Community Enrichment Center

Independent Auditor's Report and Financial Statements

December 31, 2022

Community Enrichment Center
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Contents

FORVIS

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Independent Auditor's Report

The Finance Committee
Community Enrichment Center
North Richland Hills, Texas

Opinion

We have audited the financial statements of Community Enrichment Center (the "Center"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Enrichment Center, as of December 31, 2022, 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 (GAAS). 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 Community Enrichment Center, 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 Community Enrichment Center ability to continue as a going concern within one year after the date that these 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 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 Center's internal control.

- 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 Center's ability to continue as a going concern for a reasonable period of time.

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

FORVIS, LLP

Fort Worth, Texas
November 30, 2023

Community Enrichment Center

Statement of Financial Position

December 31, 2022

Assets	
Cash and cash equivalents	$ 1,420,200
Tenant accounts receivable, net of allowance	67,854
Grants receivable	37,664
Certificates of deposit	318,688
Prepaid expenses and other assets	119,857
Property and equipment, net	5,539,457
Right-of-use assets - operating leases	58,284
Right-of-use assets - finance leases	312,064
Total assets	$ 7,874,068
Liabilities and Net Assets	
Liabilities	
Accounts payable	$ 107,173
Accrued expenses	48,908
Operating lease liabilities, net	58,278
Finance lease liabilities, net	314,442
Tenant security deposits	67,497
Total liabilities	596,298
Net Assets	
Without donor restrictions	7,214,086
With donor restrictions	63,684
Total net assets	7,277,770
Total liabilities and net assets	$ 7,874,068

Community Enrichment Center

Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Other Support:			
Public support	1,316,216	$ -	$ 1,316,216
Governmental financial assistance	136,689	-	136,689
Public support from special events	364,836	-	364,836
Rents	1,903,649	-	1,903,649
In-kind contributions	3,570,440	-	3,570,440
Interest income	6,008	-	6,008
Other income	4,106	-	4,106
Sales - Second Glance Store, net	734,213	-	734,213
Royalty income	5,300	-	5,300
Satisfaction of program restrictions	38,110	(38,110)	-
Total operating revenue and other support	8,079,567	(38,110)	8,041,457
Operating Expenses:			
Program services:			
Homeless and family violence	77,955	-	77,955
Affordable housing	1,510,956	-	1,510,956
Community outreach	4,663,936	-	4,663,936
Employment education	94,824	-	94,824
Total program services	6,347,671	-	6,347,671
Supporting services:			
Management and general	1,173,693	-	1,173,693
Second Glance Store	628,999	-	628,999
Fundraising	446,610	-	446,610
Fundraising - direct benefit to donor	47,940	-	47,940
Total supporting services	2,297,242	-	2,297,242
Total operating expenses	8,644,913	-	8,644,913
Change in net assets	(565,346)	(38,110)	(603,456)
Net Assets, Beginning of Year	$ 7,779,432	101,794	7,881,226
Net Assets, End of Year	$ 7,214,086	$ 63,684	$ 7,277,770

Community Enrichment Center

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services					Supporting Services				
	Homeless and Family Violence	Affordable Housing	Community Outreach	Employment Education	Total Program Services	Management and General	Second Glance Store	Fund-Raising	Total Supporting Services	Total
Direct assistance to participants - household expenses	$ -	$ 87,697	$ 617,444	$ 81,018	$ 786,159	$ -	$ -	$ -	$ -	$ 786,159
Direct assistance to participants - food	-	-	3,019,061	-	$ 3,019,061	-	-	-	-	3,019,061
Repairs, maintenance, utilities and other property costs	5,665	814,778	79,955	1,252	901,650	145,847	39,786	425	186,058	1,087,708
Salaries and benefits	50,980	122,228	805,164	196	978,568	525,221	332,339	175,360	1,032,920	2,011,488
Advertising and marketing	-	-	-	-	-	15,906	6,079	14,638	36,623	36,623
Bank charges and merchant fees	-	572	-	-	572	12,739	42,843	40	55,622	56,194
Capacity development	-	-	-	-	-	-	-	34,391	34,391	34,391
Computer/network expense	1,649	7,876	-	-	9,525	52,711	264	-	52,975	62,500
Contract labor	13,058	35,732	21,790	-	70,580	77,124	90,117	1,937	169,178	239,758
Continuing education	-	298	-	3,340	3,638	21,254	-	-	21,254	24,892
Dues and subscriptions	-	7,229	25	201	7,455	9,801	25	119	9,945	17,400
Events cost	-	-	-	-	-	-	-	201,020	201,020	201,020
Fundraising costs	-	-	-	-	-	-	-	16,720	16,720	16,720
Facilities and office Machine rents	-	-	20,842	-	20,842	79,711	95,584	-	175,295	196,137
Meals and entertainment	-	175	445	166	786	10,600	418	89	11,107	11,893
Postage	417	504	833	87	1,841	14,710	-	-	14,710	16,551
Professional fees	-	-	-	-	-	68,570	-	-	68,570	68,570
Supplies	1,024	5,442	9,875	2,971	19,312	5,251	10,357	1,612	17,220	36,532
Telephone	5,162	8,919	3,795	-	17,876	36,248	-	259	36,507	54,383
Volunteer expense	-	-	-	-	-	5,477	-	-	5,477	5,477
Miscellaneous expense	-	-	-	-	-	21,970	-	-	21,970	21,970
Amortization	-	-	17,586	-	17,586	8,622	-	-	8,622	26,208
Depreciation	-	419,506	67,121	5,593	492,220	61,931	11,187	-	73,118	565,338
Total expenses before cost of direct benefit to donor	77,955	1,510,956	4,663,936	94,824	6,347,671	1,173,693	628,999	446,610	2,249,302	8,596,973
Cost of direct benefit to donor	-	-	-	-	-	-	-	47,940	47,940	47,940
Total expenses	$ 77,955	$ 1,510,956	$ 4,663,936	$ 94,824	$ 6,347,671	$ 1,173,693	$ 628,999	$ 494,550	$ 2,297,242	$ 8,644,913

Community Enrichment Center

Statement of Cash Flows

Year Ended December 31, 2022

Operating Activities		
Change in net assets	$	(603,456)
Items not requiring cash		
Depreciation		565,338
Lease amortization		26,208
Noncash operating lease expense		44,434
Changes in		
Tenant accounts receivable		(12,616)
Grants receivable		26,086
Prepaid expenses and other assets		(23,795)
Accounts payable		17,881
Accrued expenses		12,493
Operating lease liabilities		(44,440)
Tenant security deposits		7,716
Net cash used in operating activities		15,849
Investing Activities		
Purchase of property and equipment		(343,420)
Reinvested interest		(3,237)
Net cash used in investing activities		(346,657)
Financing Activities		
Principal payments on finance lease liabilities		(23,830)
Net cash used in financing activities		(23,830)
Net Decrease in Cash and Cash Equivalents		(354,638)
Cash and Cash Equivalents, Beginning of Year		1,774,838
Cash and Cash Equivalents, End of Year	$	1,420,200
Supplemental Cash Flows information		
ROU assets obtained in exchange for new operating lease liabilities	$	102,718
ROU assets obtained in exchange for new finance lease liabilities	$	338,272

Community Enrichment Center
Notes to Financial Statements
December 31, 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Activities

Community Enrichment Center (the "Center") was incorporated as a nonprofit corporation in the State of Texas in March 1988, for the two-fold purpose of empowering individuals to become productive, self-sufficient citizens, and to restore family and community support systems through a holistic approach which links available private, public, and financial community resources. The major programs of the Center include: a subsidized housing program for low-income families, homeless families, and victims of family violence in Tarrant County; community outreach, including a food pantry, employment coaching and high school equivalency classes. Using the Working Family Success model, an integrated service delivery method, the focus is on stabilizing families in crisis by providing basic necessities such as housing and food, allowing time to identify barriers to success and develop and implement a coaching strategy to overcome those barriers and help ensure participants can maintain stability and not return to a point of crisis.

Use of Estimates

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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022, cash equivalents consisted primarily of money market accounts held at financial institutions.

At December 31, 2022, the Center's cash accounts exceeded federally insured limits by approximately $628,000.

Certificates of Deposit

Certificates of deposit held at year-end are considered investments for reporting purposes with original maturity dates in excess of three months.

Grants Receivable

Grants receivable consist of amounts due from federal and local governments and donors which are uncollected at the end of the year. Management evaluates the allowance for uncollectible receivables based upon past experience and analysis of collectability. Amounts are considered past due when not paid by the end of the following month, and are written off when deemed uncollectible by management. Management has determined that an allowance is not considered necessary at December 31, 2022.

Tenant Accounts Receivable

Tenant accounts receivable are stated at the amount billed to tenants. The Center provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Rent charges are ordinarily due on the first day of the month. Amounts are considered past due when not paid by the end of the following month and are written off when deemed uncollectible by management. Accounts written off are included in expenses related to affordable housing and direct assistance to participants on the statement of functional expenses. Management has established an allowance of $39,092 for 2022.

Property and Equipment

Property and equipment acquisitions exceeding $5,000 are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	40 years
Rental properties	15 years
Improvements	10-20 years
Machinery and equipment	3-10 years
Furniture and fixtures	5-10 years

Long-Lived Asset Impairment

The Center evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management has determined that no assets were impaired during 2022.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

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

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Contributions

Contributions are provided to the Center either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Center overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Contributed Services

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers provide valuable services throughout the year that are not recognized as contributions in the financial statements because the criteria for recognition under GAAP has not been satisfied.

In-kind Contributions

Contributions of materials are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment (see *Note 4*).

Government Grants

Support funded by grants is recognized as the Center meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency, and as a result of such audit, adjustments could be required.

Income Taxes

The Center is a not-for-profit the Center that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provision of state law. However, the Center is subject to federal income tax on any unrelated business taxable income.

The Center files tax returns in the U.S. Federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, Second Glance Store, and fundraising categories based on the specific identification and approximate percentage of time expended.

Note 2: Grant Reimbursements Receivable and Future Commitments

The Center receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Center are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2022, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2022:

Grant	Term	Grant Amount	Earned Through 2022	Funding Available
Food Pantry Expansion Program	10/1/2022-12/31/2024	$ 814,980	$ 15,104	$ 799,876
Emergency Food and Shelter Program	11/01/2021-4/30/2023	$ 74,000	$ 59,560	$ 14,440

Note 3: Property and Equipment

Property and equipment consists of the following at December 31, 2022:

Land	$ 1,873,682
Buildings and improvements	1,961,910
Furnishings and equipment	478,632
Houses, townhomes, and apartment complex	8,597,480
	12,911,704
Less accumulated depreciation	(7,372,247)
	$ 5,539,457

Note 4: Contributed Nonfinancial Assets

In 2022, the Center, adopted ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

For the year ended December 31, 2022, contributed nonfinancial assets recognized within the statement of activities included:

Food	$ 3,090,750
Facilities	79,711
	$ 3,170,461

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Building

The contributed building will be used for general and administrative activities. In valuing the contributed building, which is located in North Richland Hills, Fort Worth, Texas, the Center estimated the fair value on the basis of recent comparable sales prices in its real estate market.

Community Enrichment Center
Notes to Financial Statements
December 31, 2022

Food and Other Products

The Center also receives food donations and other products from Tarrant Area Food Bank, local grocery stores, and other agencies and individuals throughout the year. The donations are valued per pound at an average of the national wholesale prices as determined by Feeding America, which was $1.70 per pound for 2022.

Second Glance Resale

The Center's Second Glance Resale inventory consists of donated non-perishable food items, toiletries, linens, and other supplies required for the operation of a housing program. Inventory of the resale store consists of recycled clothing and house wares obtained through charitable donations. These items are distributed to clients free of charge or are sold at bargain prices. The Center's inventory balance at December 31, 2022, is immaterial and not recorded on the statement of financial position. Due to the nature of the Second Glance's donated inventory cycle it is not recognized in the financial statements until sold.

Note 5: Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2022 are as follows:

Subject to expenditure for specified purpose	
Refresh back to school	$ 63,684

Net Assets Released from Restrictions

During 2022, 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:

Expiration of time restrictions	$ 25,000
Satisfaction or purpose restrictions	
Refresh event	5,110
Pathways program	5,000
Feed the kids initiative	3,000
	$ 38,110

Note 6: Revenue from Contracts with Customers

Second Glance Resale Retail Sales – Performance Obligations

The Center's revenue from contracts with customers consists of retail sales of donated items in its resale shop, Second Glance. Revenue is measured as the amount of consideration the Center expects to receive in exchange for transferring distinct goods to customers. This revenue is reported net of sales discounts, and all sales are considered final at the time of purchase. The Center recognizes revenue when performance obligations under the terms of contracts with its customers are satisfied, which occurs at a point in time when control of the goods passes to a customer to enable them to direct the use of and obtain benefit from a product. This typically occurs when a customer obtains legal title, obtains the risks and rewards of ownership, and has received the goods when the purchase is complete. Payment is required at the time of purchase.

Transaction Price and Recognition

The Center determines the transaction price for customers based on historical experience and current market conditions, which may be reduced by sales discounts offered from time to time in the store. As all sales are considered final at time of purchase, there are no reductions to revenue after the sale has occurred.

The Center excludes from revenue any amounts collected from customers on behalf of third parties, such as sales taxes that the Center collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes.

Contract Balances

Since the sale occurs at a point in time, payment is received at the time of sale and all sales are final, there are no contract balances including contract assets or contract liabilities.

Note 7: Leasing Activities

The new lease standard applied to lessor accounting remains largely unchanged from legacy U.S. GAAP; however, the new standard does contain some targeted improvements to align with the new revenue recognition guidance, *Revenue From Contracts With Customers* (Topic 606), issued pursuant to ASU No. 2014-09.

The Center's lease contracts are typically for 12 months and then become a month-to-month agreement. The Center allows tenants to move out within the 12 months without any additional consideration or recourse. Due to the nature of the rental income, future minimum payments to be received cannot be determined. Rental income earned from the transitional housing program included in the statement of activities is $1,903,649 in 2022.

The properties are comprised of the following and are recorded at cost:

Apartment complex	$ 3,994,783
Townhomes	3,172,193
Houses	1,430,503
	8,597,479
Less: Accumulated depreciation	(5,771,963)
	$ 2,825,516

Note 8: Leases (ASC 842)

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

The Center adopted Topic 842 on January 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard.

The Center elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Center has lease agreements with nonlease components that relate to the lease components. Also, the Center elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The Center did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of $107,228 and $102,718 respectively, while the accounting for existing capital leases (now referred to as finance leases) remained substantially unchanged. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. The standard did not significantly affect our statements of activities or cash flows.

Accounting Policies

The Center determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Center determines lease classification as operating or finance at the lease commencement date.

The Center accounts for the lease and nonlease components separately. The lease components consist of rent payment and nonlease components consist of common area maintenance. The Center allocates the consideration to the lease and nonlease components using their relative standalone values.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Center has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Center is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Center has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Center has entered into the following lease arrangements:

Finance Leases

These leases mainly consist of office equipment and vehicle fleet for the use of food collection and distribution. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating Leases

The Center leases store space that expires in 2024.The lease require the Center to pay all executory costs (property taxes, maintenance and insurance). Termination of the leases is generally noncancellable.

The Center leases vehicles fleet for the use of food collection and distribution that expire in 2028 and 2029. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Short-Term Leases

The Center leases certain equipment and additional vehicles on a seasonal demand. The expected lease terms are less than 12 months. Total lease expense included in operating expenses for the year ending December 31, 2022, was $16,499, related to short-term leases.

All Leases

The Center has no material related-party leases

The Center's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2022 are:

Lease cost	
Finance lease cost	
Amortization of right-of-use asset	$ 26,208
Interest on lease liabilities	4,721
Operating lease cost	44,434
Short-term lease cost	16,499
Variable lease cost	48,810
Total lease cost	$ 140,672

The Center's weighted average remaining lease term for its operating and finance lease commitments is 1.1 and 5.8 years, respectively. The Center's weighted average discount rate used in the measurement of its operating and finance leases is 1.1 % and 3.11%, respectively.

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2022, are as follows:

	Finance Leases	Operating Leases
2023	$ 61,136	$ 54,000
2024	61,136	4,500
2025	61,136	-
2026	53,636	-
2027	52,136	-
Thereafter	54,308	-
Total future undiscounted lease payments	343,488	58,500
Less imputed interest	(29,046)	(222)
Lease liabilities	$ 314,442	$ 58,278

Note 9: Liquidity and Availability

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

Cash and cash equivalents	$ 1,420,200
Tenant accounts receivable, net of allowance	67,854
Grants receivable	37,664
Certificates of deposit	318,688
Financial assets available to meet general expenditures within one year	$ 1,844,406

The Center receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the year ended December 31, 2022, restricted contributions of $63,685 were included in financial assets available to meet cash needs for general expenditures within one year.

The Center manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Center has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. The Center has a policy to target a year-end balance of reserves without donor restriction and which are undesignated by the board to meet 90 to 180 days of expected expenditures. To achieve these targets, the Center forecasts its future cash flows and monitors its liquidity monthly and monitors its reserves annually. During the year ended December 31, 2022, the level of liquidity and reserves was managed within the policy requirements.

Note 10: Subsequent Events

Subsequent events have been evaluated through November 30, 2023, which is the date the financial statements were available to be issued.

Note 11: Future Change in Accounting Principle

Accounting for Financial Instruments – Credit Losses

The Financial Accounting Standards Board amended its standards related to the accounting for credit losses on financial instruments. This amendment introduces new guidance for accounting for credit losses on instruments including trade receivables. The new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those years. The Center is in the process of evaluating the effect the amendment will have on the financial statements.