

**Mission at the Eastward
Financial Statements
For the Years Ended
December 31, 2022 and 2021**



AUSTIN ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Your Financial Team

Mission at the Eastward
Financial Statements
For the Years Ended December 31, 2022 and 2021

Contents

| | <u>Page</u> |
|--|-------------|
| Independent Accountant’s Review Report | |
| Financial Statements | |
| Statements of Financial Position | 1 |
| Statements of Activities | 2 - 3 |
| Statements of Functional Expenses | 4 - 5 |
| Statements of Cash Flows | 6 |
| Notes to the Financial Statements | 7 - 15 |





AUSTIN ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Mission at the Eastward
Farmington, Maine

We have reviewed the accompanying financial statements of Mission at the Eastward, (a non-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an 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; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Mission at the Eastward and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Basis for Qualified Conclusion

As disclosed in Note 6 to the financial statements, accounting principles generally accepted in the United States of America require the implementation of FASB's ASU No. 2016-02, *Leases* (as amended) (Topic 842) effective for years beginning after December 15, 2021. ASC 842 requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position as well as the disclosure of key information about leasing arrangements. The effects of this departure from accounting principles generally accepted in the United States of America on financial position, activities and cash flows have not been determined.

Qualified Conclusion

Based on our reviews, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Austin Associates PA

AUSTIN ASSOCIATES, P.A.
Certified Public Accountants

Auburn, Maine
March 31, 2023



Mission at the Eastward
Statements of Financial Position
December 31, 2022 and 2021

| | 2022 | 2021 |
|---|-------------------|-------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 311,201 | \$ 277,893 |
| Promises to give | - | 45,000 |
| Total current assets | 311,201 | 322,893 |
| Property and Equipment | | |
| Leasehold improvements | 35,972 | 26,300 |
| Vehicles | 42,379 | 42,379 |
| Less - Accumulated depreciation | 44,880 | 43,055 |
| Net property and equipment | 33,471 | 25,624 |
| Other Assets | | |
| Investments | 37,733 | 42,546 |
| Perpetual trust | 52,816 | 65,295 |
| Total other assets | 90,549 | 107,841 |
| Total Assets | \$ 435,221 | \$ 456,358 |
| LIABILITIES & NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 60 | \$ - |
| Payroll liabilities | 2,657 | 176 |
| Total current liabilities | 2,717 | 176 |
| Net Assets | | |
| Without donor restrictions | 226,755 | 222,537 |
| Without donor restrictions - board designated | 86,103 | 60,931 |
| With donor restrictions | 119,646 | 172,714 |
| Total net assets | 432,504 | 456,182 |
| Total Liabilities & Net Assets | \$ 435,221 | \$ 456,358 |

See independent accountant's review report.
The accompanying notes are an integral part of
these statements.

Mission at the Eastward
Statement of Activities
For the Year Ended December 31, 2022

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Totals</u> |
|---------------------------------------|---|--------------------------------------|-------------------|
| Support, Revenues & Losses | | | |
| Contributions of financial assets | \$ 60,911 | \$ 42,000 | \$ 102,911 |
| Program income | 48,020 | - | 48,020 |
| Fundraising events | 34 | - | 34 |
| Other income | 5,160 | - | 5,160 |
| Interest and dividend income | 1,336 | - | 1,336 |
| Change in value of perpetual trust | - | (12,479) | (12,479) |
| Realized and unrealized losses | (6,962) | - | (6,962) |
| Net assets released from restrictions | <u>82,589</u> | <u>(82,589)</u> | <u>-</u> |
| Total support, revenues & losses | 191,088 | (53,068) | 138,020 |
| Expenses | | | |
| Program services | 122,171 | - | 122,171 |
| General and administrative | 38,703 | - | 38,703 |
| Fundraising | <u>825</u> | <u>-</u> | <u>825</u> |
| Total expenses | <u>161,698</u> | <u>-</u> | <u>161,698</u> |
| Change in Net Assets | 29,390 | (53,068) | (23,678) |
| Net Assets, Beginning of Year | <u>283,468</u> | <u>172,714</u> | <u>456,182</u> |
| Net Assets, End of Year | <u>\$ 312,858</u> | <u>\$ 119,646</u> | <u>\$ 432,504</u> |

See independent accountant's review report.
The accompanying notes are an integral part of
these statements.

Mission at the Eastward
Statement of Activities
For the Year Ended December 31, 2021

| | Without Donor <u>Restrictions</u> | With Donor <u>Restrictions</u> | <u>Totals</u> |
|---------------------------------------|---|--------------------------------------|-------------------|
| Support, Revenues & Gains | | | |
| Contributions of financial assets | \$ 129,812 | \$ 169,850 | \$ 299,662 |
| Program income | 20,550 | - | 20,550 |
| Fundraising events | 1,439 | - | 1,439 |
| Contributions of nonfinancial assets | 1,345 | - | 1,345 |
| Other income | 2,417 | - | 2,417 |
| Interest and dividend income | 1,401 | - | 1,401 |
| Loss on disposition of fixed asset | (250) | - | (250) |
| Change in value of perpetual trust | - | 8,991 | 8,991 |
| Realized and unrealized gains | 3,699 | - | 3,699 |
| Net assets released from restrictions | <u>99,559</u> | <u>(99,559)</u> | <u>-</u> |
| Total support, revenues & gains | 259,972 | 79,282 | 339,254 |
| Expenses | | | |
| Program services | 107,812 | - | 107,812 |
| General and administrative | <u>44,203</u> | <u>-</u> | <u>44,203</u> |
| Total expenses | <u>152,015</u> | <u>-</u> | <u>152,015</u> |
| Change in Net Assets | 107,957 | 79,282 | 187,239 |
| Net Assets, Beginning of Year | <u>175,511</u> | <u>93,432</u> | <u>268,943</u> |
| Net Assets, End of Year | <u>\$ 283,468</u> | <u>\$ 172,714</u> | <u>\$ 456,182</u> |

See independent accountant's review report.
The accompanying notes are an integral part of
these statements.

Mission at the Eastward
Statement of Functional Expenses
For the Year Ended December 31, 2022

| | Program Services | General & Admin | Fundraising | Total |
|--------------------------------|---------------------|--------------------|---------------|-------------------|
| Advertising and promotion | \$ 698 | \$ - | \$ - | \$ 698 |
| Depreciation expense | 1,825 | - | - | 1,825 |
| Dues and subscriptions | - | 1,449 | - | 1,449 |
| Employee benefits | 243 | 243 | - | 486 |
| Fundraising expense | - | - | 825 | 825 |
| Insurance | 1,977 | 1,977 | - | 3,954 |
| Office expense | 730 | 730 | - | 1,460 |
| Other expenses | 514 | 514 | - | 1,028 |
| Payroll | 15,828 | 15,828 | - | 31,656 |
| Payroll taxes | 1,211 | 1,211 | - | 2,422 |
| Postage and shipping | 725 | 725 | - | 1,450 |
| Professional fees | 2,551 | 2,551 | - | 5,102 |
| Program expense | 91,602 | - | - | 91,602 |
| Rent expense | 1,500 | 1,500 | - | 3,000 |
| Staff development and training | 545 | 545 | - | 1,089 |
| Technology | - | 3,007 | - | 3,007 |
| Travel | - | 6,201 | - | 6,201 |
| Utilities | 1,799 | 1,799 | - | 3,598 |
| Workers compensation insurance | 423 | 423 | - | 846 |
| Total Expenses | \$ 122,171 | \$ 38,703 | \$ 825 | \$ 161,698 |

See independent accountant's review report.
The accompanying notes are an integral part of
these statements.

Mission at the Eastward
Statement of Functional Expenses
For the Year Ended December 31, 2021

| | Program Services | General & Admin | Total |
|--------------------------------|---------------------|--------------------|-------------------|
| Advertising and promotion | \$ 903 | \$ - | \$ 903 |
| Depreciation expense | 1,801 | - | 1,801 |
| Donation | 22,355 | - | 22,355 |
| Dues and subscriptions | - | 739 | 739 |
| Employee benefits | 4,236 | 4,236 | 8,472 |
| Housing benefits | 5,921 | 5,921 | 11,842 |
| In-kind expense | 1,080 | 265 | 1,345 |
| Insurance | 5,127 | 5,127 | 10,254 |
| Office expense | 3,040 | 3,040 | 6,080 |
| Other expenses | 3,860 | 3,860 | 7,720 |
| Payroll | 9,463 | 9,463 | 18,926 |
| Payroll taxes | 1,134 | 1,134 | 2,268 |
| Postage and shipping | 827 | 827 | 1,654 |
| Professional fees | 2,676 | 2,676 | 5,352 |
| Program expense | 34,695 | - | 34,695 |
| Repairs and maintenance | 8,355 | - | 8,355 |
| Technology | - | 2,719 | 2,719 |
| Travel | - | 1,857 | 1,857 |
| Utilities | 1,457 | 1,457 | 2,914 |
| Workers compensation insurance | 882 | 882 | 1,764 |
| Total Expenses | \$ 107,812 | \$ 44,203 | \$ 152,015 |

See independent accountant's review report.
The accompanying notes are an integral part of
these statements.

Mission at the Eastward
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

| | 2022 | 2021 |
|---|-------------|------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ (23,678) | \$ 187,239 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 1,825 | 1,801 |
| (Gain) Loss on the disposition of fixed asset | - | 250 |
| Realized and unrealized (gains) losses on investment | 6,962 | (3,699) |
| Unrealized (gains) losses on perpetual trust | 12,479 | (8,991) |
| (Increase) Decrease in operating assets | | |
| Promises to give | 45,000 | (45,000) |
| Increase (Decrease) in operating liabilities | | |
| Accounts payable | 60 | - |
| Accrued expenses | 2,481 | (1,295) |
| Net cash provided by operating activities | 45,129 | 130,305 |
| Cash Flows From Investing Activities | | |
| Capital expenditures | (9,672) | (26,300) |
| Proceeds from the sale of fixed asset | - | 5,500 |
| Purchases of investments, net | (2,149) | (3,325) |
| Net cash used in investing activities | (11,821) | (24,125) |
| Net Increase in Cash and cash equivalents | 33,308 | 106,180 |
| Cash and cash equivalents, beginning of year | 277,893 | 171,713 |
| Cash and cash equivalents, end of year | \$ 311,201 | \$ 277,893 |

See independent accountant's review report.
The accompanying notes are an integral part of
these statements.

NOTE 1: Nature of Activities

Mission at the Eastward is a Maine not-for-profit organization. The Mission at the Eastward (the Organization) is a forward-looking, innovative non-profit that focuses on service programs that help communities located in Central Western Maine. The Organization's mission is *to love our neighbors through home repairs and youth outreach to create lives of hope, security, and dignity in Central Western Maine*. The Organization's vision is *building lives, we envision a community of help, hope and connection through Mission at the Eastward's Housing Ministry and Mission at the Eastward Youth Connection*.

NOTE 2: Summary of Accounting Policies**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires all resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classifying net assets into two categories: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

Without donor restrictions

General: Includes assets that are available for general operations of the Organization.

Board Designated: Includes assets set aside by the board of directors to be used at their discretion for specific projects.

With donor restrictions

Includes assets subject to donor-imposed stipulations that they be maintained permanently by the Organization as well as gifts or contributions whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed from restriction by actions of the Organization pursuant to those stipulations. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash equivalents include all short-term fixed income investments with an original maturity of ninety days or less.

Property and Equipment

Fixed assets are stated at cost less accumulated depreciation. Donated fixed assets are recorded at fair value at the time of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets.

Contributions and Promises to Give

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions are recorded as with donor restrictions or without donor restrictions, depending on the donor intent.

Revenue Recognition

The Organization recognizes revenue in accordance with Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and Accounting Standards Update No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization recognizes revenue from exchange transactions when the earnings process is complete and goods have been delivered or services performed. Income from events is recognized when the related event has been held and collectability is assured. Revenue from all other significant sources is recognized either when the associated performance obligation is satisfied, as in sponsorships, or at a single point in time when ownership, risks and rewards transfer.

Investments

Under FASB ASC 958-325, investments in marketable securities with readily determinable fair values, and all investments in debt securities, are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investment fees are included in investment income on the statement of activities and are immaterial for the years ended December 31, 2022 and 2021.

Perpetual Trust Held by Third Party

The Organization is the beneficiary of the income from a trust held in perpetuity by an independent trustee. The Organization has an irrevocable right to receive the income earned on the trust assets but will never receive the invested asset value of the trust. The income distributed to the Organization shall be used as unrestricted earnings to support the mission of the Organization. The fair value of the investments held by the trust is included in net assets with donor restrictions. The statements of activities and changes in net assets reflects the change in the fair market value that occurs as a result of market fluctuations in addition to undistributed current earnings. The amount is reported as the net change in the perpetual trust in the statements of activities and changes in net assets.

Functional Allocation of Expenses

The costs of providing programs and other activities are summarized in the statements of functional expenses. Costs have been allocated among program, general and administrative and fundraising based on estimated payroll, space utilization or other rational means.

Contributions of Nonfinancial Assets

During the year ended December 31, 2022, the Organization adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which addresses the presentation and disclosures of in-kind contributions. ASU 2020-07 was applied on a retrospective basis.

Contributions of tangible assets are recognized at fair market value when received. Contributions of services are only recognized if the services: (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts received from in-kind contributions are offset by like amounts as increases in assets or expenses or reductions in liabilities.

Advertising Costs

The Organization uses various forms of advertising and public relations to promote its programs among the communities it serves. Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the years ended December 31, 2022 and 2021 were \$698 and \$903, respectively.

Income Taxes

Effective as of 2019, Mission at the Eastward became a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization does not believe it has done anything in the past year that would jeopardize its tax-exempt status. The Organization reports its activities to the Internal Revenue Service in an annual information return, IRS Form 990. These filings are, generally, subject to review by the tax authorities for three years after they have been filed.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 3: Cash

The Organization maintains cash balances at financial institutions that exceed the Federal Depositors Insurance Corporation's limit, currently at \$250,000. As of December 31, 2022, the Company's cash balances exceed federally insured limits by \$61,145. The Organization has not experienced any losses in these accounts and believes they are not exposed to any significant risk on cash.

NOTE 4: Financial Assets and Liquidity Resources

The goal of the Organization is to meet financial obligations as they come due. The Organization uses cash budgeting techniques to help forecast cash disbursements on collections. As of December 31, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

| Table 1 | 2022 | 2021 |
|--|-------------------|-------------------|
| Financial Assets: | | |
| Cash | \$ 311,201 | \$ 277,893 |
| Promises to give | - | 45,000 |
| Less amounts unavailable for general expenditure: | | |
| Donor restrictions for time or purpose | (66,830) | (107,419) |
| Board designations | <u>(86,103)</u> | <u>(60,931)</u> |
| Total financial assets and liquidity resources available within one year | <u>\$ 158,268</u> | <u>\$ 154,543</u> |
| Financial Assets and Liquidity Resources | | |

Current assets associated with net assets with donor restrictions are included in the Table of Financial Assets and Liquidity Resources as their specific purpose and timing restrictions are intended to be fulfilled during normal operations. Financial assets and liquidity resources are reduced by the donor restricted net asset balances because restricted amounts are included in current assets at December 31, 2022 and 2021. Financial assets and donor restricted balances do not include funds held in the perpetual trust of \$52,816 and \$65,295 at December 31, 2022 and 2021, respectively, because they are associated with other assets which are not included in the financial assets and liquidity resources in the Table above.

NOTE 5: Investments

Investments consisted of the following at December 31, 2022 and 2021:

| Table 2 | <u>Fair Value</u> | <u>Cost</u> |
|---|-----------------------|------------------|
| December 31, 2022 | | |
| Mutual funds | \$ 37,704 | \$ 24,112 * |
| Money market funds | <u>29</u> | <u>29</u> |
| Total investments | <u>\$ 37,733</u> | <u>\$ 24,141</u> |
| December 31, 2021 | | |
| Mutual funds | \$ 42,529 | \$ 22,351 * |
| Money market funds | <u>17</u> | <u>15</u> |
| Total investments | <u>\$ 42,546</u> | <u>\$ 22,366</u> |
| * Cost basis is not available by the investment company and is estimated based on the Organization's deposits and withdrawals since inception | | |
| Investments | | |

The following schedule summarizes the investment income and its classification in the statements of activities for the year ended December 31, 2022 and 2021:

| Table 3 | <u>2022</u> | <u>2021</u> |
|--|-------------------|-----------------|
| Interest, dividends and capital gain distributions | \$ 1,314 | \$ 1,383 |
| Net realized/unrealized gains (losses) | <u>(6,961)</u> | <u>3,670</u> |
| Total | <u>\$ (5,647)</u> | <u>\$ 5,053</u> |
| Investment Income | | |

Fair Value Measurements

Fair value is defined as the price at which an asset could be exchanged or a liability transferred (an exit price) in an orderly transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. When available, fair value is based on observable market prices or parameters or derived from such prices or parameters. When observable inputs are not available, valuation models are applied.

Financial assets recorded at fair value in the accompanying financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by FASB ASC 820-10 and directly related amounts of subjectivity associated with the inputs to fair valuation of these assets and liabilities are listed below:

Level 1

Inputs unadjusted, quoted prices in active markets for identical assets at the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Inputs are other than quoted prices included in Level 1, which are either directly or indirectly observable for the asset or liability through correlation with market data at the reporting date and for the duration of the instrument's anticipated life.

Level 3

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities and which reflect management's best estimate of what market participants would use in pricing the asset or liability at the reporting date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

Transfers between levels are recognized as of the actual date of the event or change in circumstance that caused the transfer. During the years ended December 31, 2022 and 2021, there were no transfers between levels.

Assets and liabilities at fair value on a recurring basis are summarized below.

Fair value measurements at December 31, 2022 and 2021 were as follows:

| Table 4 | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs |
|--------------------------------|---------------------------|---------------------------|---------------------------|
| December 31, 2022 | | | |
| Available-for-sale securities | \$ <u>37,733</u> | \$ <u>-</u> | \$ <u>-</u> |
| December 31, 2021 | | | |
| Available-for-sale securities | \$ <u>42,546</u> | \$ <u>-</u> | \$ <u>-</u> |
| Fair Value Measurements | | | |

NOTE 6: Operating Leases

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842). Topic 842, which supercedes Topic 840, and requires a lessee to recognize a lease asset and related lease liability on the statement of financial position. Management of the Organization elected to not adopt Topic 842 as of January 1, 2022 therefore the financial statements are presented in accordance with Topic 840.

On January 1, 2022, the Organization entered into a space sharing agreement with Fairbanks Union Church for space located at 583 Fairbanks Road in Farmington, Maine. The agreement is for a one-year term and can be renewed for an additional one-year term. Either party can cancel the agreement at any time with a 60-day written notice. Total rent expense under the agreement is \$250 per month and totaled \$3,000 for the year ended December 31, 2022.

The Organization had a covenantal space sharing agreement with Fairbanks Union Church for space located at 583 and 587 Fairbanks Road in Farmington, Maine for \$1 per year which expired on December 31, 2021. Total rent expense under the agreement was \$1 for the year ended December 31, 2021. No amounts have been included in the accompanying financial statements for donated lease space because the fair market value of the space cannot be reasonably estimated.

On June 1, 2021, the Organization entered into a lease agreement with Fairbanks Union Church for space used for the Organization's McCleary House project. The agreement does not have any set rental expense terms; however, the Organization agrees to pay for the restoration of the property. Capital improvements made to the property are included in leasehold improvements and totaled \$9,672 and \$26,300 for the years ended December 31, 2022 and 2021, respectively. The lease agreement expires on May 31, 2031. No amounts have been included in the accompanying financial statements for donated lease space because the fair market value of the space cannot be reasonably estimated.

NOTE 7: Concentrations of Credit Risk

The Organization received 30% of its total revenue during the year ended December 31, 2022 from two major donors.

The Organization received 39% of its total revenue during the year ended December 31, 2021 from two major donors. Promises to give included \$40,000 from a major donor at December 31, 2021.

NOTE 8: Contributions of Nonfinancial Assets

The value of donated goods and services received is itemized in Table 5, below.

| Table 5 | <u>2022</u> | <u>2021</u> |
|---|-------------|-----------------|
| Goods used for program services | \$ - | \$ 1,080 |
| Goods used for administrative services | - | 265 |
| Total contributions of nonfinancial assets | <u>\$ -</u> | <u>\$ 1,345</u> |
| Contributions of nonfinancial assets | | |

There were no contributions of nonfinancial assets in 2022.

The Organization recognized the contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

At December 31, 2021, included in contributions of nonfinancial assets are goods utilized for program and administrative services. At the date of donation, an equal amount is recorded in expense on the statement of financial position. It is the Organization's policy to utilize donated goods. Fair value was determined based on purchase prices for similar items in the geographical location of the Organization as of the date of donation.

NOTE 9: Related Party Transactions

The Organization belongs to a family of Presbyterian churches and service ministries. In 2021, 50% of the Reverend's salary, housing and benefits were paid for by the Organization. The remaining 50% was shared between the Fairbanks Union Church and North New Portland Community Church. The Reverend resigned in August 2021. In 2022, the Organization hired an executive director whose salary and benefits are paid entirely by the Organization and are not shared with related parties. The salary and benefits are paid for and reimbursed to Fairbanks Church.

NOTE 10: Net Assets with Donor Restrictions

See Table 6 for a summary of net assets with donor restrictions as of December 31, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Funds held in perpetual trust | \$ 52,816 | \$ 65,295 |
| McCleary project | 63,649 | 103,373 |
| Youth ministry | 3,181 | 3,046 |
| Critical needs | - | 1,000 |
| Total net assets with donor restrictions | <u>\$ 119,646</u> | <u>\$ 172,714</u> |

Net Assets with Donor Restrictions

NOTE 11: Net Assets with Board Designations

As of December 31, 2022, the Organization had board designated net assets totaling \$86,103. Of that amount, \$77,223 was designated for the Organization's housing ministry and \$8,880 for the Organization's McCleary House project.

As of December 31, 2021, the Organization had board designated net assets totaling \$60,931. Of that amount, \$50,931 was designated for the Organization's housing ministry and \$10,000 for the Organization's McCleary House project.

NOTE 12: Contingency

As of March 31, 2023, state and federal governments have published guidelines to attempt to curtail the spread of the global pandemic (COVID-19). Many industries are experiencing some level of disruption to business operations and the impact of reduced consumer spending. These conditions have continued to exist subsequent to December 31, 2022 and there is uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management expects this matter may have a financial impact on the Organization's financial position and results of future operations, such potential impact cannot be reasonably estimated.

NOTE 13: Subsequent Events

The Organization has evaluated events, if any, that have occurred subsequent to December 31, 2022 through March 31, 2023, the date the financial statements were available to be issued, and included information in the notes to the financial statements related to any identifiable events, if necessary.