VISTA MARIA AND SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022

VISTA MARIA AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vista Maria and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Vista Maria (the "Organization", a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the 2023 and 2022 financial statements of InSight Youth and Family Connections, Inc. ("InSight"), a wholly owned subsidiary, which statements reflect total assets of $32,851,487 and $24,155,009 as of September 30, 2023 and 2022, respectively, and total revenues of $11,992,850 and $8,013,541 for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for InSight as of September 30, 2023 and 2022, and for the years then ended, is based solely on the report of the other auditors.

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 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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, including omissions, 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 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 consolidated 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 Information Included in the Organization's Annual Report

Management is responsible for the other information included in the Organization's Annual Report. The other information comprises the *2023 Financials* included in the Annual Report, but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

UHY LLP

Farmington Hills, Michigan
April 22, 2024

VISTA MARIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2023	December 31, 2022
ASSETS		
Cash and Cash Equivalents:		
Undesignated Funds	**$ 22,551,069**	$ 19,399,852
Investments	**11,609,628**	9,590,070
Receivables:		
Programming Fees, Net of Allowance for Credit Losses of $188,173 and $100,487	**4,955,688**	4,590,453
Promise to Give - Net	**200,250**	10,110
Other	**272,110**	213,497
Prepaid Expenses	**527,314**	382,196
Building, Improvements, and Equipment - Net	**16,343,870**	15,258,297
Total Assets	**$ 56,459,929**	$ 49,444,475
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	**$ 316,394**	$ 517,782
Accrued Liabilities	**1,885,943**	1,676,961
Other Liabilities	**61,000**	61,200
Notes Payable	**1,347,333**	1,497,333
Total Liabilities	**3,610,670**	3,753,276
NET ASSETS		
Without Donor Restrictions:		
Undesignated	**34,391,116**	28,367,370
Investment in Capital Assets - Net	**14,996,537**	13,760,964
Board-Designated	**3,057,034**	2,639,941
With Donor Restrictions	**404,572**	922,924
Total Net Assets	**52,849,259**	45,691,199
Total Liabilities and Net Assets	**$ 56,459,929**	$ 49,444,475

VISTA MARIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year ended December 31, 2023			Year ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Direct Care / Programming Fees	**$ 24,159,625**	**$ -**	**$ 24,159,625**	$ 20,686,633	$ -	$ 20,686,633
Care Management Organization Service Revenue	**11,964,954**	**-**	**11,964,954**	10,983,432	-	10,983,432
Contributions and Program Grants	**2,550,127**	**695,848**	**3,245,975**	2,279,758	1,144,065	3,423,823
Rental Income	**256,571**	**-**	**256,571**	203,988	-	203,988
Other Supportive Services	**73,259**	**-**	**73,259**	41,811	-	41,811
Total Revenues and Other Support	**39,004,536**	**695,848**	**39,700,384**	34,195,622	1,144,065	35,339,687
EXPENSES						
Direct Care / Programming Expense	**27,891,560**	**-**	**27,891,560**	24,106,518	-	24,106,518
Supporting Services:						
Management and General	**4,715,073**	**-**	**4,715,073**	3,915,452	-	3,915,452
Fundraising	**1,007,284**	**-**	**1,007,284**	813,984	-	813,984
Total Expenses	**33,613,917**	**-**	**33,613,917**	28,835,954	-	28,835,954
CHANGE IN NET ASSETS FROM OPERATIONS	**5,390,619**	**695,848**	**6,086,467**	5,359,668	1,144,065	6,503,733
OTHER CHANGES IN NET ASSETS						
Capital Campaign - Net	**(10,110)**	**-**	**(10,110)**	-	354,912	354,912
Investment Gain - Net of Fees	**1,081,703**	**-**	**1,081,703**	(2,129,737)	-	(2,129,737)
Net Assets Released from Restrictions	**1,214,200**	**(1,214,200)**	**-**	1,471,818	(1,471,818)	-
Pandemic Payment Revenue	**-**	**-**	**-**	2,725,087	-	2,725,087
Pension Termination Fees	**-**	**-**	**-**	(45,890)	-	(45,890)
Pension-Related Changes	**-**	**-**	**-**	1,900	-	1,900
CHANGE IN NET ASSETS	**7,676,412**	**(518,352)**	**7,158,060**	7,382,846	27,159	7,410,005
NET ASSETS - Beginning of Year	**44,768,275**	**922,924**	**45,691,199**	37,385,429	895,765	38,281,194
NET ASSETS - End of Year	**$ 52,444,687**	**$ 404,572**	**$ 52,849,259**	$ 44,768,275	$ 922,924	$ 45,691,199

See notes to consolidated financial statements.

VISTA MARIA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	Year ended December 31, 2023				Year ended December 31, 2022			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Residential and Community Programs	Management and General	Fundraising	Total	Residential and Community Programs	Management and General	Fundraising	Total
PAYROLL								
Salary & Wages	$ 15,779,014	$ 2,612,418	$ 568,385	$ 18,959,817	$ 12,579,846	$ 2,227,443	$ 444,824	$ 15,252,113
Payroll Taxes	1,077,321	287,657	43,767	1,408,745	840,258	248,638	33,905	1,122,801
Employee Benefit Expense	1,942,756	232,040	51,493	2,226,289	1,637,861	243,937	39,655	1,921,453
Total Salaries and Related Expenses	18,799,091	3,132,115	663,645	22,594,851	15,057,965	2,720,018	518,384	18,296,367
DIRECT CARE								
Direct Care / Specific Assistance	3,060,793	-	-	3,060,793	3,413,823	-	-	3,413,823
Food Services	796,896	13,619	881	811,396	686,841	9,370	999	697,210
Psychiatry, Physicians, Medical	200,475	-	-	200,475	199,280	-	-	199,280
Gift in Kind Expense	133,879	-	-	133,879	143,694	-	-	143,694
VMA Donation	37,683	-	-	37,683	9,787	-	-	9,787
FUNDRAISING								
Fundraising Event Expense	15,017	23,826	220,835	259,678	5,635	9,083	188,240	202,958
Restricted Grant Expense	12,891	-	-	12,891	9,587	-	-	9,587
OTHER AGENCY								
Facilities / Occupancy	1,624,119	282,595	12,313	1,919,027	1,437,073	240,727	10,549	1,688,349
Professional Fees and Services	593,477	394,496	1,999	989,972	788,353	329,512	12,091	1,129,956
Service & Maintenance Contracts	277,699	78,948	27,504	384,151	303,721	51,538	21,605	376,864
Office Supplies & Equipment	333,605	55,593	25,841	415,039	237,401	41,114	23,786	302,301
Transportation & Training	331,165	34,438	3,176	368,779	281,668	31,171	1,382	314,221
Miscellaneous Expense	80,464	377,672	29,236	487,372	155,966	226,571	24,305	406,842
Telecom Expense	107,482	31,761	3,021	142,264	139,684	19,843	2,312	161,839
Membership Dues/Subscriptions	28,585	124,716	7,818	161,119	25,513	98,213	1,009	124,735
Bad Debt	263,670	-	-	263,670	-	-	-	-
Interest Expense	-	-	-	-	-	1,521	-	1,521
Depreciation and Amortization	1,194,569	165,294	11,015	1,370,878	1,210,527	136,771	9,322	1,356,620
TOTAL EXPENSES	$ 27,891,560	$ 4,715,073	$ 1,007,284	$ 33,613,917	$ 24,106,518	$ 3,915,452	$ 813,984	$ 28,835,954

VISTA MARIA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2023	2022
OPERATING ACTIVITIES		
Change in Net Assets from Operations	**$ 6,086,467**	$ 6,503,733
Adjustments to Reconcile Change in Net Assets from Operations to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	**1,370,878**	1,356,620
Bad Debt Expense	**263,670**	-
Debt Amortized to Grant Revenue	**(150,000)**	(150,000)
Changes in Operating Assets and Liabilities:		
Accounts Receivable - Programming Fees	**(628,905)**	(1,279,535)
Accounts Receivable - Grants and Other	**(58,613)**	2,020,182
Accounts Receivable - Promise to Give and Contribution	**(190,140)**	5,307
Prepaid Expenses and Other	**(145,118)**	(11,897)
Accounts Payable	**(201,388)**	241,319
Accrued Liabilities	**208,982**	(30,142)
Other Liabilities	**(200)**	25,200
Pension termination fees	**-**	(45,890)
Pandemic Revenue	**-**	2,725,087
Pension Liability, Excluding Pension-Related Changes of $-0- (income) and $1,900 (income), respectively	**-**	1,900
Net Cash Provided by Operating Activities	**6,555,633**	11,361,884
INVESTING ACTIVITIES		
Purchase of Property and Equipment	**(2,456,449)**	(900,085)
Purchases of Investments	**(2,553,386)**	(1,517,294)
Proceeds from Sales and Maturities of Investments	**539,998**	1,079,384
Capital Income - Net	**(10,110)**	354,912
Realized and Unrealized Gain on Investments, Net of Fees	**1,081,703**	(2,129,737)
Net Cash Used in Investing Activities	**(3,398,244)**	(3,112,820)
FINANCING ACTIVITIES		
Payments on loan interest	**(6,172)**	(2,212)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**3,151,217**	8,246,852
CASH AND CASH EQUIVALENTS, Beginning of Year	**19,399,852**	11,153,000
CASH AND CASH EQUIVALENTS, End of Year	**$ 22,551,069**	$ 19,399,852
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid for Interest	**$ 6,172**	$ 2,212
NON-CASH ACTIVITY		
In-Kind Contributions	**$ 133,879**	$ 143,694

NOTE 1 – ORGANIZATION

Founded in 1883 by the Sisters of the Good Shepherd, Vista Maria is a Michigan not-for-profit corporation organized on a membership basis. It is Vista Maria’s mission to deliver innovative care, treatment, and education focused on restorative relationships so that vulnerable youth believe in their worth, heal and build the skills for success. Vista Maria envisions a world where all children, families and communities achieve success through learning and restorative relationships that promote personal, professional and family wellbeing. The Agency provides a comprehensive continuum of programs promoting trauma-informed care and healing relationships. The Organization's 37-acre campus and facilities are located in Dearborn Heights, Michigan.

Vista Affordable Housing, Inc. (“VAH”) is a Michigan not-for-profit corporation organized on a membership basis. Vista Maria is the only member of VAH. VAH was established to acquire affordable housing and make that housing available to tenants in conjunction with the charitable, educational and specific purposes of Vista Maria.

InSight Youth and Family Connections, Inc. (“InSight”) is a Michigan not-for-profit corporation organized on a membership basis. Vista Maria is the only member of InSight. InSight is part of the juvenile justice care management system for the Wayne County Department of Children and Family Services and is committed to creating solutions through youth and family partnerships. InSight is responsible for providing services to youth and their families residing in northwest Detroit and Dearborn Heights.

See Note 2 and Note 15 for additional information on consolidation and related party transactions.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these consolidated financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these consolidated financial statements.

Principles of Consolidation

The accompanying consolidated financial statements reflect the consolidated assets and liabilities, changes in net assets, and cash flows of Vista Maria, Vista Affordable Housing, Inc., and InSight Youth and Family Connections, Inc. (collectively, the "Organization"). All significant interrelated transactions have been eliminated in consolidation. This consolidation includes the activity and balances for InSight as of and for the years ended September 30, 2023 and 2022.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the *FASB Accounting Standards Codification* (ASC).

Concentrations

At times, the Organization has balances on deposit with certain institutions that may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes that the Organization is not exposed to any significant credit risk for cash.

The majority of Vista Maria's revenue is earned under contracts or approved rates with the Michigan Department of Health and Human Services (DHHS). During the years ended December 31, 2023 and 2022, operating revenues received from DHHS represented approximately 98% and 98%, respectively, of programming fees. Accounts receivable from DHHS were $3,587,063 and $2,004,986 as of December 31, 2023 and 2022, respectively.

InSight only provides services to Wayne County, Michigan (the "County"). The current contract is set to expire on September 30, 2024.

Use of Estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Organization considers demand deposits to be cash and money market funds to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable - programming fees primarily consist of amounts due from the State of Michigan, Wayne County, various other Michigan counties and courts, and five Wayne County Care Management Organizations (CMOs) for childcare services provided.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Credit Losses (Continued)

Vista Maria established the allowance for credit losses based on a specific assessment of all invoices that remain unpaid following the normal payment periods, expected losses considering the Organization's historical losses, the existing economic conditions in the childcare service environment, and the financial stability of the Organization's pay sources. All amounts deemed to be uncollectible are charged against the allowance for credit losses in the period that the determination is made.

An accumulated allowance for credit losses of $188,173 and $100,487 has been recorded for receivables included in programming fees receivable for December 31, 2023 and 2022, respectively.

Unconditional Promises to Give and Allowance for Doubtful Promises

The Organization's promises to give are comprised of unrestricted amounts committed from a foundation for use in the general operations of the Organization. The receivables are recorded at the present value of estimated future cash flows. Management reviews all pledges receivable as of December 31st and establishes an allowance for doubtful pledges. There was no allowance for doubtful pledges at December 31, 2023 and 2022.

Investments

The Organization values the investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets as they occur. Investment return is presented net of investment fees.

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 change could materially affect the amounts reported in the statement of financial position.

Building, Improvements, and Equipment

All fixed assets are recorded at cost or, if donated, at fair value at the date of the gift. The Organization provides for depreciation and amortization of these assets using the straight-line method based upon acquisition cost or fair value at the date of the gift and estimated useful lives of the assets, ranging from 3 to 40 years. The Organization capitalizes all items with a cost of $5,000 or more.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Classification of Net Assets

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. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment account and a board-designated capital project improvement account.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as donor restricted revenue when received, and the related net assets are released from restrictions when the assets are placed in service. 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.

Revenue and Support

Contracts, Grant Funds, and Deferred Revenue

Funds received from reimbursable contracts and grants are recorded as revenue when the Organization either provides services, or monies are received or pledged. A receivable is recognized for any service provided or pledge received if monies have not yet been received by the Organization. Funds received by the Organization in advance of incurring eligible costs are recorded as deferred revenue.

The funds received are subject to review or audit by the funding sources and the Organization must comply with the specific rules and regulations defined in the contracts.

Contributions

All contributions are considered to be for unrestricted use unless specifically restricted by the donor. Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Donated Goods and Services

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fundraising campaigns. Donated services were not recognized in the financial statements since they did not meet the criteria for recognition under ASC topic - *Contributions*.

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

The Organization received donated physical goods with an estimated fair market value of $133,879 and $143,694 for the years ended December 31, 2023 and 2022, respectively. The donated goods consist of consumable supplies used in the Organization's programs.

All in-kind donations received by the Organization for the years ended December 31, 2023 and 2022 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management or with donor restrictions and used specifically for auctions and fundraising events by year end.

Revenue Recognition for Contracts with Customers

The Organization's revenue stream under contracts with customers is comprised of the exchange component of special events revenue transactions in which the donor and the Organization receive something of commensurate value from the special event. The Organization performs an analysis to determine the performance obligations associated with the exchange transaction, and revenue is recognized when the given performance obligation is satisfied.

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 (such as the estimated value of the items received by the donor as part of the special event).

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2023 and 2022, there were no uncertain tax positions that required accrual.

Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The income derived from the cell tower rental is considered unrelated business income. Any income tax attributable to this activity is included in miscellaneous expense of the consolidated statements of functional expenses.

Current Operations

Current operations include all revenue and expenses that are a part of the ongoing day-to-day activities of the Organization. Revenue and expenses related to the pension activities, capital campaign, endowment, capital grants, as well as investment income designated for these activities, if any, are not considered to be operational activities and have been separately displayed on the consolidated statement of activities.

Functional Expenses

The Organization allocates its expenses on a functional basis between program and support services. Expenses that are specifically attributable to one of the three segments (Programs, Management/General, or Fundraising) are reported under that segment in their natural expenditure classification. Other expenses shared across segments are allocated using various methods. Significant categories include, but are not limited to Salaries/Benefits, Facilities, and Information Technology Services.

Salaries/Benefits and IT Services are allocated based on estimates of time and effort. Facility costs are allocated based on square footage. The methods used are considered reasonable, but other methods could be used that would produce different results.

NOTE 3 – LIQUIDITY AND AVAILABILITY

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, 2023

	Vista Maria	Vista Affordable Housing	InSight	Consolidated Total
Cash and Cash Equivalents	$ 3,363,345	$ 44,801	$ 18,739,038	$ 22,147,184
Operating Investments	1,909,290	108,221	8,400,966	10,418,477
Accounts Receivable-Programming Fees	4,121,973	-	833,715	4,955,688
Other Accounts Receivable	98,110	-	-	98,110
Promise to Give	75,000	-	-	75,000
	$ 9,567,718	$ 153,022	$ 27,973,719	$ 37,694,459

December 31, 2022

	Vista Maria	Vista Affordable Housing	InSight	Consolidated Total
Cash and Cash Equivalents	$ 8,108,968	$ 101,058	$ 10,267,557	$ 18,477,583
Operating Investments	1,683,329	92,044	6,815,328	8,590,701
Accounts Receivable-Programming Fees	3,086,766	-	1,503,687	4,590,453
Other Accounts Receivable	34,406	-	2,714	37,120
Promise to Give	10,110	-	-	10,110
	$ 12,923,579	$ 193,102	$ 18,589,286	$ 31,705,967

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

All entities operate as separate and distinct legal entities. As such all cash, cash equivalents and investments reflected above are for the exclusive purpose of supporting the operation of the entity.

Operating Investments for Vista Maria consist of a Board Designated Endowment Account. Although this account is not intended for general expenditures, the Board could approve an amount for general use. Operating Investments for Vista Affordable Housing and InSight, while not intended for general expenditures, could be approved by their Board for general use.

Accounts Receivable-Programming Fees are predominately amounts due from the State, Counties, and Courts for childcare services provided under contracts or approved rates.

Other Accounts Receivable consists of other amounts due for ancillary services related to childcare services programming including amounts from the National School Lunch Program.

Promise to Give represent amounts that are related to unrestricted funds to be used for general operations.

NOTE 4 – PROMISES TO GIVE

Vista Maria's Promises to Give consist of the following:

	December 31, 2023	December 31, 2022
Amounts Due in:		
Less Than One Year	$ 75,000	$ 10,110
One to Five Years	150,000	-
Less Unamortized Discount, Using a Discount Rate of 5.50%	(24,750)	-
Less Allowance for Uncollectibles	-	-
Net Promises to Give	$ 200,250	$ 10,110

NOTE 5 – INVESTMENTS

The Organization's investments are as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Board Designated Endowment:		
Money Market Fund and Short Term Investment	$ 36,532	$ 34,888
Mutual Funds - Equity	1,872,758	1,648,441
Total Board Designated Endowment	1,909,290	1,683,329
Board Designated Capital Project Improvement:		
Money Market Fund and Short Term Investment	78,799	43,811
Common Stock	732,882	569,694
Fixed Income Securities	336,063	343,107
Total Board Designated Capital Project Improvement	1,147,744	956,612
Capital Campaign:		
Money Market Fund and Short Term Investment	686	655
Other Investments:		
Investments held by InSight:		
Money Market Fund and Short Term Investment	225,101	5,796
Mutual Funds - Equity	4,121,638	3,333,813
Mutual Funds - Fixed Income	4,054,227	3,475,720
Total Investments held by InSight	8,400,966	6,815,329
Investments held by VAH		
Money Market Fund	3	3
Mutual Funds - Equity	108,218	92,041
Total investments held by VAH	108,221	92,044
Investments held at The CFSEM	42,721	42,101
Total Other Investments	8,551,908	6,949,474
Total Investments	$ 11,609,628	$ 9,590,070

NOTE 5 – INVESTMENTS (Continued)

Net investment (loss) income consists of the following:

	Year ended December 31, 2023	Year ended December 31, 2022
Investment Income	$ 358,887	$ 250,718
Realized Gains	8,875	28,481
Unrealized Gains (Losses)	783,936	(2,332,973)
Investment Fees	(69,995)	(75,963)
	$ 1,081,703	$ (2,129,737)

NOTE 6 – BOARD-DESIGNATED ENDOWMENTS

Vista Maria's endowments include funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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. There are no such donor-restricted endowment funds. As a result of this interpretation, the Organization would retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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
7. The investment policies of the Organization

NOTE 6 – BOARD-DESIGNATED ENDOWMENTS (Continued)

Changes in Endowment Net Assets

Changes in endowments for the year ended:

December 31, 2023	Board Designated Endowment Account	Board Designated Capital Project Improvement Account
Board Designated Net Assets - Beginning	$ 1,683,329	$ 956,612
Net Investment Return Gain	225,961	191,132
Board Designated Net Assets - Ending	$ 1,909,290	$ 1,147,744

December 31, 2022	Board Designated Endowment Account	Board Designated Capital Project Improvement Account
Board Designated Net Assets - Beginning	$ 1,978,697	$ 1,143,149
Net Investment Return Loss	(295,368)	(186,537)
Board Designated Net Assets - Ending	$ 1,683,329	$ 956,612

NOTE 6 – BOARD-DESIGNATED ENDOWMENTS (Continued)

Return Objective and Risk Parameters

The Organization has adopted an investment and spending policy for all investment dollars that incorporates a diversified asset portfolio and a pre-defined rate of return on investment that results in a potential source of income for current operations. Endowment assets include those assets classified as board-designated funds. Under this policy, as approved by the board of directors, the endowment net assets are to be managed with a view toward maximization of total return considering inflation risk, interest rate risk, and business or economic risk, while at all times being prudently diversified. Vista Maria expects its endowment funds over time to provide an average annual rate of return of approximately 6 percent. Actual returns in any given year will 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 to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy establishing a predisposition toward reinvesting income of the endowment fund, subject to the needs of the Organization for additional general operational funds from time to time.

NOTE 7 – FAIR VALUE MEASUREMENTS

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

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets.
- quoted prices for identical or similar assets or liabilities in inactive markets.
- inputs other than quoted prices that are observable for the asset or liability.
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following is a description of the valuation methodologies used for assets measured at fair value:

The Organization currently holds shares in common stocks; fixed income securities; fixed income, balanced, and equity mutual funds; and money market funds. The funds are valued at the quoted prices that are readily available for the shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value.

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Common Stock	$ 732,882	$ -	$ -	$ 732,882
Fixed Income Securities	336,063	-	-	336,063
Mutual Funds	10,156,841	-	-	10,156,841
Money Market Fund and Short Term Investments	341,121	-	-	341,121
Other Holdings - CFSEM	-	-	42,721	42,721
Total	$ 11,566,907	$ -	$ 42,721	$ 11,609,628

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Common Stock	$ 569,694	$ -	$ -	$ 569,694
Fixed Income Securities	343,107	-	-	343,107
Mutual Funds	8,550,015	-	-	8,550,015
Money Market Fund and Short Term Investments	85,153	-	-	85,153
Other Holdings - CFSEM	-	-	42,101	42,101
Total	$ 9,547,969	$ -	$ 42,101	$ 9,590,070

Changes in Level 3 assets measured at fair value on a recurring basis are as follows:

	Year Ended December 31,	
	2023	2022
Other Holdings - CFSEM		
Beginning Balance	$ 42,101	$ 46,498
Total Unrealized Gain (Loss) Included in Change in Net Assets	620	(4,397)
Ending Balance	$ 42,721	$ 42,101

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

The Organization has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. The Organization estimates the fair value of this investment based upon reports generated by the CFSEM.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

NOTE 8 – BUILDINGS, IMPROVEMENTS, AND EQUIPMENT

The Organization's buildings, improvements, and equipment consist of the following:

	December 31,	
	2023	2022
Leasehold Improvements	$ 14,037	$ 14,037
Land Improvements	4,092,796	3,986,116
Buildings	19,669,069	19,669,069
Building Improvements	13,110,800	12,674,675
Machinery and Equipment	4,378,073	4,284,950
Vehicles	510,468	465,193
Furniture and Fixtures	2,103,295	1,850,981
Work in Progress	1,654,587	144,227
Total Cost	45,533,125	43,089,248
Accumulated Depreciation and Amortization	(29,189,255)	(27,830,951)
Net Carrying Amount	$ 16,343,870	$ 15,258,297

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was $1,370,878 and $1,356,620, respectively.

NOTE 9 – LONG-TERM DEBT

Notes Payable

The following is summary of Vista Maria's long-term debt:

	December 31,	
	2023	2022
Note Payable FHLBI - DeRoy Hall	$ 200,000	$ 233,333
Note Payable FHLBI - Myriam Hall	247,222	280,555
Note Payable FHLBI - Shepherd Hall	199,999	250,000
Note Payable Wayne County	325,112	325,112
Note Payable FHLBI - Freedom Center	375,000	408,333
Long - Term Portion	$ 1,347,333	$ 1,497,333

A schedule of future maturities of Long-Term Debt has not been included as the four notes payable to FHLBI and the note payable to Wayne County are expected to be forgiven.

VISTA MARIA – FHLBI – DEROY HALL - $500,000

In 2014, Vista Maria received the Certificate of Occupancy for a new residential treatment facility (Deroy Hall). This 16-unit residential housing is where Vista Maria provides mental health treatment and community reintegration services for adolescent survivors of human trafficking. The construction cost was funded through corporate, foundation and individual donations as well as a $500,000 grant awarded by the Federal Home Loan Bank of Indianapolis (FHLBI). The terms of the grant/note require the facility to be maintained as affordable housing for 15 years from the date of occupancy. The note is interest free and, if all obligations/terms are met at the end of the 15-year term, the note will be forgiven during 2029. If at any time the FHLBI determines that Vista Maria is not meeting the terms of the agreement, they can request repayment based on the prorated balance plus interest at a fixed rate. Upon occupancy in 2015, the grant was recognized as grant revenue in operating revenue on a pro-rata basis. Total grant revenue of $33,333 was recognized for each of the years ended December 31, 2023 and 2022.

NOTE 9 – LONG-TERM DEBT (Continued)

VISTA MARIA – FHLBI – MYRIAM HALL - $500,000

In 2016, Vista Maria received the Certificate of Occupancy for a new residential housing building (Myriam Hall). This 8-unit residential housing provides supervised independent living for youth ages 16-18. The construction cost was funded through corporate, foundation and individual donations as well as a $500,000 grant awarded by the Federal Home Loan Bank of Indianapolis (FHLBI). The terms of the grant/note require the facility to be maintained as affordable housing for 15 years from the date of occupancy. The note is interest free and, if all obligations/terms are met at the end of the 15-year term, the note will be forgiven during 2031. If at any time the FHLBI determines that Vista Maria is not meeting the terms of the agreement, they can request repayment based on the prorated balance plus interest at a fixed rate. Upon occupancy in June 2016, the grant was recognized as grant revenue in operating revenue on a pro-rata basis. Total grant revenue of $33,333 was recognized for each of the years ended December 31, 2023 and 2022, respectively.

VISTA AFFORDABLE HOUSING – FHLBI – SHEPHERD HALL - $750,000

At the end of 2012, the Organization received the Certificate of Occupancy after renovating an existing building (Shepherd Hall). This 22-unit dorm-style apartment housing provides transitional/independent living programming for females between the ages of 16-24. The cost of renovation was funded through corporate, foundation and individual donations, a county grant, as well as a $750,000 grant awarded by the Federal Home Loan Bank of Indianapolis (FHLBI). The terms of the grant/note require the facility to be maintained as affordable housing for 15 years from the date of occupancy. The note is interest free and, if all obligations/terms are met at the end of the 15-year term, the note will be forgiven during 2027. If at any time the FHLBI determines that the Organization is not meeting the terms of the agreement, they can request repayment based on the prorated balance plus interest at a fixed rate. Upon occupancy in 2013, the grant was recognized as grant revenue in operating revenue on a pro-rata basis. Total grant revenue of $50,000 was recognized for each of the years ended December 31, 2023 and 2022.

VISTA AFFORDABLE HOUSING – WAYNE COUNTY HOME GRANT – SHEPHERD HALL - $325,112

The note payable to Wayne County is through the HOME program of the U.S. Department of Housing and Urban Development for an amount up to $330,000. This loan is also for Shepherd Hall construction and requires that seven of the 22 units be low or below-low-income occupancy for the same 15-year duration as identified above. Based on the terms of the agreement, the loan is interest free and will be forgiven by the County during 2027 if all obligations/terms are met at the end of the 15-year term. If the apartment is not maintained as an affordable housing complex at any point during the 15-year term, the entire portion of the loan is to be repaid.

NOTE 9 – LONG-TERM DEBT (Continued)

VISTA MARIA – FHLBI – FREEDOM CENTER- $500,000

During 2017, the Organization was awarded a $500,000 grant, subject to certain administrative requirements, through the Federal Home Loan Bank of Indianapolis to be used for the construction of a new building used to support the Human Trafficking Treatment program. The funds were received in January 2020. In 2020, Vista Maria received the Certificate of Occupancy for a new residential treatment facility. The construction cost was funded through corporate, foundation and individual donations as well as a $500,000 grant awarded by the Federal Home Loan Bank of Indianapolis (FHLBI). The terms of the grant/note require the facility to be maintained as affordable housing for 15 years from the date of occupancy. The note is interest free and, if all obligations/terms are met at the end of the 15-year term, the note will be forgiven during 2035. If at any time the FHLBI determines that Vista Maria is not meeting the terms of the agreement, they can request repayment based on the prorated balance plus interest at a fixed rate. Upon occupancy in April 2020, the grant was recognized as grant revenue in operating revenue on a pro-rata basis. Total grant revenue of $33,333 was recognized for each of the years ended December 31, 2023 and 2022.

NOTE 10 – RETIREMENT PLANS

Defined Contribution Plans

Vista Maria has a 403(b)-retirement plan. Under the Plan, eligible employees can elect to defer a portion of their compensation. The Organization can make discretionary contributions to the plan. There were no contributions made for the years ended December 31, 2023 and 2022.

InSight has a 401(k)-retirement plan. Under the Plan, eligible employees can elect to defer a portion of their compensation. InSight made matching contributions of $29,026 and $27,465 to the Plan for the years ended September 30, 2023 and 2022. The matching contributions are set annually.

Defined Benefit Plan

The Organization had a defined benefit plan, which was a continuation of the pension plan it had as part of the multi-employer plan of United Way for Southeastern Michigan. This Plan was frozen effective February 28, 2009. Prior to freezing the Plan, the Plan covered substantially all of its employees. The benefits were based on years of service and an employee's highest three consecutive years of compensation during the last 10 years of employment. The funding policy was, at a minimum, to contribute annually as required by IRS minimum funding requirements.

NOTE 10 – RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Effective October 28, 2019, the Executive Committee of the Organization made the determination to terminate the defined benefit plan and has performed certain operational steps as part of the plan termination since that time. During 2022 and 2021, the plan assets were distributed to participants.

As part of the termination, the Plan is subject to potential audit by the PBGC and the IRS. The Organization has not been notified of a potential audit by the IRS. However, in August 2022 the PBGC began their audit process with a preliminary document request list. On April 3, 2024, the Organization was notified by the PBGC that it has selected 25 participants to review for accuracy. Management is unaware of any potential material contingency related to plan termination.

During the year ended December 31, 2022, the Organization made additional contributions of $81,000 to supplement remaining assets held by the plan. Those contributions, along with the remaining assets of the plan, were used to pay final disbursements of $104,880 to the plan participants and pay plan expenses of $10,220. Any remaining funds were returned to the Organization prior to December 31, 2022.

NOTE 11 – SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Vista Maria has a supplemental executive retirement plan (SERP) providing supplemental retirement benefits for designated executives. Under the program, the Board of Directors approves an annual amount to be credited to the designated executives' accounts. That amounts vests over 5 years from the date of the Board approval. Amounts that are 100% vested must be disbursed pursuant to the appropriate disbursement date requirements.

Compensation expense for the SERP for the years ended December 31, 2023 and 2022 was $67,881 and $84,603, respectively. In addition, $89,977 of benefits previously accrued were forfeited during 2023. Vista Maria has accrued the vested balance of the SERP in the amount of $127,115 and $232,142 for the years ended December 31, 2023 and 2022, respectively.

NOTE 12 – DONOR RESTRICTED NET ASSETS

Vista Maria's donor restricted net assets are available for the following purposes:

	December 31,	
	2023	2022
VAH Building and Support	$ 90,792	$ 12,920
Expressive and Alternatives Therapies	70,522	83,842
Residential Human Trafficking Treatment Programs	51,661	69,139
Residential Mental Health Programs	50,000	21,943
Family Engagement Programs	34,914	194,350
Transitional Living Programs	33,750	144,554
Wraparound Programming and Support	21,084	-
Vista Maria Reads (Literacy and Lending Liberty) Program	17,576	33,752
Vista Maria Scholarship Programs	11,569	14,959
Michigan Abolitionist Project (Asset Transfer Agreement)	10,204	35,626
Other	7,500	6,839
Clinical Capacity & Health Support	5,000	55,000
Capacity Building - Rose Hall Re-Opening	-	250,000
Total	$ 404,572	$ 922,924

During the years ended December 31, 2023 and 2022, net assets released from restrictions totaled $1,214,200 and $1,471,818, respectively.

Donor restricted net assets released are subject to purpose restrictions and will be released when the amounts are spent for the designated purpose.

NOTE 13 – SPECIAL EVENTS

The special events held by Vista Maria are detailed below. The gross revenue has been included in contributions.

	Gross Revenue	Expenses	Net Revenue
2023			
Fearless Heart Gala (formerly Celebrating Women)	$ 336,796	$ (61,755)	$ 275,041
Golf Outing-High Hopes	164,587	(52,424)	112,163
Golf Outing-Ford	163,456	(45,476)	117,980
Women Fore Women	46,721	(22,400)	24,321
Empowerment Lunch	55,674	(16,411)	39,263
Dolly Drive	72,596	(16,602)	55,994
Total	$ 839,830	$ (215,068)	$ 624,762
2022			
Celebrating Women	$ 350,250	$ (58,195)	$ 292,055
Golf Outing-High Hopes	140,931	(42,306)	98,625
Golf Outing-Ford	132,999	(30,340)	102,659
Women Fore Women	56,326	(21,657)	34,669
Empowerment Breakfast	53,995	(16,616)	37,379
Dolly Drive	51,397	(14,159)	37,238
Total	$ 785,898	$ (183,273)	$ 602,625

NOTE 14 – OPERATING LEASES

The Organization leases various office equipment through a combination of month-to-month and long-term lease agreements. The long-term leases expire through 2026. Total lease expense under all lease agreements for the years ended December 31, 2023 and 2022 was $2,166 and $12,531, respectively.

Future minimum lease payments under the operating lease commitments are as follows:

Years Ended December 31,	Future Lease Obligations
2024	2,166
2025	2,166
2026	1,624
	$ 5,956

NOTE 15 – RELATED PARTY TRANSACTIONS

Vista Affordable Housing, Inc. (VAH)

Formed in 2008, Vista Affordable Housing, Inc. (VAH) objective is to operate and acquire affordable housing for the benefit of or to carry out the specific purposes of the Organization. VAH is a 509(a)(3) entity (supporting organization) with the Organization named as the sole member. The Organization makes contributions and provides management and facilities services to support VAH's day-to-day operations.

The Organization provided contributions to VAH of $129,000 and $225,000 for the years ended December 31, 2023 and 2022, respectively. The Organization provided management and facilities services to VAH totaling $195,556 and $201,204 for the years ended December 31, 2023 and 2022, respectively.

InSight Youth and Family Connections, Inc.

The Organization is the sole owning member of InSight Youth and Family Connections, Inc., a nonprofit care management organization that coordinates services for Wayne County youth under a juvenile justice service agreement with Wayne County. Highlights of this entity include:

- InSight receives revenue via a capitated agreement with Wayne County which provides monthly installment payments.

During the years ended December 31, 2023 and 2022, the Organization recognized $72,000 per year in revenue for management services provided to InSight. The accounts receivable related to these services at December 31, 2023 and 2022 were $6,000 and $-0- respectively.

During the years ended December 31, 2023 and 2022, the Organization recognized $66,073 and $108,247, respectively, in revenue for services provided to youth placed in service by InSight. The accounts receivable related to these services at December 31, 2023 and 2022 were $-0- and $12,055, respectively.

InSight Youth and Family Connections, Inc. Youth Diversion Grant

During the years ended December 31, 2023 and 2022, InSight provided the Organization with $-0- and $385,260 grants, respectively, to fund the Journey to Success (JTS) program – a youth and young adult diversion program targeted at Wayne County students in 6th through 12th grade. The objective is to divert students from unsafe, unhealthy activities and environments to focus on positive activities that develop life skills, increase emotional and social intelligence, promote academic and career success and build supportive adult relationships. The accounts receivable related to these services at December 31, 2023 and 2022 were $-0- and $38,569, respectively.

NOTE 15 – RELATED PARTY TRANSACTIONS (Continued)

InSight Youth and Family Connections, Inc. Donations

During the years ended December 31, 2023 and 2022, InSight provided the Organization with general donation and event sponsorships of $5,840 and $13,500, respectively.

NOTE 16 – CONTINGENCIES

Grants

Grants often require the fulfillment of certain conditions as set forth in the grant instrument. As grant revenue continues to grow for the Organization, the sophistication and expectations of grantors has also grown. The grant application processes for the Organization include a leadership review to ensure that grant promises can be filled; and once a grant is awarded, the Organization's grants compliance team monitors progress and reporting with program leaders to ensure that grant obligations are fulfilled. In addition, regular communications with grantors occurs during the grant period to ensure that any difficulties are identified early, to address any concerns and adjust as necessary to mitigate the need to return funds to a grantor. Therefore, it is highly unlikely that the Organization would need to return funds to a grantor.

Unemployment Claims

The Organization is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Organization has purchased commercial insurance for coverage of all claims except employee unemployment benefits. The Organization pays unemployment claims on a reimbursement basis.

Litigation

In the normal course of business, there are various unresolved legal actions. As of April 22, 2024, the outcome of these legal actions was not determinable. Management believes the resolution of these lawsuits will not have a material effect on the financial statements; therefore, a provision for a loss was not included in the financial statements.

Long-Term Debt

As noted in Note 9, the Organization is subject to certain requirements as part of the FHLBI and Wayne County Home Grant agreements.

NOTE 17 – NEW ACCOUNTING PRONOUNCEMENTS

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were receivables from programming fees and promises to give. The Organization adopted the standard effective January 1, 2023, with the exception of InSight since the standard is effective after the September 30, 2023 fiscal year-end of InSight. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

NOTE 18 – SUBSEQUENT EVENTS

The consolidated financial statements and related disclosures include evaluation of events up through and including April 22, 2024, which is the date the consolidated financial statements were issued.