



**SUPPORT KANSAS CITY, INC.**

**FINANCIAL STATEMENTS**

Years Ended December 31, 2021 and 2020





## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors

### **SUPPORT KANSAS CITY, INC.**

#### ***Opinion***

We have audited the accompanying financial statements of Support Kansas City, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 Support Kansas City, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Support Kansas City, Inc. 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 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.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Support Kansas City, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Support Kansas City, Inc.'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.

*Mayer Hoffman McCann P.C.*

Kansas City, Missouri  
July 28, 2022

**SUPPORT KANSAS CITY, INC.**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash	\$ 591,055	\$ 535,885
Accounts receivable, net of allowance	172,456	169,336
Grants receivable - current portion	53,000	7,500
Prepaid expenses and other assets	13,169	7,975
TOTAL CURRENT ASSETS	<u>829,680</u>	<u>720,696</u>
Grants receivable - less current portion	50,000	-
Property and equipment, at cost, less accumulated depreciation	<u>4,661</u>	<u>11,633</u>
TOTAL ASSETS	<u>\$ 884,341</u>	<u>\$ 732,329</u>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES		
Accounts payable	\$ 5,912	\$ 49,903
Accrued liabilities	18,711	36,835
Deferred revenue	5,453	1,426
Current portion of paycheck protection program loan	-	219,750
Current portion of deferred rent	1,595	1,144
Current portion of capital lease obligations	-	2,754
TOTAL CURRENT LIABILITIES	<u>31,671</u>	<u>311,812</u>
LONG-TERM LIABILITIES		
Paycheck protection program loan	-	43,950
Deferred rent	10,159	2,100
Capital lease obligations	-	128
TOTAL LONG-TERM LIABILITIES	<u>10,159</u>	<u>46,178</u>
TOTAL LIABILITIES	<u>41,830</u>	<u>357,990</u>
<b><u>NET ASSETS</u></b>		
NET ASSETS		
Net assets without donor restrictions	695,551	283,098
Net assets with donor restrictions	146,960	91,241
TOTAL NET ASSETS	<u>842,511</u>	<u>374,339</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 884,341</u>	<u>\$ 732,329</u>

See Notes to Financial Statements

**SUPPORT KANSAS CITY, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (PAGE 1 OF 2)**

For the Year Ended December 31, 2021, with Summarized Financial Information for the Year Ended December 31, 2020

	<b>2021</b>			<b>2020</b>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
<b>REVENUES AND SUPPORT</b>				
Client support program fees	\$ 1,117,996	\$ -	\$ 1,117,996	\$ 1,133,452
Grants and contributions	77,725	249,360	327,085	294,039
In-kind donations	34,662	-	34,662	54,956
PPP loan forgiveness and other income	490,931	-	490,931	1,119
Net assets released from restrictions	193,641	(193,641)	-	-
<b>TOTAL REVENUE</b>	<u>1,914,955</u>	<u>55,719</u>	<u>1,970,674</u>	<u>1,483,566</u>
<b>EXPENSES</b>				
Client support programs	1,125,073	-	1,125,073	1,133,554
Supporting services				
Administration	340,856	-	340,856	425,830
Fundraising	36,384	-	36,384	59,588
Total supporting services	<u>377,240</u>	<u>-</u>	<u>377,240</u>	<u>485,418</u>
<b>TOTAL EXPENSES</b>	<u>1,502,313</u>	<u>-</u>	<u>1,502,313</u>	<u>1,618,972</u>
<b>OTHER EXPENSES</b>				
Moving expenses	189	-	189	30,566
Loss on disposal of assets	-	-	-	13,509
<b>TOTAL OTHER EXPENSES</b>	<u>189</u>	<u>-</u>	<u>189</u>	<u>44,075</u>
<b>TOTAL CHANGES IN NET ASSETS</b>	<u>412,453</u>	<u>55,719</u>	<u>468,172</u>	<u>(179,481)</u>
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>283,098</u>	<u>91,241</u>	<u>374,339</u>	<u>553,820</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 695,551</u>	<u>\$ 146,960</u>	<u>\$ 842,511</u>	<u>\$ 374,339</u>

See Notes to Financial Statements

**SUPPORT KANSAS CITY, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (PAGE 2 OF 2)**

For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Client support program fees	\$ 1,133,452	\$ -	\$ 1,133,452
Grants and contributions	79,039	215,000	294,039
In-kind donations	54,956	-	54,956
PPP loan forgiveness and other income	1,119	-	1,119
Net assets released from restrictions	<u>445,410</u>	<u>(445,410)</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<u>1,713,976</u>	<u>(230,410)</u>	<u>1,483,566</u>
<b>EXPENSES</b>			
Client support programs	1,133,554	-	1,133,554
Supporting services			
Administration	425,830	-	425,830
Fundraising	<u>59,588</u>	<u>-</u>	<u>59,588</u>
Total supporting services	<u>485,418</u>	<u>-</u>	<u>485,418</u>
<b>TOTAL EXPENSES</b>	<u>1,618,972</u>	<u>-</u>	<u>1,618,972</u>
<b>OTHER EXPENSES</b>			
Moving expenses	30,566	-	30,566
Loss on disposal of assets	<u>13,509</u>	<u>-</u>	<u>13,509</u>
<b>TOTAL OTHER EXPENSES</b>	<u>44,075</u>	<u>-</u>	<u>44,075</u>
<b>TOTAL CHANGES IN NET ASSETS</b>	<u>50,929</u>	<u>(230,410)</u>	<u>(179,481)</u>
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>232,169</u>	<u>321,651</u>	<u>553,820</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 283,098</u>	<u>\$ 91,241</u>	<u>\$ 374,339</u>

See Notes to Financial Statements

**SUPPORT KANSAS CITY, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Years Ended December 31, 2021 and 2020

<i>Year ended December 31, 2021</i>	<b>Client Support Programs</b>	<b>Administration</b>	<b>Fundraising</b>	<b>Total All Funds</b>
Personnel costs	\$ 900,258	\$ 279,290	\$ 28,215	\$ 1,207,763
Professional services	54,144	17,583	-	71,727
Program costs and materials	738	-	-	738
Client reimbursable costs	29,777	-	-	29,777
Technology	49,372	15,051	1,496	65,919
Facility and operations	74,785	22,799	2,267	99,851
Office expenses	10,719	4,541	325	15,585
Marketing	-	-	3,923	3,923
Bad debt	58	-	-	58
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>1,119,851</b>	<b>339,264</b>	<b>36,226</b>	<b>1,495,341</b>
Depreciation	5,222	1,592	158	6,972
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,125,073</b>	<b>\$ 340,856</b>	<b>\$ 36,384</b>	<b>\$ 1,502,313</b>

<i>Year ended December 31, 2020</i>	<b>Client Support Programs</b>	<b>Administration</b>	<b>Fundraising</b>	<b>Total All Funds</b>
Personnel costs	\$ 839,413	\$ 339,990	\$ 46,120	\$ 1,225,523
Professional services	92,317	13,282	-	105,599
Program costs and materials	59,493	-	-	59,493
Client reimbursable costs	23,780	-	-	23,780
Technology	38,242	14,757	2,010	55,009
Facility and operations	62,345	24,058	3,276	89,679
Office expenses	7,340	5,123	386	12,849
Marketing	-	-	7,303	7,303
Bad debt	1,243	25,000	-	26,243
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>1,124,173</b>	<b>422,210</b>	<b>59,095</b>	<b>1,605,478</b>
Depreciation	9,381	3,620	493	13,494
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 1,133,554</b>	<b>\$ 425,830</b>	<b>\$ 59,588</b>	<b>\$ 1,618,972</b>

See Notes to Financial Statements

**SUPPORT KANSAS CITY, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 468,172	\$ (179,481)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	6,972	13,494
Loss on disposal of property and equipment	-	13,509
Paycheck protection program loan forgiveness	(483,700)	-
Decrease (increase) in operating assets:		
Accounts receivable, net	(3,120)	(36,333)
Grants receivable	(45,500)	87,500
Pledges receivable	(50,000)	-
Prepaid expenses	(5,194)	(2,653)
Increase (decrease) in operating liabilities:		
Accounts payable	(43,991)	22,042
Accrued liabilities	(18,124)	23,372
Deferred revenue	4,027	(574)
Deferred rent	8,510	-
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(161,948)</b>	<b>(59,124)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(1,075)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Paycheck protection program loan proceeds	220,000	263,700
Capital lease payments	(2,882)	(2,753)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>217,118</b>	<b>260,947</b>
<b>NET CHANGES IN CASH AND RESTRICTED CASH</b>	<b>55,170</b>	<b>200,748</b>
<b>CASH AND RESTRICTED CASH, BEGINNING OF YEAR</b>	<b>535,885</b>	<b>335,137</b>
<b>CASH AND RESTRICTED CASH, END OF YEAR</b>	<b>\$ 591,055</b>	<b>\$ 535,885</b>
UNRESTRICTED CASH	\$ 547,095	\$ 403,444
RESTRICTED CASH	43,960	132,441
<b>CASH AND RESTRICTED CASH, END OF YEAR</b>	<b>\$ 591,055</b>	<b>\$ 535,885</b>
<b>NON CASH FLOW INVESTING AND FINANCING ACTIVITIES</b>		
Paycheck protection program loan forgiveness	\$ 483,700	\$ -

See Notes to Financial Statements



## SUPPORT KANSAS CITY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### (1) Summary of significant accounting policies

**Nature of operations** - Support Kansas City, Inc. (the "Organization") is a not-for-profit corporation that provides organizational support services to 501(c)(3) public charities in the Greater Kansas City area. Client support services include accounting, payroll processing and fiscal management, database management, fund development and board and strategic development. Support Kansas City also provides administrative support for community impact projects including acting as a fiscal agent for a major Foundation and support for projects focused on Diversity and Inclusion and other Capacity Building Collaborative projects.

**Basis of accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**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 and expenses during the reporting period. Actual results could differ from those estimates.

**Cash** - For purposes of the statement of cash flows, cash is considered to be cash on hand and cash in operating bank accounts.

**Restricted cash** - Amounts included in restricted cash represent those required to be set aside by contractual agreement. These restricted cash amounts are reflected as assets on the statement of financial position and net assets with donor restrictions. The restriction will lapse when the Organizations' contractual agreements expire.

**Accounts receivable** - Accounts receivable from clients is recorded for billed and unbilled services performed. Accounts receivable are reported net of an allowance for doubtful accounts. Unbilled work in progress is reported at net realizable value. The allowance is based upon management's estimate of the amount of receivables that will actually be collected. The estimate is based upon the examination of specific client payments, payment history and client status. Accounts receivable amounts are considered delinquent thirty days after billing. The Organization's practice for determining the allowance for doubtful accounts is based upon management's analysis of specific client accounts, however, most allowances and write-offs are a result of the customer terminating its operations.

**Grants receivable** - Grants receivable that are expected to be collected within one year are recorded at their estimated net realizable value. Grants receivable that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. The discount rate used in valuing unconditional promises to give was 2.26% and 0% as of December 31, 2021 and 2020, respectively. Applicable amortization of the discount is included in contributions revenue on the statements of activities. Management has evaluated the discount as of December 31, 2021 and has determined it is immaterial to the financial statements taken as a whole.

On a periodic basis, the Organization evaluates promises to give and establishes an allowance for doubtful collections, based on history, past write-offs and collections and current conditions. A promise is written off when it is determined that all collection efforts have been exhausted. Management has estimated an allowance for uncollectible accounts of \$0 as of December 31, 2021 and 2020.

## SUPPORT KANSAS CITY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### (1) Summary of significant accounting policies (continued)

**Property and equipment** - Fixed assets consist primarily of office equipment and are recorded at cost or, if donated, at fair value at the date of donation. Individual items with a cost of \$1,500 or greater and a useful life of greater than a year are generally capitalized. Depreciation is provided using straight-line methods over the estimated useful lives of the respective assets. Furniture and fixtures are generally depreciated over three to seven years while leasehold improvements are depreciated over fifteen years. Maintenance and repairs are charged to expense as incurred.

**Net assets** - To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, net assets are delineated into two groups according to their nature and purpose and/or time restriction:

*Net assets without donor restrictions* - The portion of expendable resources immediately available to support general operations.

*Net assets with donor restrictions* - Resources received by or unconditionally pledged to the Organization that have donor-imposed stipulations that expire with the passage of time or by the Organization expending funds for specific purposes as directed by the donor.

**Revenue recognition** - All contribution and grant revenue is recognized in accordance with Topic 958, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which was adopted on January 1, 2019. Under this guidance all contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted contributions and increase net assets with donor restrictions.

Client support program fees are recognized in accordance with Topic 606, *Revenue from Contracts with Customers*, which was adopted on January 1, 2019 using the modified retrospective transition method. Revenue recognition is based on the five-step model: (i) identify the contract with the customer; (ii) identify the performance obligation in the contract; (iii) determine the contract price; (iv) allocate the transaction price; and (v) recognize revenue (or as) each performance obligation is satisfied. If it is determined that a contract with enforceable right and obligation does not exist, revenues are deferred until all criteria for an enforceable contract are met.

Client supporting program fee contracts are typically project-based services rendered on a stated per-unit rate per service performed. These contracts are cancelable by the clients at any time, with notice being required. The Organization applies the right to invoice practical expedient to client service revenue contracts, and recognizes revenue as invoiced, since the Organization's right to payment is for an amount that corresponds directly with the value provided to customers based on the Organization's performance to-date.

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Contributions with donor imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with restrictions and reclassified to net assets without donor restrictions when such time or purpose restriction has been satisfied.

**Contributed services and goods** - The Organization recognizes contribution revenue and program expense for contributed goods and services at the fair value of those goods and services on the date received. Contributed services and goods consisted of \$34,662 and \$54,956 in rent discounts on the office space and contributed materials and supplies which were received during the years ended December 31, 2021 and 2020, respectively. These were included in in-kind donations revenue on the statements of activities and change in net assets and in facility and operations and office expenses on the statement of functional expenses.

**SUPPORT KANSAS CITY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(1) Summary of significant accounting policies (continued)**

**Taxes** - The Organization has been granted an exemption from income taxes by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization has been classified as a Section 509(a)(3) Organization which is a supporting organization rather than a private foundation. During the year ended December 31, 2020, the Organization applied for and received approval for reclassification to a public charity under Section 509(a)(2), effective June 24, 2020. As such, no provision is made for income taxes in these statements. The Organization has adopted the standards requiring disclosure of uncertain tax positions under the ASC topic "Income Taxes." There has been no interest or penalties recognized in the financial statements related to uncertain tax positions. The Organization files its federal Exempt Organization Business Income Tax Return (Form 990) annually. The Organization is no longer subject to income tax examinations by taxing authorities for years before 2018.

**Functional expenses** - The Organization's costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program, general and administrative functions, or fundraising efforts are allocated directly to those functional categories. Salaries and wages and related personnel costs are allocated based upon estimated time and effort. Other expenses that are common to several functions are allocated based upon the allocation of salaries and wages to those functions. Property and depreciation expenses are partially allocated using salaries and wages and are also directly allocated. Bad debt expense is classified as a program expense or administrative on the statement of functional expenses based on the nature of the associated revenue. Program costs and materials include the direct costs associated with providing specific program services, such as program disbursements (grant awards), the cost of meetings, and other related activities.

**(2) Accounts receivable**

Accounts receivable consisted of the following at December 31, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Accounts receivable	\$ 88,762	\$ 85,691
Unbilled work in progress	83,694	83,645
Gross accounts receivable	172,456	169,336
Allowance for doubtful accounts	-	-
Accounts receivable, net	\$ 172,456	\$ 169,336

**(3) Grants receivable**

The following table summarizes grants receivable as of December 31, 2021 and 2020.

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Grants receivable	\$ 103,000	\$ 7,500
Less: allowance for doubtful accounts	-	-
Net grants receivable	103,000	7,500
Current portion due	(53,000)	(7,500)
Long-term grants receivable	\$ 50,000	\$ -

**SUPPORT KANSAS CITY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(3) Grants receivable (continued)**

Amounts due in:

**Years Ending December 31,**

2022		\$	53,000
2023			50,000
Total grants receivable			<u><u>\$ 103,000</u></u>

**(4) Property and equipment**

Property and equipment consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>		<u>2020</u>
Furniture, fixtures and equipment, at cost	\$ 50,450	\$	50,450
Accumulated depreciation	<u>(45,789)</u>	<u>\$</u>	<u>(38,817)</u>
Property and equipment, net	<u><u>\$ 4,661</u></u>	<u><u>\$</u></u>	<u><u>11,633</u></u>

The aggregate depreciation charged to operations was \$6,972 and \$13,494 for the years ended December 31, 2021 and 2020, respectively.

**(5) Paycheck protection program loan**

During the year ended December 31, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$263,700, granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are considered debt, unless forgiven if the funds are used to maintain compensation costs and employee headcount, and other qualifying expenses (rent and utilities) incurred following the receipt of the funds. The terms of the PPP loan require that the Organization utilizes the funds for the specified purposes. If the requirements for forgiveness are not met, the loan accrues interest at 1% with monthly payments of \$14,650 beginning October 10, 2020 and will mature on March 10, 2022, for total principal payments of \$219,750 and \$43,950 during the years ended December 31, 2021 and 2022, respectively. As of December 31, 2020, the Organization included the loan payable as a liability on the statements of financial position. The Organization's application for forgiveness of the loan was approved on April 10, 2021 and the forgiveness is recognized as PPP loan forgiveness and other income on the statements of activities and changes in net assets.

During the year ended December 31, 2021, the Organization received a Paycheck Protection Program (PPP) loan of \$220,000 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are considered debt, unless forgiven if the funds are used to maintain compensation costs and employee headcount, and other qualifying expenses (rent and utilities) incurred following the receipt of the funds. The terms of the PPP loan require that the Organization utilizes the funds for the specified purposes. If the requirements for forgiveness are not met, the loan accrues interest at 1% with monthly payments of \$4,825 beginning May 1, 2022 and will mature on March 14, 2026. The Organization's application for forgiveness of the loan was approved on December 20, 2021 and the forgiveness is recognized as PPP loan forgiveness and other income on the statements of activities and changes in net assets.

**SUPPORT KANSAS CITY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(6) Lease commitments**

During the year ended December 31, 2020, the Organization entered into an operating lease for office space, beginning on October 1, 2020, with escalating rent payments averaging \$4,150 per month through March 2026.

Rent expense is recorded on a straight-line basis over the life of the lease. The difference between the amount of “base rent” paid and rent expense is recorded as deferred rent in the financial statements. During the term of the lease, the Organization is also required to pay “additional rent” defined as the tenant’s percentage of any increase in the landlord’s operating and maintenance costs of the building over and above the amount of such costs incurred during the last full calendar year immediately preceding the date on which the Organization occupied the premises.

Rent expense for office space totaled \$87,290 and \$77,733 for the years ended December 31, 2021 and 2020, respectively. The Organization includes in-kind rent in rent expense.

Minimum future lease payments required under the operating leases are as follows:

**Years Ending December 31,**

2022	\$ 34,915
2023	56,310
2024	56,876
2025	57,447
2026	14,452
Total	<u><u>\$ 220,000</u></u>

In August of 2017, the Organization leased a copier under a capital lease which expired during the year ended December 31, 2021. The asset was depreciated over its useful life. Depreciation under this capital lease is included in depreciation expense and is \$2,637 a year for the years ended December 31, 2021 and 2020, respectively. The related cost and accumulated depreciation is included in property and equipment as described in Note 4.

**(7) Net assets with donor restrictions**

Net assets with donor restrictions were available for the following purpose at December 31, 2021 and 2020:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Board Diversity and Inclusion Initiative	\$ 108,021	\$ 18,730
Support Kansas City Capacity Building	36,811	61,511
Fiscal agent services	2,128	11,000
Total net assets with donor restrictions	<u><u>\$ 146,960</u></u>	<u><u>\$ 91,241</u></u>

**SUPPORT KANSAS CITY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(7) Net assets with donor restrictions (continued)**

Net assets with donor restrictions released by incurring program expenses consisted of the following at December 31, 2021 and 2020:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Board Diversity and Inclusion Initiative	\$ 60,708	\$ 71,242
Support Kansas City Capacity Building	107,200	129,581
Fiscal Agent Services	8,873	19,000
Space to Focus	16,860	-
Kansas City Cultural Competency Initiative	-	154,886
Jumpstart Database Program	-	6,000
Early Childhood Capacity and Client Capacity Building	-	64,701
Total releases	<u>\$ 193,641</u>	<u>\$ 445,410</u>

**(8) Retirement plan**

The Organization has established a defined contribution 401(k) retirement plan for the benefit of employees with three months of service or more who are at least 21 years old. Employees become eligible at the beginning of the month following three months of employment. Employer contributions to the plan are made at the discretion of the Organization. During the year ended December 31, 2020, the Organization accrued for a discretionary match of \$25,167 to be funded in 2021. During the year ended December 31, 2021, the Organization accrued for a discretionary match of \$21,820 to be funded in 2022.

**(9) Cash flow disclosures**

Cash paid for interest expense amounted to \$69 and \$513 for the years ended December 31, 2021 and 2020, respectively.

The Organization maintains cash accounts in several commercial financial institutions which, at times, are in excess of federally insured limits. Management monitors the soundness of these financial institutions and feels the Organization's risk is negligible. The Organization has not experienced losses on any such accounts.

**(10) Concentrations**

As of December 31, 2021, one donor represented 97% of grants receivable. The concentration risk is reduced as the nature of the grant is such that related expenses would not be incurred if the grant was not received.

As of December 31, 2021, three donors represented 81% of grant and contribution revenue. As of December 31, 2020, two donors represented 64% of grant and contribution revenue. Of these percentages, 17% each year was related to funding without donor restriction.

**(11) Liquidity disclosure**

The Organization has various sources of liquidity at its disposal. For purposes of analyzing resources available over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Additionally, the Organization monitors its budget and anticipates sufficient revenue to cover general expenditures over the next 12 months. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash. As of December 31, 2021 and 2020, the following financial assets could be made available within one year of the balance sheet date to meet general obligations:

**SUPPORT KANSAS CITY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(11) Liquidity disclosure (continued)**

The Organization had \$719,551 and \$577,280 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures at December 31, 2021 and 2020, respectively. The Organization has a practice of maintaining liquid financial assets, which consist of cash and short-term other assets, sufficient to cover 60-90 days of normal operating expenses, which average approximately \$125,000 per month. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Cash	\$ 591,055	\$ 535,885
Accounts receivable	172,456	169,336
Grants receivable	103,000	7,500
Financial assets available for general expenditures over the next 12 months	866,511	712,721
Restricted cash to be used in operations	(43,960)	(132,441)
Restricted portion of grants receivable	(103,000)	(3,000)
Total financial assets available	<u>\$ 719,551</u>	<u>\$ 577,280</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient client support program fees to cover general expenditures not covered by donor-restricted resources. The Organization considers all expenditures related to its ongoing activities to be general expenditures.

**(12) Subsequent events**

Management has evaluated subsequent events through July 28, 2022, which is the date the financial statements were available to be issued. No significant matters were identified during this evaluation that would require disclosure in the financial statements or footnotes.