

RAPAHOPE CHILDREN'S RETREAT FOUNDATION, INC.

FINANCIAL REPORT

JULY 31, 2022

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Kim K. Enikeieff
Certified Public Accountant
Post Office Box 8754
Mobile, Alabama 36689
Telephone 251-591-1357

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rapahope Children's Retreat Foundation, Inc.
Mobile, Alabama

Opinion

I have audited the accompanying financial statements of Rapahope Children's Retreat Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of July 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rapahope Children's Retreat Foundation, Inc. as of July 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Rapahope Children's Retreat Foundation, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Rapahope Children's Retreat Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 Rapahope Children's Retreat Foundation, 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rapahope Children's Retreat Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Kim K. Enikeieff

December 23, 2022

RAPAHOPE CHILDREN'S RETREAT FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
July 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash	\$ 472,547	\$ 423,505
Investments - Community Foundation of South Alabama	639,060	716,846
Accounts receivable	1,249	-
Employee retention credit receivable	39,245	39,245
Total current assets	1,152,101	1,179,596
Fixed assets		
Land	35,900	35,900
Building and improvements	97,000	97,000
Furniture, fixtures and equipment	15,854	15,854
Construction in progress	4,281	4,281
Total property, plant and equipment	153,035	153,035
Less accumulated depreciation	15,854	15,854
Property, plant and equipment - net	137,181	137,181
Total assets	\$ 1,289,282	\$ 1,316,777
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,524	\$ 8,369
Total current liabilities	3,524	8,369
Net assets		
Without donor restrictions		
Undesignated	429,815	465,851
Board designated	50,000	-
Total without donor restrictions	479,815	465,851
With donor restrictions	805,943	842,557
Total net assets	1,285,758	1,308,408
Total liabilities and net assets	\$ 1,289,282	\$ 1,316,777

See notes to financial statements.

RAPAHOPE CHILDREN'S RETREAT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended July 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	Without Donor Restrictions	With Donor Restrictions	2021 Total
Support and revenue						
Special events	\$ 182,995	\$ -	\$ 182,995	\$ 142,974	\$ -	\$ 142,974
Less cost of special events	33,476	-	33,476	31,019	-	31,019
Net special events	149,519	-	149,519	111,955	-	111,955
Grants	74,900	-	74,900	69,675	-	69,675
Paycheck Protection Program income	-	-	-	35,400	-	35,400
Employee Retention Credit Grant	-	-	-	39,245	-	39,245
State of Alabama	-	-	-	20,000	-	20,000
Contributions	43,290	43,140	86,430	68,450	34,098	102,548
Rent in-kind	7,000	-	7,000	7,000	-	7,000
Investment income	12	(47,736)	(47,724)	12	123,478	123,490
Other	737	-	737	871	-	871
Total support and revenue	275,458	(4,596)	270,862	352,608	157,576	510,184
Net assets released from restrictions and transfers	32,018	(32,018)	-	40,847	(40,847)	-
Total support and revenue	307,476	(36,614)	270,862	393,455	116,729	510,184
Expenses						
Program expenses	229,993	-	229,993	198,113	-	198,113
Management and general	59,924	-	59,924	54,576	-	54,576
Fundraising	3,595	-	3,595	13,087	-	13,087
Total expenses	293,512	-	293,512	265,776	-	265,776
Change in net assets	13,964	(36,614)	(22,650)	127,679	116,729	244,408
Net assets, beginning of year as previously reported	1,143,452	125,711	1,269,163	958,940	105,060	1,064,000
Restatement	(677,601)	716,846	39,245	(620,768)	620,768	-
Net assets, beginning of year as restated	465,851	842,557	1,308,408	338,172	725,828	1,064,000
Net assets, end of year	\$ 479,815	\$ 805,943	\$ 1,285,758	\$ 465,851	\$ 842,557	\$ 1,308,408

See notes to financial statements.

RAPAHOPE CHILDREN'S RETREAT FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended July 31, 2022 and 2021

	2022			2021				
	Program Expenses	Management and General	Fundraising	Total Expenses	Program Expenses	Management and General	Fundraising	Total Expenses
Salaries	\$ 127,106	\$ 14,123	\$ -	\$ 141,229	\$ 115,344	\$ 12,816	\$ -	\$ 128,160
Payroll taxes	9,724	1,080	-	10,804	8,824	980	-	9,804
Employee benefits	5,080	4,683	-	9,763	7,276	809	-	8,085
Total personnel	141,910	19,886	-	161,796	131,444	14,605	-	146,049
Administrative expenses for Center Street	-	-	-	-	-	2,326	-	2,326
Audit	-	4,000	-	4,000	-	4,000	-	4,000
Bank charges	-	1,764	-	1,764	-	1,497	-	1,497
Conferences and meetings	1,143	2,582	-	3,725	410	2,126	-	2,536
Dues and subscriptions	-	2,718	-	2,718	-	2,484	-	2,484
Information technology	-	8,230	-	8,230	-	12,557	-	12,557
Insurance	9,015	6,010	-	15,025	4,336	2,773	-	7,109
Marketing	-	-	3,595	3,595	-	-	13,087	13,087
Office expense	-	3,886	-	3,886	-	2,096	-	2,096
Postage	40	1,858	-	1,898	132	1,913	-	2,045
Printing	646	712	-	1,358	241	1,228	-	1,469
Program expenses	68,170	-	-	68,170	51,647	-	-	51,647
Rent	-	3,300	-	3,300	-	2,250	-	2,250
Rent in-kind	7,000	-	-	7,000	7,000	-	-	7,000
Supplies	1,001	-	-	1,001	1,684	-	-	1,684
Telephone and communications	-	3,839	-	3,839	-	3,375	-	3,375
Travel	1,068	1,139	-	2,207	1,219	848	-	2,067
Utilities	-	-	-	-	-	498	-	498
Total expenses before depreciation	229,993	59,924	3,595	293,512	198,113	54,576	13,087	265,776
Depreciation	-	-	-	-	-	-	-	-
Total expenses	<u>\$ 229,993</u>	<u>\$ 59,924</u>	<u>\$ 3,595</u>	<u>\$ 293,512</u>	<u>\$ 198,113</u>	<u>\$ 54,576</u>	<u>\$ 13,087</u>	<u>\$ 265,776</u>

See notes to financial statements.

RAPAHOPE CHILDREN'S RETREAT FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended July 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (22,650)	\$ 244,408
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized (gains) and losses on investments	47,736	(123,478)
(Increase) decrease in:		
Accounts receivable	(1,249)	-
Employee retention credit receivable	-	(39,245)
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,845)	4,692
	18,992	86,377
Net cash provided by operating activities	18,992	86,377
CASH FLOWS FROM INVESTING ACTIVITIES:		
Distribution from investment accounts	30,050	28,000
Purchase of investments	-	(600)
Purchases of property, plant and equipment	-	(8)
	30,050	27,392
Net cash provided by investing activities	30,050	27,392
CASH FLOWS FROM FINANCING ACTIVITIES:		
Forgiveness of Paycheck Protection Program forgivable loan	-	(35,400)
	-	(35,400)
Net cash provided (used) by financing activities	-	(35,400)
Net increase in cash	49,042	78,369
Cash, beginning of year	423,505	345,136
Cash, end of year	\$ 472,547	\$ 423,505

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Organization

Rapahope Children's Retreat Foundation, Inc., (the "Foundation") created on November 8, 1985, is a nonprofit organization located in Mobile, Alabama. The mission of the Foundation is to provide a normal camping experience for children with cancer. The Foundation offers free, year-round programming, including a summer camp as well as weekend and day-long opportunities for families and siblings to have fun together. The Foundation is a member of Children's Oncology Association International and the American Camping Association.

Summary of Significant Accounting Policies

Method of accounting

The financial statements of the Foundation have been prepared utilizing the accrual basis of accounting.

Promises to give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash and cash equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Foundation values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy that prioritizes the inputs to valuation techniques is used to measure the fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into the following three levels, based on the reliability of the inputs:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are observable at the measurement date;

Summary of Significant Accounting Policies (continued)

Investments (continued)

Level 2: Significant observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; and

Level 3: Significant unobservable inputs for the asset or liability that reflect the reporting organization's own estimates about the assumptions that market participants would use in pricing the asset or liability.

Accounts receivable

Accounts receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible amounts are immaterial. The Foundation has adopted the policy of writing off any accounts receivable balances that are more than 90 days old.

Property and equipment

Property and equipment are recorded at cost. Property and equipment are depreciated using the straight-line method over their estimated useful lives. The Foundation's policy is to capitalize capital acquisitions costing \$500 or more.

Income taxes

Income taxes are not provided for in the financial statements since the Foundation is exempt from federal and state income taxes under section 501 (c)(3) of the Internal Revenue Code and similar state provisions. The Foundation is not classified as a private foundation.

A policy for accounting for uncertainty in income taxes was adopted in prior years that require the Foundation to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The Foundation has no uncertain tax positions that qualified for either recognition or disclosure in the financial statements at July 31, 2022 or 2021.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated materials and services

Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Foundation's program services.

Summary of Significant Accounting Policies (continued)

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any restrictions.

Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, occupancy and telephone costs which are allocated based on the ratio of program revenue to total revenue.

Evaluation of subsequent events

The Foundation has evaluated subsequent events through December 23, 2022, the date which the financial statements were available to be issued.

Restrictions on Net Assets

Net assets with donor restrictions are available for the following purposes or periods at July 31:

	<u>2022</u>	<u>2021</u>
Endowment	\$ 639,060	\$ 716,846
Building fund	<u>166,883</u>	<u>125,711</u>
Total net assets with donor restrictions	<u>\$ 805,943</u>	<u>\$ 842,557</u>

Investments

Investments as of July 31 is as follows:

	2022			
	Fair value measurements using			
	Measured at Fair Value	Level 1	Level 2	Level 3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Community Foundation of South AL	\$ 639,060	\$ 639,060	\$ -	\$ -
Total	<u>\$ 639,060</u>	<u>\$ 639,060</u>	<u>\$ -</u>	<u>\$ -</u>

Investments (continued)

2021				
Fair value measurements using				
	Measured at Fair Value	Level 1	Level 2	Level 3
Community Foundation of South AL	\$ 716,846	\$ 716,846	\$ -	\$ -
Total	\$ 716,846	\$ 716,846	\$ -	\$ -

Investment return for the years ended July 31, 2022 and 2021 is summarized as follows:

	Without Donor Restrictions	2022	
		With Donor Restrictions	Total
Interest and dividend income	\$ 12	\$ 11,160	\$ 11,172
Realized gains (losses)	-	31,897	31,897
Unrealized gains (losses)	-	(82,132)	(82,132)
Administrative fees	-	(8,661)	(8,661)
Total	\$ 12	\$ (47,736)	\$ (47,724)

	Without Donor Restrictions	2021	
		With Donor Restrictions	Total
Interest and dividend income	\$ 12	\$ 13,348	\$ 13,360
Realized gains (losses)	-	28,218	28,218
Unrealized gains (losses)	-	90,536	90,536
Administrative fees	-	(8,624)	(8,624)
Total	\$ 12	\$ 123,478	\$ 123,490

The Community Foundation of South Alabama holds and invests funds for Rapahope Children's Retreat Foundation, Inc. These funds are under the control of the Community Foundation of South Alabama and at the request of the Rapahope Children's Retreat Foundation, Inc., the Community Foundation of South Alabama disburses the funds as needed.

Paycheck Protection Program Forgivable Loan

On April 21, 2020, the Foundation received loan proceeds of \$35,400 from a promissory note issued by PNC Bank, under the Paycheck Protection Program (“PPP”) which was established under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act and is administered by the U.S. Small Business Administration. The term on the loan is two years and the annual interest rate is 1%. Payments of principal and interest are deferred for the first ten months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for an be granted forgiveness for all or a portion of the loans granted under the PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce compensation levels with certain limitations. The Foundation intends to apply for forgiveness of the PPP loan with respect to these covered expenses. As of July 31, 2020, the PPP loan is recognized as Paycheck Protection Program forgivable loan on the statement of financial position and disclosed as the conditional government grant.

The Foundation submitted its forgiveness application and received formal approval of the forgiveness on September 14, 2021. The loan has been recognized as income in the statement of activities for the year ended July 31, 2021.

Governing Board Designations

Rapahope Children’s Retreat Foundation, Inc.’s governing board has designated, from net assets without donor restrictions of \$479,815 and \$465,851 as of July 31, 2022 and 2021, respectively, net assets for the following purposes as of July 31:

	<u>2022</u>	<u>2021</u>
Building fund	\$ 50,000	\$ -
Total	<u>\$ 50,000</u>	<u>\$ -</u>

Liquidity and Availability of Financial Assets

The following reflects the Foundation’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 1,152,101	\$ 1,179,596
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	805,943	842,557
Board designations	<u>50,000</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 296,158</u>	<u>\$ 337,039</u>

Operating Lease

The Foundation leases office space under a short-term arrangement. The amount reported in rent expense was \$3,300 and \$2,250 for the years ended July 31, 2022 and 2021, respectively.

Refundable Tax Credits – Employer Retention Credit

In 2021, the Foundation received \$39,245 of refundable tax credits in accordance with the Employer Retention Credit (ERC) program, authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended by subsequent legislative changes.

In accordance with the ERC program, an organization is eligible for an ERC if, due to the COVID – 19 pandemic, there has been a significant decline in gross receipts in the current year as compared with 2019 gross receipts, or a full or partial shutdown on a governmental order. The ERC is computed based on a percentage of qualified wages (including qualified health insurance expenses) incurred during the year, with a maximum annual credit per employee.

The Foundation's policy is to account for the ERC as a grant using guidance analogous to a conditional contribution found in ASC Subtopic 958-605, Not-for-Profit Entities – Revenue Recognition. In accordance with ASC Subtopic 958-605, the ERC is recognized and recorded as income in the statement of activities when the conditions required for the ERC are substantially met.

The Foundation has presented \$39,245 of grant income in the statement of activities as of and for the year ended July 31, 2021. In the current asset section of the July 31, 2022 and 2021 statement of financial position, the Foundation has an ERC receivable in the amount of \$39,245, reflective of the portion of the ERC that had not yet been received as of the statement of financial position date.

Endowment

The Foundation's endowment consists of two funds established for the purpose of providing funding to support the Foundation in its mission to provide a normal camping experience for children with cancer. Distributions from the endowment fund must have approval from the Board of Trustees. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation is subject to the Uniform Prudent Management and Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board of Trustees of the Foundation has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. In accordance with UPMIFA, the Foundation 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 donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Foundation.

Endowment (continued)

The Foundation has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide the Foundations programs with current income. Endowment assets are invested in mutual funds. The Foundation seeks to build endowment assets through investment earnings and additional contributions. The Foundation has a policy of appropriating for distribution annually a portion of the endowment fund's investment income from the previous years.

The current spending policy is expected to allow the Foundation's endowment fund to grow as a result of investment returns. This is consistent with the Foundation's objective to provide income to the Foundation's programs, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through investment income and new gifts.

Changes in endowment net assets for the years ended July 31, 2022 and 2021 are summarized as follows:

		<u>2022</u>	
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets beginning of year	\$ -	\$ 716,846	\$ 716,846
Investment return:			
Investment income	-	2,499	2,499
Net appreciation (realized and unrealized)	-	(50,235)	(50,235)
Total investment return	-	(47,736)	(47,736)
Contributions	-	-	-
Reclassifications	-	-	-
Amounts appropriated for Expenditure	-	(30,050)	(30,050)
Total	<u>\$ -</u>	<u>\$ 639,060</u>	<u>\$ 639,060</u>

Endowment (continued)

	<u>2021</u>		
	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Endowment net assets beginning of year	\$ -	\$ 620,768	\$ 620,768
Investment return:			
Investment income	-	4,724	4,724
Net appreciation (realized and unrealized)	-	118,754	118,754
Total investment return	-	123,478	123,478
Contributions	-	600	600
Reclassifications	-	-	-
Amounts appropriated for Expenditure	-	(28,000)	(28,000)
Total	<u>\$ -</u>	<u>\$ 716,846</u>	<u>\$ 716,846</u>

Restatement

The July 31, 2022 financial statements have been restated to reflect the following adjustments:

(a) Board designated net assets have been decreased by \$716,846 and with donor restrictions net assets have been increased by \$716,846 to reflect the reclassification of endowment funds from board designated to with donor restrictions.

The July 31, 2021 financial statements have been restated to reflect the following adjustments:

(a) Employee retention credit grant income has been increased by \$39,245 from \$- to \$39,245 due to not recording the grant income in the period in which it was earned.

(b) Employee retention credit receivable has been increased by \$39,245 from \$- to \$39,245 due to not recording the receivable related to the grant income earned.

(c) Board designated net assets have been decreased by \$620,768 and with donor restrictions net assets have been increased by \$620,768 to reflect the reclassification of endowment funds from board designated to with donor restrictions.