Spark and Affiliates
Omaha, Nebraska

Consolidated Financial Statements
December 31, 2022

Together with Independent Auditor's Report

Spark and Affiliates

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors of
Spark and Affiliates
Omaha, Nebraska

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Spark and Affiliates, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Spark and Affiliates as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 of the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Spark and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter Regarding Restatement of Previously Issued Financial Statements

The consolidated financial statements of Spark and Affiliates as of and for the year ended December 31, 2021 were reviewed by Seim Johnson, LLP who joined Eide Bailly LLP on July 25, 2022, and whose report dated May 9, 2022, stated they were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the consolidated financial statements as a whole. As discussed in Note 13 to the consolidated financial statements, certain errors resulting in the understatement of previously reported net assets as of December 31, 2021 were discovered by management of Spark and Affiliates during the current year. Accordingly, the 2022 beginning net assets have been restated to correct for these errors. As part of our audit of the December 31, 2022 financial statements, we audited the adjustments described in Note 13 that were applied to restate the 2022 beginning net assets. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Spark and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Spark and Affiliates' 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.

Eide Bailly LLP

Omaha, Nebraska
June 26, 2023

Spark and Affiliates

Consolidated Statement of Financial Position
December 31, 2022

ASSETS		
Cash	$	3,802,455
Contributions receivable, net		1,056,633
Loans receivable		1,474,758
Other receivables		14,122
Property and equipment, net		490,651
Operating lease right of use asset		9,627
Total assets	$	6,848,246
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$	18,949
Accrued expenses		22,368
Refundable advance		568,539
Operating lease liability		9,722
Notes payable		350,500
Total liabilities		970,078
Commitments		
Net assets:		
Without donor restrictions:		
Undesignated		3,605,279
Board designated - Brown Park		25,000
With donor restrictions		2,247,889
Total net assets		5,878,168
Total liabilities and net assets	$	6,848,246

See notes to consolidated financial statements

Spark and Affiliates

Consolidated Statement of Activities
For the Year Ended December 31, 2022

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT				
Grants and contributions	$	1,507,051	713,828	2,220,879
Academy participant fees		8,922	--	8,922
Academy sponsorships		20,959	--	20,959
Investment income		6,277	--	6,277
Other income		53,074	--	53,074
Net assets released from restrictions		683,741	(683,741)	--
Total revenue, gains and other support		2,280,024	30,087	2,310,111
EXPENSES:				
Program services		807,794	--	807,794
General and adminstrative		224,184	--	224,184
Fundraising		69,668	--	69,668
Total expenses		1,101,646	--	1,101,646
CHANGE IN NET ASSETS		1,178,378	30,087	1,208,465
NET ASSETS, beginning of year (See Note 13)		2,451,901	2,217,802	4,669,703
NET ASSETS, end of year	$	3,630,279	2,247,889	5,878,168

See notes to consolidated financial statements

Spark and Affiliates

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	$ 617,415	88,539	54,369	760,323
Professional services	43,423	85,531	2,632	131,586
Rent and utilities	43,883	6,548	4,021	54,452
Office supplies and subscriptions	42,700	6,371	3,912	52,983
Meeting space rental, supplies and entertainment	21,459	3,202	1,966	26,627
Insurance	14,225	2,123	1,303	17,651
Conference and training	14,031	2,093	1,285	17,409
Depreciation	--	16,070	--	16,070
Marketing and communications	--	13,413	--	13,413
Interest	7,774	--	--	7,774
Memberships and subscriptions	1,970	294	180	2,444
Project costs	914	--	--	914
Total expenses	$ 807,794	224,184	69,668	1,101,646

See notes to consolidated financial statements

Spark and Affiliates

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	1,208,465
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense		16,070
(Increase) decrease in assets:		
Contributions receivable		189,122
Other receivables		(14,122)
Increase (decrease) in liabilities:		
Accounts payable		12,173
Accrued expenses		(9,562)
Refundable advance		518,539
Net operating lease liability		95
Net cash provided by operating activities		1,920,780
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collections on loans receivable		954
Issuance of loans receivable		(1,280,750)
Purchases of property and equipment		(13,949)
Net cash used in investing activities		(1,293,745)
NET INCREASE IN CASH		627,035
CASH, beginning of year		3,175,420
CASH, end of year	$	3,802,455
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$	7,774

See notes to consolidated financial statements

(1) Summary of Significant Accounting Policies

The following is a description of the organization and a summary of the significant accounting policies of Spark and Affiliates (collectively, the Organization). These policies are in accordance with accounting principles generally accepted in the United States of America (GAAP).

A. Description of Organization

The consolidated financial statements of the Organization include the operations of Spark, Spark's affiliate, Spark Capital, and Spark's wholly owned subsidiary, Fabric, LLC.

Spark is a not-for-profit entity incorporated in the State of Nebraska in 2016. Spark was established to champion community development by forming and leading partnerships that create, implement and evaluate holistic revitalization projects.

Spark Capital is a not-for-profit entity incorporated in the State of Nebraska in 2019. Spark Capital was established exclusively for the benefit to carry out the mission of Spark. Spark Capital created a loan fund to provide flexible lending products and services to support mission-aligned neighborhood revitalization in disinvested areas of the Omaha metro. Spark Capital intends to apply for designation as a Community Development Financial Institution (CDFI) in 2023.

In 2021, Spark formed Fabric, LLC, a Nebraska limited liability company created primarily for the purpose of acquiring and managing property for community redevelopment projects. Fabric, LLC is a disregarded entity for income tax purposes whose sole member is Spark.

B. Principals of Consolidation

The operations of Fabric, LLC and Spark Capital have been consolidated into Spark's financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

C. Basis of Accounting

The accompanying consolidated financial statements have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not for Profit Entities*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. The Organization maintains the following classes of net assets:

- *Without Donor Restrictions* – Represents net assets that are not subject to donor-imposed restrictions.
- *With Donor Restrictions* – Represents net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time or that will be maintained permanently by the Organization.

D. Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements. Actual results could differ from those estimates.

E. Contributions Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statement of activities. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. No allowance was recognized against contributions receivable at December 31, 2022.

F. Loans Receivable

Loans receivable, net of allowance of uncollectible accounts, relate to direct loans made to qualified applicants in accordance with the Organization's commercial lending underwriting policies and procedures and are reported at face value on the closing date. Loan origination and commitment fees, received at loan inception are deferred and recognized over the lives of the loans, if significant. Interest is recognized over the life of the loans when earned.

Management regularly assesses the adequacy of the allowance for uncollectible accounts by performing ongoing evaluations of the various components of the loans receivable portfolio, including such factors as changes in the financial position of individual borrowers, historical losses and delinquency rates, national and local economic conditions, Spark Capital's credit administration and financial health, and loan concentrations geographically, by project type and individual borrowers. The allowance for uncollectible accounts represents management's estimate of probable losses in the loans receivable portfolio and based on this analysis, management determined an allowance for uncollectible accounts was not needed at December 31, 2022. Individual loans receivables are written off when the receivable is delinquent, all remedies, including loan restructuring, exercise of any collateral rights and bankruptcy petitions have been exhausted and the loan is deemed uncollectible. The loans receivable portfolio is evaluated for impairment on a loan-by-loan basis and no loans were considered to be impaired at December 31, 2022.

Loans receivables are considered delinquent as a result of non-payment of principal, interest and/or fees according to the terms and conditions of the loan (monetary delinquency) or when the borrower fails to provide required documentation or perform under terms, conditions or covenants of the loan within established time allotments (non-monetary delinquency). Interest continues to accrue on delinquent loans until the date the loan becomes uncollectible and the loan is placed on non-accrual status. A loan is placed into non-accrual status when it becomes ninety days past due. All cash received on non-accrual receivables is applied to principal or interest as appropriate. The Organization resumes accruing interest on receivables when payments are current and future payments are reasonably assured. There were no loans receivable in non-accrual status at December 31, 2022.

The Organization utilizes an internal risk rating system to manage credit risk exposure and individually evaluates credit risk factors for each borrower. The Organization's risk rating schedule uses the following indicators to determine each loan's risk rating on a scale of low to high: organizational risk – financial, organizational risk – staffing/capacity, takeout risk – repayment, project risk – collateral, construction risk, property performance/condition, other factors. All loans receivable outstanding at December 31, 2022 were considered low risk based on the internal risk rating schedule.

G. Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair value on the date donated. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Furniture and equipment	5 years
Buildings and improvements	40 years

When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any resulting gain or loss on disposition is reflected in operations. Repairs and maintenance are expensed as incurred; expenditures for additions, improvements and replacements are capitalized. The Organization maintains a capitalization policy of $2,000.

H. Donor Restricted Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. Indications of intentions to give are not recognized until the cash or other assets are received. The contributions are reported as support 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified as without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

I. In-Kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the year ended December 31, 2022.

J. Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and benefits, marketing and communications, occupancy, insurance, memberships and subscriptions, office supplies and equipment, meeting space rental, supplies and entertainment, and conference and training, which are allocated on the basis of estimates of time and effort.

K. Advertising

Advertising costs are expensed as incurred and approximated $13,000 during the year ended December 31, 2022.

L. Income Taxes

Spark and Spark Capital are organized as a Nebraska nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), qualify for the charitable contribution deductions, and have been determined not to be private foundations. Fabric, LLC is organized as a single member limited liability company in the state of Nebraska and is considered a disregarded entity for federal income tax purposes. Spark and Spark Capital are required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS annually. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Spark and Spark Capital determined that each entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

M. Adoption of Accounting Standards Codification Topic 842

Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The Organization elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the consolidated statement of activities as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. See Note 9 for further disclosure of the Organization’s lease contracts.

N. Recently Issued Accounting Pronouncements

In April 2019, the FASB issued ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. ASU No. 2019-04 was issued as part of the FASB’s ongoing project to improve upon its ASC, and to clarify and improve areas of guidance related to recently issued standards on credit losses, hedging, and recognition and measurement. The amendments under ASU 2019-04 are effective for the Organization for fiscal years beginning after December 15, 2022. The Organization is currently evaluating the impact of this new guidance on its consolidated financial statements.

O. Subsequent Events

The Organization considered events occurring through June 26, 2023 for recognition or disclosure in the consolidated financial statements as subsequent events. That date is the date the consolidated financial statements were available to be issued.

(2) Liquidity and Availability of Resources

As of December 31, 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets:		
Cash	$	3,802,455
Contributions receivable, net		1,056,633
Total financial assets		4,859,088
Less amounts not available to be used for general expenditure within one year, due to:		
Donor-imposed restriction		1,363,572
Board designation		25,000
Total financial assets available to meet general expenditures over the next twelve months	$	3,470,516

The Organization's cash flows have seasonal variations based on when there is a higher concentration of gifts, as well as year-end donations. To manage liquidity, the Organization maintains cash in excess of daily requirements in cash funds. In addition, the Organization has board designated funds that could be made available to meet unexpected liquidity needs, if needed. The Organization also has a line of credit available for short-term borrowings as part of its liquidity management plan (see Note 7).

(3) Contributions Receivable

Unconditional promises to give are estimated to be collected as follows at December 31, 2022:

Within one year	$	495,000
In one to give years		600,000
Over five years		--
		1,095,000
Less discount to net present value at a rate of 4.23%		(38,367)
	$	1,056,633

At December 31, 2022, one donor accounted for approximately 68% of total contributions receivable.

(4) Loans Receivable

Loans receivable consist of advances to entities for the purpose of community redevelopment and affordable housing projects. Loans receivable outstanding at December 31, 2022 accrue interest ranging from 4.0% to 6.5% per annum and are due at maturity as defined in the loan agreements. The Organization requires a deed of trust on real estate for the benefit of the Organization and personal guarantees for the loans. Outstanding principal balances of loans receivable at December 31, 2022 totaled $1,474,758 and is due as follows:

		Total
2023	$	919,008
2024		555,750

An allowance for losses on loans receivable was not deemed necessary as of December 31, 2022 based on the Organization's assessment of outstanding loans.

(5) Conditional Promises to Give

The Organization's federal and certain other grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2022 conditional contributions approximating $569,000 for which amounts have been received in advance, have not been recognized in the accompanying consolidated statement of activities. Conditional promises to give which have been received in advance are reflected as refundable advances on the consolidated statement of financial position.

The Organization received certain other promises to give that are conditioned upon securing cash contributions or firm written pledges. Consequently, at December 31, 2022 conditional contributions approximating $25,000 for which no amounts have been received in advance, have not been recognized in the accompanying consolidated financial statements.

(6) Property and Equipment

Property and equipment as of December 31, 2022, is summarized as follows:

Land	$	51,198
Buildings and improvements		455,154
Furniture and equipment		20,407
Total property and equipment		526,759
Less: Accumulated depreciation		(38,108)
	$	490,651

Depreciation expense of $16,070 in 2022 is included in the accompanying consolidated statement of activities.

The Organization received in-kind contributions of three lots of property and related improvements located in Douglas County, Nebraska with a total estimated fair market value of $494,863 at the time of the gift. Under the terms of the donation agreement, the properties' usages are restricted to exclude certain types of business activities. The properties are also subject to a right of first offer and refusal agreement between the Organization and the donor. The property is further restricted so that the use of any proceeds from sale (whether by right of first offer or refusal or otherwise) shall be used for charitable purposes serving the Omaha community. The net book value of this property, $478,226 at December 31, 2022, is reflected in net assets with donor restrictions in the consolidated financial statements.

(7) Notes Payable

Spark Capital entered into various notes payable agreements with banks and other organizations for the purpose of funding community development loans. The notes payable consist of the following as of December 31, 2022:

2.00% note payable to American National Bank, payable in quarterly interest payments until maturity. (A)	$	50,000
2.25% note payable to OCF Investments, LLC, payable in quarterly interest payments until maturity in December 2026, at which time any remaining principal and interest outstanding is due in full. (B)		300,000
Line of credit (C)		500
Total notes payable	$	350,500

(A) This loan was issued as an equity equivalent investment (EQ2) under an investment agreement with American National Bank. The loan matures in May 2026; however, in accordance with the EQ2 agreement, the loan maturity date may be extended indefinitely in one-year increments if certain conditions are met. The loan is unsecured, fully subordinated and subject to certain reporting requirements and covenants. Total funding available under the agreement is $100,000.

(B) This loan was issued by OCF Investments, LLC as a mission-related investment under the terms of the loan agreement. The loan is subject to certain reporting requirements and covenants.

(C) This unsecured line of credit agreement was issued by American National Bank has a total available principal of $100,000. Borrowings under the line of credit bear interest at a rate of 2.00% per annum. Accrued interest and principal are due at maturity (May 2026).

The Organization also has a unsecured line of credit with I3 Bank available in the amount of $25,000. The loan bears interest of 2.25% per annum and matures in August 2026. Monthly interest payments are required through maturity at which time a final payment of the entire unpaid outstanding principal and interest is due. As of December 31, 2022 no amounts had been drawn on this line of credit.

The notes payable agreements also require the Organization to comply with certain covenants and to maintain certain financial ratios. As of December 31, 2022, the Organization was in compliance with all ratios and covenants or had obtained the appropriate waivers.

(8) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2022 are comprised as follows:

Brown Park redevelopment	126,516
24th & Lake redevelopment	137,203
North Omaha trail	274,186
Feasibility study	30,000
Fabric Lab	200,000
Community Academy	25,000
Operating grants subject to passage of time	856,633
Restricted use property	478,226
Developer academy	120,125
Total net assets with donor restrictions	$ 2,247,889

(9) Operating Leases

Lessee

The Organization leases office facilities under a long-term non-cancelable operating lease. The lease expires August 31, 2023. The Organization's operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay its pro rata share of operating expenses.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The Organization elected the practical expedient to not separate lease and non-lease components.

Total lease costs for the year ended December 31, 2022 was $14,474. The weighted-average remaining lease terms in years and discount rate at December 31, 2022 was 0.70 years and 0.78%, respectively. Future minimum lease payments of $9,722 are due in 2023.

Lessor

The Organization leases space to various third parties and a related party under non-cancellable operating leases with termination dates in July 2024. The leases include minimum base rents and generally require lessees to pay their pro rata portion of common area maintenance charges, insurance, real estate taxes and utilities. Total rent revenue of $18,205 was recognized during the year ended December 31, 2022 and is included in other income on the consolidated statement of activities.

Leased property subject to operating leases consists of the following at December 31, 2022:

Building	494,863
Less: Accumulated depreciation	(16,637)
	$ 478,226

These amounts are included in property and equipment, net in the consolidated statement of financial position. Depreciation expense for leased property subject to operating leases is provided on the straight-line method over the estimated useful life of the property in amounts necessary to reduce the assets to their estimated residual values. Estimated and actual residual values are reviewed on a regular basis to determine that depreciation amounts are appropriate. Depreciation expense relating to leased property subject to operating leases was $11,092 for 2022.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of December 31, 2022:

	Related Party	Other	Total
2023	$ 9,365	9,387	18,752
2024	5,556	5,569	11,125

(10) Retirement Plan

The Organization participates in a multiple employer defined contribution 403(b) retirement plan which is available to all employees. The employer contribution to the retirement plan is 100% of the first 1% of an employee's compensation plus 50% of the next 5% of the employee's compensation not to exceed 3.5% of an employee's compensation. Contribution expense for the retirement plan was $10,727 for the year ended December 31, 2022, respectively.

(11) Related Party Transactions

During the year ended December 31, 2022, the Organization received support of approximately $23,000 from related parties, primarily board members, including organizations where board members are a principal owner or member of management.

(12) Financial Instruments and Credit Risk

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022, the Organization had approximately $3,100,000 in excess of FDIC-insured limits.

Credit risk associated with loan and contribution receivables are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Organization's mission.

(13) Restatement

The following schedule summarizes the restatement made to the Organization's net asset balances reported in the prior year:

		Without Donor Restrictions	With Donor Restrictions	Total
Previously reported balance, December 31, 2021	$	2,446,852	2,027,593	4,474,445
Contributions receivable	(a)	--	305,000	305,000
Discount on contribution receivables	(b)	--	(59,242)	(59,242)
Refundable advance	(c)	--	(50,000)	(50,000)
Releases from restriction	(d)	5,549	(5,549)	--
Line of credit	(e)	(500)	--	(500)
Adjusted balance, December 31, 2021		2,451,901	2,217,802	4,669,703

(a) To recognize unconditional promises to give in the proper period
(b) To recognize a discount on contribution receivables expected to be received in more than one year
(c) To properly present conditional promises to give received in advance
(d) To recognize releases from restriction on net assets where purpose restrictions were met in a prior year
(e) To recognize draw on the line of credit in the proper period

The impact of the restatement resulted in an increase to the 2021 consolidated statement of activities of $195,258.