

**Nonprofit Association of the Midlands  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
For the years ended December 31, 2022 and 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Nonprofit Association of the Midlands

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Nonprofit Association of the Midlands a nonprofit organization (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, and statements of cash flows, and statements of functional expenses 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 Nonprofit Association of the Midlands as of December 31, 2022 and 2021, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Emphasis of Matter**

As discussed in Note A.14 to the financial statements, in 2022, the Organization adopted new accounting guidance. This standard was implemented retroactively, which adjusted the financial statements for the year ended December 31, 2021. Our opinion is not modified with respect to this matter.

#### **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 Nonprofit Association of the Midlands 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

## **Management's Responsibility 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 Nonprofit Association of the Midlands's ability to continue as a going concern for 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 Nonprofit Association of the Midlands'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 Nonprofit Association of the Midlands'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.

*Hayes & Associates, LLC*

Hayes & Associates, LLC  
Omaha, Nebraska  
August 4, 2023

Nonprofit Association of the Midlands  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2022 and 2021

|   | 2022         | Restated<br>2021 |
|---|--------------|------------------|
| <b>ASSETS</b>   |              |                  |
| <b>CURRENT ASSETS</b>   |              |                  |
| Cash and cash equivalents   | \$ 1,499,476 | \$ 1,365,710     |
| Accounts receivable   | 61,397       | 37,556           |
| Prepaid expenses  | 39,217       | 26,952           |
| Grants receivable - net of discount of \$1,800 for 2022   | 178,200      | 205,000          |
| Right-of-use asset, short term  | 46,028       | 42,918           |
| Total current assets  | 1,824,318    | 1,678,136        |
| <b>NONCURRENT ASSETS</b>  |              |                  |
| Property, equipment & other media,<br>net of accumulated depreciation and amortization of \$192,270 and \$122,304, respectively | 593,085      | 643,997          |
| Right-of-use asset, long term   | 134,651      | 171,960          |
| Grants receivable - net of current portion and discount of \$2,440 for 2021   | -            | 197,560          |
| Security deposit  | 3,775        | 3,775            |
| Total noncurrent assets   | 731,511      | 1,017,292        |
| Total assets  | \$ 2,555,829 | \$ 2,695,428     |
| <b>LIABILITIES AND NET ASSETS</b>   |              |                  |
| <b>CURRENT LIABILITIES</b>  |              |                  |
| Accounts payable  | \$ 76,239    | \$ 14,959        |
| Payroll liabilities   | 93,253       | 73,237           |
| Deferred revenues   | 184,995      | 163,066          |
| Total current liabilities   | 354,487      | 251,262          |
| <b>NONCURRENT LIABILITIES</b>   |              |                  |
| Operating lease   | 190,567      | 225,057          |
| Total liabilities   | 545,054      | 476,319          |
| <b>NET ASSETS</b>   |              |                  |
| Net assets without donor restrictions   | 1,421,880    | 1,383,034        |
| Net assets with donor restrictions  | 588,895      | 836,075          |
| Total net assets  | 2,010,775    | 2,219,109        |
| Total liabilities and net assets  | \$ 2,555,829 | \$ 2,695,428     |

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands  
STATEMENTS OF ACTIVITIES  
For the years ended December 31, 2022 and 2021

|  | 2022                          |                            |                     | 2021                          |                            |                     |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| <b>SUPPORT AND REVENUE</b>               |                               |                            |                     |                               |                            |                     |
| Grants                                   | \$ 260,140                    | \$ 152,000                 | \$ 412,140          | \$ 210,060                    | \$ 720,000                 | \$ 930,060          |
| Program income                           | 334,479                       | -                          | 334,479             | 231,513                       | -                          | 231,513             |
| Membership dues                          | 292,361                       | -                          | 292,361             | 276,332                       | -                          | 276,332             |
| Contributions                            | 57,942                        | -                          | 57,942              | 51,241                        | -                          | 51,241              |
| Special events                           | 92,012                        | -                          | 92,012              | 57,925                        | -                          | 57,925              |
| Less: direct benefit to donors           | (39,193)                      | -                          | (39,193)            | (13,905)                      | -                          | (13,905)            |
| Nonfinancial assets - goods and services | 2,420                         | -                          | 2,420               | -                             | -                          | -                   |
| Interest income                          | 253                           | -                          | 253                 | 6                             | -                          | 6                   |
| Paycheck Protection Program              | -                             | -                          | -                   | 126,464                       | -                          | 126,464             |
| Employee Retention Credit                | 106,775                       | -                          | 106,775             | -                             | -                          | -                   |
| Other revenues                           | 56                            | -                          | 56                  | -                             | -                          | -                   |
| Total support and revenue                | <u>1,107,245</u>              | <u>152,000</u>             | <u>1,259,245</u>    | <u>939,636</u>                | <u>720,000</u>             | <u>1,659,636</u>    |
| <b>EXPENSES</b>                          |                               |                            |                     |                               |                            |                     |
| Program services                         | 993,278                       | -                          | 993,278             | 664,303                       | -                          | 664,303             |
| Supporting services                      |                               |                            |                     |                               |                            |                     |
| Management and general                   | 230,926                       | -                          | 230,926             | 144,793                       | -                          | 144,793             |
| Membership development                   | 141,756                       | -                          | 141,756             | 185,494                       | -                          | 185,494             |
| Fundraising                              | 101,619                       | -                          | 101,619             | 103,290                       | -                          | 103,290             |
| Total supporting services                | <u>474,301</u>                | <u>-</u>                   | <u>474,301</u>      | <u>433,577</u>                | <u>-</u>                   | <u>433,577</u>      |
| Total expenses                           | <u>1,467,579</u>              | <u>-</u>                   | <u>1,467,579</u>    | <u>1,097,880</u>              | <u>-</u>                   | <u>1,097,880</u>    |
| Net assets released from restrictions    | 399,180                       | (399,180)                  | -                   | 288,287                       | (288,287)                  | -                   |
| CHANGE IN NET ASSETS                     | 38,846                        | (247,180)                  | (208,334)           | 130,043                       | 431,713                    | 561,756             |
| NET ASSETS, BEGINNING OF YEAR            | <u>1,383,034</u>              | <u>836,075</u>             | <u>2,219,109</u>    | <u>1,252,991</u>              | <u>404,362</u>             | <u>1,657,353</u>    |
| NET ASSETS, END OF YEAR                  | <u>\$ 1,421,880</u>           | <u>\$ 588,895</u>          | <u>\$ 2,010,775</u> | <u>\$ 1,383,034</u>           | <u>\$ 836,075</u>          | <u>\$ 2,219,109</u> |

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands  
 STATEMENTS OF CASH FLOWS  
 For the years ended December 31, 2022 and 2021

|  | 2022         | Restated<br>2021 |
|--|--------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |              |                  |
| Change in net assets   | \$ (208,334) | \$ 561,756       |
| Adjustments to reconcile change in net assets to net cash<br>from operating activities |              |                  |
| Depreciation   | 69,966       | 67,730           |
| Change in accounts receivable  | (23,841)     | (16,832)         |
| Change in current grants receivable  | 26,800       | 57,000           |
| Change in prepaid expenses   | (12,265)     | (10,516)         |
| Change in long-term grants receivable - net of current portion                         | 197,560      | (197,560)        |
| Change in ROU asset  | 43,895       | 42,176           |
| Change in accounts payable   | 61,280       | 1,072            |
| Change in payroll liabilities  | 20,016       | (19,270)         |
| Change in operating lease  | (44,186)     | (41,179)         |
| Change in deferred revenues  | 21,929       | 24,843           |
| NET CASH PROVIDED BY OPERATING ACTIVITIES  | 152,820      | 469,220          |
| CASH FLOWS FROM INVESTING ACTIVITIES   |              |                  |
| Purchases of property, equipment & other media   | (19,054)     | (12,083)         |
| NET CASH USED IN INVESTING ACTIVITIES  | (19,054)     | (12,083)         |
| CHANGE IN CASH AND CASH EQUIVALENTS  | 133,766      | 457,137          |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR   | 1,365,710    | 908,573          |
| CASH AND CASH EQUIVALENTS, END OF YEAR   | \$ 1,499,476 | \$ 1,365,710     |
| SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING<br>AND FINANCING ACTIVITIES               | \$ 9,696     | \$ 257,054       |

See accompanying notes and independent auditor's report.



Nonprofit Association of the Midlands  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2022

|   | Program<br>Services | Supporting Services       |                           |                   | Total               |
|---|---------------------|---------------------------|---------------------------|-------------------|---------------------|
|   |                     | Management<br>and General | Membership<br>Development | Fundraising       |                     |
| Salaries  | \$ 419,322          | \$ 117,270                | \$ 85,587                 | \$ 60,605         | \$ 682,784          |
| Payroll taxes                                       | 32,760              | 8,982                     | 6,340                     | 4,755             | 52,837              |
| Employee benefits                                   | 58,956              | 14,914                    | 9,909                     | 6,996             | 90,775              |
| Advertising and promotion                           | 6,327               | 450                       | -                         | -                 | 6,777               |
| Accounting and audits                               | -                   | 29,410                    | -                         | -                 | 29,410              |
| Legal   | 4,143               | 4,543                     | -                         | -                 | 8,686               |
| Office  | 25,061              | 8,892                     | 6,073                     | 3,622             | 43,648              |
| Occupancy   | 52,042              | 14,269                    | 10,073                    | 7,554             | 83,938              |
| Insurance - business                                | 11,924              | 3,270                     | 2,308                     | 1,731             | 19,233              |
| Training and staff development                      | 344,549             | 15,597                    | 4,878                     | 7,245             | 372,269             |
| Web development                                     | 19,306              | 567                       | 8,042                     | 300               | 28,215              |
| In-kind - goods and services                        | -                   | -                         | -                         | 2,420             | 2,420               |
| Other   | 14,702              | 868                       | 150                       | 94                | 15,814              |
| Total expenses before depreciation and amortization | 989,092             | 219,032                   | 133,360                   | 95,322            | 1,436,806           |
| Depreciation and amortization                       | 43,379              | 11,894                    | 8,396                     | 6,297             | 69,966              |
| Total expenses                                      | 1,032,471           | 230,926                   | 141,756                   | 101,619           | 1,506,772           |
| Less: direct benefit to donors                      | (39,193)            | -                         | -                         | -                 | (39,193)            |
| Total expenses per Statement of Activities          | <u>\$ 993,278</u>   | <u>\$ 230,926</u>         | <u>\$ 141,756</u>         | <u>\$ 101,619</u> | <u>\$ 1,467,579</u> |

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2021

|   | Program<br>Services | Supporting Services       |                           |                   | Total               |
|---|---------------------|---------------------------|---------------------------|-------------------|---------------------|
|   |                     | Management<br>and General | Membership<br>Development | Fundraising       |                     |
| Salaries  | \$ 344,036          | \$ 67,796                 | \$ 111,332                | \$ 61,894         | \$ 585,058          |
| Payroll taxes                                       | 28,533              | 5,803                     | 9,189                     | 4,836             | 48,361              |
| Employee benefits                                   | 40,710              | 8,406                     | 13,110                    | 6,901             | 69,127              |
| Advertising and promotion                           | 7,249               | 302                       | 19                        | -                 | 7,570               |
| Accounting and audits                               | -                   | 24,211                    | -                         | -                 | 24,211              |
| Legal   | -                   | 3,118                     | -                         | -                 | 3,118               |
| Office  | 30,953              | 5,600                     | 8,161                     | 3,587             | 48,301              |
| Occupancy   | 43,710              | 8,890                     | 14,076                    | 7,408             | 74,084              |
| Insurance - business                                | 10,426              | 2,121                     | 3,358                     | 1,768             | 17,673              |
| Training and staff development                      | 105,301             | 7,774                     | 4,039                     | 9,111             | 126,225             |
| Web development                                     | 16,182              | 1,135                     | 9,105                     | 946               | 27,368              |
| In-kind - goods and services                        | -                   | -                         | -                         | -                 | -                   |
| Other   | 11,147              | 1,509                     | 236                       | 67                | 12,959              |
| Total expenses before depreciation and amortization | <u>638,247</u>      | <u>136,665</u>            | <u>172,625</u>            | <u>96,518</u>     | <u>1,044,055</u>    |
| Depreciation and amortization                       | <u>39,961</u>       | <u>8,128</u>              | <u>12,869</u>             | <u>6,772</u>      | <u>67,730</u>       |
| Total expenses                                      | <u>678,208</u>      | <u>144,793</u>            | <u>185,494</u>            | <u>103,290</u>    | <u>1,111,785</u>    |
| Less: direct benefit to donors                      | <u>(13,905)</u>     | <u>-</u>                  | <u>-</u>                  | <u>-</u>          | <u>(13,905)</u>     |
| Total expenses per Statement of Activities          | <u>\$ 664,303</u>   | <u>\$ 144,793</u>         | <u>\$ 185,494</u>         | <u>\$ 103,290</u> | <u>\$ 1,097,880</u> |

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands  
NOTES TO FINANCIAL STATEMENTS  
For the years ended December 31, 2022 and 2021

NOTE A.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of Nonprofit Association of the Midlands (the Organization).

1.      Organization

The Organization is a State association for nonprofits in Nebraska and western Iowa that works to build the capacity and organizational effectiveness of its members. The mission of the Organization is to strengthen the collective voice, leadership, and capacity of nonprofit organizations to enrich the quality of community life. Among its programs and services are professional development, group purchasing discounts, and advocacy on policy issues. The Organization also works to provide tools to its members to manage their nonprofit organizations more effectively.

2.      Basis of Accounting and Use of Estimates

The Organization prepares its financial statements on the accrual basis of accounting and accordingly reflects all significant receivables, payables, and other liabilities. 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. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3.      Basis of Presentation

The Organization presents its financial position and activities according to the following two classes of net assets:

- a.      Net assets without donor restrictions include those net assets whose use is not subject to donor-imposed restrictions, even though their use may be limited in other respects, such as by Board designation.
- b.      Net assets with donor restrictions are those net assets whose use by the Organization has been limited by donors to later periods of time after specified dates or to specified purposes, whether temporary or in perpetuity.

Nonprofit Association of the Midlands  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the years ended December 31, 2022 and 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Nonprofit Association of the Midlands considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statements of cash flows.

5. Accounts Receivable

Accounts receivable consist primarily of amounts due from third party contracts and member dues stated as unpaid balances. Management considers all receivables to be fully collectable; therefore, no allowance for doubtful accounts has been established. In management's opinion, the carrying value of all receivables approximates fair value.

6. Property, Equipment and Leasehold Improvements

Property, equipment and other media are recorded at cost or, if donated, at the approximate fair value at the date of donation. Property, equipment and leasehold improvements which cost \$5,000 or more are capitalized. Depreciation and amortization is computed using a straight-line method over the estimated useful lives of the assets, ranging from three to seven years.

7. Promises to Give

Grants and unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received in future years are recorded at the present value of their estimated future cash flows. The discounts, if material, on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

The receivables are reviewed for collectability and a provision for uncollectible accounts is recorded based on management's judgement and analysis of individual donors, past collection experience and other relevant factors. No allowance for uncollectible accounts was deemed necessary at December 31, 2022 and 2021.

Nonprofit Association of the Midlands  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the years ended December 31, 2022 and 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Deferred Revenue

Income from membership dues, subscription fees, and program fees are deferred and recognized over the periods to which the dues and fees relate.

9. Revenues and Reclassifications

Contributions are recognized when the donor makes a promise to give to the Nonprofit Association of the Midlands that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with measurable performance or other barriers and a right of return, are not recognized until the conditions on which they depend have been met.

The Organization recognizes revenue from program fees when the services are provided. Membership dues, which are nonrefundable, are comprised of an exchange element based on the benefits received, and a contribution element for the difference. The Organization recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

The Organization records special events revenue equal to the cost of direct benefits to donors, and contribution revenue for the difference. With the exception of goods and services provided in connection with membership dues, which are transferred over the period of membership, all goods and services are transferred at a point in time.

10. Contributed Services and Materials

The Organization may receive benefits from services rendered which are provided free of charge. Revenue and a corresponding expense are recognized at the fair value for contributed services when either contributed services create or enhance a non-financial asset or require specialized skills that the provider possesses, and which would ordinarily be purchased.

Nonprofit Association of the Midlands  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the years ended December 31, 2022 and 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Contributed Services and Materials - Continued

Donated materials are recorded as contributions or expenses in the period received. Such donations are recorded at their fair value on the date of donation. Donated materials are not recorded in the financial statements when the Organization serves only as an agent for the donors and the donated materials pass through the organization to its beneficiaries or when values for donated materials cannot reasonably be determined. For the year ended December 31, 2022, the Organization received donated audio visual services for the Summit event at a value of \$2,420. There were no contributed services or materials for the years ended December 31, 2021.

11. Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses are allocated based on time and effort:

- Salaries and related expenses
- Payroll taxes
- Employee benefits
- Office
- Occupancy
- Insurance – business
- Training and staff development
- Depreciation and amortization

12. Income Taxes

Nonprofit Association of the Midlands is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the years ended December 31, 2022 and 2021, the Organization had no tax liability on unrelated business activity, accordingly, no income taxes are included in these financial statements. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Internal Revenue Service has classified Nonprofit Association of the Midlands as an organization other than a private foundation.

Nonprofit Association of the Midlands  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the years ended December 31, 2022 and 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Joint Costs

The Organization incurs joint costs activities associated with both program and fundraising appeals relevant to the annual Summit special event. These costs are allocated between program and fundraising costs and are appropriately disclosed and presented on Nonprofit Association of the Midlands' Statements of Functional Expenses. During the years ended December 31, 2022 and 2021, the Organization incurred joint costs for activities that included program & fundraising components. The Organization allocated \$178,248 and \$82,263 to program expense, and \$1,156 and \$0 to fundraising expense for 2022 and 2021, respectively.

14. New Accounting Pronouncements

The Organization adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires the lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. This ASU is implemented retroactively as of the first period presented in the financial statements. As a result of implementing ASU No. 2016-02, the Organization recognized ROU assets of \$257,054 and lease liabilities totaling \$257,054 in its statement of financial position as of January 1, 2021. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2021.

The Organization adopted ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This standard requires that not-for-profit entities present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, it will require enhanced disclosures. For the year ended December 31, 2022, the amount of nonfinancial assets received is \$2,420.

15. Subsequent Events

The Organization considered events occurring through August 4, 2023 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued. There were no events or transactions occurring between year end and this date that would require recognition or disclosure in the financial statements other than those already disclosed.

Nonprofit Association of the Midlands  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the years ended December 31, 2022 and 2021

NOTE B. CASH AND CREDIT RISK

As of December 31, 2022 and 2021, Nonprofit Association of the Midlands had \$103,591 and \$1,079,303, respectively, of deposits in excess of FDIC insured limits.

NOTE C. GRANTS RECEIVABLE

Grants receivable are summarized as follows at December 31, 2022 and 2021:

|  | 2022       | 2021       |
|--|------------|------------|
| Due within one year                    | \$ 180,000 | \$ 205,000 |
| Due after one year through five years  | -          | 200,000    |
| Less: Discount for time value of money | (1,800)    | (2,440)    |
|  | (1,800)    | 197,560    |
| Total grants receivable, net           | \$ 178,200 | \$ 402,560 |

A discount rate of 0.75%, the 3-year treasury rate, was used in calculating the discount above.

NOTE D. OPERATING LEASE COMMITMENTS

On September 24, 2019, the Organization entered into an 86-month operating lease commencing September 1, 2019, for office space which has the option to renew for another 60-months at the Organizations request. Under the terms of the lease, the monthly rent payments are scheduled to increase by a predetermined amount every twelve months. The Organization is also responsible for a portion of the common area maintenance and utilities. The lease has a remaining term of 46 months, with a discount rate of 1.76%. As of December 31, 2022, net right-of-use assets recorded under operating leases was \$171,960.

On August 17, 2022, the Organization entered into a 48-month operating lease commencing August 24, 2022, for computer equipment. Under the terms of the lease, the monthly rent payments are \$186 with a discount rate of 3.11%. As of December 31, 2022, net right-of-use assets recorded under operating leases was \$8,719.



Nonprofit Association of the Midlands  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the years ended December 31, 2022 and 2021

NOTE D. OPERATING LEASE COMMITMENTS - CONTINUED

The weighted average term of the above leases is 45.90 months with an average discount rate of 1.83%. Total rent paid during the years ended December 31, 2022 and 2021 was \$48,054 and \$52,843, respectively. Future minimum lease payments are as follows:

| Year ending December 31, |                   |
|--------------------------|-------------------|
| 2023                     | \$ 47,760         |
| 2024                     | 48,716            |
| 2025                     | 49,690            |
| 2026                     | 42,096            |
| Total                    | <u>\$ 188,262</u> |

NOTE E. PROPERTY, EQUIPMENT AND OTHER MEDIA, NET

A summary of property, equipment and other media, net at December 31, 2022 and 2021 is as follows:

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| Computers                                       | \$ 48,034         | \$ 48,034         |
| Furniture & equipment                           | 149,539           | 130,484           |
| Leasehold improvements                          | 587,782           | 587,782           |
| Less: accumulated depreciation and amortization | (192,270)         | (122,304)         |
| Total Property, Equipment & Other Media, net    | <u>\$ 593,085</u> | <u>\$ 643,996</u> |

NOTE F. REVOLVING LINE OF CREDIT

The Organization had a \$50,108 unused revolving line of credit, as of December 31, 2022 and 2021. Bank advances on the line of credit are payable on demand and carried an interest rate of 8.5% and 5.25% per annum for December 31, 2022 and 2021, respectively. The line of credit is secured by substantially all assets of the Organization.

Nonprofit Association of the Midlands  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the years ended December 31, 2022 and 2021

NOTE G. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 and 2021, are available for the following purposes:

|  | 2022       | 2021       |
|--|------------|------------|
| Time restricted & guideline principles program | \$ 213,334 | \$ 320,000 |
| Time restricted                                | 80,000     | 200,000    |
| Purpose restricted - Trainings                 | 270,317    | 290,831    |
| Purpose restricted - Capital campaign          | 25,244     | 25,244     |
| Total net assets with donor restrictions       | \$ 588,895 | \$ 836,075 |
|  |            |            |
|  | 2022       | 2021       |
| Time restrictions                              | \$ 200,000 | \$ 170,000 |
| Purpose restrictions                           | 199,180    | 118,287    |
| Total net assets released from restrictions    | \$ 399,180 | \$ 288,287 |

NOTE H. ADVERTISING COSTS

The Organization uses marketing and advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2022 and 2021, were \$6,777 and \$7,570, respectively.

NOTE I. RETIREMENT PLAN

The Organization provides retirement benefits for its employees through participation in a multiple employer defined contribution 403(b) plan.

All employees may contribute to the retirement plan and the Organization matches up to 50% of the first 6% of the employee contribution. The Organization's contributions to the plan were \$15,371 and \$14,561 for the years ended December 31, 2022 and 2021, respectively.

Nonprofit Association of the Midlands  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
For the years ended December 31, 2022 and 2021

NOTE J. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2022 and 2021.

|   |                     |                     |
|---|---------------------|---------------------|
| Financial assets at year end:   | <u>2022</u>         | <u>2021</u>         |
| Cash and cash equivalents   | \$ 1,499,476        | \$ 1,365,710        |
| Grants receivable   | 178,200             | 205,000             |
| Accounts receivable   | <u>61,397</u>       | <u>37,556</u>       |
| Total financial assets  | 1,739,073           | 1,608,266           |
| Less amounts not available to be used within one year:                              |                     |                     |
| Net assets with donor restrictions  | (588,895)           | (836,075)           |
| Add net assets with purpose restrictions to be met in less than one year            | <u>452,227</u>      | <u>686,074</u>      |
| Net assets unavailable for use within one year:                                     | <u>(136,668)</u>    | <u>(150,001)</u>    |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 1,602,405</u> | <u>\$ 1,458,265</u> |

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses, approximately \$700,000. The Organization has a \$50,108 line of credit available to meet cash flow needs at December 31, 2022 and 2021 (See Note F).

NOTE K: PAYCHECK PROTECTION PROGRAM

The Organization applied for and on February 6, 2021 was granted a \$125,775 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal Government. The loan accrued interest, but payments were not required to begin for six months to one year after the funding of the loan. The Organization was notified by the SBA that as of August 27, 2021, the entire \$125,775 PPP loan was approved for forgiveness, and is included in the Statement of Activities for the year ended December 31, 2021.