EMPLOYMENT CONNECTION

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

EMPLOYMENT CONNECTION

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UHY LLP Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Employment Connection

Opinion

We have audited the accompanying financial statements of Employment Connection (the Organization), which comprise the statements of financial position as 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

UHY LLP

St. Louis, Missouri
June 29, 2023

EMPLOYMENT CONNECTION
STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31, 2022	December 31, 2021
CURRENT ASSETS		
Cash and cash equivalents	**$ 665,984**	$ 1,328,456
Contract receivables	**1,254,052**	897,137
Unconditional promises-to-give	**655,023**	638,434
Other receivables	**180,166**	178,782
Prepaid and other	**51,423**	59,274
Total current assets	**2,806,648**	3,102,083
PROPERTY AND EQUIPMENT	**2,121,657**	2,216,779
INVESTMENTS	**1,976,224**	1,993,000
	$ 6,904,529	$ 7,311,862

LIABILITIES AND NET ASSETS	2022	2021
CURRENT LIABILITIES		
Accounts payable	**$ 66,767**	$ 103,908
Accrued payroll and related liabilities	**176,127**	180,731
Current portion of note payable	**-**	200,000
Total current liabilities	**242,894**	484,639
NET ASSETS (See note 7)		
Without donor restrictions		
Undesignated	**1,755,730**	1,448,576
Board designated	**3,724,515**	4,175,743
	5,480,245	5,624,319
With donor restrictions	**1,181,390**	1,202,904
	6,661,635	6,827,223
Total liabilities and net assets	**$ 6,904,529**	$ 7,311,862

See notes to independent auditor's report.

EMPLOYMENT CONNECTION
STATEMENTS OF ACTIVITIES

	Years Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	**$ 370,510**	**$ -**	**$ 370,510**	$ 686,768	$ -	$ 686,768
United Way	**1,250**	**655,023**	**656,273**	1,250	638,434	639,684
Grants and contract revenue	**4,173,519**	**1,165,743**	**5,339,262**	3,107,421	1,365,082	4,472,503
Net Investment Return	**(185,982)**	**-**	**(185,982)**	252,088	-	252,088
Net rental loss	**(60,230)**	**-**	**(60,230)**	(62,274)	-	(62,274)
Miscellaneous	**(4,581)**	**-**	**(4,581)**	(1,518)	-	(1,518)
Net assets released from restrictions	**1,842,280**	**(1,842,280)**	**-**	2,432,379	(2,432,379)	-
Total revenue and other support	**6,136,766**	**(21,514)**	**6,115,252**	6,416,114	(428,863)	5,987,251
EXPENSES						
Program services	**5,857,743**	**-**	**5,857,743**	5,423,198	-	5,423,198
Support services	**423,097**	**-**	**423,097**	543,651	-	543,651
Total expenses	**6,280,840**	**-**	**6,280,840**	5,966,849	-	5,966,849
CHANGE IN NET ASSETS	**(144,074)**	**(21,514)**	**(165,588)**	449,265	(428,863)	20,402
NET ASSETS, Beginning	**5,624,319**	**1,202,904**	**6,827,223**	5,175,054	1,631,767	6,806,821
NET ASSETS, Ending	**$ 5,480,245**	**$ 1,181,390**	**$ 6,661,635**	$ 5,624,319	$ 1,202,904	$ 6,827,223

See notes to independent auditor's report.

EMPLOYMENT CONNECTION
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Program			Support				
	CEP Program	Managed Work Services	Total Program	Management and General	Fundraising	Total Support	Building Rental	Total
Salaries	$ 2,332,618	$ 224,597	$ 2,557,215	$ 177,372	$ 75,525	$ 252,897	$ 48,143	$ 2,858,255
Fringe Benefits	681,670	74,782	756,452	38,431	11,500	49,931	13,407	819,790
Participant Wages and Expenses	1,199,478	813,978	2,013,456	-	-	-	-	2,013,456
Total personnel expense	4,213,766	1,113,357	5,327,123	215,803	87,025	302,828	61,550	5,691,501
Professional Fees	21,201	14,885	36,086	41,528	-	41,528	1,856	79,470
Consulting and Subcontracting	66,527	1,730	68,257	-	30,000	30,000	-	98,257
Equipment Rental	6,273	1,154	7,427	448	347	795	291	8,513
Repairs and Maintenance	60,841	5,723	66,564	2,714	2,012	4,726	2,840	74,130
Insurance	47,349	3,798	51,147	2,009	1,417	3,426	3,742	58,315
Supplies and Postage	42,661	1,547	44,208	549	489	1,038	357	45,603
Printing and Reproduction	6,221	461	6,682	170	94	264	74	7,020
Rent	26,400	-	26,400	-	-	-	-	26,400
Telephone	22,866	3,439	26,305	910	585	1,495	464	28,264
Travel	2,206	42	2,248	120	589	709	21	2,978
Other Utilities	38,100	2,483	40,583	1,384	1,064	2,448	2,815	45,846
Other Expenses	45,899	12,017	57,916	1,646	26,526	28,172	963	87,051
Interest	4,045	2,975	7,020	-	-	-	-	7,020
Depreciation	83,812	5,965	89,777	3,346	2,322	5,668	6,865	102,310
	4,688,167	1,169,576	5,857,743	270,627	152,470	423,097	81,838	6,362,678
Less Expenses Netted with Revenues on the Statement of Activities	-	-	-	-	-	-	(81,838)	(81,838)
Total Expenses	$ 4,688,167	$ 1,169,576	$ 5,857,743	$ 270,627	$ 152,470	$ 423,097	$ -	$ 6,280,840

See notes to independent auditor's report.

EMPLOYMENT CONNECTION
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program			Support				
	CEP Program	Managed Work Services	Total Program	Management and General	Fundraising	Total Support	Building Rental	Total
Salaries	$ 2,062,996	$ 198,579	$ 2,261,575	$ 260,069	$ 128,258	$ 388,327	$ 52,107	$ 2,702,009
Fringe Benefits	690,457	60,759	751,216	60,532	23,388	83,920	13,942	849,078
Participant Wages and Expenses	920,035	703,617	1,623,652	-	-	-	-	1,623,652
Total personnel expense	3,673,488	962,955	4,636,443	320,601	151,646	472,247	66,049	5,174,739
Professional Fees	32,866	15,479	48,345	2,123	1,646	3,769	1,380	53,494
Consulting and Subcontracting	215,023	1,070	216,093	-	30,000	30,000	-	246,093
Equipment Rental	7,144	1,268	8,412	320	492	812	382	9,606
Repairs and Maintenance	69,350	6,690	76,040	2,835	2,120	4,955	3,205	84,200
Insurance	43,869	3,478	47,347	1,850	1,303	3,153	3,481	53,981
Supplies and Postage	76,969	10,714	87,683	3,531	2,768	6,299	2,282	96,264
Printing and Reproduction	2,198	9	2,207	3	3	6	2	2,215
Rent	26,300	-	26,300	-	-	-	-	26,300
Telephone	22,563	3,540	26,103	1,084	593	1,677	604	28,384
Travel	2,642	-	2,642	121	13	134	7	2,783
Other Utilities	36,844	2,434	39,278	1,365	948	2,313	2,801	44,392
Other Expenses	100,085	8,265	108,350	682	11,122	11,804	314	120,468
Interest	3,658	6,000	9,658	-	-	-	-	9,658
Depreciation	80,593	7,704	88,297	3,766	2,716	6,482	5,981	100,760
	4,393,592	1,029,606	5,423,198	338,281	205,370	543,651	86,488	6,053,337
Less Expenses Netted with Revenues on the Statement of Activities	-	-	-	-	-	-	(86,488)	(86,488)
Total Expenses	$ 4,393,592	$ 1,029,606	$ 5,423,198	$ 338,281	$ 205,370	$ 543,651	$ -	$ 5,966,849

See notes to independent auditor's report.

EMPLOYMENT CONNECTION
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2022	2021
OPERATING ACTIVITIES		
Change in net assets	**$ (165,588)**	$ 20,402
Adjustments to reconcile change in net assets to net cash used by operating activities		
Net realized and unrealized investment loss (gain)	**241,444**	(212,337)
Depreciation	**102,310**	100,760
Changes in		
Contract receivables	**(356,915)**	(17,422)
Unconditional promises-to-give	**(16,589)**	(16,076)
Other receivables	**(1,384)**	31,802
Prepaids and other	**7,851**	21,740
Accounts payable	**(37,141)**	35,130
Accrued payroll and related liabilities	**(4,604)**	22,714
Net cash used by operating activities	**(230,616)**	(13,287)
INVESTING ACTIVITIES		
Purchase of property and equipment	**(7,188)**	(16,306)
Purchase of investments	**(224,668)**	(101,612)
Proceeds from sales of investments	**-**	141,942
Net cash provided (used) by investing activities	**(231,856)**	24,024
FINANCING ACTIVITIES		
Payments on long term debt	**(200,000)**	-
Net cash used by financing activities	**(200,000)**	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(662,472)**	10,737
CASH AND CASH EQUIVALENTS, Beginning	**1,328,456**	1,317,719
CASH AND CASH EQUIVALENTS, Ending	**$ 665,984**	$ 1,328,456
SUPPLEMENTAL DISCLOSURES		
Interest Paid	**$ 7,020**	$ 9,658

See notes to independent auditor's report.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Employment Connection's (Organization) financial statements. These accounting policies conform to accounting principles generally accepted in the United Statement of America (U.S. GAAP) and have been consistently applied.

History and Business Activity

The Organization is a not-for-profit organization engaged in assisting persons with limited opportunities to achieve self-sufficiency. The Organization's operations are funded through various federal, state and local grantor organizations. It operates from a facility located in St. Louis, Missouri.

Financial Statement Presentation

The Organization reports its information regarding financial position and activities according to two classes of net assets depending upon the existence or nature of any donor restriction. The following is a description of these classes of net assets:

Net assets without donor restrictions - Those resources over which the Board of Directors ("the Board") has discretionary control. Designated amounts represent those net assets that the Board has set aside for a particular purpose.

Net assets with donor restrictions - Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or the passage of time, or the Organization will maintain in perpetuity.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Description of Program Services and Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Program Services - The program component of the Organization includes the following:

Competitive Employment Program (CEP) – The competitive employment program works to reduce crime and homelessness by assisting individuals with significant barriers into employment, leading to a career. Individuals in CEP participate in the world of work job readiness training and are then connected with a career specialist with which they create a personalized plan which addresses each of their barriers to self sufficiency.

Managed Work Services – Managed work services is designed to meet the needs of area employers in response to high turnover in entry level positions as well as clients in need of establishing a work history or in need of employment.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Program Services and Supporting Activities (Continued)

Supporting Activities - The supporting activities of the Organization include the following:

Management and General - Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Fundraising - Provides the structure necessary to encourage and secure financial support from corporations, foundations, and individuals for operations.

Cash and Cash Equivalents

Cash and cash equivalents include all bank account balances and short-term investments with an original maturity of three months or less.

Contract Receivables

Contract receivables are reported at the amount management expects to collect on balances for managed work services performed outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. An allowance for uncollectible accounts was recorded as $17,176 and $0 as of December 31, 2022 and 2021, respectively.

Unconditional Promises-to-Give

Unconditional promises-to-give are recognized as support in the period the promises are received. The Organization provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in the collection of all promises-to-give. The estimated losses are based on historical collection experience coupled with a review of the current status of the existing uncollectible promises-to-give. Unconditional promises-to-give due in the next 12 months are recorded at their net realizable value. Unconditional promises-to-give due in subsequent years are reported at the present value of their net realizable value. All unconditional promises-to-give are due in the next 12 months. Organization management is of the opinion that an allowance is not necessary at December 31, 2022 and 2021.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is stated at cost for purchased assets or at fair value at date of donation for contributed assets, net of accumulated depreciation. The Organization capitalizes individual assets greater than $1,000. Significant repairs that extend the life of an asset are capitalized; all other repairs are charged to expense as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Building	40
Building Improvements	5 - 20
Furniture and Equipment	3 - 15

Asset Impairment Assessments

The Organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is recognized to the extent that the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value.

Investments

Investments consist of mutual funds and are stated at fair value based on quoted market prices. Gains or losses on sales of investments are determined using the specific identification method.

Net investment return (loss) is reported in the statements of activities and consists of interest and dividends, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its financial instruments based on the fair value hierarchy established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data of substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

Public Support – Contributions and Grants

The Organization records contributions when received as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished net assets with donor restrictions are reclassified to net assets without donor restrictions in the statements of activities. Donor-restricted contributions in which the restrictions are met within the same year as received are reported as contributions with donor restrictions when received and are released to net assets without donor restrictions as the restrictions are met. The Organization considers United Way funds as contributions and accordingly, records the promise-to-give with a time restriction that is released during the stipulated time period.

Revenue Recognition

The Organization's revenue streams under contracts with customers are comprised of grant and contract revenue and rental activity.

For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Organization determines whether the performance obligations in the contracts are distinct or should be bundled. Factors to be considered include the pattern of transfer, whether customers can benefit from the resources, and whether the resources are readily available. The Organization's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. The Organization recognizes the revenue over a period of time if the customer receives and consumes the benefit that the Organization provided, or if the Organization's performance does not create an asset with an alternative use, and has an enforceable right to payment for the performance. The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods. The transaction price is calculated as the amount of consideration to which the Organization expects to be entitled.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. Expenses by function have been allocated among program and support classifications on the basis of estimates by the Organization's management. Compensation and benefits are allocated on the basis of estimates of time and effort. Depreciation and occupancy are allocated on a square footage basis.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of contract receivables and cash and cash equivalents. The Organization places its cash and cash equivalents with high credit quality financial institutions. The Organization from time to time during the year may have bank balances in excess of its insured limits. Management has deemed this as a normal business risk.

Income Taxes

The Organization constitutes a qualified, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income under Section 501(a) of the Code. Thus no provision for income taxes has been made in the statements of activities.

The Organization follows the provisions of ASC 740-10-25, Income Taxes, requiring disclosure of uncertain tax positions. There have been no interest or penalties neither recognized in the statements of activities nor in the statements of financial position related to uncertain tax positions. In addition, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within the next 12 months. The Organization evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

Subsequent Events

The Organization has performed a review of events subsequent to the statement of financial position date through June 29, 2023, the date the financial statements were available to be issued.

NOTE 2 — LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	December 31,	
	2022	2021
Cash and Cash Equivalents	$ 665,984	$1,328,456
Contract Receivables	1,254,052	897,137
Unconditional Promises-to-Give	655,023	638,434
Other Receivables	197,342	178,782
	2,772,401	3,042,809
Less: With Donor Restrictions	1,181,390	1,202,904
	$1,591,011	$1,839,905

As part of the Organization's liquidity management, it has a policy to structure financial assets to be available for general expenditures, liabilities and other obligations as they become due. Additionally, as of December 31, 2022 and 2021 respectively, the Organization had $1,522,376 and $1,878,482 of board designated investments. Although there is no intention to spend from this board designated fund, these amounts could be made available if needed.

NOTE 3 — INVESTMENTS

Investments consist of the following:

	December 31,			
	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds				
DFA International Core Equity	$ 197,161	$ 236,732	$ 161,229	$ 232,149
DFA US Core Equity	197,576	288,656	164,054	309,225
DFA 5 year Global Fixed Income	254,790	232,215	238,525	232,752
Vanguard Short-Term Inv Grade	573,751	544,471	539,501	543,648
Other Equity	518,807	625,686	448,228	628,119
Other Fixed Income	51,970	48,464	36,430	47,107
	$ 1,794,055	$ 1,976,224	$ 1,587,967	$1,993,000

Net investment return consists of the following:

	Years Ended December 31,	
	2022	2021
Interest and Dividends	$ 64,892	$ 49,584
Investment Advisory Fees	(9,430)	(9,833)
Realized Gain (Loss) on Investments	(18,580)	32,764
Unrealized Gain (Loss) on Investments	(222,864)	179,573
Totals	$ (185,982)	$ 252,088

NOTE 3 — INVESTMENTS (Continued)

The Organization invests in various types of 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 that such changes could materially affect the amounts reported in the statement of financial position. All mutual funds are considered Level 1 investments at December 31, 2022 and 2021.

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31,	
	2022	2021
Land	$ 305,000	$ 305,000
Building	3,003,577	3,003,577
Building Improvements	191,592	184,404
Furniture and Equipment	358,575	358,575
	3,858,744	3,851,556
Less Accumulated Depreciation	1,737,087	1,634,777
	$ 2,121,657	$ 2,216,779

Depreciation expense was $102,310 and $100,760 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 — LINE OF CREDIT

The Organization has a $100,000 line of credit with a bank with interest payable monthly at prime rate (7.50% and 3.25% at December 31, 2022 and 2021), expiring November 2023. There were no outstanding borrowings as of December 31, 2022 and 2021.

NOTE 6 — LONG-TERM DEBT

As of December 31, 2021, long-term debt consisted of an unsecured note payable for $200,000, payable quarterly at 3% with principal at maturity in June 2022. The note payable balance was paid off during 2022.

NOTE 7 — BOARD DESIGNATED ASSETS

Board designated net assets consisted of the following at December 31:

	December 31, 2022	December 31, 2021
Investments	$ 1,522,376	$ 1,878,482
Board Designated Post-Retirement Benefits Fund	80,482	80,482
Net Investment in Property and Equipment	2,121,657	2,216,779
	$ 3,724,515	$ 4,175,743

NOTE 8 — NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31, 2022	December 31, 2021
Subject to the Passage of Time:		
United Way Allocation for Subsequent Year (a)	$ 655,023	$ 638,434
Subject to Expenditure for a Specified Purpose:		
Competitive employment programs	526,367	564,470
	$ 1,181,390	$ 1,202,904

(a) The Organization receives funding from the United Way to carry out programs which meet community health and human service needs. The Organization receives a monthly allocation from the United Way for its participation in these programs. Each December, the Organization is awarded its funding level for the following year's allocation. This amount is reflected as net assets with donor restrictions as of December 31, 2022 and 2021.

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	Years Ended December 31, 2022	Years Ended December 31, 2021
Satisfaction of Purpose Restrictions	$ 1,203,846	$ 1,810,021
Expiration of Time Restrictions	638,434	622,358
	$ 1,842,280	$ 2,432,379

NOTE 9 — RETIREMENT PLANS

The Organization has a 403(b) retirement plan covering all eligible employees. The Organization contributes three percent of the salary of each eligible employee monthly to a tax deferred annuity account assigned to each participant. Each year after December 31, the Organization may make an additional contribution for all eligible employees employed as of December 31 for an amount not to exceed two percent of an eligible employee's total earnings for the year. An eligible employee is an active employee who has been a full-time employee for two consecutive years. Total expense incurred by the Organization under this plan for the years ended December 31, 2022 and 2021 were $80,253 and $84,655, respectively.

NOTE 10 — COMMITMENTS AND CONTINGENCIES

The Organization has committed to leases for fifteen rental units for individuals they are assisting. The lease commitment at December 31, 2022 and 2021 total $87,831 and $114,111, respectively. The leases are renewable each year and expire in September 2023.

NOTE 11 — SIGNIFICANT FUNDERS

Revenues from one funder accounted for approximately 10% of revenues during the year ended December 31, 2022.