

FINANCIAL STATEMENTS OF
CENTER FOR TRANSFORMATIVE ACTION
Years Ended June 30, 2023 and 2022

CENTER FOR TRANSFORMATIVE ACTION

TABLE OF CONTENTS

June 30, 2023 and 2022

Independent Auditor’s Report	1-2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-17

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center For Transformative Action
Ithaca, New York 14850

Opinion

We have audited the accompanying financial statements of Center For Transformative Action (a nonprofit organization), which comprise the statements 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 Center For Transformative Action as of June 30, 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 Center For Transformative Action 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 Center For Transformative Action'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 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 Center For Transformative Action'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 Center For Transformative Action'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.

Sciarabba Walker & Co., LLP

Sciarabba Walker & Co., LLP

Ithaca, New York
November 20, 2023

**CENTER FOR TRANSFORMATIVE ACTION
STATEMENTS OF FINANCIAL POSITION
June 30,**

ASSETS

	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	\$ 949,154	\$ 602,218
Short-term investments - certificates of deposit	1,746,759	996,025
Grants receivable	692,687	862,301
Accounts receivable	-	7,210
Prepaid expenses	45,417	25,140
TOTAL CURRENT ASSETS	3,434,017	2,492,894
LONG-TERM INVESTMENTS - MUTUAL FUNDS	-	491,274
RIGHT-OF-USE ASSET	122,271	-
FURNITURE AND EQUIPMENT:		
Furniture and equipment	32,664	32,664
Less accumulated depreciation	(21,911)	(17,446)
NET FURNITURE AND EQUIPMENT	10,753	15,218
TOTAL ASSETS	\$ 3,567,041	\$ 2,999,386

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 126,020	\$ 92,825
Accrued payroll expense	81,554	55,033
Accrued expenses	128,635	108,394
Deferred revenue	-	7,210
Current portion - operating lease liability	88,596	-
TOTAL CURRENT LIABILITIES	424,805	263,462
OPERATING LEASE LIABILITY, net of current portion	34,534	-
NET ASSETS:		
Without donor restrictions	1,574,864	1,524,860
With donor restrictions	1,532,838	1,211,064
TOTAL NET ASSETS	3,107,702	2,735,924
TOTAL LIABILITIES AND NET ASSETS	\$ 3,567,041	\$ 2,999,386

See accompanying notes.

CENTER FOR TRANSFORMATIVE ACTION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30,

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenue, gains and other support:		
Institutional support	\$ -	\$ 3,000
Cornell support	107,102	99,601
Program services	264,541	186,257
Contributions	5,269	7,055
Fees, subscriptions and memberships	6,527	5,429
Interest and dividends	28,285	3,399
Realized loss on investments	(8,630)	(56)
Unrealized gain (loss) on investments	4,430	(15,128)
Miscellaneous income	27	8,200
	407,551	297,757
NET ASSETS RELEASED FROM RESTRICTIONS:		
Institutional support, Cornell support, contributions, and fundraising	3,160,566	2,772,776
TOTAL REVENUE, GAINS AND OTHER SUPPORT	3,568,117	3,070,533
EXPENSES:		
Program services	2,981,615	2,324,770
Supporting services:		
Management and general	393,115	280,807
Fundraising	135,672	169,524
Total supporting services	528,787	450,331
TOTAL EXPENSES	3,510,402	2,775,101
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	57,715	295,432
NET ASSETS WITH DONOR RESTRICTIONS:		
Institutional support	2,343,669	2,220,587
Cornell support	138,726	129,010
Contributions	947,483	484,402
Special events	25,800	38,370
Less: Costs of direct benefits to donors	(1,100)	(2,400)
Fundraising	27,762	39,422
	3,482,340	2,909,391
NET ASSETS RELEASED FROM RESTRICTIONS:		
Institutional support, Cornell support, contributions, and fundraising	(3,160,566)	(2,772,776)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	321,774	136,615
CHANGE IN NET ASSETS	379,489	432,047
NET ASSETS, beginning of year	2,728,213	2,303,877
NET ASSETS, end of year	\$ 3,107,702	\$ 2,735,924

See accompanying notes.

**CENTER FOR TRANSFORMATIVE ACTION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,490,225	\$ 234,973	\$ 116,979	\$ 1,842,177
Employee benefits	146,897	56,231	6,196	209,324
Payroll taxes	142,803	23,202	10,467	176,472
Total salaries and related expenses	<u>1,779,925</u>	<u>314,406</u>	<u>133,642</u>	<u>2,227,973</u>
Rent	94,985	3,522	-	98,507
Contractors and work study	447,778	3,843	2,030	453,651
Advertising, publicity and promotion	7,500	354	-	7,854
Travel and conferences	47,946	2	-	47,948
Telecommunications	25,785	3,119	-	28,904
Printing	19,495	-	-	19,495
Books, videos and magazines	4,597	-	-	4,597
Supplies	207,627	3,473	-	211,100
Minor equipment and repairs	3,759	-	-	3,759
Postage and shipping	16,133	742	-	16,875
Insurance	1,734	22,616	-	24,350
Staff development	6,049	4,089	-	10,138
Membership dues and subscription fees	29,496	5,834	-	35,330
Bank charges	16,128	10,656	-	26,784
Donations	232,322	-	-	232,322
Professional fees	5,250	20,437	-	25,687
Depreciation	4,465	-	-	4,465
Events and meetings	19,331	-	-	19,331
Miscellaneous	11,310	22	-	11,332
	<u>11,310</u>	<u>22</u>	<u>-</u>	<u>11,332</u>
TOTAL EXPENSES	<u><u>\$ 2,981,615</u></u>	<u><u>\$ 393,115</u></u>	<u><u>\$ 135,672</u></u>	<u><u>\$ 3,510,402</u></u>

See accompanying notes.

CENTER FOR TRANSFORMATIVE ACTION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 870,528	\$ 172,527	\$ 142,742	\$ 1,185,797
Employee benefits	89,458	37,386	10,303	137,147
Payroll taxes	80,867	15,927	11,672	108,466
Total salaries and related expenses	<u>1,040,853</u>	<u>225,840</u>	<u>164,717</u>	<u>1,431,410</u>
Rent	45,401	3,475	-	48,876
Contractors and work study	561,088	3,370	1,300	565,758
Advertising, publicity and promotion	7,373	496	76	7,945
Travel and conferences	22,931	217	20	23,168
Telecommunications	32,676	2,283	-	34,959
Printing	18,502	-	-	18,502
Books, videos and magazines	1,143	-	-	1,143
Supplies	141,498	3,776	1,073	146,347
Minor equipment and repairs	9,294	150	-	9,444
Postage and shipping	12,999	443	158	13,600
Insurance	1,778	17,959	-	19,737
Staff development	2,311	206	-	2,517
Membership dues and subscription fees	19,689	2,784	-	22,473
Bank charges	14,373	6,987	1,911	23,271
Donations	362,808	-	-	362,808
Professional fees	-	12,744	-	12,744
Depreciation	4,619	-	-	4,619
Events and meetings	18,053	-	-	18,053
Miscellaneous	7,381	77	269	7,727
TOTAL EXPENSES	<u><u>\$ 2,324,770</u></u>	<u><u>\$ 280,807</u></u>	<u><u>\$ 169,524</u></u>	<u><u>\$ 2,775,101</u></u>

See accompanying notes.

**CENTER FOR TRANSFORMATIVE ACTION
STATEMENTS OF CASH FLOWS
Years Ended June 30,**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 379,489	\$ 432,047
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,465	4,619
Amortization of right-of-use asset	(14,784)	-
Realized loss on investments	8,630	56
Unrealized (loss) gain on investments	(4,430)	15,128
Changes in:		
Grants receivable	169,614	(473,089)
Accounts receivable	7,210	(4,155)
Prepaid expenses	(20,277)	(10,874)
Accounts payable	33,195	36,487
Accrued payroll expense	26,521	5,162
Accrued expenses	20,241	38,584
Deferred revenue	(7,210)	4,155
Operating lease liabilities	7,932	-
Funds held on behalf of others	-	(20,327)
NET CASH PROVIDED BY OPERATING ACTIVITIES	610,596	27,793
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short-term investments	(2,250,000)	(1,000,000)
Redemption of short-term investments	1,500,000	500,000
Purchases of long-term investments	-	(252,315)
Proceeds from sale of long-term investments	486,340	-
NET CASH USED IN INVESTING ACTIVITIES	(263,660)	(752,315)
NET CHANGE IN CASH AND CASH EQUIVALENTS	346,936	(724,522)
CASH AND CASH EQUIVALENTS, beginning of year	602,218	1,326,740
CASH AND CASH EQUIVALENTS, end of year	\$ 949,154	\$ 602,218
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ -	\$ -
Taxes	-	-

See accompanying notes.

**CENTER FOR TRANSFORMATIVE ACTION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022**

A. Summary of Significant Accounting Policies

The Organization

Center for Transformative Action (CTA) is a nonprofit organization formed to promote educational and social action programs. CTA provides technical and administrative support services to these programs which operate under the established goals and guidelines of the CTA bylaws.

Basis of Accounting

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

Basis of Presentation

CTA accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities." Under FASB ASC 958, CTA reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may be met by actions of CTA and/or the passage of time.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. Restricted support with restrictions that are met in the same reporting period are accounted for as unrestricted activity.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

CTA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes is reflected in the financial statements. CTA has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. CTA presently discloses or

recognizes income tax position based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that CTA has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by CTA are subject to examination by taxing authorities.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, CTA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Furniture and Equipment

CTA capitalizes all furniture and equipment in excess of \$5,000. Purchased furniture and equipment are carried at cost. Expenditures for repairs and maintenance are charged to expense as incurred whereas major betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Donated Furniture and Equipment

Donations of furniture and equipment are recorded as contributions as their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, CTA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CTA reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributions and Promises to Give

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Generally, contributions received, including unconditional promises to give, are recognized as revenue in the period received at their fair values.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, "*Accounting for Contributions Received and Contributions Made*," if the services (a) create or enhance nonfinancial assets or (b) require skills, are performed by people with those skills, and would otherwise be purchased by CTA. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements, as the recognition criteria under FASB ASC 958 are not met.

Revenues from Contracts with Customers

Under ASC 606, CTA recognizes revenue when (or as) it satisfies a performance obligation by transferring control of a service to a customer. This revenue is reported as program services in the Statements of Activities and Changes in Net Assets and reflects the consideration to which CTA expects to be entitled in exchange for those services. CTA does not recognize revenue in cases where collectability is not probable and defers the recognition until collection becomes probable or when payment is received.

CTA has elected to apply the following practical expedients:

- Portfolio approach associated with language classes, educational programs/workshops, and goods for sale as there are similarity amongst contracts with no material differences compared to individual contracts.
- Incremental costs of obtaining a contract are capitalized if the contract is for a period of more than one year. If a contract's period is less than one year, the costs are expensed when incurred.
- Additionally, no adjustment is made for the effects of a significant financing component as the period between the time of service and the time of payment is typically less than one year.

Statement of Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. The majority of CTA's expenses are directly charged to programs based on actual usage. In addition, CTA has a central administrative core whose activities indirectly benefit the entire Organization. These expenses are allocated as management and general. CTA uses allocation methods to reasonably share these expenses. Shared expenses include payroll, insurance, and professional fees. This method is reviewed annually.

Leases

CTA has recognized right-of-use asset and lease liabilities resulting from operating leases where CTA is the lessee, as described in Note H. CTA has made an accounting policy election to not recognize lease assets and lease liabilities for leases with a term of 12 months or less unless CTA has the ability and intent to extend the lease beyond a 12-month period.

B. Revenue from Contracts with Customers

The following table presents CTA's program service fees disaggregated by major service line and time of revenue recognition for the year ended June 30,

	<u>2023</u>	<u>2022</u>
Over time:		
Language classes	\$ 43,489	\$ 46,583
Educational programs/workshops	14,847	23,185
Tours	5,130	1,423
Consulting services	54,391	27,751
JAFSCD articles and special issues	15,260	11,873
Bookkeeping revenue	10,302	-
Mural projects	26,000	-
Total recognized over time	<u>169,419</u>	<u>110,815</u>
Point in time:		
Goods for sale	<u>95,122</u>	<u>75,442</u>
Total recognized at a point in time	<u>95,122</u>	<u>75,442</u>
Total revenue from contracts with customers	<u>\$ 264,541</u>	<u>\$ 186,257</u>

Contract Balances:

The following table presents the beginning and ending balances from contracts with customers:

	<u>2023</u>	<u>2022</u>
Accounts receivables, as of July 1	\$ 7,210	\$ 3,055
Accounts receivables, as of June 30	-	7,210

Performance Obligations:

The following is a description of performance obligations, timing of satisfaction of performance obligations, significant payment terms, and obligations for returns and refunds by major type of contract:

Language Classes - The organization enters into contracts with customers to provide a variety of language classes. The contract term begins when the students submit their registration for a course and ends upon course completion. The length and cost of each course varies and is advertised on multiple websites. Providing the language classes is the only performance obligation and as such the full transaction price is allocated to that performance obligation. Revenue is recognized upon completion of the course. Early registration discounts are provided as well as sliding scale discounts based on the student's ability to pay.

Educational Programs/Workshops - The organization enters into contracts with customers to provide services related to education programs and workshops, both single and multi-day. For multi-day programs the contract term begins when the performance agreement is signed by both the customer and the organization and ends upon completion of the program. For single-day programs, the contract term begins when prior registration is completed or when the program commences for those who did not register beforehand.

The prices of the programs vary and are defined either in the associated agreements or in program advertisements. Providing the educational program is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized in the month the program was completed.

Tours - The organization enters into contracts with customers to provide guided tours of EcoVillage Ithaca. The contract term begins when the tour is scheduled and ends upon completion of the tour. The price of the tours set and is listed on the website. Providing the guided tour is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized in the month the tour was completed.

Consulting Services - The organization enters into contracts with customers to provide consulting services. Each contract term varies and begins and ends at the dates specified in the consulting agreement. The contract prices vary and are defined as the amount of consideration agreed upon in the consulting contract. Providing the services described in the consulting contract is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized in the month that the services are completed.

JAFSCD Articles & Special Issues - The organization enters into contracts with customers to provide publication of scholarly articles or special topic issues. The contract term begins when the agreement has been signed and ends when the article or issue has been published. Providing the publication of articles and special issues is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized in the month the article or special issue is published.

Bookkeeping Revenue - The organization enters into contracts with customers to provide bookkeeping services. Each contract term varies and begins and ends at the dates specified in the bookkeeping agreement. The contract prices vary and are defined as the amount of consideration agreed upon in the bookkeeping contract. Providing the services described in the contract is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized in the month that the services are completed.

Murals Projects – The organization enters into contracts with customers to provide paintings on public and private property. The contract term begins when the agreement has been signed or the painting execution has begun and ends when the mural painting is completed. Providing the painting of a mural is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized in the month the painting is completed.

Goods for Sale - The organization enters into contracts with customers for the sales of groceries at their grocery store and the sales of books, t-shirts, cd's and other items during programs/workshops or through online stores. The prices for the products are fixed, and the performance obligation is satisfied, and revenue is recognized, at the point of sale. Customers can return purchased items at any time, but this happens infrequently, and amounts are negligible. As a result, the Organization allocates the full transaction

price to that purchase from the customer and does not record an estimate for future returns. There are discounts associated with those customers who have memberships, as well as discounts associated with products nearing their expiration date.

C. Liquidity and Availability of Resources

The following reflects CTA's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions:

	<u>2023</u>	<u>2022</u>
Total assets	\$ 3,567,041	\$ 2,999,386
Less:		
Property	(10,753)	(15,218)
Prepays	<u>(45,417)</u>	<u>(25,140)</u>
Financial assets	3,510,871	2,959,028
	<u>2023</u>	<u>2022</u>
Financial assets	\$ 3,510,871	\$ 2,959,028
Less: those unavailable for general expenditures within one year	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,510,871</u>	<u>\$ 2,959,028</u>

As part of the Organization's liquidity management, it invests cash in short term investments, mainly certificates of deposit. The Organization also has a goal to maintain enough cash and cash equivalents on hand to meet at least four months of normal operating expenses which are, on average, \$200,000.

D. Investments

The cost, fair value, and unrealized appreciation (depreciation) for the investments of CTA for the years ended June 30, is as follows:

	<u>2023</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Short-term investments:			
Certificates of deposit	\$ 1,750,000	\$ 1,746,759	\$ (3,241)
	<u>2022</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Short-term investments:			
Certificates of deposit	\$ 1,000,000	\$ 996,025	\$ (3,975)
Long-term investments:			
Mutual funds	500,000	491,274	(8,726)

E. Furniture and Equipment

Furniture and equipment consist of the following at June 30:

	2023		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 32,664	\$ 21,911	\$ 10,753

	2022		
	Cost	Accumulated Depreciation	Net Book Value
Equipment	\$ 32,664	\$ 17,446	\$ 15,218

Depreciation expense for the years ended June 30, 2023 and 2022 was \$4,465 and \$4,619, respectively.

F. Concentration of Credit Risk

Financial instruments that potentially subject CTA to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

G. Affiliation with Cornell University

CTA is an affiliate of Cornell University (Cornell) through a written affiliation agreement. Based on the terms of this agreement, CTA is to provide services and programs to Cornell's faculty, staff, students, and others to create "wider opportunities for education and service in the fields of religion and ethics, and their relationship to social policy." Such services and programs are governed by the terms of a separate operating agreement between the organizations.

Receivables of \$0 were owed from Cornell for the years ended June 30, 2023 and 2022.

CTA leases office space from Cornell United Religious Works under a tenant at will lease agreement. Rent expense for this office space amounted to \$10,683 and \$11,441 for the years ended June 30, 2023 and 2022, respectively.

H. Leases

CTA has entered into several operating lease agreements for office space in Ithaca, NY.

CTA has elected the practical expedient related to short-term leases for office space rentals. One of CTA's office space leases includes an optional renewal period which CTA considers reasonably certain of being exercised.

The provisions of CTA's leases include both fixed rental payments and lease payments that increase at pre-determined dates. CTA has elected the practical expedient not to separate lease and non-lease components for all leases.

During the years ended June 30, 2023 and 2022, rent expenses were recognized associated with operating leases as fixed rent expense of \$85,237 and \$48,876, respectively. Amounts recognized as right-of-use assets related to operating leases are included in right-of-use assets on the Statements of Financial Position, while related lease liabilities are shown as current liabilities and long-term liabilities. Right-of-use assets and lease liabilities relating to operating leases were as follows as of June 30:

	<u>2023</u>
Operating lease right-of-use assets	\$ 122,271
Operating lease liabilities	
Current portion of long-term lease liability	88,596
Long-term lease liability	34,534

CTA had the following cash and non-cash activities associated with operating leases during the year ended June 30:

	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities -	
Operating cash flows from operating leases	\$ 90,989

There was no non-cash activity during the period.

The future minimum annual payments due under operating leases as of June 30, 2023 are as follows:

2024	\$ 88,648
2025	39,478
	<u>\$ 128,126</u>

The weighted-average remaining lease term for all operating leases as of June 30, 2023 is 1.54 years.

When CTA does not have access to the rate implicit in the lease, the incremental borrowing rate is utilized as the discount rate. The weighted-average discount rate associated with operating leases as of June 30, 2023 is 4.65%.

A cumulative adjustment of \$7,711 was made to decrease beginning net assets without donor restrictions in order to implement ASC 842.

I. Fair Value Measurements

Accounting Standards Codification (ASC) 820 established a three-tier hierarchy for fair value measurements, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – observable inputs such as quoted prices for identical instruments in active markets.
- Level 2 – inputs other than quoted prices in active markets that are observable either directly or indirectly through corroboration with observable market data.
- Level 3 – unobservable inputs in which there is little or no market data, which would require CTA to develop its own assumptions.

As of June 30, 2023 and 2022, CTA held certain assets that were measured at fair value on a recurring basis. The fair value of investments is obtained from readily available market prices. The following tables presents CTA's financial assets measured at fair value on a recurring basis as of June 30, 2023 and 2022 subject to the disclosure requirements of ASC 820:

	Fair Value Measurements as of June 30, 2023			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS:				
Investments	\$ 1,746,759	\$ 1,746,759	\$ -	\$ -

	Fair Value Measurements as of June 30, 2022			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS:				
Investments	\$ 1,487,299	\$ 1,487,299	\$ -	\$ -

J. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at June 30 for the following projects:

	<u>2023</u>	<u>2022</u>
Alternatives Library	\$ 124,476	\$ 71,148
Prisoner Express	-	3,589
DCI	44,868	14,670
ICOA	13,766	12,755
Human Rights Educators	25,602	19,563
Aspies for Social Success	4,440	2,602
FSFHC	1,435	48,298
QDEP	119,243	-
Of All Trades	1,241	2,238
Jahajee Sisters	529,088	507,945
Neighbor to Neighbor	20,519	23,542

	<u>2023</u>	<u>2022</u>
Inviolata Initiative	1,189	2,323
Open Doors English	69,245	147,788
ICSW	2,619	384
Open Doors	98,213	206,721
WON	10,855	33,294
Christopherson Center	50,443	35,833
Fallen Tree	8,643	3,828
Story House Ithaca	24,028	15,677
URO	50,518	57,565
GLP	327	-
NWDL	9,829	-
Ithaca Murals	21,006	-
CGES	28,189	-
Healthy Food for All	238,159	-
Ancestor Project USA	109	-
Designated Health	-	399
Rootwork Herbals	1,888	902
Choice Matters	32,900	-
	<u>\$ 1,532,838</u>	<u>\$ 1,211,064</u>

K. Pension Plan

CTA maintains a 403(b) defined contribution pension plan, which covers substantially all employees. On behalf of each participating employee, CTA matches 25% of the employees' deferral, up to \$2,000. CTA contributed \$11,250 and \$5,382 for the years ended June 30, 2023 and 2022, respectively.

L. Reclassification

Certain accounts in the prior-year financial statements have been reclassified to conform with the presentation in the current year financial statements.

M. Adoption of New Accounting Pronouncements

On July 1, 2022, CTA adopted ASU 2016-02 "Leases" and all subsequent amendments to the ASU (collectively, "Topic 842"), which create recognition of assets and liabilities that arise from leases. The standard was adopted using a modified retrospective approach and a cumulative effect adjustment to the opening balance of net assets without donor restrictions was recognized in the current year. As a result, reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

N. Subsequent Events

CTA has evaluated events and transactions for potential recognition or disclosure in the financial statements occurring through November 20, 2023, the date the financial statements were available to be issued, and there were no events that required disclosure.