

THE SUMMIT COUNSELING CENTER, INC.

**FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

**with
INDEPENDENT AUDITORS' REPORT**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Summit Counseling Center, Inc.

Opinion

We have audited the accompanying financial statements of The Summit Counseling Center, Inc. (the "Summit"), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; 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 the Company's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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.

Smith and Howard

November 28, 2022

THE SUMMIT COUNSELING CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,265,277	\$ 1,795,481
Accounts receivable	114,202	53,313
Employee Retention Tax Credit receivable (Note 8)	1,055,940	447,819
Property and equipment, net	<u>50,996</u>	<u>54,232</u>
 Total Assets	 <u><u>\$ 3,486,415</u></u>	 <u><u>\$ 2,350,845</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 149,831	\$ 166,911
Contract liabilities - unearned fees	5,135	16,675
Due to related entity	<u>29,813</u>	<u>30,162</u>
 Total Liabilities	 <u><u>184,779</u></u>	 <u><u>213,748</u></u>
 Net Assets		
Without Donor Restrictions		
Board designated	1,133,692	1,000,000
Undesignated	<u>1,990,387</u>	<u>995,596</u>
Total Without Donor Restrictions	3,124,079	1,995,596
 With Donor Restrictions	 <u>177,557</u>	 <u>141,501</u>
	<u>3,301,636</u>	<u>2,137,097</u>
	 <u><u>\$ 3,486,415</u></u>	 <u><u>\$ 2,350,845</u></u>

The accompanying notes are an integral part of these financial statements.

THE SUMMIT COUNSELING CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Counseling fees	\$ 2,333,130	\$ -	\$ 2,333,130
Contributions	407,667	50,456	458,123
Government grants	662,624	-	662,624
Client assistance fund revenue	-	63,185	63,185
In-kind contributions	181,011	-	181,011
Special events, net of direct donor benefits	419,046	273,648	692,694
Net assets released from restrictions	<u>351,233</u>	<u>(351,233)</u>	<u>-</u>
	<u>4,354,711</u>	<u>36,056</u>	<u>4,390,767</u>
Expenses:			
Program	3,529,729	-	3,529,729
Management and general	328,345	-	328,345
Fundraising	<u>86,526</u>	<u>-</u>	<u>86,526</u>
	<u>3,944,600</u>	<u>-</u>	<u>3,944,600</u>
Change in Net Assets from Operations	410,111	36,056	446,167
Employee Retention Tax Credit (Note 8)	<u>718,372</u>	<u>-</u>	<u>718,372</u>
Change in Net Assets	1,128,483	36,056	1,164,539
Net Assets at Beginning of Year	<u>1,995,596</u>	<u>141,501</u>	<u>2,137,097</u>
Net Assets at End of Year	<u><u>\$ 3,124,079</u></u>	<u><u>\$ 177,557</u></u>	<u><u>\$ 3,301,636</u></u>

The accompanying notes are an integral part of these financial statements.

THE SUMMIT COUNSELING CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Counseling fees	\$ 2,115,641	\$ -	\$ 2,115,641
Contributions	536,681	91,455	628,136
Government grants	715,782	-	715,782
Client assistance fund revenue	-	7,316	7,316
In-kind contributions	243,950	-	243,950
Special events, net of direct donor benefits	282,673	177,553	460,226
Net assets released from restrictions	<u>280,401</u>	<u>(280,401)</u>	<u>-</u>
	<u>4,175,128</u>	<u>(4,077)</u>	<u>4,171,051</u>
Expenses:			
Program	2,809,158	-	2,809,158
Management and general	304,816	-	304,816
Fundraising	<u>75,280</u>	<u>-</u>	<u>75,280</u>
	<u>3,189,254</u>	<u>-</u>	<u>3,189,254</u>
Change in Net Assets from Operations	985,874	(4,077)	981,797
Other:			
Paycheck Protection Program grant (Note 2)	13,358	-	13,358
Employee Retention Tax Credit (Note 8)	<u>447,819</u>	<u>-</u>	<u>447,819</u>
	<u>461,177</u>	<u>-</u>	<u>461,177</u>
Change in Net Assets	1,447,051	(4,077)	1,442,974
Net Assets at Beginning of Year	<u>548,545</u>	<u>145,578</u>	<u>694,123</u>
Net Assets at End of Year	<u>\$ 1,995,596</u>	<u>\$ 141,501</u>	<u>\$ 2,137,097</u>

The accompanying notes are an integral part of these financial statements.

THE SUMMIT COUNSELING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 2,867,983	\$ 213,606	\$ 69,850	\$ 3,151,439
Occupancy	223,547	59,612	14,903	298,062
Advertising	102,534	-	-	102,534
Clinical program	98,032	1,885	116	100,033
Information technology	80,029	26,677	-	106,706
Banking	86,325	881	881	88,087
Depreciation and amortization	20,839	6,946	-	27,785
Administrative	18,293	6,098	-	24,391
Professional fees	11,686	9,441	23	21,150
Office	11,298	3,013	753	15,064
Other	<u>9,163</u>	<u>186</u>	<u>-</u>	<u>9,349</u>
 Total Expenses	 <u><u>\$ 3,529,729</u></u>	 <u><u>\$ 328,345</u></u>	 <u><u>\$ 86,526</u></u>	 <u><u>\$ 3,944,600</u></u>

The accompanying notes are an integral part of these financial statements.

THE SUMMIT COUNSELING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 2,159,509	\$ 178,258	\$ 56,429	\$ 2,394,196
Occupancy	264,254	70,468	17,617	352,339
Clinical program	107,159	2,093	94	109,346
Information technology	78,484	26,161	-	104,645
Banking	81,205	829	829	82,863
Depreciation and amortization	37,863	12,621	-	50,484
Advertising	49,424	-	-	49,424
Administrative	15,000	5,000	-	20,000
Professional fees	8,238	8,104	-	16,342
Office	4,670	1,245	311	6,226
Other	<u>3,352</u>	<u>37</u>	<u>-</u>	<u>3,389</u>
 Total Expenses	 <u>\$ 2,809,158</u>	 <u>\$ 304,816</u>	 <u>\$ 75,280</u>	 <u>\$ 3,189,254</u>

The accompanying notes are an integral part of these financial statements.

THE SUMMIT COUNSELING CENTER, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,164,539	\$ 1,442,974
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	27,785	50,484
Change in operating assets and liabilities:		
Accounts receivable	(60,889)	14,096
Employee Retention Tax Credit receivable (Note 8)	(608,121)	(447,819)
Other assets	-	-
Accounts payable and accrued expenses	(17,080)	84,686
Refundable advance	-	(13,358)
Contract liabilities - unearned fees	(11,540)	9,136
Due to related entity	<u>(349)</u>	<u>(10,554)</u>
Total adjustments	<u>(670,194)</u>	<u>(313,329)</u>
Net Cash Provided by Operating Activities	<u>494,345</u>	<u>1,129,645</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	<u>(24,549)</u>	<u>(21,389)</u>
Net Cash Required by Investing Activities	<u>(24,549)</u>	<u>(21,389)</u>
Net Change in Cash and Cash Equivalents	469,796	1,108,256
Cash and Cash Equivalents at Beginning of Year	<u>1,795,481</u>	<u>687,225</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,265,277</u></u>	<u><u>\$ 1,795,481</u></u>

The accompanying notes are an integral part of these financial statements.

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – ORGANIZATIONAL MATTERS

Nature of Organization

The Summit Counseling Center, Inc. (the “Summit”) is a private, nonprofit community-focused organization providing professional counseling services by state licensed and/or certified mental health professionals to the North Metro Atlanta community. The Summit’s mission is to provide professional counseling, psychological services, mental health awareness and suicide prevention services utilizing an integrated approach to care for the whole person-body, mind, spirit and community. A wide spectrum of services is provided for adults, children, teens, and families including services for anxiety, depression, grief, trauma, and other mental health and substance abuse disorders. The Summit is committed to providing care for those who cannot afford the full cost of services through the Client Assistance Funds – subsidies composed of private donations, event-based fundraising proceeds, and partnerships.

Through the innovative Summit OnSite School-Based Therapy program, in 2021-2022, The Summit placed 17 Summit OnSite therapists in 30 elementary, middle and high public schools in North Fulton and Dekalb Counties (and 1 private school in Gwinnett County). The SOS Therapists provided services to 658 students. The Summit partners with a wide range of community partners including churches, schools, businesses, foundations, individuals, and other nonprofit organizations to serve the North Metro Atlanta Community. The Fulton County Commissioners elected to continue contributing financial support for The Summit OnSite School-Based Therapy Program in 2021-22 through a joint partnership between the Fulton County Department of Behavioral Health and Developmental Disabilities, CHRIS 180 and The Summit Counseling Center. This new major source of funding increases the long-term sustainability of the Summit OnSite program. The Summit is accredited by The Solihten Institute, Denver, Colorado.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Summit follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Reclassification

Certain items in the 2021 financial statements have been reclassified to conform to the 2022 financial statement presentation.

New Accounting Policy Adopted

Effective July 1, 2021, the Summit adopted Accounting Standards Update (“ASU”) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The ASU improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. ASU 2020-07 was issued to address certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profits, as well as the amount of those contributions used in an entity’s programs and other activities. The Summit applied ASU 2020-07 on a retrospective basis.

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts recorded and disclosed in these financial statements. Actual results could differ from those estimates.

Financial Statement Presentation

Net assets, revenue, and support are classified based on the existence or absence of donor-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 restrictions. Included within this category are Board-designated net assets, which are funds not specifically restricted by outside donors, but designated by the Board of Directors for a specific purpose.

Net Assets With Donor Restrictions – Net assets subject to donor-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 such resources be maintained in perpetuity.

Functional Allocation of Expenses

The Summit allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Expenses common to several functions are allocated according to the formula developed by management.

Advertising

Advertising costs are expensed as incurred. For the years ended June 30, 2022 and 2021, advertising expense totaled \$102,534 and \$49,424, respectively.

Revenue Recognition

Counseling Fees

Counseling center fees are due after services are performed and revenue is recognized in the period in which the services are provided. These services consist of a single performance obligation and the counseling center collects fees in advance of services being performed and records as contract liabilities-earned fees. The revenue is recognized when services are performed in the following fiscal year. Counseling center fees collected but unearned at June 30, 2022 and 2021 were \$5,135 and \$16,675, respectively.

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contribution Revenue and Contributions Receivable

Contributions, government grants and special events revenue, which include unconditional promises to give, are recognized as revenues in the period the contributions are received and reported at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

All contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the donor's stipulation. When a donor restriction expires, that is, when a 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.

Client Assistance Fund Revenue

Client Assistance Funds are funds received to provide fee subsidies for those clients who cannot afford the full cost of therapy. After providing a discounted rate, the Summit subsidizes this care with Client Assistance Funds. These funds are obtained from a variety of sources including private donations, a portion of event-based fundraising proceeds, and partnerships with congregations, corporations and foundations.

Gifts-In-Kind

The Summit receives the use of donated facilities for its program operations and supporting services. The Summit recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is estimated using the average price per square foot of rental listings in the Summit's service area. The total amount recognized for donated facilities is \$181,011 and \$243,950 for the years ended June 30, 2022 and 2021, respectively, and is allocated among program and supporting services based upon the square footage occupied.

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less from the date of purchase.

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Acquisitions of property and equipment in excess of \$1,500 are capitalized. Property, equipment and leasehold improvements are depreciated and amortized using the straight-line method over the estimated useful lives of the assets of 3-30 years.

Property and equipment of the Summit consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Building Improvements	\$ 71,964	\$ 71,964
Furniture and Equipment	76,821	76,821
Computers and Software	152,195	132,247
Leasehold Improvements	<u>75,743</u>	<u>71,143</u>
	376,723	352,175
Less Accumulated Depreciation and Amortization	<u>(325,727)</u>	<u>(297,943)</u>
	<u><u>\$ 50,996</u></u>	<u><u>\$ 54,232</u></u>

Depreciation expense was \$27,785 and \$50,484 for the years ending June 30, 2022 and 2021, respectively.

Income Taxes

The Summit is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for incomes taxes has been made.

The Summit annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Summit takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. Management believes the Summit is no longer subject to income tax examinations for tax years ending before June 30, 2019.

Risks and Uncertainties

The Summit's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. At times, cash and cash equivalent balances exceed federally insured amounts. The Summit believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 – LINE OF CREDIT

The Summit has a line of credit with maximum borrowings of \$250,000 and an interest rate of LIBOR plus 2.0% (an effective rate of 5.03% at June 30, 2022), and matures in February 2023. There were no outstanding borrowings under the line of credit at June 30, 2022 and 2021.

NOTE 4 – RELATED PARTY TRANSACTIONS

The \$29,813 and \$30,162 balance due to a related entity at June 30, 2022 and 2021, respectively, represents net borrowings from an affiliated entity which are non-interest bearing.

The Summit shares operating expenses with an affiliated entity. Total shared operating expenses of \$10,000 and \$20,000 were allocated to the Summit during the years ended June 30, 2022 and 2021, respectively.

The Summit uses certain facilities owned by affiliated entities at no cost. See Note 2 for Gifts-In-Kind.

NOTE 5 – EMPLOYEE BENEFIT PLAN

The Summit provides a discretionary retirement program to its employees by utilization of an Internal Revenue Code Section 403(b) plan. The Summit matches the employees' contributions to a maximum of 4% of gross wages. Employees become eligible for this program after one year of employment and with a minimum of 1,000 hours of service. The Summit contributed and expensed approximately \$58,000 and \$47,000 to this program for the year ended June 30, 2022 and 2021, respectively.

NOTE 6 – NET ASSETS

The Board has designated net assets without donor restrictions for the following purposes as of June 30:

	<u>2022</u>		<u>2021</u>
Operating reserve	\$ 1,133,692	\$	1,000,000

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2022</u>		<u>2021</u>
Operating reserve	\$ 1,133,692	\$	1,000,000

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 – LIQUIDITY AND AVAILABILITY

The Summit's financial assets available within one year for general expenditure are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,265,277	\$ 1,795,481
Accounts receivable	114,202	53,313
Employee Retention Tax Credit receivable	<u>1,055,940</u>	<u>447,819</u>
	<u>3,435,419</u>	<u>2,296,613</u>
 Board designated restrictions	 (1,133,692)	 (1,000,000)
Donor imposed restrictions	<u>(177,557)</u>	<u>(141,501)</u>
	<u>(1,311,249)</u>	<u>(1,141,501)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 2,124,170</u>	 <u>\$ 1,155,112</u>

As part of the Summit's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. In the event of an unanticipated liquidity need, the Summit can also draw upon its available line of credit as further discussed in Note 3. The Summit also has board designated funds available for general expenditures as discussed in Note 6. Although the Summit does not intend to spend these funds as part of its annual budget, these funds could be made available if necessary.

NOTE 8 – EMPLOYEE RETENTION TAX CREDIT

As part of the Coronavirus Aid, Relief and Economic Stabilization Act (the "CARES" Act), employers are provided the Employee Retention Tax Credit ("ERTC"). The ERTC is a benefit provided through payroll tax credits to encourage maintaining employee headcounts throughout the Coronavirus pandemic. The Summit is treating the ERTC as a conditional grant and revenue is recorded when the conditions are substantially met. During the years ended June 30, 2022 and 2021, the Summit met the conditions required by the ERTC and recognized grant revenue of \$718,372 and \$447,819, respectively, which is reflected as Employee Retention Tax Credit in the accompanying statement of activities.