

THE SUMMIT COUNSELING CENTER, INC.

**FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

**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, 2023 and 2022, 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, 2023 and 2022, 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

Atlanta, GA
November 28, 2023

THE SUMMIT COUNSELING CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,524,399	\$ 2,265,277
Investments	763,739	-
Accounts receivable	145,611	114,202
Employee Retention Tax Credit receivable (Note 9)	904,940	1,055,940
Prepaid expenses	1,633	-
Right-of-use assets	591,365	-
Property and equipment, net	<u>193,976</u>	<u>50,996</u>
 Total Assets	 <u>\$ 4,125,663</u>	 <u>\$ 3,486,415</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 140,844	\$ 149,831
Contract liabilities - unearned fees	20,426	5,135
Due to related entity	39,973	29,813
Operating lease liability obligations	<u>594,431</u>	<u>-</u>
 Total Liabilities	 <u>795,674</u>	 <u>184,779</u>
Net Assets		
Without Donor Restrictions		
Board designated	1,133,692	1,133,692
Undesignated	<u>1,860,126</u>	<u>1,990,387</u>
Total Without Donor Restrictions	2,993,818	3,124,079
 With Donor Restrictions	 <u>336,171</u>	 <u>177,557</u>
	<u>3,329,989</u>	<u>3,301,636</u>
	<u>\$ 4,125,663</u>	<u>\$ 3,486,415</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, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Counseling fees	\$ 2,246,943	\$ -	\$ 2,246,943
Contributions	310,523	151,795	462,318
Government grants	1,100,976	-	1,100,976
Client assistance fund revenue	-	30,943	30,943
In-kind contributions	254,196	-	254,196
Special events, net of direct donor benefits	257,970	334,085	592,055
Net assets released from restrictions	<u>358,209</u>	<u>(358,209)</u>	<u>-</u>
	<u>4,528,817</u>	<u>158,614</u>	<u>4,687,431</u>
Expenses:			
Program	4,177,206	-	4,177,206
Management and general	381,052	-	381,052
Fundraising	<u>100,820</u>	<u>-</u>	<u>100,820</u>
	<u>4,659,078</u>	<u>-</u>	<u>4,659,078</u>
Change in Net Assets	(130,261)	158,614	28,353
Net Assets at Beginning of Year	<u>3,124,079</u>	<u>177,557</u>	<u>3,301,636</u>
Net Assets at End of Year	<u>\$ 2,993,818</u>	<u>\$ 336,171</u>	<u>\$ 3,329,989</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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 3,223,217	\$ 224,022	\$ 74,970	\$ 3,522,209
Occupancy	364,617	96,871	24,218	485,706
Clinical program	171,807	3,435	71	175,313
Advertising	163,429	-	-	163,429
Information technology	89,980	29,993	-	119,973
Banking	90,814	927	927	92,668
Professional fees	17,949	11,165	70	29,184
Depreciation	19,412	6,471	-	25,883
Administrative	17,334	5,778	-	23,112
Office	8,458	2,255	564	11,277
Other	10,189	135	-	10,324
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 4,177,206</u>	<u>\$ 381,052</u>	<u>\$ 100,820</u>	<u>\$ 4,659,078</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	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	9,163	186	-	9,349
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 3,529,729</u>	<u>\$ 328,345</u>	<u>\$ 86,526</u>	<u>\$ 3,944,600</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 28,353	\$ 1,164,539
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	25,883	27,785
Operating lease expense	61,697	-
Payments on operating lease obligations	(58,631)	-
Change in operating assets and liabilities:		
Accounts receivable	(31,409)	(60,889)
Employee Retention Tax Credit receivable (Note 9)	151,000	(608,121)
Other assets	(1,633)	-
Accounts payable and accrued expenses	(8,987)	(17,080)
Contract liabilities - unearned fees	15,291	(11,540)
Due to related entity	10,160	(349)
	163,371	(670,194)
Total adjustments		
Net Cash Provided by Operating Activities	191,724	494,345
Cash Flows from Investing Activities:		
Purchases of investments	(763,739)	-
Purchases of property and equipment	(168,863)	(24,549)
	(932,602)	(24,549)
Net Cash Required by Investing Activities		
Net Change in Cash and Cash Equivalents	(740,878)	469,796
Cash and Cash Equivalents at Beginning of Year	2,265,277	1,795,481
Cash and Cash Equivalents at End of Year	\$ 1,524,399	\$ 2,265,277

Supplemental Disclosure of Cash Flow Information:

See Note 1 and 7 for non-cash disclosures related to right of use assets and operating lease liability obligations.

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

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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 2022-2023, The Summit placed 17 Summit OnSite therapists in 30 elementary, middle and high public schools in Fulton and Dekalb Counties (and 1 private school in Gwinnett County). The SOS Therapists provided services to 736 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. In 2022, The Fulton County Commissioners elected to continue contract to provide financial support for the Summit OnSite School-Based Therapy Program through a joint partnership between the Fulton County Department of Behavioral Health and Developmental Disabilities, CHRIS 180 and The Summit Counseling Center. However, in January of 2023, the Fulton County Commissioners awarded a new independent contract to The Summit Counseling Center to continue this work in North Fulton County in partnership with the newly established Fulton County Behavioral Health Network. This renewable contract provides increased long-term sustainability for 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”).

New Accounting Policy Adopted

Effective July 1, 2022, the Summit adopted Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring statement of financial position recognition of leases and note disclosure of certain information about lease arrangements. The Summit adopted ASU 2016-02 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment to net assets recognized upon adoption, if necessary. Adoption of ASU 2016-02 did not result in changes to the Summit’s beginning net assets balance. Additionally, upon adoption, the Summit elected to use the risk-free discount rate, an option only available to private entities, when calculating the present value of future lease payments and has made an accounting policy election to not recognize lease assets and lease liabilities for leases with terms of 12 months or less.

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Policy Adopted (Continued)

Adoption of this ASU resulted in the Summit recording right-of-use (“ROU”) assets and corresponding operating lease liabilities of \$653,062 on July 1, 2022, which represents the present value of future lease payments on the Summit’s leases further detailed in Note 7 at the date of adoption. Operating lease expense continues to be recorded on a straight-line basis throughout the lease term and the ROU assets and corresponding operating lease liabilities are reduced as lease payments are made.

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, 2023 and 2022, advertising expense totaled \$163,429 and \$102,534, respectively.

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 and 2022 were \$20,426 and \$5,135, respectively.

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.

Government Grants

A portion of the Summit's revenue is derived from government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Summit has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidating statement of financial position.

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.

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

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 was \$254,196 and \$181,011 for the years ended June 30, 2023 and 2022, 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.

Investments

Investments consist of treasury bills that have been classified as held-to-maturity according to management's intent. Therefore, the Summit holds these investments at historical cost. The recorded value of these investments at June 30, 2023 is \$763,739.

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>2023</u>	<u>2022</u>
Building Improvements	\$ 71,964	\$ 71,964
Furniture and Equipment	213,152	76,821
Computers and Software	164,401	152,195
Leasehold Improvements	<u>96,070</u>	<u>75,743</u>
	545,587	376,723
Less Accumulated Depreciation and Amortization	<u>(351,611)</u>	<u>(325,727)</u>
	<u>\$ 193,976</u>	<u>\$ 50,996</u>

Depreciation expense was \$25,883 and \$27,785 for the years ending June 30, 2023 and 2022, respectively.

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020.

Concentration of Credit Risk

The Summit's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and receivables. The Summit places its cash and cash equivalents and investments with high quality credit institutions. As with any institution that holds cash, investments and receivables, if liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that changes in risks in the near term could occur which in turn could materially affect the amounts reported in the accompanying consolidated financial statements. Management has proactively diversified its cash and cash equivalent holdings, continually monitors receivable balances and the composition of its investments and believes that its exposure to credit risk is limited.

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.

NOTE 3 – LINE OF CREDIT

The Summit has a line of credit with maximum borrowings of \$250,000 and an interest rate of SOFR plus 2.0% (an effective rate of 7.09% at June 30, 2023), and matures in January 2024. There were no outstanding borrowings under the line of credit at June 30, 2023 and 2022.

NOTE 4 – RELATED PARTY TRANSACTIONS

The \$39,973 and \$29,813 balance due to a related entity at June 30, 2023 and 2022, respectively, represents transactions with an affiliated entity which are paid on a monthly basis.

The Summit shares operating expenses with an affiliated entity. Total shared operating expenses of \$10,000 were allocated to the Summit during the years ended June 30, 2023 and 2022.

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

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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 \$81,000 and \$58,000 to this program for the year ended June 30, 2023 and 2022, respectively.

NOTE 6 – NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Operating reserve	\$ 1,133,692	\$ 1,133,692

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

	<u>2023</u>	<u>2022</u>
Counseling	\$ 336,171	\$ 177,557

NOTE 7 – OPERATING LEASES

As discussed in Note 2, the Summit adopted ASC 842 Leases effective July 1, 2022. The Summit leases office space under noncancelable operating leases. As of June 30, 2023, the weighted average remaining lease term was 5.71 years and the weighted average discount rate was 3.41%.

At June 30, 2023, the Summit's operating lease liabilities were comprised of the following:

Gross operating lease liability	\$ 652,059
Less: imputed interest	<u>(57,628)</u>
Present value of operating lease liability	<u>\$ 594,431</u>

Future minimum payments for operating lease liabilities as of June 30, 2023 were as follows:

2024	\$ 126,059
2025	129,128
2026	115,446
2027	106,552
2028	109,748
Thereafter	<u>65,126</u>
	<u>\$ 652,059</u>

THE SUMMIT COUNSELING CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 – LIQUIDITY AND AVAILABILITY

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,524,399	\$ 2,265,277
Investments	763,739	-
Accounts receivable	145,611	114,202
Employee Retention Tax Credit receivable	<u>904,940</u>	<u>1,055,940</u>
	<u>3,338,689</u>	<u>3,435,419</u>
Board designated restrictions	(1,133,692)	(1,133,692)
Donor imposed restrictions	<u>(336,171)</u>	<u>(177,557)</u>
	<u>(1,469,863)</u>	<u>(1,311,249)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,868,826</u>	<u>\$ 2,124,170</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 9 – 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 year ended June 30, 2022, the Summit met the conditions required by the ERTC and recognized grant revenue of \$718,372, which is reflected as Employee Retention Tax Credit in the accompanying statement of activities. At June 30, 2023, the remaining ERTC receivable was \$904,940. Subsequent to year end, the Summit collected \$519,282 of the ERTC receivable.