



Financial Statements

Years Ended July 31, 2022 and 2021

PEACE LEARNING CENTER, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Peace Learning Center, Inc.
Indianapolis, Indiana

Opinion

We have audited the accompanying financial statements of Peace Learning Center, Inc. (the Center) (an Indiana not-for-profit corporation) which comprise the statements of financial position as of July 31, 2022 and 2021, and the related statements of activities and functional expenses for the year ended July 31, 2022 with comparative totals for 2021, and its cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peace Learning Center, Inc. as of July 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Peace Learning Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating our audit. 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 these 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 Peace Learning Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Peace Learning Center, Inc.'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 Peace Learning Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

We have previously audited Peace Learning Center's financial statements for the year ended July 31, 2021 and we expressed an unmodified opinion on the financial statements dated February 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2021, is consistent in all material respects, with the audited financial statements from which it has been derived.

Humphrey CPA Group, L.L.C.

Indianapolis, Indiana
July 18, 2023

PEACE LEARNING CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

July 31, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 738,355	\$ 1,135,974
Investments	23,091	24,450
Accounts receivable	188,549	52,239
Inventory	87,606	87,606
Prepaid expenses	27,780	77,780
TOTAL CURRENT ASSETS	1,065,381	1,378,050
PROPERTY AND EQUIPMENT		
Furniture and equipment	66,036	45,566
Leasehold improvements	22,355	22,355
Vehicles	24,125	24,125
	112,516	92,046
less Accumulated depreciation	(91,647)	(87,714)
Total Property and Equipment	20,869	4,332
TOTAL ASSETS	\$ 1,086,250	\$ 1,382,381
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 15,965	\$ 26,092
Accrued expenses	28,423	35,430
Current portion of long term loan	20,000	25,000
Deferred revenue	333,333	733,333
TOTAL CURRENT LIABILITIES	397,721	819,855
LONG TERM LIABILITIES		
Long term loan	0	20,000
TOTAL LONG TERM LIABILITIES	0	20,000
TOTAL LIABILITIES	397,721	839,855
NET ASSETS		
Net assets without donor restriction	590,612	542,526
Net assets with donor restriction	97,917	0
TOTAL NET ASSETS	688,529	542,526
TOTAL LIABILITIES AND NET ASSETS	\$ 1,086,250	\$ 1,382,381

See accompanying notes and independent auditor's report.

PEACE LEARNING CENTER, INC.

STATEMENT OF ACTIVITIES

For the Year Ended July 31, 2022 (with comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	(Memo only) Total
SUPPORT AND REVENUE				
Support				
Grants received	\$ 835,317	\$ 150,000	\$ 985,317	\$ 994,221
Contributions received	35,979	0	35,979	28,136
In-kind donations	60,000	0	60,000	60,000
Total Support	<u>931,296</u>	<u>150,000</u>	<u>1,081,296</u>	<u>1,082,357</u>
Revenue				
Program service revenue	422,762	0	422,762	115,021
Interest and dividend income	1,818	0	1,818	1,209
Special events, net	29,002	0	29,002	0
Other revenue	63,397	0	63,397	154,822
Unrealized gain (loss) on value of investments	<u>(2,195)</u>	<u>0</u>	<u>(2,195)</u>	<u>2,574</u>
Total revenue	<u>514,784</u>	<u>0</u>	<u>514,784</u>	<u>273,626</u>
Total Support and Revenue	1,446,080	150,000	1,596,080	1,355,983
Other revenue				
Net assets released from restrictions	<u>52,083</u>	<u>(52,083)</u>	<u>0</u>	<u>0</u>
TOTAL SUPPORT AND REVENUE	<u>1,498,163</u>	<u>97,917</u>	<u>1,596,080</u>	<u>1,355,983</u>
EXPENSES				
Program services				
Program services	1,340,854	0	1,340,854	1,208,461
Management and general	41,880	0	41,880	127,023
Fundraising	<u>67,343</u>	<u>0</u>	<u>67,343</u>	<u>86,545</u>
TOTAL EXPENSES	<u>1,450,077</u>	<u>0</u>	<u>1,450,077</u>	<u>1,422,029</u>
CHANGE IN NET ASSETS	48,086	97,917	146,003	(66,046)
NET ASSETS, BEGINNING	<u>542,526</u>	<u>0</u>	<u>542,526</u>	<u>608,572</u>
NET ASSETS, ENDING	<u>\$ 590,612</u>	<u>\$ 97,917</u>	<u>688,529</u>	<u>\$ 542,526</u>

See accompanying notes and independent auditor's report.

PEACE LEARNING CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended July 31, 2022 (with comparative totals for 2021)

	2022				2021
	Program Service	Management and General	Fundraising Expenses	Total Expenses	(Memo only) Total Expenses
Salaries and related expenses	\$ 804,752	\$ 23,861	\$ 38,109	\$ 866,722	\$ 865,556
Contract services	81,588	5,424	1,808	88,820	69,442
Insurance expense	18,793	1,566	522	20,881	20,573
Training and development	12,458	433	845	13,736	12,963
Office supplies	1,673	308	84	2,065	11,465
Postage and printing	5,895	78	415	6,388	6,576
Travel and meetings	1,726	75	19	1,820	1,019
Rent	54,000	4,500	1,500	60,000	60,000
Facility and equipment	22,632	1,505	1,302	25,439	79,590
Partnership expenses	272,811	0	0	272,811	197,255
Program expenses	17,698	2,754	190	20,642	28,677
Other expenses	35,856	1,425	22,244	59,525	51,666
Business expenses	7,432	(344)	207	7,295	14,520
Depreciation	3,540	295	98	3,933	2,727
Total expenses	\$ 1,340,854	\$ 41,880	\$ 67,343	\$ 1,450,077	\$ 1,422,029

See accompanying notes and independent auditor's report.

PEACE LEARNING CENTER, INC.

STATEMENTS OF CASH FLOWS For the Years Ended July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	\$ 585,317	\$ 1,360,888
Cash received from contributions	35,979	28,136
Cash received from program service	286,452	147,508
Cash received from other sources	92,399	154,822
Investment income	1,818	1,209
Cash paid to vendors and employees	<u>(1,353,278)</u>	<u>(1,290,970)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(351,313)</u>	<u>401,593</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(20,469)	0
Purchase of investments	<u>(837)</u>	<u>(882)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(21,306)</u>	<u>(882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long term debt	<u>(25,000)</u>	<u>(25,000)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(25,000)</u>	<u>(25,000)</u>
NET INCREASE (DECREASE) IN CASH	(397,619)	375,711
CASH, BEGINNING OF YEAR	<u>1,135,974</u>	<u>760,263</u>
CASH, END OF YEAR	<u>\$ 738,355</u>	<u>\$ 1,135,974</u>

See accompanying notes and independent auditor's report.

PEACE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended July 31, 2022 and 2021

(1) Nature of operations

Peace Learning Center, Inc. (the Center) was incorporated in 1999, to provide conflict resolution training to local elementary school students. Through Peace Education and Peace Training Services, the Center carries out its organizational purpose.

(2) Summary of significant accounting policies

The significant accounting policies followed by the Center are summarized below.

Financial statement presentation

Peace Learning Center had adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

Method of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. This is in accordance with standards for accounting and financial reporting under ASC 958, *Not-for-Profit Entities* and the AICPA Audit and Accounting Guide, *Not-for-Profit Entities*. Revenue is recognized in the period services are provided. Amounts collected in advance are treated as deferred income. Expenses are recorded in the period the expenditure is incurred. Under this authoritative guidance, the Center is required to present financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the following net asset classification:

- **Net assets without donor restrictions:**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and the board of directors.

- **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 Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

PEACE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended July 31, 2022 and 2021

(2) Summary of significant accounting policies(continued)

Measure of operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Center ongoing ministry and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition

The Center has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Center's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way that the Center recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In addition, In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers Topic (606)*. This ASU, which the Center has adopted in the year ended July 31, 2020, supersedes the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry-specific guidance. The core principles of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Analysis of various provisions of these new standards resulted in no changes in the way that the Center recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

The Center recognizes contributions when cash, securities or other assets are received; if the donor has given an unconditional promise to give; or if a notification of a beneficial interest is received. Conditional promises to give (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. As at July 31, 2022 and 2021, the Center has not received any contributions with conditional promises.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Contributions that are restricted by the donor (cash or non-cash) are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as contributions released from restrictions.

PEACE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended July 31, 2022 and 2021

(2) Summary of significant accounting policies(continued)

Revenue Recognition (continued)

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

In-kind contributions of assets are recorded at fair market value as of the date of the contribution. The Center reports these gifts of unrestricted net assets unless the donor imposes a restriction, in which case, it is recorded as a temporarily restricted donation.

Fees collected for services rendered are treated as reciprocal exchange transactions. Customers are billed upon completion of the service. Program service revenue is recognized ratably over the period the service is provided in an amount that reflects the consideration that the Center expects to be entitled to in exchange for those services. All the revenue from contracts with customers is from performance obligations satisfied over time. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. Amounts received in advance of services rendered are treated as deferred revenue until the related performance has been completed.

Use of estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

The Center has been determined to be exempt from state and federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. There were no payments for penalties and interest related to taxes during the years ended July 31, 2022 and 2021.

Financial Accounting Standards Board ASC 740 requires the Center to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The Center has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions for any years open to audit.

PEACE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended July 31, 2022 and 2021

(2) Summary of significant accounting policies(continued)

Functional allocation of expenses

The direct costs of providing various programs of the Center have been allocated on a functional basis between programming, general and administrative, and fundraising in the statement of activities. Allocation is generally a component of a time factor spent by the staff on various programs and activities.

Concentration of credit risk

The Center relies on funding from various sources to run its program. Revenue recognized from one granting source for the Center's direct operations was approximately 28% and 32% of total support and revenue for the years ended July 31, 2022 and 2021.

The Center maintains accounts at local banks and in cash equivalent funds. Amounts in bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. Cash has exceeded the FDIC guarantee at times during the year. Funds in one institution were in excess of the FDIC guarantee by approximately \$587,000 and \$960,000 as of July 31, 2022 and 2021.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Center considers all liquid investments with a maturity of three months or less to be cash equivalents. Cash equivalents includes amounts held in a money market account held at Edward Jones, as noted in the Investment policy note below.

Accounts and grants receivable

Accounts and grants receivable related to a fee for service arrangement or a cost reimbursement arrangement. Interest is not charged on outstanding balances. Management reviews collectability on a regular basis and adjusts allowance for doubtful accounts and bad debt expense at such time the receivable has been determined uncollectible. As of July 31, 2022 and 2021, management has determined that no allowance should be made for doubtful accounts.

Inventory

Inventory consists of educational materials purchased and are valued at original cost using first in first out methods.

PEACE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended July 31, 2022 and 2021

(2) Summary of significant accounting policies(continued)

Investments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Center's investment consists of equity investment mutual funds and other instruments traded on the open market. The fair value of the mutual fund was determined by reference to quoted market prices (Level 1). The mutual fund is held at Edward Jones. The fair value of the mutual fund at July 31, 2022 and 2021 was \$20,102 and \$21,254. The cost basis of this mutual fund is \$15,672 and \$14,737 as of July 31, 2022 and 2021. Unrealized gain (loss) on the value of the mutual fund for the year ended July 31, 2022 and 2021 was \$(2,296) and \$2,574 respectively. Dividends earned on the mutual fund are reinvested to purchase more shares of the fund. The total shares owned as of July 31, 2022 and 2021 were 673.201 and 643.673, respectively. The Center has an investment in a certificate of deposit held at Edward Jones. The cost value of the certificate is \$3,000 and \$3,000 as of July 31, 2022 and 2021. The fair value of the certificate is \$2,989 and \$3,196 as of July 31, 2022 and 2021. Interest earned on the certificate is kept in a separate money market account held at Edward Jones. The balance in that account is \$191 and \$136 is included in cash and cash equivalents on the statement of financial position.

There were no level 2 or 3 investments as of July 31, 2022 and 2021.

Investment gains and losses are recognized in the year earned or credited to the account.

PEACE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended July 31, 2022 and 2021

(2) Summary of significant accounting policies(continued)

Investments (continued)

Investments held at July 31, 2022 and 2021 consist of the following:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
2022			
Investment in American Balanced Fund- Class A. 673.201 shares-Held at Edward Jones.	\$ 20,100	\$ 20,100	\$ 0
Wells Fargo Bank NA Sioux Falls 3.0% Certificate of deposit, Maturity Date 2/27/2024-Held at Edward Jones.	2,991	2,991	
Total	\$ 23,091	\$ 23,091	\$ 0
2021			
Investment in American Balanced Fund- Class A. 643.673 shares-Held at Edward Jones.	\$ 21,254	\$ 21,254	
Wells Fargo Bank NA Sioux Falls 3.0% Certificate of deposit, Maturity Date 2/27/2024-Held at Edward Jones.	3,196	3,196	
Total	\$ 24,450	\$ 24,450	\$ 0

Equipment

Equipment is recorded at cost and depreciated using the straight-line method over estimated useful lives of five to ten years. Leasehold improvements are recorded at cost and depreciated using the straight-line method over estimated useful lives of 15 to 25 years. The Center's policy is to capitalize amounts over \$500 with useful lives of more than one year. Repairs and maintenance items that do not increase the useful lives of the assets are charged to change in net assets as incurred.

Depreciation expense for the year ended July 31, 2022 and 2021 totaled \$3,933 and \$2,727.

PEACE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended July 31, 2022 and 2021

(3) Availability and liquidity

The following represents the Center's financial assets as at July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 738,355	\$ 1,135,974
Investments	23,091	24,450
Accounts receivable	<u>188,549</u>	<u>52,239</u>
	949,995	1,212,663
Amounts received in advance	<u>333,333</u>	<u>733,333</u>
Financial assets available to meet general expenditures over the next twelve months	 <u>\$ 616,662</u>	 <u>\$ 479,330</u>

Management believes that the revenue and expenses for the year ended June 30, 2023 will resemble the amounts received during the year ended July 31, 2022.

(4) Deferred Revenue/Deferred Grants

The Center is the primary recipient of an \$800,000, two-year grant from Lilly Endowment that is awarded in its entirety up front. The grant covers the period June 1, 2019 through May 31, 2021. This grant was renewed for the period June 1, 2021 through May 31, 2023. The grant awards \$485,000 to the Center for programming and operations. It also awards \$315,000 as a direct pass through to ACT OUT. For the year ended July 31, 2022 and 2021, the Center recognized \$262,262 and \$197,254 for expenses related to these programs and is included in grants received in the statement of activities. Set up as deferred revenue on these grants was \$733,333 and \$333,333 as of July 31, 2022 and 2021 and will be recognized over the remaining life of the contract as the related expenses are incurred. \$0 and \$50,000 of funds set aside for the ACT OUT program as prepaid expense as of July 31, 2022 and 2021. ACT Out. ACT Out receives the funding on a per performance basis. Payments to ACT Out for the years ended July 31, 2022 and 2021 totaled \$257,261 and \$182,754.

(5) Net Assets with donor restrictions

The Center received funds totaling \$150,000 during the year ended July 31, 2022 to be used in a future period. \$52,083 of these funds were used in operations through July 31, 2022 and the remaining \$97,917 is reported as Net Assets With Donor Restrictions.

(6) Operating Leases

The Center has an agreement with the City of Indianapolis Parks Department to lease the facility located in Eagle Creek Park. Management has estimated the annual cost of leasing this facility at \$60,000 and \$60,000 for the years ended July 31, 2022 and 2021, respectively. This is recorded as an in-kind donation and is included as rent in the statement of functional expenses.

PEACE LEARNING CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended July 31, 2022 and 2021

(7) Notes Payable

The Center entered into a purchase agreement with an unrelated party for the purchase of materials for the Tribes Educational program in the amount of \$95,000. The Center has made two installment of \$25,000 and will send a payment in the amounts of \$25,000 on June 1, 2022 and a final payment of \$20,000 by June 1, 2023. The balance as of July 31, 2022 and 2021 was \$20,000 and \$45,000.

The Center obtained loans under the United States Small Business Administration (SBA) Payroll Protection Program in the amount of \$175,400 for the year ended July 31, 2021. The loan was forgiven, as noted below in Note 9 and was recorded as part of grant revenue in the statement of activities.

(8) Retirement Plan

The Center maintains a Simple IRA plan covering substantially all employees, who meet the minimum age and service requirements. Eligible employees may make contributions to the plan up to the federal limits each year. Employer contributions are capped at 3% of employee compensation. The Center's contributions to the plan were \$10,652 and \$10,082 for the years ended July 31, 2022 and 2021.

(9) Coronavirus update

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Center's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or other programs that are being provided. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

In February 2021, the Center took out a Payroll Protection Program Loan in the amount of \$175,400 to cover payroll, certain benefits and other operating expenses. The loan has been forgiven and has been recorded as a grant in the statement of activities.

(10) Subsequent events

Subsequent events have been evaluated as of the report letter date, the date the financial statements were available for release.