FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS’ REPORT

AFFIRMATIONS COMMUNITY CENTER

DECEMBER 31, 2023 AND 2022

CONTENTS

DAVISON & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Affirmations Community Center

Opinion

We have audited the accompanying financial statements of Affirmations Community Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Affirmations Community Center as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Affirmations Community Center 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.

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 Affirmations Community Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

3250 West Big Beaver Road, Suite 450 Troy, Michigan 48084 Tel (248) 643-0026 Fax (248) 643-0035

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of direct public support and grants on pages 22 through 24 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Davison & Associates

Troy, Michigan
March 12, 2024

Affirmations Community Center

STATEMENTS OF FINANCIAL POSITION

December 31,

A S S E T S

	2023	2022
CURRENT ASSETS		
Cash (note A2)	$ 595,824	$ 784,593
Restricted cash (note B)	28,893	76,518
Accounts receivable (note A5)	307,759	238,657
Employee retention credit receivable (note J)	-	105,263
Investments (note D)	371,834	267,334
Total current assets	1,304,310	1,472,365
PROPERTY AND EQUIPMENT - AT COST (note A6)		
Furniture and fixtures	437,502	437,502
Building	3,215,749	3,215,749
Building improvements	141,884	119,537
	3,795,135	3,772,788
Less accumulated depreciation	1,864,663	1,774,239
	1,930,472	1,998,549
Land	95,700	95,700
	2,026,172	2,094,249
OTHER ASSETS (notes C and D)	41,832	39,265
TOTAL ASSETS	$ 3,372,314	$ 3,605,879

The accompanying notes are an integral part of these statements.

L I A B I L I T I E S

	2023	2022
LIABILITIES		
Accounts payable	$ 2,734	$ 5,680
Accrued liabilities	99,714	61,339
Accrued pension (note H)	15,000	30,000
Total current liabilities	117,448	97,019
NET ASSETS (note A8)		
Without donor restrictions	2,979,883	3,032,466
With donor restrictions (note F)	274,983	476,394
Total net assets	3,254,866	3,508,860
TOTAL LIABILITIES AND NET ASSETS	$ 3,372,314	$ 3,605,879

The accompanying notes are an integral part of these statements.

Affirmations Community Center

STATEMENT OF ACTIVITIES

Year ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
SUPPORT			
Direct public support	$ 634,783	$ -	$ 634,783
Grants	12,500	321,000	333,500
Contributed goods and services	17,322	-	17,322
Special events, net of cost of $80,474	12,293	-	12,293
Total support	676,898	321,000	997,898
REVENUE AND GAINS			
Net unrealized gain on investments	30,207	-	30,207
Program activities	606,752	-	606,752
Rental income	37,354	-	37,354
Dividend income	38,512	-	38,512
Other income	38,889	-	38,889
Total revenue	751,714	-	751,714
Net assets released from restrictions	522,411	(522,411)	-
Total support and revenue	1,951,023	(201,411)	1,749,612
EXPENDITURES			
Program services	1,697,261	-	1,697,261
Management and general	126,602	-	126,602
Fund raising	179,743	-	179,743
Total expenditures	2,003,606	-	2,003,606
CHANGE IN NET ASSETS	(52,583)	(201,411)	(253,994)
NET ASSETS			
Beginning of year	3,032,466	476,394	3,508,860
NET ASSETS			
End of year	$ 2,979,883	$ 274,983	$ 3,254,866

The accompanying notes are an intergral part of these statements.

Affirmations Community Center

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
SUPPORT			
Direct public support	$ 689,582	$ -	$ 689,582
Grants	64,250	876,909	941,159
Employee retention credit	105,263	-	105,263
Contributed goods and services	24,792	-	24,792
Special events, net of cost of $84,773	39,304	-	39,304
Total support	923,191	876,909	1,800,100
REVENUE AND GAINS			
Net unrealized loss on investments	(14,768)	-	(14,768)
Net realized loss on investments	(434)	-	(434)
Program activities	129,434	-	129,434
Rental income	38,923	-	38,923
Dividend income	12,480	-	12,480
Other income	37,428	-	37,428
Total revenue	203,063	-	203,063
Net assets released from restrictions	960,098	(960,098)	-
Total support and revenue	2,086,352	(83,189)	2,003,163
EXPENDITURES			
Program services	1,482,322	-	1,482,322
Management and general	95,778	-	95,778
Fund raising	236,541	-	236,541
Total expenditures	1,814,641	-	1,814,641
CHANGE IN NET ASSETS	271,711	(83,189)	188,522
NET ASSETS			
Beginning of year	2,760,755	559,583	3,320,338
NET ASSETS			
End of year	$ 3,032,466	$ 476,394	$ 3,508,860

The accompanying notes are an integral part of these statements.

Affirmations Community Center

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Salaries and wages	$ 864,027	$ 85,336	$ 117,337	$ 1,066,700
Payroll taxes	63,838	6,538	8,438	78,814
Employee benefits	68,957	6,810	9,365	85,132
Employee travel and mileage	7,462	559	1,304	9,325
Contractual fees	43,096	996	66	44,158
Program events	350,734	-	-	350,734
Merchant and bank service charges	706	54	5,354	6,114
Utilities	27,334	2,700	3,712	33,746
Contributed goods and services	12,561	580	4,181	17,322
Insurance	14,684	1,450	1,994	18,128
Maintenance and repairs	46,902	6,531	5,937	59,370
Depreciation	74,148	7,234	9,042	90,424
Professional fees	16,600	1,745	2,479	20,824
Computer IT	9,260	828	1,074	11,162
Conferrences, meetings, dues	4,599	1,253	717	6,569
Marketing and communications	81,125	2,548	7,372	91,045
Donations	2,191	182	227	2,600
Miscellanous	9,037	1,258	1,144	11,439
Total functional expenses	$ 1,697,261	$ 126,602	$ 179,743	$ 2,003,606

The accompanying notes are an integral part of these statements.

Affirmations Community Center

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Salaries and wages	$ 712,147	$ 63,801	$ 138,667	$ 914,615
Payroll taxes	59,191	5,594	11,638	76,423
Employee benefits	54,703	4,647	9,294	68,644
Employee travel and mileage	46,414	1,717	6,216	54,347
Contractual fees	47,342	219	437	47,998
Program events	273,642	-	-	273,642
Merchant and bank service charges	8,996	764	1,528	11,288
Utilities	22,758	1,933	3,867	28,558
Contributed goods and services	19,757	1,678	3,357	24,792
Insurance	15,117	1,284	2,568	18,969
Maintenance and repairs	35,567	3,021	6,042	44,630
Depreciation	76,529	6,502	13,002	96,033
Professional fees	12,651	1,074	2,150	15,875
Computer support	14,715	1,840	2,913	19,468
Conferences, meetings, and dues	34,707	525	32,920	9,924
Marketing and communications	9,043	432	449	68,152
Donations	32,945	250	500	33,695
Miscellanous	6,098	497	993	7,588
Total functional expenses	$ 1,482,322	$ 95,778	$ 236,541	$ 1,814,641

The accompanying notes are an integral part of these statements.

Affirmations Community Center

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2023	2022
Cash flows from operating activities		
Cash received from customers and donors	$ 1,611,792	$ 2,009,840
Cash paid to suppliers and employees	(1,787,491)	(1,808,605)
Dividends received	38,512	12,480
Net cash provided by (used in) operating activities	(137,187)	213,715
Cash flows from investing activities		
Purchase of property and equipment	(22,347)	(8,942)
Increase (decrease) in other assets	(2,567)	7,326
Net proceeds from sale of investments	-	59,065
Purchase of investments	(74,293)	(173,261)
Net cash used in investing activities	(99,207)	(115,812)
Net (decrease) increase in cash	(236,394)	97,903
Cash at beginning of year	861,111	763,208
Cash at end of year	$ 624,717	$ 861,111

The accompanying notes are an integral part of these statements.

Affirmations Community Center

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31,

Reconciliation of change in net assets to net cash (used in) provided by operating activities	2023	2022
Change in net assets	$ (253,994)	$ 188,522
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	90,424	96,033
Loss on sale of investments	-	434
Unrealized loss (gain) on investments	(30,207)	14,768
Change in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(69,102)	3,955
Employee retention credit receivable	105,263	(105,263)
Prepaid expenses	-	21,238
Increase (decrease) in liabilities:		
Accounts payable	(2,946)	(15,429)
Accrued liabilities	38,375	24,457
Accrued pension	(15,000)	(15,000)
Total adjustments	116,807	25,193
Net cash provided by (used in) operating activities	$ (137,187)	$ 213,715

The accompanying notes are an integral part of these statements.

Affirmations Community Center

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

NOTE A – SUMMARY OF ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Business

Affirmations Community Center (the Organization) is a nonprofit community center housed in a state-of-the-art, multi-use facility in the heart of downtown Ferndale, at the Northern border of the City of Detroit. Its mission is to provide a welcoming space where people of all sexual orientations, gender identities and expressions, and cultures can find support and unconditional acceptance, and where they can learn, grow, socialize and have fun.

The Center was incorporated in 1989 with a vision to become a "front door" to needed services for LGBTQ+ citizens in Michigan and the families/friends of LGBTQ+ community members.

The organization serves more than 30,000 guests annually with youth and senior programming, confidential HIV/STD testing, COVID vaccination clinics and townhalls (statewide), LGBTQ+ 101 diversity/inclusion trainings, sliding-scale behavioral health services, and support/discussion groups (topics such as recovery, coming out, seniors, transgender individuals, and millennials).

Affirmations is a focal point for many meetings within the LGBTQ+ community including town halls and community conversations and provides office space to other partner LGBTQ+ serving organizations. In addition, the Center hosts a variety of arts and cultural programs that are accessible to the community-at-large.

Affirmations' catchment area for services is primarily SE Michigan (Macomb, Oakland, Washtenaw, Wayne counties), but increasingly the Center delivers programming that now reaches LGBTQ+ individuals in all parts of the state and beyond.

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

2. Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less. The company places its temporary cash investments with high credit quality financial institutions. At times these investments are not entirely FDIC insured, however the company does not believe it is exposed to any significant credit risk on cash and cash equivalents.

3. Basis of Accounting

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

4. Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

5. Allowance for Doubtful Accounts

The company uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts was evaluated by management and is based on management's review of the collectability of trade receivables. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. For years ended December 31, 2023 and 2022, the Organization considers its receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

6. Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of property and equipment to operations over their estimated service lives using the straight-line method.

7. Classification of Net Assets

Net assets of the Organization are classified as net assets without donor restrictions or with donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in net assets with donor restrictions. Earnings, gains, and losses on restricted net assets are classified as without donor restrictions unless specifically restricted by the donor or by applicable state law.

8. Contributions

Contributions of cash and other assets, including unconditional promises to give, are reported as revenue when received or in the case of unconditional promises, when made. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as support without donor restrictions. Other restricted gifts are reported as net assets with donor restrictions.

9. Revenue Recognition

In accordance with current accounting standards, Affirmations Community Center disaggregates revenue from contracts into major revenue streams as presented on the statements of activities. Revenue is recognized over the performance obligation period applicable to each revenue stream.

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

9. Revenue Recognition - Continued

The Organization’s primary sources of revenue and support are: grants from private foundations, corporate foundations and governmental entities; individual contributions; corporate sponsorships; building rental fees; and income through fundraising special events.

10. Functional Allocation of Expenses

Functional expenses are allocated among the programs and support services based on specific identification of costs to programs, as well as, various time and use analysis and estimates, made by the Organization’s management.

11. Income Taxes

The Organization is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes; therefore, no provision for income taxes has been included in this statement.

12. Right-of-Use Leases

Leased equipment, with a term more than one year, is stated at net present value as right-of-use assets and related lease liabilities as of the commencement date of the lease. Net present value is determined using a stated interest rate or incremental borrowing rate. Amortization of the assets is provided for over the life of the lease utilizing the straight-line method. For the years ended December 31, 2023 and 2022, the Organization had no right of use leases.

NOTE B – RESTRICTED CASH AND CASH EQUIVALENTS

The Organization entered into a cancellable ten-year agreement with Building For the Future, Inc. beginning August 1, 2008 to participate in a program that helped build cash reserves for building system replacement and preventative maintenance. The agreement provided for matching grants for building system replacement and preventative maintenance contracts subject to the terms of the agreement.

NOTE B – RESTRICTED CASH AND CASH EQUIVALENTS – CONTINUED

The program ended December 31, 2018. However, the Organization is still required to hold the funds for the purpose of carrying out building system replacements.

The following is a summary of the activity in the reserve account for the years ended December 31:

	2023	2022
Beginning balance	$ 76,518	$ 99,845
Expenses for building maintenance	(47,625)	(23,327)
Ending balance	$ 28,893	$ 76,518

NOTE C – OTHER ASSETS

The Organization has established an endowment at Community Foundation for Southeastern Michigan. The funds are held in perpetuity at the Foundation solely for the benefit of the Organization. The endowment is valued at the present value of the estimated future cash flows from the endowment. Annual grant payments may be equal to 5% of the average market value of the fund. During the years ended December 31, 2023 and 2022, the Organization received distributions in the form of grants in the amounts of $32,741 and $32,409, respectively.

The endowment is a reciprocal transfer which is recorded on the books of the Organization at market value. At years ended December 31, 2023 and 2022, the endowment fund had a market value of $41,832 and $39,265, respectively.

The following is a summary of the activity of the other assets for the years ended December 31:

	2023	2022
Beginning balance	$ 39,265	$ 46,591
Change in investment	4,639	(5,275)
Fees paid	(207)	(205)
Grants paid	(1,865)	(1,846)
Ending balance	$ 41,832	$ 39,265

NOTE D – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value.

That framework 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 under FASB ASC 820 are described as follows:

Level 1 Fair Value Measurements

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 Fair Value Measurements

Inputs to the valuation methodology include the following:

- 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.

Level 3 Fair Value Measurements

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

NOTE D – FAIR VALUE MEASUREMENTS – CONTINUED

The following is a description of the valuation methodologies used for assets measured at fair value.

Certificates of Deposit

The fair value of the certificates of deposit are based on quoted market price values of the shares associated with the two certificates of deposit held at year end.

Mutual Funds

The fair value of mutual funds is based on quoted net assets values of the shares held at year end.

Common Stock, Corporate Bonds, and U.S. Government Securities

The fair values of common stock, corporate bonds, and U.S. government securities are valued at the closing price reported on the active market on which the individual securities are traded.

The asset or liability's fair value measurement level with 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.

Fair value of assets measured on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date is as follows:

NOTE D – FAIR VALUE MEASUREMENTS – CONTINUED

	Fair Value December 31, 2023	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Registered investment company	$ 371,834	$ 371,834	$ -
Other assets	41,832	-	41,832
Total	$ 413,666	$ 371,834	$ 41,832

	Fair Value December 31, 2022	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Registered investment company	$ 267,334	$ 267,334	$ -
Other assets	39,265	-	39,265
Total	$ 306,599	$ 267,334	$ 39,265

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor imposed restrictions that do not lapse within one year of the financial position date.

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – CONTINUED

The following computes financial assets available to meet cash needs for general expenditure within one year:

Financial assets at year-end	$1,346,142
Less those unavailable for general expenditures within one year due to:	
Restricted use for building system	(28,893)
Restricted for youth program	(45,370)
Restricted for health and human services	(200,720)
Financial assets available to meet cash needs for general expenditure within one year	$1,071,159

To meet cash demands, the Organization obtains funds through fund-raising events and donations from the public to support general expenditures.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions consists of grants to the Organization from donors for specific purposes. The funds have been designated for the following purposes:

	2023	2022
Building system replacement	$ 28,893	$ 76,518
Youth program	45,370	97,831
Humanities program		11,435
Health and human services	200,720	290,610
	$ 274,983	$ 476,394

The company's policy is to recognize revenue from the grants received as the associated costs are incurred.

NOTE G – DONATED SERVICES AND ITEMS

A substantial number of non-professional volunteers donate hours for the Organization's programs. No values of donated services are reflected in the accompanying financial statements because these services have not created or enhanced a non-financial asset, nor are they specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

Contributed professional services are recognized if the services received create or enhance long-lived assets, or are provided by individuals possessing specialized skills that would otherwise need to be purchased if not provided by donation. In-kind donations are reported at its fair value on the date of donation.

NOTE H – PENSION PLAN

The Organization was a member of the United Way and Affiliates Employee Benefit Plan and the eligible employees were covered by the plan.

In 2008, the Organization notified the plan of its decision to withdraw from the plan effective December 31, 2008. Under the terms of the withdrawal agreement, the Organization was ordered to pay a shortfall based on the estimated liability at the date of the withdrawal. The Organization paid $15,000 in 2023, 2022, 2021, and 2020 toward the obligation and plans to pay the remainder in $15,000 increments over the next two years. The shortfall was $15,000 as of December 31, 2023.

NOTE I – ADOPTION OF ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2022, management adopted Financial Accounting Standards Board Accounting Standards Codification 842. The standard requires recognition of leases as right-of-use assets and lease liabilities for the term of the lease. The modified retrospective approach was used to assess leases, classifications, and costs for implementation of the standard. Management has adjusted the presentation in these financial statements accordingly. The standard has been applied retrospectively to all periods presented, with no cumulative effect on net assets as of the beginning of the prior year. As of December 31, 2023 and 2022, the Organization does not have any right-of-use assets or lease liabilities.

NOTE J – REFUNDABLE TAX CREDITS – EMPLOYEE RETENTION CREDIT

For the year ended December 31, 2022, Affirmations received $105,263 of refundable tax credits in accordance with the Employee 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, the 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 based on a government 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.

For the year ended December 31, 2022, the Organization’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 Organization has presented $105,263 as grant income in the statement of activities when the conditions required for the ERC were substantially met.

In the current assets section of the December 31, 2022 statements of financial position, the Organization has an ERC receivable in the amount of $105,263, reflective of that portion of the ERC that had not yet been received at the statements of financial position date.

NOTE K – SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2023, the most recent statement of financial position presented herein, through March 12, 2024, the date the financial statements were issued. No such significant events or transactions were identified.

SUPPLEMENTAL INFORMATION

Affirmations Community Center

STATEMENTS OF DIRECT PUBLIC SUPPORT

Years ended December 31,

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Individual	$ 526,138	$ -	$ 526,138	$ 598,701	$ -	$ 598,701
Corporate and Organizational	108,645	-	108,645	90,881	-	90,881
Total Direct Public Support	$ 634,783	$ -	$ 634,783	$ 689,582	$ -	$ 689,582