The Institute for Excellence in Education

Financial Statements

June 30, 2022 and 2021

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Table of Contents

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Independent Auditors' Report

Management and the Board of Directors
The Institute for Excellence in Education
Mt. Pleasant, Michigan

Opinion

We have audited the accompanying financial statements of The Institute for Excellence in Education, which comprise the statement of financial position as of June 20, 2022, and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Institute for Excellence in Education as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Institute for Excellence in Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Institute for Excellence in Education's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Institute for Excellence in Education's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Institute for Excellence in Education's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2022, on our consideration of The Institute for Excellence in Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Institute for Excellence in Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Institute for Excellence in Education's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Alma, Michigan
August 25, 2022

The Institute for Excellence in Education
Statement of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash	**$ 1,207,746**	$ 1,204,027
Accounts receivable	**558,677**	635,040
Accounts receivable - related party		
Central Michigan University	**90,910**	90,910
The Center for Charter Schools	**23,100**	7,400
Inventory	**67,058**	60,236
Prepaid expenses	**203,441**	164,961
Total current assets	**2,150,932**	2,162,574
Property and equipment, net	**24,680**	15,062
Intangible assets, net	**3,440,625**	3,362,462
Goodwill, net	**137,044**	274,088
Total assets	**$ 5,753,281**	$ 5,814,186
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 221,742**	$ 183,654
Accrued liabilities	**443,781**	359,736
Compensated absences	**158,371**	159,124
Deferred revenue	**132,442**	121,591
Total current liabilities	**956,336**	824,105
Notes payable, net of current portion	**-**	624,905
Total liabilities	**956,336**	1,449,010
Net assets		
Without donor restrictions	**4,796,945**	4,365,176
Total liabilities and net assets	**$ 5,753,281**	$ 5,814,186

See Accompanying Notes to the Financial Statements

The Institute for Excellence in Education
Statement of Activities
For the Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenue and other support		
State appropriation - related party		
Central Michigan University	**$ 500,000**	$ 509,545
Service revenue	**5,822,721**	5,054,216
Federal grants	**930,282**	864,413
Contributions	**21,096**	18,875
Contributions - related party	**510,000**	307,500
Book revenue, net of cost of goods sold	**13,226**	5,078
Other revenue	**7,264**	1,618
Interest income	**1,567**	1,496
Debt forgiveness	**627,261**	625,738
Loss on disposal of property, equipment, and intangible assets	**(33)**	(7,300)
Total operating revenue and other support	**8,433,384**	7,381,179
Expenses		
Program service	**7,147,000**	5,656,000
Management and general	**854,615**	816,885
Total expenses	**8,001,615**	6,472,885
Change in net assets	**431,769**	908,294
Net assets - beginning of period	**4,365,176**	3,456,882
Net assets - end of period	**$ 4,796,945**	$ 4,365,176

See Accompanying Notes to the Financial Statements

The Institute for Excellence in Education
Statement of Functional Expenses
For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Program Service	**Management and General**	**Total**	Program Service	Management and General	Total
Compensation	**$ 3,355,036**	**$ 433,373**	**$ 3,788,409**	$ 2,652,464	$ 422,721	$ 3,075,185
Benefits	**605,365**	**134,247**	**739,612**	586,039	129,093	715,132
Payroll taxes	**245,032**	**33,724**	**278,756**	181,347	37,890	219,237
Interest	**-**	**-**	**-**	-	8,332	8,332
Occupancy	**94,087**	**11,986**	**106,073**	91,971	13,974	105,945
Cost of goods sold	**2,110**	**-**	**2,110**	3,476	-	3,476
Legal	**9,741**	**-**	**9,741**	2,138	-	2,138
Accounting	**-**	**19,325**	**19,325**	-	21,000	21,000
Services and fees	**1,091,012**	**132,497**	**1,223,509**	866,981	125,737	992,718
Supplies and other	**273,481**	**41,334**	**314,815**	156,996	29,848	186,844
Telephone	**25,876**	**3,297**	**29,173**	24,427	3,711	28,138
Marketing	**59,473**	**7,577**	**67,050**	27,487	4,176	31,663
Travel	**191,662**	**22,885**	**214,547**	30,831	3,596	34,427
Bad debt	**1,476**	**188**	**1,664**	21,828	-	21,828
Inventory writedowns	**-**	**-**	**-**	1,945	295	2,240
Depreciation and amortization	**1,194,759**	**14,182**	**1,208,941**	1,011,546	16,512	1,028,058
Total expenses by function	**7,149,110**	**854,615**	**8,003,725**	5,659,476	816,885	6,476,361
Less expenses included in revenues in the statement of activities:						
Cost of goods sold	**(2,110)**	**-**	**(2,110)**	(3,476)	-	(3,476)
Total expenses included in the expenses section on the statement of activities	**$ 7,147,000**	**$ 854,615**	**$ 8,001,615**	$ 5,656,000	$ 816,885	$ 6,472,885

The Institute for Excellence in Education

Statement of Cash Flows

For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	**$ 431,769**	$ 908,294
Items not requiring cash		
Depreciation and amortization	**1,208,941**	1,028,058
Bad debt expense	**1,664**	21,828
Loss on disposal of property, equipment, and intangible assets	**33**	7,300
Inventory writedowns	**-**	2,240
Debt forgiveness	**(627,261)**	(625,738)
Changes in operating assets and liabilities		
Accounts receivable	**74,699**	(120,333)
Accounts receivable - related party		
Central Michigan University	**-**	(55,000)
The Center for Charter Schools	**(15,700)**	21,714
Inventory	**(6,822)**	(7,024)
Prepaid expenses	**(38,480)**	(72,611)
Accounts payable	**(54,922)**	(66,779)
Accrued liabilities	**86,401**	1,879
Compensated absences	**(753)**	(1,600)
Deferred revenue	**10,851**	19,704
Net cash provided by operating activities	**1,070,420**	1,061,932
Cash flows from investing activities		
Purchases of property and equipment	**(22,071)**	(4,760)
Purchases of intangible assets	**(1,044,630)**	(1,214,799)
Net cash used by investing activities	**(1,066,701)**	(1,219,559)
Cash flows from financing activities		
Proceeds from note payable	**-**	624,905
Repayment of note payable	**-**	(293,854)
Net cash provided by financing activities	**-**	331,051
Net change in cash	**3,719**	173,424
Cash - beginning of period	**1,204,027**	1,030,603
Cash - end of period	**$ 1,207,746**	$ 1,204,027
Supplementary information		
Cash paid for interest	**$ -**	$ 9,442
Supplementary schedule of non-cash investing activities		
Intangible assets acquired through trade accounts payable	**$ 93,010**	$ 83,100

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Accounting Policies

The Institute for Excellence in Education ("Institute"), is a Michigan nonprofit corporation that has an affiliation with Central Michigan University through shared board governance.

The Institute is dedicated to inspiring hearts and minds and delivering world class programs, tools and services that help people win for kids. The Institute provides coaching, consulting, professional development, training, technical assistance, publications and software services to a variety of educational organizations across the nation.

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

Basis of Presentation
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Use of Estimates
The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash
The Institute maintains cash at financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. The actual bank balances amounted to $1,207,980. Of these balances, $707,980 was uninsured by the FDIC.

Accounts Receivable
Accounts receivable are stated at the outstanding principal balance adjusted for any charge-offs and the allowance for doubtful accounts. Management determines the allowance for doubtful accounts based on an evaluation of receivables, past and recent experience, current economic conditions, and other pertinent factors.

Inventory
Inventory, which consists of books and other media, is stated at the lower of cost or net realizable value, determined by the first-in, first-out (FIFO) method.

Property and Equipment
Property and equipment is stated at cost when purchased or fair value when donated. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. The Institute's capitalization policy is $1,000. Depreciation is computed using the straight-line method over the related assets' estimated useful lives, which are as follows.

Furniture	7 years
Equipment	3 – 10 years

Intangible Assets
Intangible assets are recorded at the cost to acquire the assets and are amortized over the defined life of the assets once the Institute has received the copyright on the assets. The defined life is between three and forty years.

Goodwill
The Institute purchased Corporate Computer, Inc. on February 29, 2012 for an amount in excess of the fair market value of its assets. This resulted in goodwill being recorded in the amount of $1,370,442. Each year management analyzes goodwill to make sure that it has not been impaired since goodwill is not amortized. Impairment losses, if any, are recorded in the year the impairment is determined. There was no impairment loss for the years ended June 30, 2022 and 2021. Goodwill is amortized over a life of ten years.

Paycheck Protection Program (PPP) Loan
The Institute accounts for the PPP loan as a financial liability in accordance with FASB ASC 470 Debt. Interest is accrued throughout the life of the loan, even when no payments are currently due.

Revenue and Deferred Revenue Recognition
Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Advertising
The Institute expenses advertising costs the first time the advertising occurs. Advertising expense for the years ended June 30, 2022 and 2021 was $67,050 and $31,663, respectively.

Income Taxes
The Institute is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state and local taxes. The organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The organization files information returns in the U.S. federal jurisdiction.

Functional Expenses
The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Compensation, benefits, payroll taxes, occupancy, services and fees, supplies and other, telephone, marketing, bad debt and inventory writedowns are allocated based on time and effort.

Concentrations
Central Michigan University passes through an annual appropriation from the State of Michigan to the Institute. The Institute continues developing new revenue streams so that the impact of the presence or absence of the appropriation would be minimized; however, if the appropriation were to be eliminated at this time, the impact would be material to the Institute. The appropriation was $500,000 and $509,545 for the years ended June 30, 2022 and 2021, respectively.

Date of Management's Review
Management has evaluated subsequent events through August 25, 2022, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

	2022	2021
Cash	$ 1,207,746	$ 1,204,027
Accounts receivable	558,677	635,040
Accounts receivable - related party	114,010	98,310
	$ 1,880,433	$ 1,937,377

The Organization does not have a policy in place to manage liquidity. Informally, management's goal is to maintain enough liquid assets to cover the following month's expenses. The Organization does have a $750,000 line of credit available to meet cash flow needs.

Note 3 - Conditional Promises to Give

The Organization has received conditional promises to give related to federal grants. Payment of the grants are contingent upon spending the funds for the designated allowable purpose and various compliance requirements in accordance with 2 CFR 200. The conditional contributions consisted of the following as of June 30:

Condition / Grant Purpose	Total Contract / Grant Amount	Spent as of June 30, 2022	Conditional Contribution
WIOA In School Youth Services	$ 716,024	$ 644,093	$ 71,931

Note 4 - Revenue from Contracts with Customers

The following summarizes revenue from contracts from customers for the years ended June 30, 2022 and 2021:

	2022	2021
Service revenue	**$ 5,822,721**	$ 5,054,216
Book revenue, net of cost of goods sold	**13,226**	5,078
	$ 5,835,947	$ 5,059,294

The following summarizes bad debt expense for the years ended June 30, 2022 and 2021:

	2022	2021
Bad debt expense on receivables of contracts with customers	**$ 1,664**	$ 21,828

The revenue from contracts with customers for the years ended June 30, 2022 and 2021 consists of:

	2022	2021
Revenue earned at a point in time	**$ 2,406,787**	$ 1,756,218
Revenue earned over time	**3,429,160**	3,303,076
	$ 5,835,947	$ 5,059,294

Revenue earned over time consists of Epicenter hosting, FIM Mathematics, and coaching and consulting services. Epicenter hosting and FIM Mathematics provide the customer with access to a particular software over the course of a specified time period, typically one year. For coaching and consulting services, certain customers enter into a contract that grants monthly access to the Organization's leaders for coaching and consulting services. Payment terms vary depending on the payment requirements set forth in the contract. The performance obligations for these contracts are satisfied, and revenue is recognized, over the life of the agreement. The transaction price for Epicenter hosting is a flat rate per school. The transaction price for coaching and consulting services varies depending on the nature of services to be provided, and the size of the schools being serviced, and is calculated using the most likely value method. Adjustments made to revenue based on historical collection experience are considered variable consideration.

Revenue earned at a point in time consists of various services, including board services, coaching and consulting, MDE services, seminars and trainings, and book sales. The payment terms vary depending on the type of service provided based on set fee schedules and individual contract terms. Performance obligations are considered to be satisfied when the particular service has been completed, or when goods have been delivered to the customer. The receivable is due upon completion of the service provided or upon delivery of goods. The transaction price varies depending on the type of service being provided or the particular product being purchased and is calculated using the most likely value method. Adjustments made to revenue based on historical collection experience are considered variable consideration.

The following summarizes contract assets and contract liabilities as of:

	July 1, 2020	June 30, 2021	June 30, 2022
Accounts receivable	$ 508,316	$ 515,909	$ 511,019
Accounts receivable - related party			
The Center for Charter Schools	29,114	7,400	23,100
Total contract assets	$ 537,430	$ 523,309	$ 534,119
Deferred revenue	$ 101,887	$ 121,591	$ 132,442

Note 5 - Property and Equipment

Property and equipment consists of the following:

	2022	2021
Furniture	$ 93,840	$ 93,840
Equipment	114,107	102,991
	207,947	196,831
Less: accumulated depreciation	(183,267)	(181,769)
Property and equipment, net	$ 24,680	$ 15,062
Depreciation expense	$ 12,420	$ 15,102

Note 6 - Intangible Assets and Goodwill

Intangible assets consist of the following:

	2022	2021
Board policies & administrative guidelines	$ 151,473	$ 151,473
CSBU book development	8,035	8,035
CSBU 2nd edition book development	6,149	6,149
The Seven Outs book development	16,171	16,171
Governing for Greatness book development	10,000	10,000
Virtual Board Policy Web page system	138,074	138,074
Board policies & administrative guidelines improvements	55,431	55,431
OBX	56,875	56,875
Websites	17,000	17,000
Epicenter	8,532,976	7,502,976
Board policy program	21,890	21,890
Other developed software and miscellaneous	316,378	319,758
Intangible asset in process	194,120	83,100
	9,524,572	8,386,932
Less accumulated amortization	(6,083,947)	(5,024,470)
Intangible assets, net	$ 3,440,625	$ 3,362,462

Epicenter is a web-based tool for schools, boards, authorizers, service providers, and associations. A 24/7/365 software system, Epicenter positions teams to view and share information, automate workflow and reporting, monitor compliance, make informed decisions, and demonstrate results.

The estimated future amortization expense is as follows:

Year Ending June 30,	
2023	$ 1,035,868
2024	872,416
2025	737,890
2026	417,770
2027	129,568
Thereafter	247,113
	$ 3,440,625

Goodwill consists of the following:

	2022	2021
Goodwill	$ 1,370,442	$ 1,370,442
Less: accumulated amortization	(1,233,398)	(1,096,354)
Goodwill, net	$ 137,044	$ 274,088

The estimated future amortization expense is as follows:

Year Ending June 30,	
2023	$ 137,044

Amortization expense is as follows:

	2022	2021
Intangible assets	$ 1,059,477	$ 875,911
Goodwill	137,044	137,045
Total amortization expense	$ 1,196,521	$ 1,012,956

Note 7 - Line of Credit

On October 5, 2020, the Institute executed an agreement with the bank which provided for secured borrowings of up to $750,000 through October 5, 2021, upon which the agreement was renewed for another year, expiring October 5, 2022. The line of credit is secured by all assets of the Institute. The line of credit has an interest rate of 3.75%. For the years ended June 30, 2022 and 2021, the outstanding balance was $0.

Note 8 - Notes Payable

On February 29, 2012, the Institute borrowed $1,280,000 to finance the purchase of Corporate Computer, Inc. The note was secured by all assets of the Institute. This note was paid in full during the year ended June 30, 2021.

The Institute received a Paycheck Protection Program (PPP) Loan of $624,905 funded by the Federal government through the Small Business Administration during the year ended June 30, 2020. The Institute also received a second PPP loan for $624,905 during the year ended June 30, 2021. Each loan contains the same terms. The PPP loan and any accrued interest are forgivable after twenty-four weeks as long as the borrower meets certain criteria. The loan proceeds must be used for eligible purposes, including payroll, health insurance, retirement plans, state and local taxes assessed on employee compensation, mortgage interest, rent, and utilities. The criteria also reduces loan forgiveness for certain reductions in salaries or reductions in FTEs.

Final forgiveness was determined by the SBA for the first PPP loan in January 2021 and for the second PPP loan in February 2022. Accordingly, $627,261 and $625,738 of gain on extinguishment of debt has been realized in these financial statements for the years ended June 30, 2022 and 2021, respectively.

Note 9 - Leases

The Institute entered into a lease for office space for the period of August 1, 2012 to June 30, 2017, whereby rent for the period covered under the sublease agreement would be $266,460. This agreement was renewed for another five years, beginning July 1, 2017, whereby rent for the period covered under the new lease agreement would be $512,080. Rental expense was $106,073 and $105,945 for the years ended June 30, 2022 and 2021, respectively. There are no future payments related to this lease as the agreement expired on June 30, 2022 and was not renewed.

The Institute entered into a lease for office space for the period of July 1, 2022 to June 30, 2025, whereby rent for the period covered under the sublease agreement would be $216,000. Future lease payments are as follows:

Year Ending June 30,	
2023	$ 72,000
2024	72,000
2025	72,000
	$ 216,000

Note 10 - Compensated Absences

Employees may accrue a maximum of 30 days (240 hours) of vacation leave. Unused vacation time may be carried forward to the next fiscal year. Employees terminating employment for any reason who have given at least two weeks' notice, are entitled to payment for all accrued, unused vacation time, calculated on a pro rata basis not to exceed a maximum of 20 days (160 hours). The liability for compensated absences at June 30, 2022 and 2021 was $158,371 and $159,124, respectively.

Note 11 - Retirement Plan

The Institute maintains a deferred compensation plan qualified under Section 403(b) of the Internal Revenue Code. Under this plan, employees are permitted to contribute a percentage of gross compensation into the retirement plan up to a maximum determined by the Internal Revenue Code. The Institute contributes ten percent of compensation for eligible employees. Contributions to this plan were $304,973 and $277,890 for the years ended June 30, 2022 and 2021, respectively.

Note 12 - Related Party Transactions

CMU passed through State appropriations in the amount of $500,000 and $509,545 for the years ended June 30, 2022 and 2021, respectively. The outstanding receivable was $90,910 at June 30, 2022 and 2021.

The Institute provides services to The Center for Charter Schools at CMU (The Center). Services to The Center totaled $229,130 and $189,338 for the years ended June 30, 2022 and 2021, respectively. The outstanding receivable was $23,100 and $7,400 at June 30, 2022 and 2021, respectively.

A member of the Institute's Board of Directors is also a member of a foundation that contributes to the Institute. Contributions from this foundation totaled $510,000 and $307,500 for the years ended June 30, 2022 and 2021, respectively.

Note 13 – Commitments and Contingencies

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.