	-	-	-	15	3,287	-	3,302
Miscellaneous expense	1,215	66	127	77	-	-	-	1,485	(312)	-	1,173
Office Expense	1,280	446	120	-	-	-	10	1,856	1,071	-	2,927
Supplies	29,996	92	251	332	77	-	-	30,748	6,515	-	37,263
Professional fees	-	-	-	3,419	-	-	-	3,419	27,741	-	31,160
Program Activities and Expenses	67,720	5,800	23,079	5,335	-	44,350	5,143	151,427	876	-	152,303
Interest	17,505	-	-	-	-	-	-	17,505	-	-	17,505
Occupancy	65,814	4,264	5,579	3,355	-	750	3,975	83,737	3,599	-	87,336
Repairs and Maintenance	39,928	-	-	-	-	-	-	39,928	100	-	40,028
Staff Development	7,369	146	250	125	-	-	123	8,013	3,723	-	11,736
Meeting Expense	-	-	-	-	-	-	-	-	491	-	491
Property Taxes	1,925	-	-	-	-	-	-	1,925	-	-	1,925
Fundraising Expenses	-	-	-	833	-	-	-	833	14,615	-	15,448
Depreciation and Amortization	32,179	-	-	-	-	-	-	32,179	-	-	32,179
TOTAL	$ 1,269,981	$ 62,032	$ 115,718	$ 73,898	$ 77	$ 72,816	$ 37,448	$ 1,631,970	$ 188,665	$ 23,683	$ 1,844,318

Rebound, Inc.
Statements of Cash Flows
For the Years Ended October 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change (Decrease) in Net Assets	$ 147,574	$ 736,829
Adjustments to Reconcile Change (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	31,527	32,179
Amortization on Debt Issuance Costs	344	484
Investment (Gain) Loss	42,425	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	92,100	(57,845)
Prepaid Expenses	1,270	(9,346)
Accounts Payable and Accrued Liabilities	2,200	21,970
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 317,440	$ 724,271
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	$ (375,205)	$ -
Property and Equipment Purchases	-	(14,954)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	$ (375,205)	$ (14,954)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	$ -	$ (22,137)
Payments on Mortgage Payable	(56,465)	(74,618)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	$ (56,465)	$ (96,755)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (114,230)	$ 612,562
CASH AND CASH EQUIVALENTS - Beginning of Year	857,112	244,550
CASH AND CASH EQUIVALENTS - End of Year	$ 742,882	$ 857,112

See Independent Auditors' Report and the Notes to Financial Statements

NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rebound, Inc. (the Organization) is a Minnesota nonprofit corporation, located in Minneapolis, Minnesota, organized on November 4, 2014 to provide services to African American youth ages 14-21 involved in the juvenile justice system with the goal of successfully reintegrating them into their families and communities through group homes called Jordan House, Naima House and Jelani House. These services include screening and assessment, social and interpersonal skill development, chemical use and abuse awareness, correctional programming, transition and life skill development, opportunities for physical exercise and recreation, and access community resources to meet educational, medical, dental, mental health and chemical dependency needs of its residents. In addition to the group homes, the Organization provides a one-on-one mentorship program for corrections involved youth; provides a family resilience program to prevent justice system involvement in African American youth that show signs of traumatic stress; and provides an after care program for youth that have been in Organization's the group homes and are transitioning back to family and community.

During the year ended October 31, 2021, The Organization started two temporary programs to assist the community, a food program and an after school program to provide distant learning support.

Standards of Accounting and Financial Reporting

The Organization follows Accounting Standards Codification (ASC) 958. Under the provisions of these standards, net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - Resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues which the Board has set aside for a particular purpose. All property, equipment, and related debt are considered unrestricted.

- Net Assets With Donor Restrictions

    - Resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time. Net assets restricted to specific actions or the passage of time were $265,666 and $161,062 as of October 31, 2022 and 2021, respectively.

    - Resources subject to donor-imposed restrictions that require the resources to be maintained permanently by the Organization. The donors of such resources permit the use of all or part of the income earned, including capital appreciation or related investments, for unrestricted or temporarily restricted purposes. The Organization has no net assets required to be permanently maintained as of October 31, 2022 or 2021.

NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Fair Value Measurements
The estimated fair values of the Organization's short-term financial instruments, including receivables and payables arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

Revenue Recognition
The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Program service revenues are recorded and recognized at a point in time when the services have been provided to the individuals.

Contributions are recorded when received and recognized as support in the period received, in accordance with ASC 958-605, Not-for-Profit Revenue Recognition - Contributions. If donor-imposed restrictions accompany the contribution, the amount is recorded as donations with restrictions until the donor-imposed restrictions expire or are fulfilled, unless the restrictions expire or are fulfilled in the same calendar year the contribution is received, in which case the contribution is recorded as donations without restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled.

Donated materials and equipment are recorded at their fair market value at the date they are received, if significant and measurable. The Organization did not receive any non-cash contributions for the years ended October 31, 2022 and 2021.

The Organization utilizes and relies upon the services of volunteers; however, there is no reasonable basis for estimating the value of the services and, accordingly, no support or corresponding program service expense has been reflected in these financial statements.

NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents
The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. At times, cash and cash equivalents may be in excess of FDIC insurance limits.

Investments
The Organization's investments are in marketable securities which are recorded at their fair value at October 31, 2022 and 2021. Investment income (including gains and losses on investments, interest and dividends) is reported in the accompanying *Statements of Activities,* as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by donor or law. The cost of marketable securities sold is based on specific identification.

Accounts Receivable
Accounts receivable represents amounts due from county agencies. The Organization does not require collateral to support its outstanding receivables. Substantially all amounts are expected to be collected within one year. No interest is accrued on accounts receivable.

The Organization has determined that an allowance for doubtful accounts is not currently required. Bad debts are expensed when determined to be uncollectible. Bad debt expense was $0 for the years ended October 31, 2022 and 2021.

Property and Equipment
Purchase of property and equipment are recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the *Statements of Activities*. Depreciation is provided over the estimated economic useful lives of each class of assets and is computed using the straight-line method. Total depreciation expense was $31,527 and $32,179 for the years ended October 31, 2022 and 2021, respectively.

Estimated economic useful lives of property and equipment range from 5 to 27.5 years.

Security Deposits
The security deposits are held by landlords for facilities as related to long-term leases.

Debt Issuance Costs
Debt issuance costs are amortized over the life of the debt using the straight-line method. Amortization of debt issuance costs was $344 and $484 for the years ended October 31, 2022 and 2021, respectively.

NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Vacation Time
Accrued vacation is recognized when earned. Paid vacation is available for salaried employees and employees earn 3.08 hours each pay period up to a maximum of 80 hours. Salaried employees that leave the Organization are paid the hours of accrued vacation time with their final paycheck.

Functional Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the *Statements of Activities* and the *Statements of Functional Expenses*. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and effort studies.

Advertising
Advertising costs are charged to operations when incurred. Advertising expense was $21,835 and $0 for the years ended October 31, 2022 and 2021, respectively.

Income Taxes
The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and the comparable section of the Minnesota Income Tax Statutes. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and contributions by donors are tax deductible. During the year ended October 31, 2022 and 2021, the Organization had no unrelated business income.

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Community's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provision of this guidance. The Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2018. Interest and penalties are classified as expense as incurred.

Subsequent Events
The Organization evaluated for the occurrence of subsequent events through April 20, 2023, the date which the financial statements were available for issue. Except as noted in NOTE 9, no subsequent events occurred.

Reclassifications
Certain reclassifications have been made in the 2021 financial statements to conform to classifications used in 2022.

NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements
In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “Measurement of Credit Losses on Financial Instruments,” which introduces the current expected credit losses methodology (CECL) for estimating allowances for credit losses, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities. It also applies to off-balance sheet credit exposures not accounted for as insurance. In addition, ASC 326 made changes to the accounting for available-for-sale securities. CECL will be effective beginning on January 1, 2023 for calendar companies. Early application is permitted. Management is currently assessing the impact on their financial records in future periods.

NOTE 2: LIQUIDITY

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management the Organization invests cash in excess of daily requirements in various short-term investments, including mutual funds and exchange traded funds.

NOTE 2: LIQUIDITY (Continued)

The following table reflects the Organization's financial assets available as of October 31, 2022 and 2021.

	2022	2021
Cash and Cash Equivalents	$ 742,882	$ 857,112
Investments	332,780	-
Accounts Receivable	264,659	356,759
Total Financial Assets	$ 1,340,321	$ 1,213,871
Total Upcoming Use of Funds	139,332	133,881
Financial Assets Available	$ 1,200,989	$ 1,079,990
Average Expenses per Month	172,877	153,693
Months of Assets on Hand	6.95	7.03

NOTE 3: INVESTMENTS

The following schedule summarizes the investment activity.

	2022	2021
Investment- Cost	$ 375,000	$ -
Reinvestment Income	205	-
Unrealized Gain (Loss)	(42,425)	-
Prior Cumulative Unrealized Gain (Loss)	-	-
Investment – Fair Market Value	$ 332,780	$ -

NOTE 4: FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to inputs 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2. Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for the Organization's assets measured at fair value. There have been no changes in the methodologies used at October 31, 2022 and 2021.

Mutual funds: These investments are public investment securities valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the numbers of shares outstanding. The NAV is a quoted price in an active market.

Exchange Traded funds: These investments are public investment securities valued at the daily closing price as reported by the fund. Exchange traded funds are registered with eh Securities and Exchange Commission. These funds are required to calculate and publish the NAV at least once a day however these funds transact at market prices. The NAV is based on the value of assets owned by the fund, minus any liabilities, and then that amount is divided by the number of shares outstanding. The NAV is a quoted price in an active market.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value of reflective of future fair value. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4: FAIR VALUE MEASUREMENTS (Continued)

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of October 31:

	2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Signficant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Mutual Funds:				
Growth Funds	$ 114,697	$ -	$ -	$ 114,697
Fixed Income Funds	103,541	-	-	103,541
Other Funds	12,637	-	-	12,637
Exchange Traded Funds:				
Growth Funds	75,201	-	-	75,201
Fixed Income Funds	26,704	-	-	26,704
	$ 332,780	$ -	$ -	$ 332,780

	2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Signficant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Mutual Funds:				
Growth Funds	$ -	$ -	$ -	$ -
Fixed Income Funds	-	-	-	-
Other Funds	-	-	-	-
Exchange Traded Funds:				
Growth Funds	-	-	-	-
Fixed Income Funds	-	-	-	-
	$ -	$ -	$ -	$ -

NOTE 5: LINE OF CREDIT

On January 20, 2021, the Organization took out a new line of credit with Royal Credit Union for $50,000. Interest is variable at the Prime Rate as reported in the Wall Street Journal (6.25% and 3.25% for the years ended October 31, 2022 and 2021, respectively), adjusted to a minimum rate of 4.0%. The line of credit matures November 20, 2023 and is secured by Naima House.

No balance was due on the line of credit at October 31, 2022 and 2021.

NOTE 6: LONG-TERM DEBT

Long-term debt at October 31, 2022 and 2021 consisted of the following:

	2022	2021
Mortgage payable to Royal Credit Union, 6.31%, adjusted every quarter starting on January 1, 2022 to the prime rate (6.25% and 3.25% at October 31, 2022 and 2021, respectively) plus 1 .0 percentage points, monthly payment of $1,105, due January 1, 2039, secured by property and building.	73,344	97,176
Mortgage payable to Royal Credit Union, 5.10%, adjusted every quarter starting on April 1, 2025 to the prime rate (6.25% and 3.25% at October 31, 2022 and 2021, respectively) plus 1 .0 percentage points, monthly payment of $1,129, due March 15, 2040, secured by property and building.	95,125	127,758
Unamortized Debt Issuance Costs	(5,738)	(6,082)
Total Mortgages Payable	$ 162,731	$ 218,852
Less Current Portion	17,448	14,197
Long-Term Debt	$ 145,283	$ 204,655

NOTE 6: LONG-TERM DEBT (Continued)

The current maturities are as follows:

2023	$	17,448
2024	$	18,468
2025	$	19,594
2026	$	20,763
2027	$	22,002
Thereafter	$	64,456

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

The donor restrictions for the After Care Program were received in 2022 and 2021 from grantors to be used to assist youth in the program. Restricted contributions received were $43,010 and $60,001 for the years ended October 31, 2022 and 2021, respectively. Amounts used and released were $53,488 and $73,898 for the years ended October 31, 2022 and 2021, respectively. Net assets with donor restrictions were $0 and $10,478 at October 31, 2022 and 2021, respectively.

The donor restriction for the Ghana trip was received in 2020 from donors to be used towards the trip to Ghana for interested youth in the program. Restricted contributions received were $0 for the years ended October 31, 2022 and 2021. Net asset with donor restrictions were $3,370 at October 31, 2022 and 2021.

The donor restrictions for the AC Housing and the AC Extended Foster Care Programs were received in 2022 and 2021 from a grantor to be used to assist young adults assists young adults to find housing in the community. and to assist young adults that have aged out of the foster care system obtain extended foster care benefits they are entitled to. Restricted contributions received were $250,000 and $75,000 for the years ended October 31, 2022 and 2021, respectively. Amounts used and released were $114,936 and $77 for the years ended October 31, 2022 and 2021, respectively. Net assets with donor restrictions were $209,987 and $74,923 at October 31, 2022 and 2021, respectively.

The donor restrictions for capacity building were received in 2022 and 2021 from a grantor to be used to expand the Organization’s programming and to explore ways to obtain greater funding resources. Restricted contributions received were $85,000 for the years ended October 31, 2022 and 2021. Amounts used and released were $109,393 and $12,709 for the years ended October 31, 2022 and 2021, respectively. Net assets with donor restrictions were $47,898 and $72,291 at October 31, 2022 and 2021, respectively.

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The donor restriction was received in 2022 from a grantor to be used for the enhancement of staff physical and emotional health and wellbeing. Restricted contributions received were $30,000 and $0 for the years ended October 31, 2022 and 2021, respectively. Amounts used and released were $25,589 and $0 for the years ended October 31, 2022 and 2021, respectively. Net asset with donor restrictions were $4,411 and $0 at October 31, 2022 and 2021, respectively.

The donor restriction was received in 2022 from a grantor to be used for a youth advisory board. Restricted contributions received were $2,065 and $0 for the years ended October 31, 2022 and 2021, respectively. Amounts used and released were $2,065 and $0 for the years ended October 31, 2022 and 2021, respectively. Net asset with donor restrictions were $$0 at October 31, 2022 and 2021.

Total net assets with donor restrictions were $265,666 and $161,062 at October 31, 2022 and 2021, respectively

NOTE 8: GRANT INCOME - PANDEMIC

During the years ended October 31, 2022 and 2021, the Organization received COVID-19 pandemic income from grantors totaling $0 and $241,903, respectively, to be used to provide support for youth and families impacted by the pandemic.

NOTE 9: LEASES

The Organization entered into an operating lease agreement for Jordan House with the Organization's Executive Director and Co-Founder that expired on December 31, 2021. The lease was renewed on January 1, 2022 and will automatically renew for one year. The monthly rent was $1,500 until December 31, 2020. Effective January 1, 2021, rent is $1,953 per month.

The Organization has an operating lease agreement for office space with The Sanctuary Covenant Church, Inc. for office space. Effective July 1, 2021, the lease was changed to a month to month with a required two month notice to vacate. The lease is a net lease. The Organization is responsible for operating expenses such as insurance, utilities, and repairs and maintenance. The Organization is also responsible for their proportionate share of real estate taxes and common area expenses. The monthly base rent payments are $1,787.

On January 1, 2023, the Organization renewed the office space lease noted above for one year that expires on December 31, 2023. The monthly base rent $2,125.

NOTE 9: LEASES (Continued)

On October 15, 2020, the Organization entered into an operating lease agreement with Elim Church to run a temporary COVID-19 program that expired on December 31, 2020. The monthly payments were $2,500.

The rent expense was $44,880 and $49,880 for the years ended October 31, 2022 and 2021, respectively.

The minimum annual rental commitments are as follows:

2023	$ 44,686
2024	3,906
Total	$ 48,592

NOTE 10: BENEFIT PLAN

The Organization offers a SIMPLE IRA for all employees. Participant contributions cannot exceed the maximum allowable contribution permitted under the Internal Revenue Code. The Organization provides a matching contribution of 3% of participant contributions. Participant and matching contributions are 100% vested. Contributions to the plan were $15,579 and $6,907 for the years ended October 31, 2022 and 2021, respectively.

NOTE 11: CONCENTRATIONS

The Organization receives a substantial amount of its revenue from Hennepin and Ramsey Counties. Any significant reduction in this level of funding, if this were to occur, would have a significant effect on the Organization’s activities.

During 2022, the Organization had two customers whose revenues accounted for approximately 86% of its total revenue. Two customers accounted for approximately 87% of the Organization’s accounts receivable for the year ended October 31, 2022.

During 2021, the Organization had two customers whose revenues accounted for approximately 76% of its total revenue. Two customers accounted for approximately 97% of the Organization’s accounts receivable for the year ended October 31, 2021.

NOTE 12: RELATED PARTIES

The Organization leases a group home from the Organization's Executive Director and Co-Founder (see Note 9).

NOTE 13: SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest was $10,364 and $17,021 for the years ended October 31, 2022 and 2021, respectively.

Cash paid for income taxes was $0 for the years ended October 31, 2022 and 2021.