Interfaith America

Financial Report
July 31, 2022

Contents

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Independent Auditor's Report

To the Board of Directors
Interfaith America

Opinion

We have audited the financial statements of Interfaith America (the "Organization"), which comprise the statement of financial position as of July 31, 2022 and 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of July 31, 2022 and 2021 and the changes in its net assets, functional expenses, and 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 Audits of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits 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.

To the Board of Directors
Interfaith America

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

January 18, 2023

Statement of Financial Position

July 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash	$ 5,345,711	$ 10,066,831
Investments (Note 4)	10,036,844	11,520,351
Accounts receivable - Net	179,644	23,525
Short-term portion of grants and contributions receivable (Note 5)	4,559,394	2,368,500
Prepaid expenses and other current assets	874,915	497,907
Total current assets	20,996,508	24,477,114
Grants and Contributions Receivable - Net of current portion (Note 5)	5,526,961	2,642,554
Property and Equipment - Net (Note 6)	270,836	296,628
Total noncurrent assets	5,797,797	2,939,182
Total assets	**$ 26,794,305**	**$ 27,416,296**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 53,889	$ 164,113
Grants and scholarships payable	190,458	1,208,925
Deferred revenue	18,870	11,075
Accrued liabilities and other:		
Accrued payroll	225,732	203,200
Short-term portion of deferred rent (Note 9)	47,339	38,773
Other accrued liabilities	106,053	62,022
Total accrued liabilities and other	379,124	303,995
Total current liabilities	642,341	1,688,108
Deferred Rent - Net of current portion (Note 9)	16,739	64,078
Total liabilities	659,080	1,752,186
Net Assets		
Without donor restrictions:		
Undesignated	10,596,395	12,893,032
Board designated	2,000,000	1,000,000
Total without donor restrictions	12,596,395	13,893,032
With donor restrictions (Note 7)	13,538,830	11,771,078
Total net assets	26,135,225	25,664,110
Total liabilities and net assets	**$ 26,794,305**	**$ 27,416,296**

Statement of Activities and Changes in Net Assets

Years Ended July 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, (Losses) Gains, and Other Support						
Individual contributions of financial assets	$ 212,260	$ 4,022,000	$ 4,234,260	$ 286,732	$ 225,000	$ 511,732
Contributions of nonfinancial assets (Note 10)	133,161	-	133,161	33,769	-	33,769
Grants and contributions of financial assets	519,375	9,179,050	9,698,425	133,496	8,472,500	8,605,996
Seminars and workshops	12,225	-	12,225	9,898	-	9,898
Earned revenue	123,000	-	123,000	132,750	-	132,750
Net realized and unrealized (losses) gains on investments	(615,774)	-	(615,774)	354,373	-	354,373
Interest and dividends	116,167	-	116,167	90,390	-	90,390
Honoraria	173,150	-	173,150	160,050	-	160,050
Other revenue	1,325	-	1,325	50	-	50
Net assets released from restrictions	11,433,298	(11,433,298)	-	8,401,114	(8,401,114)	-
Total revenue, gains, and other support	12,108,187	1,767,752	13,875,939	9,602,622	296,386	9,899,008
Expenses						
Program services:						
Campus	3,467,153	-	3,467,153	2,855,656	-	2,855,656
Narrative	2,940,886	-	2,940,886	2,117,201	-	2,117,201
Innovation	4,357,143	-	4,357,143	3,320,179	-	3,320,179
Support services:						
Advancement	760,840	-	760,840	715,521	-	715,521
Operations	1,878,802	-	1,878,802	1,319,816	-	1,319,816
Total expenses	13,404,824	-	13,404,824	10,328,373	-	10,328,373
(Decrease) Increase in Net Assets - Before other changes in net assets	(1,296,637)	1,767,752	471,115	(725,751)	296,386	(429,365)
Other Changes in Net Assets - Gain on debt forgiveness	-	-	-	680,352	-	680,352
(Decrease) Increase in Net Assets	(1,296,637)	1,767,752	471,115	(45,399)	296,386	250,987
Net Assets - Beginning of year	13,893,032	11,771,078	25,664,110	13,938,431	11,474,692	25,413,123
Net Assets - End of year	**$ 12,596,395**	**$ 13,538,830**	**$ 26,135,225**	**$ 13,893,032**	**$ 11,771,078**	**$ 25,664,110**

See notes to financial statements.

Statement of Functional Expenses

Year Ended July 31, 2022

	Program Services				Support Services		
	Campus	Narrative	Innovation	Total	Advancement	Operations	Total
Salaries and related expenses	$ 1,636,771	$ 1,200,295	$ 973,342	$ 3,810,408	$ 554,344	$ 818,346	$ 5,183,098
Employee benefits	176,186	111,139	94,615	381,940	68,893	109,175	560,008
Payroll taxes	122,744	82,729	64,270	269,743	34,388	84,460	388,591
Total salaries and related expenses	1,935,701	1,394,163	1,132,227	4,462,091	657,625	1,011,981	6,131,697
Professional fees	401,394	425,930	225,225	1,052,549	27,488	170,601	1,250,638
Accounting fees	-	-	-	-	-	40,798	40,798
Information technology services	44,211	23,607	17,955	85,773	9,634	175,624	271,031
Supplies	95,211	74,491	172,627	342,329	163	17,371	359,863
Computer-related expenses	17,809	5,868	1,035	24,712	672	81,416	106,800
Telephone and telecommunications	8,758	10,122	3,700	22,580	2,586	7,600	32,766
Postage, shipping, and advertising	16,239	19,358	2,523	38,120	1,177	10,644	49,941
Books, subscriptions, and reference	6,255	23,638	2,391	32,284	4,807	3,868	40,959
Printing and copying	5,017	604	180	5,801	1,598	1,648	9,047
Fees and charges	789	-	27	816	999	2,436	4,251
Staff development	17,995	661	650	19,306	27	58,370	77,703
Occupancy expenses	141,546	83,325	67,965	292,836	36,627	34,112	363,575
Travel expense	63,266	88,998	46,686	198,950	12,171	55,360	266,481
Meetings expense	3,135	2,395	2,683	8,213	2,138	42,947	53,298
Depreciation	8,029	-	46,346	54,375	-	92,647	147,022
Insurance	-	-	-	-	-	36,476	36,476
Other expenses	13,503	58,085	23,590	95,178	3,128	34,903	133,209
Scholarships and stipends to individuals	213,700	308,357	1,692,937	2,214,994	-	-	2,214,994
Grants to other organizations	474,595	421,284	918,396	1,814,275	-	-	1,814,275
Total functional expenses	**$ 3,467,153**	**$ 2,940,886**	**$ 4,357,143**	**$ 10,765,182**	**$ 760,840**	**$ 1,878,802**	**$ 13,404,824**

See notes to financial statements.

Statement of Functional Expenses

Year Ended July 31, 2021

	Program Services				Support Services		
	Campus	Narrative	Innovation	Total	Advancement	Operations	Total
Salaries and related expenses	$ 1,587,710	$ 854,621	$ 499,898	$ 2,942,229	$ 556,219	$ 625,670	$ 4,124,118
Employee benefits	168,528	86,293	49,870	304,691	56,458	95,116	456,265
Payroll taxes	119,106	61,988	30,775	211,869	33,835	57,519	303,223
Total salaries and related expenses	1,875,344	1,002,902	580,543	3,458,789	646,512	778,305	4,883,606
Professional fees	155,194	339,405	63,447	558,046	13,788	88,904	660,738
Accounting fees	-	-	-	-	-	32,250	32,250
Information technology services	43,380	20,704	12,828	76,912	9,645	119,586	206,143
Supplies	28,268	12,406	13,068	53,742	1,618	4,540	59,900
Computer-related expenses	37,468	5,464	21	42,953	235	77,540	120,728
Telephone and telecommunications	7,486	4,621	2,051	14,158	2,014	3,249	19,421
Postage, shipping, and delivery	27,801	5,178	-	32,979	380	6,543	39,902
Books, subscriptions, and reference	2,101	10,465	153	12,719	2,661	1,713	17,093
Printing and copying	446	205	-	651	1,582	617	2,850
Fees and charges	515	88	5,000	5,603	641	2,895	9,139
Staff development	12,602	693	-	13,295	-	22,187	35,482
Occupancy expenses	136,724	72,380	40,269	249,373	35,095	52,854	337,322
Travel expense	12,181	13,068	1,737	26,986	23	3,440	30,449
Meetings expense	102	30	-	132	1,061	9	1,202
Depreciation	4,120	-	29,939	34,059	-	73,818	107,877
Insurance	-	-	-	-	-	32,661	32,661
Other expenses	7,611	304	248	8,163	266	(2,095)	6,334
Scholarships and stipends to individuals	194,450	277,338	1,948,625	2,420,413	-	20,800	2,441,213
Grants to other organizations	309,863	351,950	622,250	1,284,063	-	-	1,284,063
Total functional expenses	**$ 2,855,656**	**$ 2,117,201**	**$ 3,320,179**	**$ 8,293,036**	**$ 715,521**	**$ 1,319,816**	**$ 10,328,373**

See notes to financial statements.

Statement of Cash Flows

Years Ended July 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Increase in net assets	$ 471,115	$ 250,987
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation expense	147,022	107,877
Contributed stock	(1,078,968)	(1,081,657)
Bad debt expense	-	941
Realized and unrealized gains on investments	615,774	(354,373)
Deferred rent	(38,773)	(30,426)
Gain on debt forgiveness	-	(680,352)
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(156,119)	70,569
Grants and contributions receivable	(5,075,301)	313,328
Prepaid expenses and other current assets	(377,008)	(251,738)
Accounts payable	(110,224)	152,137
Grants payable	(1,018,467)	1,208,925
Accrued payroll	22,532	34,705
Other accrued liabilities	44,031	34,591
Deferred revenue	7,795	(12,624)
Net cash used in operating activities	(6,546,591)	(237,110)
Cash Flows from Investing Activities		
Purchase of property and equipment	(121,230)	(231,239)
Purchases of investments	(1,112,559)	(4,920,659)
Proceeds from sales of investments	1,983,690	3,971,772
Sale of contributed stock	1,078,968	1,081,657
Net cash provided by (used in) investing activities	1,828,869	(98,469)
Net Decrease in Cash	(4,717,722)	(335,579)
Cash - Beginning of year	12,459,219	12,794,798
Cash - End of year	**$ 7,741,497**	**$ 12,459,219**
Statement of Financial Position Classification of Cash		
Cash	$ 5,345,711	$ 10,066,831
Bank deposits - Included in investments	2,395,786	2,392,388
Total cash	**$ 7,741,497**	**$ 12,459,219**

Note 1 - Nature of Business

Interfaith America (the "Organization"), formerly known as Interfaith Youth Core, located in Chicago, Illinois, is a nonprofit corporation. Established in 2002, the Organization's vision is to build a society in which interfaith cooperation is a social norm. Rather than succumb to the notion of the inevitability of religious conflict, the Organization seeks to transform America into a nation that sees its religious diversity as a strength. Focusing on the higher education sector for its catalytic impact on broader society, the Organization has four strategically aligned program areas:

Model Environments - The Organization partners with campuses to implement consultations, devise assessment resources, and steward relationships over the long term, achieving sustainable, institution-wide shifts embedding interfaith cooperation.

Leaders - The Organization trains, cultivates, and networks a set of campus leaders, including students, staff, faculty, administrators, and alumni to advance interfaith cooperation within their spheres of influence.

Knowledge Base - The Organization contributes to and curates a knowledge base that provides the theoretical core to undergird practice.

Communications - Communications programs give voice to the interfaith movement through a range of media platforms and change public discourse from the inevitability of religious conflict to the possibility of interfaith cooperation.

The Organization's funding is derived primarily from individual and foundation gifts, seminars and workshops, speaking honoraria, and university contracts.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management does not believe the Organization is exposed to any significant credit risk on cash.

Note 2 - Significant Accounting Policies (Continued)

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are recorded in the statement of activities and changes in net assets based on the specific identification method. The Organization's investments are exposed to various risks, such as interest rate and credit risk, as well as overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statement of financial position.

Subsequent to year end, the Organization's investment portfolio has incurred declines in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Accounts, Grants, and Contributions Receivable

Accounts receivable consist of amounts due for services rendered. Receivables are carried at original invoice amounts. The Organization's contributions receivable are composed primarily of grants and allocations committed from various funding agencies for use in the Organization's activities. Management monitors the collection of these receivables on a periodic basis, and amounts are written off when deemed uncollectible. Management believes that all grants and contributions receivable are fully collectible. The allowance for doubtful accounts receivable was $9,360 as of July 31, 2022 and 2021.

Paycheck Protection Program Loan

Funding received under the Paycheck Protection Program (PPP) is from a lending institution and has the potential to be forgiven in part or wholly by the Small Business Administration. The proceeds from the loan, therefore, remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Organization has been legally released or (2) the Organization pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and the legal release is received, the liability is reduced by the amount forgiven, and a gain on extinguishment is recorded. See Note 11 for additional information regarding terms and conditions of the PPP loan.

Designated Endowment without Donor Restrictions

The Organization maintains within its net assets without donor restrictions a designated endowment from which the Organization's board permits only distributions (grants) of earnings, which may include appreciation and income. This designated endowment consists of funds received from donors without donor restrictions designated by the board with the objective to generate income to support the organization. The Organization, at the discretion of the board, may spend up to 4 percent of the endowment fund's fair value each year. Recognizing the perpetual nature of the endowment and its purpose to support the Organization’s long-term needs, an appropriate portion of the endowment can have a greater emphasis on equity-based investments where long-term growth prospects have a higher probability of producing greater returns than those expected from fixed-income securities. The board is authorized to determine asset allocation guidelines for the endowment to achieve its long-term objectives with appropriate attention to risk.

Note 2 - Significant Accounting Policies (Continued)

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met the year in which the contributions are received are reported as contributions without donor restrictions in the accompanying financial statements. Contributed stocks are sold upon receipt unless there are donor restrictions restricting the sale of such stocks.

Revenue Recognition for Contracts with Customers

The Organization’s revenue generated from contracts with customers consists of seminars and workshops, consulting work with other organizations (included in earned revenue on the statement of activities and changes in net assets), and honoraria. The Organization’s customers typically are students, foundations, corporations, and higher education institutions.

For each revenue stream, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Organization examines the performance obligations in the contract, considering the performance obligations, whether customers benefit from the resources, and whether the resources are readily available.

The Organization’s revenue is recognized when a given performance obligation is satisfied, either at a given point in time or over a period. Revenue is recognized at a given point in time when services or control of goods are transferred to the customer and when the customer can direct its use and obtain substantial benefit from the services or goods. The Organization recognizes revenue over a period if the customer receives and consumes the benefits that the Organization provides simultaneously or if the Organization’s performance does not create an asset with an alternative use and has an enforceable right to payment for the performance.

Performance obligations are determined based on the nature of the services provided by the Organization. For seminars and workshops, the performance obligation is to provide a bundle of services, including attendance and providing content for an educational event. For honoraria, the performance obligation is to deliver a defined speaking engagement. Both of these performance obligations are satisfied at the point in time when the event or speaking engagement occurs. For earned revenue, the Organization’s performance obligations vary depending on the nature of the individual contract and typically include working collaboratively with the customer to host an event, provide educational content, or provide consulting services for a specific deliverable. These performance obligations are satisfied at a point in time for an event or over time for content creation or consulting services that are provided during the contract period.

Revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. The Organization does not offer discounts for early payment, and none of the Organization’s contracts have a significant financing component.

For the years ended July 31, 2022 and 2021, the beginning balances of the Organization's accounts receivable related to customers with contracts were $23,525 and $83,267, respectively. The closing balances were $179,644 and $23,525, respectively. The allowance for doubtful accounts on the closing accounts receivable balances was $9,360 as of July 31, 2022 and 2021. No impairment losses were recorded for these receivable balances during 2022 and 2021.

Note 2 - Significant Accounting Policies (Continued)

The Organization determines the transaction price based on stated contract fees for services provided. Cash payments received in advance of the event date or the Organization satisfying its performance obligation(s) are recorded as contract liabilities (deferred revenue) on the statement of financial position. For the years ended July 31, 2022 and 2021, the beginning balances of the Organization's deferred revenue from contracts with customers were $11,075 and $23,699, respectively.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are depreciated over the shorter of their useful lives or the lease term. Costs of repairs and maintenance are charged to expense as incurred.

Grants and Scholarships Payable

The Organization awards grants and scholarships to selected organizations and individuals for interfaith and educational initiatives to advance its mission. Unconditional grants are recorded by the Organization in the period awarded and approved by management. The expenditures included in the accompanying financial statements include the amounts expensed for the years ended July 31, 2022 and 2021. Conditional grants are expensed when such conditions are substantially met. There were no conditional grants awarded as of July 31, 2022 and 2021.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs are classified directly, when possible. Indirect costs have been allocated between the various program and support services based on estimates determined by management.

- Occupancy - By full-time equivalent (FTE) positions per department
- Information technology services - By full-time equivalent positions per department

Occupancy costs include maintenance, utilities, and other indirect expenses incurred by multiple departments. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Adoption of New Accounting Pronouncement

As of August 1, 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosure to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category, within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of fair value techniques used to arrive at a fair value measurement. The standard was applied retrospectively and did not result in a restatement of prior year amounts.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending July 31, 2023 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The new lease standard is expected to have a significant effect on Organization's financial statements as a result of the Organization's operating leases, as disclosed in Note 9, that will be reported on the statement of financial position at adoption. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the statement of activities and changes in net assets are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Note 3 - Liquidity and Availability of Resources

The following reflects the Organization's financial assets as of July 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of July 31, 2022 and 2021:

	2022	2021
Cash	$ 5,345,711	$ 10,066,831
Investments	10,036,844	11,520,351
Accounts receivable - Net	179,644	23,525
Grants and contributions receivable - Net	10,086,355	5,011,054
Financial assets - At year end	25,648,554	26,621,761
Contractual or donor-imposed restrictions - Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	13,538,830	11,771,078
Board designations	2,000,000	1,000,000
Financial assets available to meet cash needs for general expenditures within one year	$ 10,109,724	$ 13,850,683

The grants and contributions receivable are subject to implied time restrictions; of the amount reported above, $4,559,394 and $2,368,500 at July 31, 2022 and 2021, respectively, is expected to be collected within one year and released from donor-imposed purpose restrictions.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet six months of normal operating expenses, which are, on average, approximately $4,700,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and money market accounts.

The Organization also realizes there could be unanticipated liquidity needs.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at July 31, 2022 and 2021 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Organization does not currently utilize any Level 3 inputs.

	Assets Measured at Fair Value on a Recurring Basis at July 31, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at July 31, 2022
Investments:					
Mutual fund - Stock/bond blended index	$ 7,640,532	$ -	$ -	$ -	$ 7,640,532
Money market funds	526	-	-	-	526
Total investments	$ 7,641,058	$ -	$ -	$ -	$ 7,641,058

	Assets Measured at Fair Value on a Recurring Basis at July 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at July 31, 2021
Investments:					
Mutual fund - Stock/bond blended index	$ 9,127,630	$ -	$ -	$ -	$ 9,127,630
Money market funds	333	-	-	-	333
Total investments	$ 9,127,963	$ -	$ -	$ -	$ 9,127,963

Not included in the tables above is $2,395,786 and $2,392,388 in bank deposits as of July 31, 2022 and 2021, respectively.

Note 5 - Grants and Contributions Receivable

Contributions are recorded at the present value of their estimated future cash flows. The Organization discounted contributions due in more than one year using rates between 0.18 percent and 2.93 percent. Contributions receivable are expected to be collected during the following periods:

	2022	2021
Less than one year	$ 4,559,394	$ 2,368,500
One to five years	5,725,779	2,700,000
Less allowance for present value discount	(198,818)	(57,446)
Total grants and contributions receivable	$ 10,086,355	$ 5,011,054

Note 6 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2022	2021	Depreciable Life - Years
Furniture and fixtures	$ 336,652	$ 325,769	3-5
Computer equipment and website	802,821	692,474	3-5
Leasehold improvements	37,404	37,404	5-20
Total cost	1,176,877	1,055,647	
Less accumulated depreciation	906,041	759,019	
Net amount	$ 270,836	$ 296,628	

Depreciation expense was $147,022 and $107,877 for the years ended July 31, 2022 and 2021, respectively.

Note 7 - Net Assets

Net assets without donor restrictions consist of the following as of July 31:

	2022	2021
Board-designated net assets	$ 2,000,000	$ 1,000,000
Undesignated net assets	10,596,395	12,893,032
Total net assets without donor restrictions	$ 12,596,395	$ 13,893,032

Net assets with donor restrictions as of July 31 consist of the following:

	2022	2021
Subject to expenditures for a specified purpose:		
Narrative	$ 1,056,014	$ 1,600,252
Campus	5,771,325	3,976,152
Public health	-	1,963,448
Innovation	1,260,735	-
Subject to the passage of time	5,450,756	4,231,226
Total net assets with donor restrictions	$ 13,538,830	$ 11,771,078

Note 8 - Concentration of Grants and Contributions

Approximately 70 percent of 2022 total grants and contributions revenue was contributed by five foundations, of which $1,420,756 is included in grants and contributions receivable on the statement of financial position as of July 31, 2022.

Approximately 58 percent of 2021 total grants and contributions revenue was contributed by four individuals, of which $1,250,000 is included in grants and contributions receivable on the statement of financial position as of July 31, 2021.

Note 9 - Operating Leases

In November 2016, the Organization entered into an operating sublease for new office space. The lease term began on December 1, 2016 and expires on November 30, 2023. Base rent for the lease commenced on July 1, 2017, after which time the monthly rental payments have ranged over the life of the lease from $25,402 to $29,450. As required by the lease, the Organization entered into a $101,606 standby letter of credit as the security deposit to the lessor. The Organization is accounting for this lease in accordance with U.S. generally accepted accounting principles by using the straight-line method of accounting.

The difference in actual rent payments and the expense recognized using the straight-line method is recorded as deferred rent liability in the amount of $64,078 and $102,851 for the years ended July 31, 2022 and 2021, respectively.

The following is a schedule of future minimum rental payments under the operating lease:

Years Ending July 31	Amount
2023	$ 350,524
2024	117,800
Total	$ 468,324

Total rent expense under the operating lease was $339,228 and $312,145 for the years ended July 31, 2022 and 2021, respectively.

Note 10 - Contributed Nonfinancial Assets

A significant amount of volunteer services is contributed to the Organization to support its activities. These volunteer activities include participating on the board of directors and numerous other committees. The value of these services is not recorded in the financial statements. These volunteer services are not recordable under GAAP.

The value of contributed services included in the statement of activities and changes in net assets and allocated to management and general and program service expense for the years ended July 31, 2022 and 2021 are as follows:

	2022	2021
Professional services - Legal	$ 83,161	$ 33,769
Professional services - Marketing	50,000	-
Total	$ 133,161	$ 33,769

Contributed nonfinancial assets did not have donor-imposed restrictions. Contributed professional services are valued and reported at their estimated fair value in the financial statements based on current rates for similar professional services.

Note 11 - Paycheck Protection Program Loan

On April 6, 2020, the Organization received a Paycheck Protection Program loan through one of its financial institutions for $680,352. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Organization may use the funds on qualifying expenses over a covered period of up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of two years, with interest accruing at an annual rate of 1 percent and monthly payments of principal and interest beginning 10 months after the conclusion of the covered period.

The Organization applied for and received notification of forgiveness of the loan from the SBA for the entire loan balance on January 7, 2021. Loan forgiveness in the amount of $680,352 has been reflected as a gain on debt forgiveness in the accompanying statement of activities and changes in net assets for the year ended July 31, 2021.

Note 12 - Employee Benefit Plan

The Organization instituted a 403(b) plan available to all employees, with an employer match of 40 percent of the employees' contributions up to 6 percent of the salary. During the years ended July 31, 2022 and 2021, the employer match was $152,133 and $108,697, respectively.

Note 13 - Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 18, 2023, which is the date the financial statements were available to be issued.