PREVENT CHILD ABUSE AMERICA

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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PREVENT CHILD ABUSE AMERICA
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Prevent Child Abuse America
Chicago, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Prevent Child Abuse America (the Organization), which comprises the statements of financial position of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Emphasis-of-Matter Regarding Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2022 the Organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 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 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 the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
April 24, 2023

PREVENT CHILD ABUSE AMERICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 2,449,788	$ 4,437,782
Short-Term Accounts Receivable, Net	1,565,827	1,357,477
Long-Term Accounts Receivable, Net	470,745	742,893
Deposit and Prepaid Expenses	201,566	226,823
Endowment Investments	4,705,175	5,915,735
Investments Without Donor Restrictions	5,226,589	5,553,787
Right-of-Use Lease Asset	1,731,102	-
Copyright, Net	20,104	63,854
Furniture and Equipment, Net	793,274	776,981
Total Assets	$ 17,164,170	$ 19,075,332
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 299,192	$ 259,417
Accrued Expenses	234,898	157,479
Lease Liability	1,764,486	-
Deferred Revenue	128,692	88,861
Total Liabilities	2,427,268	505,757
NET ASSETS		
Without Donor Restrictions	7,790,297	9,376,222
With Donor Restrictions	6,946,605	9,193,353
Total Net Assets	14,736,902	18,569,575
Total Liabilities and Net Assets	$ 17,164,170	$ 19,075,332

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
Public Support - Contributions:			
Individuals - Workplace Campaign	$ 105,258	$ -	$ 105,258
Individuals and Family Foundations	1,586,638	144,704	1,731,342
Grants	418,327	352,000	770,327
In-Kind Donations	293,007	-	293,007
Associations and Corporations	963,624	-	963,624
Programs and Conferences	3,921,364	-	3,921,364
Special Events and Pinwheels	477,028	-	477,028
Total Public Support	7,765,246	496,704	8,261,950
Other Revenue (Loss):			
Investment Income (Loss), Net	(301,975)	(922,560)	(1,224,535)
Other	10,270	-	10,270
Total Other Revenue (Loss)	(291,705)	(922,560)	(1,214,265)
Net Assets Released from Restrictions	1,820,892	(1,820,892)	-
Total Public Support and Other Revenue	9,294,433	(2,246,748)	7,047,685
EXPENSES			
Program Services	8,602,302	-	8,602,302
Supporting Services	2,278,056	-	2,278,056
Total Expenses	10,880,358	-	10,880,358
CHANGE IN NET ASSETS	(1,585,925)	(2,246,748)	(3,832,673)
Net Assets - Beginning of Year	9,376,222	9,193,353	18,569,575
NET ASSETS - END OF YEAR	$ 7,790,297	$ 6,946,605	$ 14,736,902

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
Public Support - Contributions:			
Individuals - Workplace Campaign	$ 155,398	$ -	$ 155,398
Individuals and Family Foundations	1,812,970	77,084	1,890,054
Grants	1,102,125	1,475,000	2,577,125
In-Kind Donations	218,667	-	218,667
Associations and Corporations	480,332	-	480,332
Programs and Conferences	3,734,592	-	3,734,592
Special Events and Pinwheels	88,919	-	88,919
Total Public Support	7,593,003	1,552,084	9,145,087
Other Revenue:			
Investment Income, Net	41,855	772,156	814,011
Other	22,314	-	22,314
Total Other Revenue	64,169	772,156	836,325
Net Assets Released from Restrictions	205,483	(205,483)	-
Total Public Support and Other Revenue	7,862,655	2,118,757	9,981,412
EXPENSES			
Program Services	4,968,664	-	4,968,664
Supporting Services	1,733,668	-	1,733,668
Total Expenses	6,702,332	-	6,702,332
CHANGE IN NET ASSETS	1,160,323	2,118,757	3,279,080
Net Assets - Beginning of Year	8,215,899	7,074,596	15,290,495
NET ASSETS - END OF YEAR	$ 9,376,222	$ 9,193,353	$ 18,569,575

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services							Supporting Services			
	Prevention Education	Prevention Research	Prevention Programs	Prevention Advocacy	Chapter Activities	Strategy Activities	Total	Management and General	Advancement	Total	Total Expenses
Employee Expenses	$ 185,503	$ 780,082	$ 1,812,970	$ 399,197	$ 223,097	$ 252,263	$ 3,653,112	$ 788,862	$ 426,562	$ 1,215,424	$ 4,868,536
Accounting, Auditing, Legal, and Consulting	749,597	273,712	141,900	79,660	27,265	158,344	1,430,478	191,362	113,747	305,109	1,735,587
Other Services	522	77,690	41,976	1,368	774	1,500,636	1,622,966	2,528	22,189	24,717	1,647,683
Occupancy and Insurance	758	11,182	27,351	15,711	2,399	2,001	59,402	9,784	3,910	13,694	73,096
Telephone	122	5,730	15,982	3,093	1,582	889	27,398	5,983	1,817	7,800	35,198
Office Expenses	42,014	157,391	66,070	19,840	14,353	4,752	304,420	131,131	40,901	172,032	476,452
Marketing	303,187	45	3,662	77	2,896	-	309,867	373	41,287	41,660	351,527
Travel and Development	9,438	13,691	292,219	24,434	48,808	3,763	392,353	46,609	23,937	70,546	462,899
Special Events and Pinwheels	48,573	3,033	62,230	-	18,800	-	132,636	-	221,069	221,069	353,705
Training Expenses	-	-	153,172	-	-	-	153,172	-	-	-	153,172
Bad Debt Expense	-	-	-	-	-	-	-	10,099	-	10,099	10,099
In-Kind Expense	94,819	18,500	-	-	-	-	113,319	155,969	23,719	179,688	293,007
Depreciation and Amortization	29,476	93,037	89,344	1,654	4,256	2,602	220,369	13,975	2,243	16,218	236,587
Indirect Expenses	-	43,358	-	-	-	139,452	182,810	-	-	-	182,810
Total Expenses	$ 1,464,009	$ 1,477,451	$ 2,706,876	$ 545,034	$ 344,230	$ 2,064,702	$ 8,602,302	$ 1,356,675	$ 921,381	$ 2,278,056	$ 10,880,358

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services							Supporting Services			
	Prevention Education	Prevention Research	Prevention Programs	Prevention Advocacy	Chapter Activities	Strategy Activities	Total	Management and General	Advancement	Total	Total Expenses
Employee Expenses	$ 284,278	$ 773,229	$ 1,680,565	$ 277,394	$ 213,950	$ -	$ 3,229,416	$ 759,008	$ 287,340	$ 1,046,348	$ 4,275,764
Accounting, Auditing, Legal, and Consulting	242,644	141,236	168,315	74,928	24,677	-	651,800	150,957	225,334	376,291	1,028,091
Other Services	2,163	33,632	19,765	1,192	979	-	57,731	4,487	29,205	33,692	91,423
Occupancy and Insurance	7,839	17,235	46,002	2,772	4,471	-	78,319	17,471	5,564	23,035	101,354
Telephone	3,193	6,416	16,549	2,556	1,869	-	30,583	6,203	1,727	7,930	38,513
Office Expenses	39,867	29,158	59,254	16,624	4,199	-	149,102	50,812	24,597	75,409	224,511
Marketing	123,944	8,038	-	-	-	-	131,982	146	3,177	3,323	135,305
Travel and Development	149	9,852	54,197	9,363	11,508	-	85,069	14,011	1,829	15,840	100,909
Special Events and Pinwheels	31,316	77,032	-	-	-	-	108,348	-	-	-	108,348
Training Expenses	-	-	170,678	-	-	-	170,678	-	-	-	170,678
In-Kind Expense	81,712	18,549	-	-	-	-	100,261	118,007	399	118,406	218,667
Depreciation and Amortization	29,533	4,486	88,321	1,457	4,295	-	128,092	18,843	1,495	20,338	148,430
Indirect Expenses	-	27,558	-	-	19,725	-	47,283	13,056	-	13,056	60,339
Total Expenses	$ 846,638	$ 1,146,421	$ 2,303,646	$ 386,286	$ 285,673	$ -	$ 4,968,664	$ 1,153,001	$ 580,667	$ 1,733,668	$ 6,702,332

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (3,832,673)	$ 3,279,080
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	236,587	148,430
Noncash Lease Expense	33,384	-
Change in Market Value of Investments	1,423,146	(649,817)
Discount on Long-Term Receivables	(35,397)	(29,106)
Bad Debt Expense	10,099	-
Loss on Disposal of Fixed Assets	1,509	872
Changes in Assets and Liabilities:		
Accounts Receivable	(218,449)	(818,432)
Bequests Receivable	307,545	86,902
Other Assets	25,257	(76,492)
Accounts Payable	39,775	91,235
Accrued Expenses	77,419	(121,071)
Deferred Revenue	39,831	(60,901)
Net Cash Provided (Used) by Operating Activities	(1,891,967)	1,850,700
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	4,359,630	4,560,402
Purchase of Investments and Reinvested Earnings	(4,245,018)	(7,910,452)
Purchase of Fixed Assets	(210,639)	(490,325)
Net Cash Used by Investing Activities	(96,027)	(3,840,375)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,987,994)	(1,989,675)
Cash and Cash Equivalents - Beginning of Year	4,437,782	6,427,457
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,449,788	$ 4,437,782

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF ACTIVITIES

Prevent Child Abuse America (the Organization) is an organization established for the purpose of building a nationwide commitment to prevent child abuse in all its forms. Prevent Child Abuse America is supported primarily by contributions and grants from corporations, foundations, and individuals and from fees for services. Program services include Prevention Education, Prevention Research, Prevention Programs, Prevention Advocacy, Chapter Activities, and Strategy Activities. Management and General and Advancement are classified under supporting services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

The preparation 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.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and include board-designated funds. In December 2017, the board of directors approved the establishment of an Operating Reserve Fund. The purpose of the board-designated fund is to build and maintain an adequate level of net assets to support the organization’s day-to-day operations in the event of unforeseen shortfalls. The reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, rebranding, investment in infrastructure, or a temporary lapse in core program funding.

Net Assets With Donor Restrictions – Net assets that are subject to donor-imposed restrictions. Some net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity (generally, the donors of these assets permit the Organization to use all or part of the income earned on these investments for general operations). Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose has been fulfilled, or both.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers cash deposited in banks and money market fund investments to be cash equivalents, with the exception of the cash that is included in the investment portfolio. That cash is designated for long-term investment purposes. Cash and cash equivalents are maintained on deposit with various financial institutions and investment companies, which at times may exceed federally insured limits.

Accounts Receivable

Accounts receivable include amounts related to training fees, publications, and other services and are reflected on the statement of financial position net of an allowance for doubtful accounts. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and historical experience with the customer. Management will record adjustments as necessary, which are reflected in the statements of activities.

Beneficial Interest in Trusts

The Organization is the income beneficiary under various charitable trusts, the corpus of which is not controlled by the management of the Organization. Although the Organization has no control over the administration or investment of the funds held in the charitable trusts, in accordance with U.S. GAAP, the current fair value of the beneficial interest in the charitable trusts is recognized as accounts receivable in the accompanying financial statements. The beneficial interest in the charitable trusts comprise $513,691 and $742,444 of the accounts receivable balance (split among short-term and long-term) as of December 31, 2022 and 2021, respectively. As of December 31, 2021 there was one other bequest receivable outstanding in the amount of $23,845.

Investments

The Organization carries investments at fair value and reports gains and losses in the statements of activities. The fair value of investments are based on quoted market prices at the reporting date.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those such changes could materially affect the amounts reported in the statements of financial position.

The board of directors designates a portion of the Organization’s total investment return for support of current operations in accordance with the board’s investment policy.

Copyright

Copyright is recorded at cost, net of amortization. The copyright is being amortized over its estimated useful life of six years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment

Furniture and equipment are recorded at cost or at estimated fair value at the date of gift. Donations are reported as support without restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture, fixtures, and office equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization depreciates furniture, fixtures, and office equipment over their estimated useful lives, typically three to five years, using the straight-line method.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets and lease liability in the statements of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Deferred Revenue

Deferred revenue consists of conference registration, training, and affiliation fees paid in advance. Conference registration and training fees are recorded when the conference or training occurs and affiliation revenues are recorded in the year in which they relate.

Revenue Recognition

The Organization derives its revenue primarily from contributions, programs, and conferences. Revenue is recognized in the year in which it is earned. The following discloses the recognition for the Organization's most significant revenue streams:

Contributions

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. 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. Unconditional promises to give due in the next year are recorded at their net realizable value which approximates fair value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using adjusted risk-free interest rates applicable to the years in which the promises were received, and are included in accounts receivable on the statements of financial position.

A portion of the Organization's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract and grant provisions. Any amounts received in advance would be recorded as a refundable advance in the statement of financial position. For the years ended December 31, 2022 and 2021, contributions of approximately $509,000 and $407,000, respectively, have not been recognized in the accompanying statement of activities because the qualifying expenditures have not yet been incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Program and Conference Revenue

Program and conference revenue is made up of the following types of revenue:

Affiliation Fees, Chapter Revenue, and Accreditation Fees:

Affiliation fees and chapter revenue is recognized on a calendar year basis. Performance obligations provided to chapters and affiliates include access to technical assistance and support, training, research, capacity building, national conferences, marketing and communications, and networking opportunities, which occur throughout the year. Accreditation fees are application fees recognized when the application and payment is received for sites to begin the accreditation process.

Training and Manuals:

Revenues from training and manuals consists primarily of registration revenue for training sessions, and manuals used in training sessions. Revenue is recognized when the sessions are held or products are purchased.

Conference Revenue:

Conference revenue includes registration and booth space exhibit fees which are recognized when the meeting takes place. Sponsorship revenue is recognized when the sponsored events and activities take place.

Contributed Services and Materials

Donated services and materials are reported as contribution revenue and as assets and expenses only if the services and materials create or enhance a nonfinancial asset, require specialized skills and are provided by individuals possessing those skills, are measurable, and would have been purchased if they had not been contributed. Donated services and materials are measured at their fair value.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Certain categories of expenses are attributed to more than one program or supporting function and, therefore, require allocation on a reasonable basis that is consistently applied. Costs that meet the criteria for allocation, primarily employee expenses, occupancy, insurance, office expenses and depreciation and amortization, are allocated on the basis of employee time and effort.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Management has concluded that there are no uncertain tax positions as of December 31, 2022 and 2021 and that the Organization has properly maintained its exempt status.

Reclassifications

Certain amounts have been reclassified for the year ended December 31, 2021 to conform to the presentation for the year ended December 31, 2022. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has performed an evaluation of subsequent events through April 24, 2023, which is the date the financial statements were available to be issued and has considered any relevant matters in the preparation of the financial statements and footnotes.

Adoption of New Accounting Standards

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Topic 842 increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization has adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this lease standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. Lease disclosure for the year ended December 31, 2021 are made under prior lease guidance FASB ASC 840.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization’s ROU assets.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

Contributed Nonfinancial Assets

In September 2020, FASB issued amended guidance for contributed nonfinancial assets, ASU No. 2020-07, *Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The adoption of the new guidance in 2022 did not have a significant effect on the presentation or disclosures within the Organization’s financial statements.

NOTE 3 LIQUIDITY

Financial assets available for general expenditure, within one year of the date of the statements of financial position, comprise the following:

	2022	2021
Cash and Cash Equivalents	$ 2,449,788	$ 4,437,782
Accounts Receivable, Net	1,565,827	1,357,477
Total	4,015,615	5,795,259
Less: Amounts with Restriction	1,571,788	1,934,725
Total Available for General Expenditure	$ 2,443,827	$ 3,860,534

Endowment funds consist of two donor-restricted endowments. Investment earnings from donor-restricted endowments is available to support general operations. Investment earnings, net of related investment expenses are recorded as net assets with donor restrictions until the appropriated by the board of directors at which time net assets with donor restrictions are released from donor restriction and reported as net assets without donor restrictions. Donor-restricted endowment funds are not available for general expenditure.

The Organization also has $5,226,589 and $5,553,787 in investments that are not subject to donor restriction as of December 31, 2022 and 2021, respectively. $3,286,972 and $3,293,008 of unrestricted investments have been designated by the board as an operating reserve as of December 31, 2022 and 2021, respectively.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2022 and 2021 consist of the following:

	2022	2021
Receivables Expected to be		
Collected in Less Than One Year	1,250,430	1,206,764
Bequests Due Within One Year	$ 342,206	$ 191,229
Less: Allowance for Uncollectible Accounts	(26,809)	(40,516)
Short-Term Accounts Receivable, Net	$ 1,565,827	$ 1,357,477
Receivables Due Between Two and Five Years	105,000	167,833
Less: Receivable Discount	(5,740)	-
Bequests Due Between Two and Five Years	426,618	671,330
Less: Bequest Discount	(55,133)	(96,270)
Long-Term Accounts Receivables, Net	$ 470,745	$ 742,893

NOTE 5 BEQUEST RECEIVABLE

Bequest receivable at December 31, 2022 and 2021 consists of the following, which is included in short-term and long-term receivables (see Note 4):

	2022	2021
Due Within One Year		
As Presented In Short-Term Accounts Receivable, Net	$ 342,206	$ 191,229
Due Between Two and Five Years		
As Presented In Long-Term Accounts Receivable, Net	426,618	671,330
Due Thereafter	-	-
Bequest Receivable	768,824	862,559
Less: Discount		
As Presented In Long-Term Accounts Receivable, Net	(55,133)	(96,270)
Bequest Receivable, Net	$ 713,691	$ 766,289

NOTE 6 INVESTMENTS

The components of the Organization's investments consist of the following at December 31:

December 31, 2022	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money Market Funds	$ 2,237,200	$ 2,237,200	$ -
Fixed Income - Mutual Funds	2,884,120	2,653,006	(231,114)
Fixed Income - Exchange Traded Funds	948,057	929,595	(18,462)
Equities - Mutual Funds	2,232,346	2,653,930	421,584
Equities - Exchange Traded Funds	1,645,876	1,458,033	(187,843)
Total	$ 9,947,599	$ 9,931,764	$ (15,835)

NOTE 6 INVESTMENTS (CONTINUED)

December 31, 2021	Cost	Fair Value	Appreciation (Depreciation)
Money Market Funds	$ 1,980,870	$ 1,980,870	$ -
Fixed Income - Mutual Funds	3,589,162	3,595,297	6,135
Fixed Income - Exchange Traded Funds	878,474	872,908	(5,566)
Equities - Mutual Funds	3,283,128	4,466,876	1,183,748
Equities - Exchange Traded Funds	482,329	553,571	71,241
Total	$ 10,213,963	$ 11,469,522	$ 1,255,559

The following schedule summarizes the investment return and its classification in the statements of activities as of December 31:

	2022	2021
Dividend and Interest Income, Net	$ 198,611	$ 164,194
Realized and Unrealized Gains (Losses)	(1,423,146)	649,817
Total Investment Income (Loss), Net	$ (1,224,535)	$ 814,011

NOTE 7 FAIR VALUE MEASUREMENT

In accordance with U.S. GAAP, the Organization prioritizes the inputs to valuation techniques used to measure fair value. The levels of the hierarchy and those investments included in each are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets that the Organization 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 markets that are not active; inputs other than quoted prices that are observable for substantially the entire period for the asset or liability and market-corroborated inputs.

Level 3 – Inputs to valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

NOTE 7 FAIR VALUE MEASUREMENT (CONTINUED)

The fair value of assets measured on a recurring basis at December 31, 2022 are as follows:

	Total	Level 1	Level 2	Level 3
December 31, 2022				
Investments:				
Fixed Income - Mutual Funds	$ 2,653,006	$ 2,653,006	$ -	$ -
Fixed Income - Exchange Traded Funds	929,595	929,595	-	-
Equities - Mutual Funds	2,653,930	2,653,930	-	-
Equities - Exchange Traded Funds	1,458,033	1,458,033	-	-
Total Investments	7,694,564	7,694,564	-	-
Bequest Receivables	713,691	-	-	713,691
Total	$ 8,408,255	$ 7,694,564	$ -	$ 713,691

The fair value of assets measured on a recurring basis at December 31, 2021 are as follows:

	Total	Level 1	Level 2	Level 3
December 31, 2021				
Investments:				
Fixed Income - Mutual Funds	$ 3,595,297	$ 3,595,297	$ -	$ -
Fixed Income - Exchange Traded Funds	872,908	872,908	-	-
Equities - Mutual Funds	4,466,876	4,466,876	-	-
Equities - Exchange Traded Funds	553,571	553,571	-	-
Total Investments	9,488,652	9,488,652	-	-
Bequest Receivables	766,289	-	-	766,289
Total	$ 10,254,941	$ 9,488,652	$ -	$ 766,289

Not included in the previous tables are money market funds of $2,237,200 and $1,980,870 as of December 31, 2022 and 2021, respectively.

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of Level 3 beneficial interest receivables is determined by calculating the present value of future distributions expected to be received using a discount rate of 4.2% in 2022 and 2021. There has been no change in valuation techniques from the prior year.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows as of December 31:

	2022	2021
Bequest Receivable, Net - Beginning Balance	$ 766,289	$ 824,085
Payments Received	(191,229)	(158,725)
Change in Value	(61,369)	77,084
Bequest Receivable, Net - Ending Balance	$ 513,691	$ 742,444
Other Bequest Receivable	200,000	23,845
	$ 713,691	$ 766,289

NOTE 8 COPYRIGHT

On March 13, 2017, the Organization entered into an agreement with Great Kids, Inc. to purchase the copyrights to two curricula used by Healthy Families America. The two organizations also amended the original license agreement for other curricula used by Healthy Families America, reducing the licensing fee to reflect the copyright purchase. Additional copyrights were purchased during 2020 in the amount of $20,000. The copyrights were recorded at cost and will be amortized on a straight-line basis over the expected useful life of six years. Accumulated amortization as of December 31, 2022 and 2021 was $242,396 and $198,646, respectively. Amortization expense for 2022 and 2021 was $43,750.

NOTE 9 FURNITURE AND EQUIPMENT

Furniture and equipment at December 31 consists of:

	2022	2021
Remodeling Costs	$ 40,290	$ 29,000
Furniture and Other Furnishings	121,769	112,536
Equipment and Software	1,104,652	939,810
Total	1,266,711	1,081,346
Less: Accumulated Depreciation	(473,437)	(304,365)
Total Furniture, Equipment, and Software	$ 793,274	$ 776,981

Depreciation expense was $192,837 and $104,680 for the years ended December 31, 2022 and 2021, respectively.

NOTE 10 LINE OF CREDIT

The Organization has an unsecured line of credit with Huntington Bank that was established on February 22, 2022 and provides for borrowings up to $1,000,000. The line of credit has a variable interest rate that is calculated based off the secured overnight financing rate published by the Federal Reserve Bank of New York (4.30% at December 31, 2022) plus 2.000%; not to be less than 2.500% per annum. Interest on the line of credit is payable monthly. The line of credit was renewed on March 13, 2023 and has a current maturity date of February 20, 2024. There were no borrowings outstanding under this line at December 31, 2022.

NOTE 11 DEFERRED REVENUE

Deferred revenue at December 31, 2022 and 2021 consists of the following:

	2022	2021
Deferred Revenue:		
Conferences and Trainings	$ 86,375	$ 39,000
Affiliate Fees	42,317	49,861
Total Deferred Revenue	$ 128,692	$ 88,861

The Organization's deferred revenue is recognized over time. Deferred revenue was $149,762 at January 1, 2021.

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose or by the passage of time as follows for the year ended December 31:

	2022	2021
Donor Removed Restriction for a Specified Purpose:		
Peer-to-Peer Abuse (Bullying) Prevention	$ 22,930	$ -
Funds for Individuals in Need of PCAA's Services	25,000	-
PCAA Chapters Support	1,435,255	195,483
HFA Network Support	49,707	10,000
Endowment Earnings Appropriated for Expenditure	288,000	-
Total	$ 1,820,892	$ 205,483

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions at December 31 are restricted for the following purposes:

	2022	2021
Subject to Expenditure for a Specified Purpose:		
Adverse Childhood Experiences	$ 2,500	$ 2,500
Advocacy and Education	1,352,667	1,457,671
Funds for Individuals in Need of PCAA's Services	-	25,000
Peer-to-Peer Abuse (Bullying) Prevention	-	22,930
PCA Chapters and HFA Network Support	687,366	1,769,517
Total	2,042,533	3,277,618
Subject to the Passage of Time	198,897	-
Endowment Assets:		
Amounts to be Held in Perpetuity, the Income From Which is Expendable to Support:		
Donna Stone Pesch Endowment	2,500,000	2,500,000
Forester's Endowment	500,000	500,000
Total	3,000,000	3,000,000
Subject to Endowment Spending Policy and Appropriation:		
Donna Stone Pesch Endowment - General Operations	1,210,841	2,260,206
Forester's Endowment - Healthy Families America and the Chapter Network	494,334	655,529
Total	1,705,175	2,915,735
Total Endowment Assets	4,705,175	5,915,735
Total	$ 6,946,605	$ 9,193,353

NOTE 13 ENDOWMENTS

The Organization's endowment includes two donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors of the Organization has interpreted the Illinois Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UMIFA:

The Organization considers the following factors in making a determination of the amount to appropriate for current operations:

(1) The duration and preservation of the fund;
(2) The purposes of the organization and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the organization; and
(7) The investment policies of the organization.

As of December 31, the Organization had the following endowment net asset composition:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by the Donor	$ -	$ 3,000,000	$ 3,000,000
Accumulated Investment Gains	-	1,705,175	1,705,175
Total	$ -	$ 4,705,175	$ 4,705,175

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by the Donor	$ -	$ 3,000,000	$ 3,000,000
Accumulated Investment Gains	-	2,915,735	2,915,735
Total	$ -	$ 5,915,735	$ 5,915,735

NOTE 13 ENDOWMENTS (CONTINUED)

Donor-restricted endowments consist of:

- A $1,000,000 grant from the Pesch Family Foundation, and the related $1,000,000 matching funds, which contains a donor stipulation that the principal be maintained intact in perpetuity and that only the income from investment thereof be expended for general purposes. Earnings are reported as net assets with donor restrictions until they are appropriated by the board of directors.

- A $500,000 grant from the W. Clement Stone 1990 Revocable Trust which contains a donor stipulation that the principal be maintained intact in perpetuity and that only the income from investment thereof be expended for general purposes. Earnings are reported as net assets with donor restrictions until they are appropriated by the board of directors.

- A $500,000 grant from the Independent Order of Foresters which contains a donor stipulation that the principal be maintained intact in perpetuity and that only the income from investment thereof be expended to support Healthy Families America and the Chapter network with approval of the Foresters. Until designated for operations by the board of directors, investment income from this grant is classified as net assets with donor restrictions.

Changes in donor-restricted endowment net assets for December 31 were:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 5,915,735	$ 5,915,735
Investment Return:			
Investment Income, Net of Investment Expenses	-	86,685	86,685
Net Depreciation (Realized and Unrealized)	-	(1,009,245)	(1,009,245)
Total Investment Return	-	(922,560)	(922,560)
Distribution		(288,000)	(288,000)
Endowment Net Assets - End of Year	$ -	$ 4,705,175	$ 4,705,175

NOTE 13 ENDOWMENTS (CONTINUED)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 5,143,579	$ 5,143,579
Investment Return:			
Investment Income, Net of Investment Expenses	-	132,981	$ 132,981
Net Appreciation (Realized and Unrealized)	-	639,175	639,175
Total Investment Return	-	772,156	772,156
Endowment Net Assets - End of Year	$ -	$ 5,915,735	$ 5,915,735

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies as of December 31, 2022 and 2021.

Return Objectives and Risk Parameters

The Organization 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 historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or until as used per donor specifications. Under this policy, the endowment assets are invested in a diversified manner that is intended to produce results that meet or exceed the blended benchmark of 30% Barclays Capital Intermediate Govt/Credit Index, 5% BBC High Yield Index, 45% S&P 500 Index, 10% Russell 2000 Index, 10% MSCI EAFE-net Index, while maintaining a prudent level of risk. The Organization expects its endowment funds, over time, to provide an average rate of return that exceeds the rate of inflation by 5% as measured in the Consumer Price Index over a rolling three year period. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 13 ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The board of directors may annually appropriate a portion of the total return on its investments for current operations. Under the Organization's policy, $288,000 was appropriated in 2022 and no amounts were appropriated in 2021. In determining the amount to appropriate, the board of directors considers the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the preservation of the fair value of the original gift held in perpetuity or for a specified term as well as to provide predictable amounts of funds for current operations. The total return on endowment funds are reduced by investment fees incurred related to those funds.

NOTE 14 REVENUE RECOGNITION

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods as services:

	2022	2021
Revenue:		
Recognized at a Point in time:		
Programs and Conferences:		
Manuals	$ 13,972	$ 10,523
Recognized Over Time:		
Programs and Conferences:		
Accreditation Fees	193,816	19,500
Conference Revenue	213,031	335,771
Training	1,344,782	1,113,870
Chapter Revenue	90,826	98,700
MIECHV Systems Development	-	84,375
Affiliation Fees	2,064,937	2,070,686
Other	10,270	23,481
Total Recognized Over Time	3,917,662	3,746,383
Total	$ 3,931,634	$ 3,756,906

NOTE 15 LEASES

The Organization leases equipment as well as certain office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2031 and provide for renewal options ranging from 1 month to 12 months. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs. The Organization received a $30,975 tenant improvement allowance, which was used to upgrade the technology within its new office space and is being amortized over the term of the lease.

NOTE 15 LEASES (CONTINUED)

The following tables provide quantitative information concerning the Company's leases for the year ended December 31, 2022:

Lease Costs	$	156,037
Other Information:		
Operating Cash Flows		153,627
Right-of-Use Assets Obtained in Exchange for New Lease Liabilities		1,881,344
Weighted-Average Remaining Lease Term		8.6
Weighted-Average Discount Rate		3.39%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

Year Ending December 31,		Amount
2023	$	232,728
2024		240,375
2025		217,470
2026		220,310
2027		223,149
Thereafter		920,990
Undiscounted Cash Flows		2,055,022
Less: Imputed Interest		(290,536)
Total Present Value	$	1,764,486
Short-Term Lease Liabilities	$	175,011
Long-Term Lease Liabilities		1,589,475
Total	$	1,764,486

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 were made under prior lease guidance in FASB ASC 840.

NOTE 16 IN-KIND CONTRIBUTIONS

The Organization received contributed legal and other services as follows for the years ended December 31, 2022 and 2021:

	Program Service	Management and General	Advancement	Total
December 31, 2022				
Legal and Consulting	$ 15,000	$ 146,000	$ -	$ 161,000
Advertising	94,819	-	-	94,819
Software	3,500	-	-	3,500
Travel	-	9,969	-	9,969
Other Services	-	-	1,754	1,754
Silent Auction Items	-	-	21,965	21,965
Total	$ 113,319	$ 155,969	$ 23,719	$ 293,007
December 31, 2021				
Legal and Consulting	$ 18,549	$ 117,436	$ -	$ 135,985
Advertising	81,712	-	-	81,712
Travel	-	571	-	571
Other Services	-	-	399	399
Total	$ 100,261	$ 118,007	$ 399	$ 218,667

All contributed nonfinancial assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated assets and services.

Contributions of services (legal and consulting, advertising, and other services) are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchases if not provided by donation. Such services (legal and consulting, and other services) totaled $162,754 and $136,384 for the years ended December 31, 2022 and 2021, respectively. Additionally, $94,819 and $81,712 of advertising services were received at December 31, 2022 and 2021, respectively.

Software is valued at its estimated fair value upon receipt, and utilized in the Organization's operations and programs.

The Organization received items to be sold at its fundraising event (silent auction items), and it is the Organization's policy to sell all auction items received. Contributed auction items are valued at their estimated fair value upon receipt.

Expenses incurred by board members in service of the Organization for meetings and events that were not reimbursed are recognized as in-kind contributions (travel and development).

The Organization also received contributed services for its various programs from volunteers which do not meet the recognition criteria described above. No amounts have been reflected in the financial statements for these contributed services.

NOTE 17 RELATED PARTY TRANSACTIONS

The Organization received $1,126,761 and $674,662 in 2022 and 2021, respectively, of support from its board of directors and corporations that employ members of the Organization's board of directors.

NOTE 18 RETIREMENT PLAN

The Organization has a 401(k) plan that covers substantially all employees. The Organization funds the plan through annual contributions based upon a fixed percentage of eligible employees' salaries. The contributions for 2022 were $87,349 and in 2021 were $68,917.

NOTE 19 COMMITMENTS

Event Contracts

The Organization has entered into contracts for future conferences. In the event the conferences are cancelled, the Organization can be held liable for liquidated damages.

NOTE 20 PAYCHECK PROTECTION PROGRAM LOAN

On February 16, 2021, the Organization received a second loan from Huntington National Bank totaling $603,500 to fund payroll through the Paycheck Protection Program (the PPP Loan #2). The PPP Loan #2 bore interest at a fixed rate of 1.0% per annum, had a term of five years, and was unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest was deferred until the date on which the amount of forgiveness was remitted by the SBA to the lender or, if the Organization failed to apply for forgiveness within 10 months after the covered period, then payment of principal and interest would begin on that date. These amounts were subject to forgiveness based on compliance with program requirements and approval by the SBA. The covered period from February 16, 2021 to May 10, 2021, was the time the Organization had to spend their PPP Loan #2 funds.

The Organization followed, ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan #2. On October 6, 2021, the SBA processed the Organization's PPP Loan #2 forgiveness application and notified Huntington National Bank that the PPP Loan #2 qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Organization was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in Public Support – Contributions: Associations and Corporations in the statement of activities during the year ended December 31, 2021.

NOTE 20 PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 21 CASH FLOW DISCLOSURES

There was no cash paid for interest and taxes during the years ended December 31, 2022 and 2021. During 2022, the Organization acquired fixed assets of $21,733 that were included in accounts payable at year-end. During 2021, the Organization acquired fixed assets of $6,999 that were included in accounts payable at year-end.