CHILD CARE NETWORK

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

Maner Costerisan

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Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Child Care Network

Opinion

We have audited the accompanying financial statements of Child Care Network (a nonprofit organization), which comprise the statements of financial position as of September 30, 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 Child Care Network as of September 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Child Care Network 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Child Care Network'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

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

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

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

- Identify and assess the risks of material misstatement of the 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 Child Care Network'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 Child Care Network'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.

Maner Costerisan PC

March 28, 2023

CHILD CARE NETWORK
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash	$ 248,177	$ 357,946
Accounts receivable	479,407	187,877
Prepaid expenses	25,956	22,755
Beneficial interest in assets held at community foundation	17,391	19,877
TOTAL ASSETS	$ 770,931	$ 588,455
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable - trade	$ 36,415	$ 20,674
Accrued payroll	81,441	62,679
Line of credit	35,000	-
Refundable advances	330,469	176,228
TOTAL LIABILITIES	483,325	259,581
NET ASSETS		
Without donor restrictions	273,728	314,996
With donor restrictions	13,878	13,878
TOTAL NET ASSETS	287,606	328,874
TOTAL LIABILITIES AND NET ASSETS	$ 770,931	$ 588,455

See notes to financial statements.

CHILD CARE NETWORK
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Unrestricted	With Donor Restrictions	Total
REVENUES						
Service fees - contracts	$ 94,932	$ -	$ 94,932	$ 73,971	$ -	$ 73,971
Grants - federal subrecipient	333,370	-	333,370	1,132,456	-	1,132,456
Grants - federal contractor	921,890	-	921,890	-	-	-
Grants - local	1,597,831	-	1,597,831	1,044,426	-	1,044,426
PPP loan forgiveness	-	-	-	462,267	-	462,267
Contributions of cash and other financial assets	38,090	-	38,090	67,039	75	67,114
Contributions of nonfinancial assets	6,000	-	6,000	6,000	-	6,000
Interest and investment income (loss), net	(1,481)	-	(1,481)	5,158	-	5,158
Miscellaneous revenue	829	-	829	13,204	-	13,204
Amounts released from restrictions	-	-	-	75	(75)	-
TOTAL REVENUES	2,991,461	-	2,991,461	2,804,596	-	2,804,596
EXPENSES						
Program services	2,982,989	-	2,982,989	2,540,084	-	2,540,084
Management and general	21,319	-	21,319	47,575	-	47,575
Fundraising	28,421	-	28,421	18,536	-	18,536
TOTAL EXPENSES	3,032,729	-	3,032,729	2,606,195	-	2,606,195
Change in net assets	(41,268)	-	(41,268)	198,401	-	198,401
Net assets, beginning of year	314,996	13,878	328,874	116,595	13,878	130,473
Net assets, end of year	$ 273,728	$ 13,878	$ 287,606	$ 314,996	$ 13,878	$ 328,874

See notes to financial statements.

CHILD CARE NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 1,341,352	$ 8,172	$ 18,051	$ 1,367,575
Payroll taxes	103,805	718	1,281	105,804
Employee benefits	142,277	1,944	1,979	146,200
Total salaries and benefits	1,587,434	10,834	21,311	1,619,579
Advertising	118	-	-	118
Audit and benefit administration	20,770	6	2,112	22,888
Child care scholarships	975,914	-	-	975,914
Child care payments - Tri-share	23,180	-	-	23,180
Computer	67,017	-	-	67,017
Insurance	8,835	140	-	8,975
Internet	8,876	141	-	9,017
Memberships and dues	697	70	786	1,553
Occupancy	114,680	789	3,558	119,027
Postage	1,554	136	-	1,690
Printing	11,972	211	-	12,183
Provider support	20,229	-	-	20,229
Staff development	16,246	138	-	16,384
Supplies - office	44,682	221	-	44,903
Telephone	27,905	189	-	28,094
Training	250	-	-	250
Travel	33,239	396	308	33,943
Contractual services	10,350	-	-	10,350
Meetings	1,732	2,931	47	4,710
Miscellaneous	7,309	5,117	299	12,725
TOTAL EXPENSES	$ 2,982,989	$ 21,319	$ 28,421	$ 3,032,729

See notes to financial statements.

CHILD CARE NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 1,226,453	$ 31,629	$ 8,924	$ 1,267,006
Payroll taxes	93,387	1,819	1,333	96,539
Employee benefits	117,678	1,883	4,010	123,571
Total salaries and benefits	1,437,518	35,331	14,267	1,487,116
Advertising	288	-	-	288
Audit and benefit administration	24,125	21	464	24,610
Child care scholarships	701,782	-	-	701,782
Computer	73,544	16	-	73,560
Insurance	8,589	100	-	8,689
Internet	7,114	83	-	7,197
Memberships and dues	162	466	-	628
Occupancy	122,724	547	1,810	125,081
Postage	1,731	619	550	2,900
Printing	8,684	507	351	9,542
Provider support	44,160	-	-	44,160
Staff development	10,731	1,343	-	12,074
Supplies - office	37,839	601	-	38,440
Supplies - program	2,415	-	-	2,415
Telephone	22,966	16	-	22,982
Training	11,800	-	-	11,800
Travel	8,322	258	-	8,580
Contractual services	6,000	-	-	6,000
Meetings	501	2,867	-	3,368
Miscellaneous	9,089	4,800	1,094	14,983
TOTAL EXPENSES	$ 2,540,084	$ 47,575	$ 18,536	$ 2,606,195

See notes to financial statements.

CHILD CARE NETWORK
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
INCREASE (DECREASE) IN CASH		
Cash flows from operating activities		
Change in net assets	$ (41,268)	$ 198,401
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Equity interest in endowment fund	2,486	(4,250)
Changes in assets and liabilities		
PPP loan forgiveness	-	(462,267)
Accounts receivable	(291,530)	(44,671)
Prepaid expenses	(3,201)	817
Accounts payable - trade	15,741	(16,388)
Accrued payroll	18,762	6,080
Refundable advances	154,241	(118,056)
Total adjustments	(103,501)	(638,735)
Net cash provided (used) by operating activities	(144,769)	(440,334)
Cash flows from financing activities		
Proceeds from line of credit	35,000	-
Proceeds from long-term debt - PPP	-	249,767
Net cash provided (used) by financing activities	35,000	249,767
NET INCREASE (DECREASE) IN CASH	(109,769)	(190,567)
CASH		
Beginning of year	357,946	548,513
End of year	$ 248,177	$ 357,946

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, income and expenses are recognized in the period when they are earned or incurred.

Cash

For purposes of the statement of cash flows, cash consists of balances of checking accounts, savings accounts, money market accounts and cash on-hand.

Accounts Receivable

Accounts receivable represent consideration from third-parties, of which the Organization has an unconditional right to receive. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Currently, no allowance for doubtful accounts is considered necessary. Changes to the valuation allowance have not been material to the financial statements. Beginning and ending balances for accounts receivable is reported as follows for the years ended September 30:

	2022	2021
Receivables, beginning of year	$ 187,877	$ 143,206
Receivables, end of year	$ 479,407	$ 187,877

Net Assets

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

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished. See Note 8 for further information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Refundable Advances

The Organization records grant receipts as unearned revenue until they are expended for the purpose of the grant, at which time they are recognized as revenue. Beginning and ending balances for refundable advances is reported as follows for the years ended September 30:

	2022	2021
Refundable advances, beginning of year	$ 176,228	$ 294,284
Refundable advances, end of year	$ 330,469	$ 176,228

Revenue Recognition

Service Fees Revenue

Service fees are recognized as services are rendered and earned, which is when the performance obligation is satisfied, therefore these fees are recognized at a point in time. No significant variable consideration is associated with the service fees.

Grant Revenue

Grant revenue recognized by the Organization is comprised of contracts committed from various funding agencies for use in the Organization's activities. All funding sources are providing revenue streams to the Organization for the benefit of the public. Contract revenue is recognized as revenue upon receipt and meeting all conditional requirements of the funding arrangement. Any funds received in advance for which conditions of the agreement have not been met are recognized as refundable advances and then subsequently recognized as revenue upon meeting the conditions of the agreement.

Contribution Revenue

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. 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 statement of activities as net assets released from restrictions.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

The following schedule shows the Organization's revenues disaggregated according to the timing of transfer of goods or services for the years ended September 30:

	2022	2021
Contract revenue recognized at a point in time		
Service fees	$ 94,932	$ 73,971
Grants - federal and local	2,853,091	2,176,882
PPP loan forgiveness	-	462,267
Contributions of cash and other financial assets	38,090	67,114
Contributions of nonfinancial assets	6,000	6,000
Interest and investment income (loss), net	(1,481)	5,158
Miscellaneous revenue	829	13,204
TOTAL REVENUE AND SUPPORT	$ 2,991,461	$ 2,804,596

Functional Allocation of Expenses

The cost of providing various programs and other activities has been reported in the statement of activities. The statement of functional expenses present the natural classification of expenses that are allocated to program or supporting functions of the Organization. Allocated expenses primarily consist of payroll and related, child care scholarships, provider incentives, occupancy, supplies, training, travel, and various other expense classifications necessary to support the day-to-day operations of the Organization. Employee driven expenses are allocated based on salary and wage analysis. All other allocated expenses utilize management's estimated use of resources.

Advertising

Advertising costs are expensed as incurred.

Reclassification

Certain prior year numbers have been reclassified to be in conformity with the current year presentation.

NOTE 2 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES

Child Care Network (the "Organization") is a non-profit corporation with operating offices located in Ann Arbor, Michigan. The purpose of the Organization is to coordinate resources for improving the quality of safe, accessible, and affordable childcare in Branch, Genesee, Hillsdale, Jackson, Lenawee, Livingston, Monroe, and Washtenaw counties. The Organization provides training, consultation, and resources for early childhood professionals. The Organization also helps parents with selecting quality childcare and assists low-income families with the cost of licensed child care through child care scholarships. The Organization derives its revenues primarily from governmental and corporate services fee and grant contracts, fundraising, and contributions.

The Organization is a non-profit corporation under the provisions of Section 501(c)(3) of the Internal Revenue Code, and as such is not subject to income taxes except on net income from unrelated business activities as defined by the Internal Revenue Code.

In preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The Organization participates in several federal funded grant programs. Federal programs are subject to financial and compliance audits by the grantor or its representatives to ensure recipient compliance with terms of the grant program. Management maintains that any liability for reimbursement of grant funds to a grantor resulting from an audit would not be material to the financial statements.

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and accounts receivable. The Organization follows a policy of placing its cash with various FDIC insured financial institutions. Although such cash balances may exceed the federally insured limits at certain times during the year and at year-end, they are, in the opinion of management, subject to minimal risk. Concentration of credit risk with respect to receivables is limited by the Organization which has established policies for extending credit based upon factors surrounding the credit risk of specific customers, historical trends and other information. The breakdown of revenue and receivables by significant sources is as follows:

	2022		2021	
	Revenue	Receivable	Revenue	Receivable
Entity A	1%	4%	6%	13%
Entity B	30%	27%	35%	56%
Entity C	33%	50%	0%	0%

The Organization evaluates events and transactions that occur after the year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through March 28, 2023, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following reflects the Organization's financial assets as of September 30, 2022 and 2021, which are deemed available for general expenditures within one year of the date of the statement of financial position.

	2022	2021
Cash	$ 248,177	$ 357,946
Accounts receivable	479,407	187,877
Beneficial interest in assets held at community foundation	17,391	19,877
Total financial assets	744,975	565,700
Less donor imposed restrictions	(13,878)	(13,878)
Financial assets available to meet cash needs for general expenditures within one year	$ 731,097	$ 551,822

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures. The Organization also maintains a line of credit available to meet short-term needs.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at September 30 is summarized as follows:

	2022	2021
Early Childhood Investment Corporation (ECIC)	$ 6,756	$ 1,791
United Way Southeastern Michigan (UWSEM)	130,462	105,326
HUD CoC Rapid Re-Housing	21,548	23,652
Washtenaw County - OCED	31,650	14,894
Fee for Service	11,146	15,130
Choice Neighborhood	8,312	11,213
Washtenaw County - Part B II	81,394	-
Washtenaw County ARPA - Part B	157,372	-
Trishare Child Care	15,502	-
Avalon	12,107	1,928
CSBG Cares	-	11,154
Miscellaneous	3,158	2,789
Total	$ 479,407	$ 187,877

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION

The Organization partnered with the Ann Arbor Area Community Foundation (Foundation) to act under an arrangement as a depository for gifts, conveyances, and other transfers intended to assist the Organization in achieving its goals and purposes. The Organization's beneficial interest in amounts held at the Foundation at September 30, 2022 and 2021, is based on the Organization's allocable share in the market-value of the underlying investments and amounted to $17,391 and $19,877, respectively. The original transfer of $10,425 to create the endowment fund is recorded as net assets with donor restrictions. The beneficial interest is considered a Level 2 investment under fair value standards.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2: Inputs to the valuation methodology include:

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

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

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION (continued)

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

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

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

NOTE 6 - LINE OF CREDIT

At September 30, 2022, the Organization has an available line of credit with a bank for $200,000 for use in both operations and capital purchases. The line of credit is due on demand and is secured by all of the assets of the Organization. Interest on the agreement is calculated using the bank's prime rate plus 0.98% (7.23% at September 30, 2022). The balance outstanding on the line of credit was $35,000 at September 30, 2022.

At September 30, 2021, the Organization has an available line of credit with a bank for $200,000 for use in both operations and capital purchases. The line of credit is due on demand and is secured by all of the assets of the Organization. Interest on the agreement is calculated using the bank's prime rate plus 0.98% (4.23% at September 30, 2021). The balance outstanding on the line of credit was $0 at September 30, 2021.

NOTE 7 - PAYCHECK PROTECTION PROGRAM FORGIVENESS

On May 14, 2020, the Organization received $212,500 as a loan under the CARES Act through the Paycheck Protection Program. The loan was potentially forgivable, to the extent that the Organization used the funds on eligible expenses over the 24-week period following the date of the loan. Eligible expenses included payroll, mortgage interest, lease payments and utility payments. Any portion of the loan not forgiven would have been paid back over two years, with interest accruing at 1%. The Organization anticipated full loan forgiveness by spending the funds only on eligible expenses. On April 21, 2021, the Organization received notification of full loan forgiveness for their first loan under the CARES ACT through the Paycheck Protection Program. The amount of $212,500 has been recognized as revenue for the year-ended September 30, 2021.

In February 2021, the Organization received an additional loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of $249,767 (the "PPP loan"). The principle amount of the PPP loan is subject to forgiveness under the Paycheck Protection Program upon Child Care Network's request to the extent that the PPP loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by Child Care Network. The Organization expects to meet the PPP's eligibility criteria and therefore, has concluded that the PPP Loan represents, in substance, a grant that is expected to be forgiven. As a result, the Organization has accounted for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. The amount of $249,767 has been recognized as revenue for the year-end September 30, 2021.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30 consist of the following:

	2022	2021
V. Walker Scholarship	$ 2,453	$ 2,453
Monroe Scholarship	1,000	1,000
Endowment fund held at AAACF - see note 5	10,425	10,425
Total	$ 13,878	$ 13,878

Net assets were released from restrictions during the year ended September 30 by incurring expenses satisfying their restricted purposes. Below are the assets released from restrictions for the year ended September 30:

	2022	2021
Monroe Scholarships	$ -	$ 75

NOTE 9 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed nonfinancial assets recognized as revenue are for the use of donated facilities. Contributed facilities are valued and reported at the estimated fair value in the financial statements based on current rates for similar facilities. Management believes the net effect of not recording unmeasurable contributed services is not significant to the financial statements as a whole.

For the years ended September 30, the Organization recognized the following non-cash contributions:

	2022	2021
Facilities	$ 6,000	$ 6,000

NOTE 10 - LEASE COMMITMENTS

The Organization leases certain equipment and office space in Ann Arbor, Flint, Jackson, and Monroe under operating lease agreements. Rent and occupancy expense under lease agreements totaled $119,027 and $125,081 for the years ended September 30, 2022 and 2021, respectively.

Future minimum operating lease payments are as follows:

Year Ending September 30,	
2023	$ 110,048
2024	58,548
2025	39,971
2026	42,088
2027	42,551
Thereafter	7,092
Total	$ 300,298