

**Nonprofit Association of the Midlands
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
For the years ended December 31, 2023 and 2022**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3 – 4
FINANCIAL STATEMENTS	
Statements of Financial Position December 31, 2023 and 2022	5
Statements of Activities For the Years Ended December 31, 2023 and 2022	6
Statements of Cash Flows For the Years Ended December 31, 2023 and 2022	7
Statement of Functional Expenses For the Year Ended December 31, 2023	8
Statement of Functional Expenses For the Year Ended December 31, 2022	9
NOTES TO FINANCIAL STATEMENTS	10 – 20



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, 2023 and 2022, 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 the Organization as of December 31, 2023 and 2022, 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.

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.

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 the Organization'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 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.

Hayes & Associates LLC

Hayes & Associates, LLC
Omaha, Nebraska
September 30, 2024

Nonprofit Association of the Midlands
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,430,181	\$ 1,499,476
Accounts receivable	25,855	61,397
Prepaid expenses	19,808	39,217
Grants receivable net of discount of \$ 1,800 for 2022	240,000	178,200
Right-of-use asset, short term	46,907	46,028
Total current assets	1,762,751	1,824,318
NONCURRENT ASSETS		
Property, equipment & other media, net of accumulated depreciation and amortization of \$260,113 and \$192,270, respectively	537,442	593,085
Right-of-use asset, long term	87,744	134,651
Grants receivable - net of current portion and discount of \$8,878 for 2023	81,122	-
Security deposit	3,775	3,775
Total noncurrent assets	710,083	731,511
Total assets	\$ 2,472,834	\$ 2,555,829
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 101,279	\$ 76,239
Payroll liabilities	106,437	93,253
Deferred revenues	187,641	184,995
Current portion of operating lease	49,090	47,256
Total current liabilities	444,447	401,743
NONCURRENT LIABILITIES		
Line of credit	50,000	-
Operating lease	94,221	143,311
Total noncurrent liabilities	144,221	143,311
Total liabilities	588,668	545,054
NET ASSETS		
Net assets without donor restrictions	1,278,779	1,421,880
Net assets with donor restrictions	605,387	588,895
Total net assets	1,884,166	2,010,775
Total liabilities and net assets	\$ 2,472,834	\$ 2,555,829

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants	\$ 239,922	\$ 405,500	\$ 645,422	\$ 260,140	\$ 152,000	\$ 412,140
Program income	409,713	-	409,713	334,479	-	334,479
Membership dues	299,419	-	299,419	292,361	-	292,361
Contributions	67,084	-	67,084	57,942	-	57,942
Special events	96,575	-	96,575	92,012	-	92,012
Less: direct benefit to donors	(25,607)	-	(25,607)	(39,193)	-	(39,193)
Nonfinancial assets - goods and services	-	-	-	2,420	-	2,420
Interest income	16,998	-	16,998	253	-	253
Employee Retention Credit	-	-	-	106,775	-	106,775
Other revenues	189	-	189	56	-	56
Total support and revenue	<u>1,104,293</u>	<u>405,500</u>	<u>1,509,793</u>	<u>1,107,245</u>	<u>152,000</u>	<u>1,259,245</u>
EXPENSES						
Program services	1,135,532	-	1,135,532	993,278	-	993,278
Supporting services						
Management and general	241,045	-	241,045	230,926	-	230,926
Membership development	144,397	-	144,397	141,756	-	141,756
Fundraising	115,428	-	115,428	101,619	-	101,619
Total supporting services	<u>500,870</u>	<u>-</u>	<u>500,870</u>	<u>474,301</u>	<u>-</u>	<u>474,301</u>
Total expenses	<u>1,636,402</u>	<u>-</u>	<u>1,636,402</u>	<u>1,467,579</u>	<u>-</u>	<u>1,467,579</u>
Net assets released from restrictions	<u>389,008</u>	<u>(389,008)</u>	<u>-</u>	<u>399,180</u>	<u>(399,180)</u>	<u>-</u>
CHANGE IN NET ASSETS	(143,101)	16,492	(126,609)	38,846	(247,180)	(208,334)
NET ASSETS, BEGINNING 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>
NET ASSETS, END OF YEAR	<u>\$ 1,278,779</u>	<u>\$ 605,387</u>	<u>\$ 1,884,166</u>	<u>\$ 1,421,880</u>	<u>\$ 588,895</u>	<u>\$ 2,010,775</u>

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands
 STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (126,609)	\$ (208,334)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	67,843	69,966
Change in accounts receivable	35,542	(23,841)
Change in grants receivable	(142,922)	224,360
Change in prepaid expenses	19,409	(12,265)
Change in right-of-use asset	46,028	43,895
Change in accounts payable	25,040	61,280
Change in payroll liabilities	13,184	20,016
Change in operating lease	(49,090)	(44,186)
Change in deferred revenues	2,646	21,929
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(108,929)	152,820
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from line of credit	50,000	-
Purchases of property, equipment & other media	(12,200)	(19,054)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	37,800	(19,054)
CHANGE IN CASH AND CASH EQUIVALENTS	(71,129)	133,766
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,499,476	1,365,710
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,428,347	\$ 1,499,476
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Right-of-use assets obtained on operating lease commencements	\$ -	\$ 9,696

See accompanying notes and independent auditor's report.

Nonprofit Association of the Midlands
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	Program Services	Supporting Services			Total
		Management and General	Membership Development	Fundraising	
Salaries	\$ 450,437	\$ 125,736	\$ 90,221	\$ 66,291	\$ 732,685
Payroll taxes	35,504	9,735	6,872	5,154	57,265
Employee benefits	52,080	12,970	8,314	5,886	79,250
Advertising and promotion	6,171	-	-	-	6,171
Accounting and audits	-	25,624	-	-	25,624
Legal	4,641	4,967	-	-	9,608
Office	28,526	8,419	3,887	3,312	44,144
Occupancy	56,626	15,547	10,960	8,220	91,353
Insurance - business	9,427	5,076	1,825	1,368	17,696
Training and staff development	437,733	17,801	4,364	17,728	477,626
Web development	15,342	2,423	9,813	1,283	28,861
Other	22,589	1,214	-	80	23,883
Total expenses before depreciation and amortization	1,119,076	229,512	136,256	109,322	1,594,166
Depreciation and amortization	42,063	11,533	8,141	6,106	67,843
Total expenses	1,161,139	241,045	144,397	115,428	1,662,009
Less: direct benefit to donors	(25,607)	-	-	-	(25,607)
Total expenses per Statement of Activities	<u>\$ 1,135,532</u>	<u>\$ 241,045</u>	<u>\$ 144,397</u>	<u>\$ 115,428</u>	<u>\$ 1,636,402</u>

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 Services	Supporting Services			Total
		Management and General	Membership 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
NOTES TO FINANCIAL STATEMENTS
For the years ended December 31, 2023 and 2022

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, 2023 and 2022

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization 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. Allowance for Credit Losses

The Organization operates in the nonprofit industry and its trade accounts receivable are primarily derived from membership fees. At each statement of net position date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist using the aging method. This allowance estimate is derived from a review of the Organization's historical losses based on the aging of trade accounts receivable. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization membership fees have remained consistent since the Organization's inception. However, due to significant economic conditions including an increasing consumer price index (CPI), the Organization is anticipating higher than expected credit losses than have been incurred in the past. As a result, management has determined that its allowance for credit losses should be increased by 1.0% across all its aging categories.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2023 and 2022

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Allowance for Credit Losses – Continued

The allowance for credit losses was \$240 for the year ending December 31, 2023.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with our accounting policy election. The total amount of write-offs was immaterial to the financial statements as a whole for the year ended December 31, 2023.

7. Property, Equipment and Other Media

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 other media 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.

8. 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, 2023 and 2022.

9. 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.

Nonprofit Association of the Midlands
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 For the years ended December 31, 2023 and 2022

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Revenues and Reclassifications

Contributions are recognized when the donor makes a promise to give to the Organization 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.

The beginning and ending balances for accounts receivable and deferred revenues were as follows for the years ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	\$ 25,855	\$ 61,397	\$ 37,556
Deferred revenue	\$ 187,641	\$ 184,995	\$ 163,066

11. 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, 2023 and 2022

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. 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. There were no contributed services or materials for the year ended December 31, 2023. For the year ended December 31, 2022, the Organization received donated audio-visual services for the Summit event at a value of \$2,420.

12. 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
- Payroll taxes
- Employee benefits
- Office
- Occupancy
- Insurance – business
- Training and staff development
- Depreciation and amortization

13. Income Taxes

The Organization 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, 2023 and 2022, 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 the Organization as an organization other than a private foundation.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2023 and 2022

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. 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 the Organization's Statements of Functional Expenses. During the years ended December 31, 2023 and 2022, the Organization incurred joint costs for activities that included program & fundraising components. The Organization allocated \$197,561 and \$178,248 to program expense, and \$1,212 and \$1,156 to fundraising expense for 2023 and 2022, respectively.

15. Subsequent Events

The Organization considered events occurring through September 30, 2024 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.

16. New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) topic 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by a company that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

NOTE B. CASH AND CONCENTRATION OF CREDIT RISK

Cash and cash equivalent deposits may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limits of \$250,000. As of December 31, 2023, the Organization's bank accounts were fully insured. As of December 31, 2022, the Organization had \$103,591 of deposits in excess of FDIC insured limits.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2023 and 2022

NOTE C. GRANTS RECEIVABLE

Grants receivable are summarized as follows at December 31, 2023 and 2022:

	2023	2022
Due within one year	\$ 240,000	\$ 180,000
Due after one year through five years	90,000	-
Less: Discount for time value of money	(8,878)	(1,800)
	81,122	(1,800)
Total grants receivable, net	\$ 321,122	\$ 178,200

A discount rate of 5.26%, the short-term federal rate, was used in calculating the discount above.

NOTE D. ALLOWANCE FOR CREDIT LOSSES

As the Organization's trade accounts receivable are due within one year, interest is not accrued on membership dues. The allowance for credit losses for trade accounts receivable by portfolio segment and related activity are as follows:

	Membership Dues
Beginning balance	\$ 1,516
Current provision for expected loss	240
Write-offs charged against the allowance	(3,441)
Recoveries of amounts previously written off	1,925
Ending balance	\$ 240

The Organization estimated the above allowance for credit loss using the aging method and adjusting each aging category's historical expected loss by increasing it by 1.0% due to forecasted increases in the consumer price index which the Organization believes could hinder their member's ability to pay for their program services and therefore increase their expected credit loss.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2023 and 2022

NOTE D. ALLOWANCE FOR CREDIT LOSSES – CONTINUED

The aging schedule as of December 31, 2023 is as follows:

	2023		
Aging (Past Due)	Amortized Cost Basis	Adjusted Loss Rate	Ending Allowance
Current	\$ 18,441	0.0%	\$ -
1 - 30 days	2,094	1.0%	21
31 - 60 days	4,341	2.0%	87
61 - 90 days	103	5.0%	5
> 90 days	876	14.5%	127
Total Allowance	\$ 25,855		\$ 240

NOTE E. 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 Organization’s 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 36 months, with a discount rate of 1.76%. As of December 31, 2023, net right-of-use assets recorded under operating leases was \$128,268.

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, 2023, net right-of-use assets recorded under operating leases was \$6,383.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2023 and 2022

NOTE E. OPERATING LEASE COMMITMENTS – CONTINUED

The weighted average term of the above leases is 33.86 months with an average discount rate of 1.82%. Total rent paid during the years ended December 31, 2023 and 2022 was \$47,840 and \$48,054, respectively. Future minimum lease payments are as follows:

Year ending December 31,	Payments
2024	\$ 51,290
2025	52,264
2026	<u>43,598</u>
Total	147,152
Less interest	<u>(3,841)</u>
Total lease liabilities	<u>\$ 143,311</u>

NOTE F. PROPERTY, EQUIPMENT AND OTHER MEDIA, NET

A summary of property, equipment and other media, net at December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Computers	\$ 53,713	\$ 48,034
Furniture & equipment	156,060	149,539
Leasehold improvements	587,782	587,782
Less: accumulated depreciation and amortization	<u>(260,113)</u>	<u>(192,270)</u>
Total Property, Equipment & Other Media, net	<u>\$ 537,442</u>	<u>\$ 593,085</u>

NOTE G. REVOLVING LINE OF CREDIT

The Organization had a \$50,108 revolving line of credit. As of December 31, 2023 and 2022 the principal balance for the line of credit was \$50,000 and \$0 respectively. Bank advances on the line of credit are payable on demand and carried an interest rate of 9.5% and 8.5% per annum for December 31, 2023 and 2022, 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, 2023 and 2022

NOTE H. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2023 and 2022, are available for the following purposes:

	2023	2022
Time restricted & guideline principles program	\$ 106,667	\$ 213,334
Time restricted	355,000	80,000
Purpose restricted - Trainings	125,896	270,317
Purpose restricted - Capital campaign	17,824	25,244
Total net assets with donor restrictions	\$ 605,387	\$ 588,895
	2023	2022
Time restrictions	\$ 80,000	\$ 200,000
Purpose restrictions	309,008	199,180
Total net assets released from restrictions	\$ 389,008	\$ 399,180

NOTE I. 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, 2023 and 2022, were \$6,171 and \$6,777, respectively.

NOTE J. 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 \$21,793 and \$15,371 for the years ended December 31, 2023 and 2022, respectively.

Nonprofit Association of the Midlands
NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the years ended December 31, 2023 and 2022

NOTE K. AVAILABILITY AND LIQUIDITY

The following represents the Organization's current financial assets for the years ended December 31, 2023 and 2022.

Current financial assets at year end:	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,430,181	\$ 1,499,476
Grants receivable	240,000	178,200
Accounts receivable	<u>25,855</u>	<u>61,397</u>
Total current financial assets	1,696,036	1,739,073
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(605,387)	(588,895)
Add net assets with purpose restrictions to be met in less than one year	<u>406,667</u>	<u>452,227</u>
Net assets unavailable for use within one year:	<u>(198,720)</u>	<u>(136,668)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,497,316</u>	<u>\$ 1,602,405</u>

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses, approximately \$700,000. The Organization has an available balance of \$108 and \$50,108 on the line of credit at December 31, 2023 and 2022, respectively, available to meet cash flow needs (see Note G).