
PEACE NEIGHBORHOOD CENTER
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Peace Neighborhood Center
Ann Arbor, Michigan

Opinion

We have audited the accompanying consolidated financial statements of Peace Neighborhood Center (a nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Peace Neighborhood Center as of December 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 audits 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 Neighborhood Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 Peace Neighborhood Center's ability to continue as a going concern within one year after the date that the consolidated 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 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 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 consolidated 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 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 Peace Neighborhood Center'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Peace Neighborhood Center'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.

Respectfully,

Bennett & Associates CPAs PLLC

Ann Arbor, Michigan
June 26, 2023

PEACE NEIGHBORHOOD CENTER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31,

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,055,837	\$ 1,039,451
Prepaid expenses	19,242	19,105
Grants receivable	130,271	94,381
Promises to give	117,470	234,827
Cash designated for longer-term purposes	1,025,288	867,020
Beneficial interest in the assets of the Ann Arbor Area		
Community Foundation	181,086	-
Cash restricted for capital improvements	5,004	4,993
Property and equipment, net of accumulated depreciation	<u>1,360,694</u>	<u>1,354,339</u>
TOTAL ASSETS	<u><u>\$ 3,894,892</u></u>	<u><u>\$ 3,614,116</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 13,830	\$ 20,161
Accrued liabilities	<u>47,413</u>	<u>34,386</u>
TOTAL LIABILITIES	<u>61,243</u>	<u>54,547</u>
NET ASSETS		
Without donor restrictions		
Undesignated	2,504,854	2,444,052
Designated for endowment	181,086	-
Designated for other long-term purposes	<u>1,025,288</u>	<u>867,020</u>
	3,711,228	3,311,072
With donor restrictions	<u>122,421</u>	<u>248,497</u>
TOTAL NET ASSETS	<u>3,833,649</u>	<u>3,559,569</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,894,892</u></u>	<u><u>\$ 3,614,116</u></u>

PEACE NEIGHBORHOOD CENTER
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the years ended December 31,

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES, GAINS, AND OTHER SUPPORT		
Grants	\$ 296,012	\$ 340,350
Contributions	1,044,369	1,447,149
Special events, net of expenses of \$17,366 and \$7,033, respectively	17,405	49,593
Interest and dividends	14,909	549
Other revenues, gains/(losses), and support	(4,295)	14,374
	<u>1,368,400</u>	<u>1,852,015</u>
Net assets released from restrictions	<u>220,064</u>	<u>317,930</u>
	<u>1,588,464</u>	<u>2,169,945</u>
TOTAL REVENUES, GAINS, AND OTHER SUPPORT		
EXPENSES AND LOSSES		
Program Services	984,301	880,948
Supporting Services		
Management and general	81,812	71,595
Fundraising	122,195	115,117
Total Supporting Services	<u>204,007</u>	<u>186,712</u>
	<u>1,188,308</u>	<u>1,067,660</u>
TOTAL EXPENSES AND LOSSES		
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	400,156	1,102,285
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	93,988	406,508
Net assets released from restrictions	<u>(220,064)</u>	<u>(317,930)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(126,076)</u>	<u>88,578</u>
CHANGE IN NET ASSETS	274,080	1,190,863
NET ASSETS AT BEGINNING OF YEAR	<u>3,559,569</u>	<u>2,368,706</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,833,649</u>	<u>\$ 3,559,569</u>

PEACE NEIGHBORHOOD CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022 with comparable totals for 2021

	Program Services	Supporting Services		2022 Total	2021 Total
		Management and General	Fund- Raising		
Specific assistance to individuals	\$ 44,351	\$ -	\$ -	\$ 44,351	\$ 28,613
Employee Compensation					
Salaries and wages	541,136	22,255	87,834	651,225	618,567
Retirement plan contribution	8,588	579	482	9,649	10,729
Other employee benefits	55,096	1,758	1,759	58,613	55,618
Payroll taxes	44,244	1,820	7,181	53,245	49,950
	649,064	26,412	97,256	772,732	734,864
Other Expenses					
Accounting fees	-	13,778	-	13,778	13,538
Supplies	56,691	8,566	2,070	67,327	48,599
Communications	11,401	1,327	617	13,345	4,156
Postage and shipping	1,174	114	1,574	2,862	2,479
Occupancy					
Utilities	29,542	1,641	1,641	32,824	26,749
Repairs and maintenance	40,267	3,501	2,304	46,072	45,121
Printing and publications	7,911	942	9,982	18,835	19,195
Travel	13,330	602	542	14,474	5,320
Depreciation and amortization	80,055	4,447	4,447	88,949	77,716
Consultants	-	11,988	-	11,988	6,551
Insurance	32,663	1,783	1,017	35,463	30,702
Advertising	-	-	-	-	-
Bank and finance charges	5,904	5,578	-	11,482	8,491
All other	11,948	1,133	18,111	31,192	22,599
	984,301	81,812	139,561	1,205,674	1,074,693
Less expenses included with revenues on statement of activities	-	-	(17,366)	(17,366)	(7,033)
	<u>\$ 984,301</u>	<u>\$ 81,812</u>	<u>\$ 122,195</u>	<u>\$ 1,188,308</u>	<u>\$ 1,067,660</u>

PEACE NEIGHBORHOOD CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	Program Services	Supporting Services Management and General	Fund- Raising	2021 Total
Specific assistance to individuals	\$ 28,613	\$ -	\$ -	\$ 28,613
Employee Compensation				
Salaries and wages	513,306	22,087	83,174	618,567
Retirement plan contribution	9,549	644	536	10,729
Other employee benefits	52,280	1,669	1,669	55,618
Payroll taxes	41,450	1,784	6,716	49,950
	616,585	26,184	92,095	734,864
Other Expenses				
Accounting fees	-	13,538	-	13,538
Supplies	42,248	4,507	1,844	48,599
Communications	3,574	416	166	4,156
Postage and shipping	776	76	1,627	2,479
Occupancy				
Utilities	24,075	1,337	1,337	26,749
Repairs and maintenance	39,717	3,148	2,256	45,121
Printing and publications	8,062	960	10,173	19,195
Travel	4,841	213	266	5,320
Depreciation and amortization	69,944	3,886	3,886	77,716
Consultants	-	6,551	-	6,551
Insurance	28,464	1,503	735	30,702
Advertising	-	-	-	-
Bank and finance charges	554	7,906	31	8,491
All other	13,495	1,370	7,734	22,599
	880,948	71,595	122,150	1,074,693
Less expenses included with revenues on statement of activities	-	-	(7,033)	(7,033)
	<u>\$ 880,948</u>	<u>\$ 71,595</u>	<u>\$ 115,117</u>	<u>\$ 1,067,660</u>

PEACE NEIGHBORHOOD CENTER
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31,

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 274,080	\$ 1,190,863
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation and amortization	88,949	77,716
Change in:		
Prepaid expenses	(137)	(1,219)
Grants receivable	(35,890)	4,201
Promises to give	117,357	(94,208)
Beneficial interest in the assets of the Ann Arbor Area Community Foundation	(181,086)	-
Accounts payable	(6,331)	(4,979)
Accrued liabilities	13,027	(3,331)
Net cash from (used for) operating activities	<u>269,969</u>	<u>1,169,043</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(95,304)</u>	<u>(115,797)</u>
Net cash used for investing activities	<u>(95,304)</u>	<u>(115,797)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	174,665	1,053,246
BEGINNING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>1,911,464</u>	<u>858,218</u>
ENDING CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u><u>\$ 2,086,129</u></u>	<u><u>\$ 1,911,464</u></u>
As presented on consolidated statements of financial position:		
Cash and cash equivalents	\$ 1,055,837	\$ 1,039,451
Cash designated for longer-term purposes	1,025,288	867,020
Cash restricted for capital improvements	5,004	4,993
	<u><u>\$ 2,086,129</u></u>	<u><u>\$ 1,911,464</u></u>

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Peace Neighborhood Center (the “Center”) is a nonprofit organization established to help youth, adults, and families address social and economic obstacles that stem from poverty, racial inequities, and trauma; and help them build futures that include self-sufficiency and positive community involvement. Peace Neighborhood Center is primarily funded through public and private contributions and grants.

Peace Neighborhood Center – Maple Road Corridor was established to operate solely to support and benefit the mission and vision of Peace Neighborhood Center in the Maple Road Corridor in Ann Arbor. Peace Neighborhood Center – Maple Road Corridor is a wholly-owned nonprofit subsidiary of Peace Neighborhood Center. Peace Neighborhood Center is the sole member of Peace Neighborhood Center – Maple Road Corridor.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Peace Neighborhood Center and its controlled organization, Peace Neighborhood Center – Maple Road Corridor, for the years ended December 31, 2022 and 2021. All significant intercompany transactions have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, revenues are recognized when earned and expenses are recognized as they are incurred.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make accounting estimates and assumptions that affect the reported amounts of assets, liabilities, and other amounts and disclosures included herein.

Cash Equivalents

The Center considers all investments with an original maturity of three months or less to be cash equivalents.

Receivables and Allowance for Doubtful Accounts

Promises to give are stated at the amount pledged by donors net of net present value discounts. The Center provides an allowance for doubtful pledges receivable, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent pledges receivable are written off based on the specific circumstances of the donor making the pledge.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment purchased is carried at cost. All donated equipment is carried at estimated fair market value at the date of the gift. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. It is the Center's policy to capitalize expenditures for property and equipment that have an original cost in excess of \$1,000. Repairs are not capitalized unless they both increase the value of the asset and extend the useful life.

Donated Services

No amounts have been reflected in the consolidated financial statements for donated services. The Center pays for most services requiring a specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Center with specific programs, fundraising, and administrative duties.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributions Restricted to Purchase of Property and Equipment

Contributions that must be used to purchase property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Grants

Grants are primarily from governmental sources and are considered conditional contributions. Revenue is recognized as conditions are met, either through incurring related costs or providing services.

Income Taxes

The Internal Revenue Service has ruled that the Center qualifies under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to income tax under present laws and is not considered a private foundation.

Expense Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and insurance, which are allocated on a square-footage basis, as well as salaries, wages, and employee benefits, which are allocated on the basis of estimates of time and effort.

Subsequent Events

Subsequent events have been evaluated through June 26, 2023, the date the consolidated financial statements were available to be issued.

PEACE NEIGHBORHOOD CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022 and 2021, comprise the following:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 1,055,837	\$ 1,039,451
Grants receivable	130,271	94,381
Promises to give	117,470	234,827
Cash designated for longer-term purposes	1,025,288	867,020
Cash restricted for capital improvements	5,004	4,993
Total financial assets	<u>2,333,870</u>	<u>2,240,672</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(4,951)	(13,670)
Less financial assets not available within one year:		
Promises to give	(30,000)	(118,424)
Less cash designated or restricted to longer-term purposes	<u>(1,030,292)</u>	<u>(872,013)</u>
Amount available for general expenditures within one year	<u>\$ 1,268,627</u>	<u>\$ 1,236,565</u>

As part of its liquidity management plan, the Center has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. It invests cash in excess of daily requirements in savings and money market accounts.

NOTE C - PROMISES TO GIVE

All promises to give at year-end are collectible over the next five years. Promises to give consist of the following at:

	December 31,	
	2022	2021
Receivable in less than one year	\$ 92,470	\$ 121,403
Receivable in one to five years	<u>30,000</u>	<u>122,987</u>
Total promises to give	122,470	244,390
Less unamortized discount at 3%	-	(4,563)
Less allowance for uncollectible promises to give	<u>(5,000)</u>	<u>(5,000)</u>
	<u>\$ 117,470</u>	<u>\$ 234,827</u>

PEACE NEIGHBORHOOD CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at:

	December 31,	
	2022	2021
Land	\$ 80,000	\$ 80,000
Buildings and improvements	2,235,298	2,150,769
Vehicles	156,852	156,852
Software	30,313	30,313
Furniture and equipment	179,650	169,442
	<u>2,682,113</u>	<u>2,587,376</u>
Less accumulated depreciation and amortization	(1,321,419)	(1,233,037)
	<u>\$ 1,360,694</u>	<u>\$ 1,354,339</u>

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	December 31,	
	2022	2021
Subject to expenditure for specified purpose:		
Capital Improvement Fund	\$ 4,951	\$ 4,951
Transformation Road Trips	-	8,719
	<u>4,951</u>	<u>13,670</u>
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	117,470	234,827
	<u>\$ 122,421</u>	<u>\$ 248,497</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows during the years ended December 31, 2022 and 2021:

	2022	2021
Expiration of time restrictions	\$ 121,920	\$ 271,766
Satisfaction of purpose restrictions		
Youth services	2,600	1,525
Advocacy and adult community programs	-	1,016
Coordinated funding allocation	-	22,882
Fundraising activities	600	105
Wellness program	53,532	-
Transformation Road Trips	8,719	-
Van purchases	-	5,630
General operating	32,693	15,006
	<u>\$ 220,064</u>	<u>\$ 317,930</u>

NOTE F - CONDITIONAL CONTRIBUTIONS

The Center has received grants from governmental sources that are considered conditional contributions, as reimbursement contracts. The Center receives grant funds once conditions are met as outlined in the Center's grant reports. Some grants from governmental sources have grant terms that fall within two fiscal years. The amounts of conditional contributions whose conditions have not been met as of December 31, 2022 and 2021 are \$258,104 and \$232,711, respectively. These amounts will be recognized once the conditions are met either through incurring related costs or providing services.

NOTE G - BOARD DESIGNATED NET ASSETS FOR OTHER LONG-TERM PURPOSES

Board designated net assets are designated for longer-term purposes including funding an endowment.

NOTE H - RETIREMENT PLAN

The Center has a defined contribution plan covering all employees working at least 20 hours per week, with at least one year of service who agree to make contributions to the plan. The plan conforms to the provisions set by Internal Revenue Code Section 403(b), Defined Contribution Retirement Plan. The Center makes an annual contribution to the plan based upon Board designation and the amount is fully vested when the contribution is made. Retirement plan expense for the years ended December 31, 2022 and 2021 was \$9,650 and \$10,729, respectively.

NOTE I - COMMUNITY FOUNDATION

Certain funds donated by outside donors for the benefit of the Center are held and managed by the Ann Arbor Area Community Foundation (the "Community Foundation"). The fair market value of these funds was approximately \$202,328 and \$231,464 at December 31, 2022 and 2021, respectively. These funds are not reflected in the financial statements. Earnings are available for distribution to the Center at the discretion of the Community Foundation, and therefore, are not reflected as revenue in the financial statements until received by the Center. Distributions of \$0 and \$0 were received in 2022 and 2021, respectively.

NOTE J - ENDOWMENT

The Center's endowment consists of a fund established for a variety of purposes. Its endowment includes funds designated by the Board of Directors to function as an endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment consists entirely of board-designated funds.

Endowment Composition by Type of Fund

The following schedule summarizes endowment net asset composition by type as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 181,086	\$ -	\$ 181,086
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	-	-
Accumulated investment gains	-	-	-
Total funds	<u>\$ 181,086</u>	<u>\$ -</u>	<u>\$ 181,086</u>

NOTE J - ENDOWMENT (CONTINUED)

Change in Endowment Net Assets

The changes in endowment net assets for the year ended December 31, 2022 are presented in the following schedule:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ -	\$ -	\$ -
Net investment return	(18,929)	-	(18,929)
Contributions	200,015	-	200,015
Amounts appropriated for expenditure	-	-	-
Other changes	-	-	-
Net assets, end of year	<u>\$ 181,086</u>	<u>\$ -</u>	<u>\$ 181,086</u>

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are composed entirely of board-designated funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Center has placed its endowment funds with the Ann Arbor Area Community Foundation (the "Community Foundation"). The funds are invested in accordance with the Community Foundation's investment policy.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment funds are subject to the investment and distribution policies of the Community Foundation. The Center determines annually whether it will accept the distribution designated by the Community Foundation from the fund or ask that it be reinvested for growth.

NOTE K - CONCENTRATIONS

Concentrations of Credit Risk in Financial Instruments

Financial instruments, which potentially subject the Center to significant concentrations of credit risk, include cash, receivables, and promises to give. Cash is maintained at Bank of Ann Arbor, a local bank, and in one money market mutual fund managed by Fidelity Investments. The Center manages deposit concentration, with guidance from an independent Finance Committee of financial professionals and advisors, by placing cash with financial institutions they believe to be creditworthy. Cash on deposit with financial institutions exceeded the FDIC insured limit of \$250,000 by approximately \$780,260 at December 31, 2022, and the money market mutual fund balance of approximately \$1,025,768 is not covered by federal insurance. Receivables and promises to give are due from several grantors and contributors. Promises to give are presented net of management's estimate of uncollectible accounts.

NOTE L - SUBSEQUENT EVENTS

In 2023, the Center received an in-kind contribution of a building in Ypsilanti, Michigan.