The Heartland Institute

Audited Financial Statements

For the Years Ended December 31, 2022 and 2021

(With Independent Auditor's Report Thereon)

The Heartland Institute

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Independent Auditor's Report

To the Board of Directors of
The Heartland Institute
Arlington Heights, Illinois 60004

Opinion

We have audited the accompanying financial statements of The Heartland Institute (the “Organization”) (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with the 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Organization’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor’s Responsibility 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 the Organization’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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’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.

Tighe Kress & Orr, PC

Elgin, Illinois
August 1, 2023

The Heartland Institute
Statements of Financial Position
December 31, 2022 and 2021

		2022		Restated 2021
Assets				
Current Assets:				
Cash and cash equivalents	$	491,218	$	912,863
Prepaid expenses		2,280		6,852
Total Current Assets		493,498		919,715
Noncurrent Assets:				
Property and equipment, net		854,405		858,692
Operating lease right-of-use asset		41,716		-
Total Noncurrent Assets		896,121		858,692
Total Assets	$	1,389,619	$	1,778,407
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	$	105,355	$	115,935
Credit card payable		35,735		35,132
Accrued expenses		-		5,520
Payroll liabilities		89,525		46,729
Current portion of operating lease liability		17,065		-
Total Current Liabilities		247,680		203,316
Operating Lease Liability - net of current portion		24,651		-
Total Liabilities		272,331		203,316
Net Assets:				
Without donor restrictions		1,117,288		1,575,091
With donor restrictions		-		-
Total Net Assets		1,117,288		1,575,091
Total Liabilities and Net Assets	$	1,389,619	$	1,778,407

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

The Heartland Institute
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

	2022			Restated 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue:						
Contributions	$ 3,822,898	$ -	$ 3,822,898	$ 4,054,969	$ -	$ 4,054,969
Publications/research	18,874	-	18,874	1,458	-	1,458
Fundraising events	54,450	-	54,450	50,082	-	50,082
Other events	150	-	150	-	-	-
Interest income	24	-	24	-	-	-
Total Public Support and Revenue	3,896,396	-	3,896,396	4,106,509	-	4,106,509
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	-	-	-	30,575	(30,575)	-
Expenses:						
Program services	2,883,404	-	2,883,404	2,604,858	-	2,604,858
Support services	743,502	-	743,502	872,579	-	872,579
Fundraising services	727,293	-	727,293	664,409	-	664,409
Total Expenses	4,354,199	-	4,354,199	4,141,846	-	4,141,846
Change in Net Assets	(457,803)	-	(457,803)	(4,762)	(30,575)	(35,337)
Net Assets, Beginning of Year	1,575,091	-	1,575,091	1,579,853	30,575	1,610,428
Net Assets, End of Year	$ 1,117,288	$ -	$ 1,117,288	$ 1,575,091	$ -	$ 1,575,091

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

The Heartland Institute
Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021
Part 1

Expenses:	Programs: Environmental and Climate	Programs: Publications/ Editorial	Programs: Government Relations	Programs: Public Relations	Programs: Stopping Socialism	Total Program Services	Support Services	Fundraising Services	Total Expenses December 31, 2022	Restated Total Expenses December 31, 2021
Salaries and wages	$ 295,580	$ 379,185	$ 252,865	$ 278,250	$ 150,968	$ 1,356,848	$ 297,192	$ 411,289	$ 2,065,329	$ 1,727,915
Benefits	40,678	40,913	25,047	34,822	13,890	155,350	31,971	39,940	227,261	210,443
Payroll taxes	17,127	28,601	20,835	18,873	11,714	97,150	19,272	26,309	142,731	119,522
Contractors	166,849	187,473	63,885	221,750	-	639,957	120,221	33,631	793,809	578,169
Accounting/payroll fees/legal fees	7,308	7,481	5,298	5,595	3,611	29,293	5,143	7,666	42,102	40,414
Supplies/furniture/equipment	889	2,883	2,946	25,538	719	32,975	26,266	3,675	62,916	136,505
Telephone/data	941	472	-	400	-	1,813	21,833	632	24,278	27,466
Postage and shipping	34,809	54,499	13,085	4,172	-	106,565	2,172	37,004	145,741	238,222
Occupancy	-	-	-	161	-	161	171,122	114	171,397	195,756
Printing and publications	-	125,080	-	-	-	125,080	-	40,646	165,726	124,542
Travel	8,698	6,128	20,168	23,305	602	58,901	1,177	80,338	140,416	135,890
Conferences/meetings	25,000	178	21,391	-	-	46,569	26	44,264	90,859	400,471
Interest	-	-	-	-	-	-	-	-	-	2,134
Depreciation	-	-	-	-	-	-	29,688	-	29,688	31,075
Other Expenses:										
Association dues	-	-	-	-	-	-	711	-	711	948
Advertising and public relations	3,317	5,246	1,230	39,231	162,618	211,642	425	1,785	213,852	119,762
Memberships	-	-	18,500	-	-	18,500	-	-	18,500	19,558
Government and bank fees	-	-	-	-	-	-	16,283	-	16,283	20,554
Contributions and grants	2,600	-	-	-	-	2,600	-	-	2,600	12,500
Total Expenses:	$ 603,796	$ 838,139	$ 445,250	$ 652,097	$ 344,122	$ 2,883,404	$ 743,502	$ 727,293	$ 4,354,199	$ 4,141,846
Percentage of total	14%	19%	10%	15%	8%	66%	17%	17%	100%	

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

The Heartland Institute
Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021
Part 2

	Programs					Total			Restated
Expenses:	Environmental and Climate	Publications/ Editorial	Government Relations	Public Relations	Stopping Socialism	Program Services	Support Services	Fundraising Services	Total Expenses December 31, 2021
Salaries and wages	$ 146,716	$ 362,548	$ 281,819	$ 268,596	$ 77,154	$ 1,136,833	$ 250,459	$ 340,623	$ 1,727,915
Benefits	5,341	26,305	62,679	35,848	7,371	137,544	46,276	26,623	210,443
Payroll taxes	5,958	28,799	20,710	19,157	5,909	80,533	15,197	23,792	119,522
Contractors	42,745	199,896	27,765	55,804	-	326,210	222,133	29,826	578,169
Accounting/payroll fees/legal fees	3,351	7,957	6,798	7,032	2,185	27,323	6,811	6,280	40,414
Supplies/furniture/equipment	14,934	-	3,218	49,803	28,000	95,955	35,060	5,490	136,505
Telephone/data	350	-	-	-	-	350	27,116	-	27,466
Postage and shipping	172	63,225	-	721	-	64,118	9,513	164,591	238,222
Occupancy	-	-	-	-	-	-	195,476	280	195,756
Printing and publications	-	120,234	-	-	-	120,234	-	4,308	124,542
Travel	28,743	3,636	36,413	7,378	-	76,170	6,378	53,342	135,890
Conferences/meetings	373,622	-	19,526	-	851	393,999	-	6,472	400,471
Interest	-	-	-	-	-	-	2,134	-	2,134
Depreciation	-	-	-	-	-	-	31,075	-	31,075
Other Expenses:									
Association Dues	-	-	-	-	-	-	948	-	948
Advertising and public relations	304	16,131	94	67,252	30,808	114,589	2,391	2,782	119,762
Memberships	-	-	18,500	-	-	18,500	1,058	-	19,558
Government and bank fees	-	-	-	-	-	-	20,554	-	20,554
Contributions and grants	5,500	-	-	7,000	-	12,500	-	-	12,500
Total Expenses:	$ 627,736	$ 828,731	$ 477,522	$ 518,591	$ 152,278	$ 2,604,858	$ 872,579	$ 664,409	$ 4,141,846
Percentage of total	15%	20%	12%	13%	4%	63%	21%	16%	100%

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

The Heartland Institute
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	Restated 2021
Cash Flow from Operating Activities		
Change in net assets	$ (457,803)	$ (35,337)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activites:		
Depreciation	29,688	31,075
Cash provided by (used in) assets and liabilities:		
Prepaid expenses	4,572	(5,868)
Accounts payable	(10,580)	65,783
Credit card payable	603	21,089
Accrued expenses	(5,520)	5,521
Payroll liabilities	42,796	(48,424)
Net Cash Provided by (Used in) Operating Activities	(396,244)	33,839
Cash Flow from Investing Activities		
Purchase of property and equipment	(25,401)	-
Net Cash Used in Investing Activities	(25,401)	-
Cash Flow from Financing Activities		
Net Cash Provided by (Used in) Financing Activities	-	-
Net Increase (Decrease) in Cash	(421,645)	33,839
Cash and Cash Equivalents balance, Beginning of Year	912,863	879,024
Cash and Cash Equivalents balance, End of Year	$ 491,218	$ 912,863
Supplemental Disclosure:		
Cash paid for interest	$ -	$ 2,668

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

Note 1 – Summary of Significant Accounting Policies

Nature of Activities: The Heartland Institute (the "Organization") is an Illinois not-for-profit corporation organized exclusively for charitable and educational purposes. Its main purpose is to inform and educate the public on research of past and existing public policies and the effects and results of those policies and free market or private sector alternatives. The Organization's programs are supported primarily by contributions from individuals, businesses, and foundations.

Method of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with United States Generally Accepted Accounting Principles applicable to non-profit organizations. Revenues are recognized as they are earned and expenses as they are incurred.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update ("ASU") 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include undesignated and board-designated sources with no legal donor-imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed or legal restrictions, which will either be met by the Organization's actions, the passage of time, or are perpetual in nature. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restrictions are met or have expired. These reclassifications are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Revenue Recognition: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted this update, along with all subsequent amendments (collectively, "ASC 606") in 2019 under the modified retrospective method. Additionally, the Organization applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations relate to contracts with an expected duration of less than one year. The effect of the Organization's adoption of ASC 606 is outlined below.

Note 1 – Summary of Significant Accounting Policies (continued)

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this update on a prospective basis and the effects of the adoption are outlined below.

The effect of ASC 606 and ASU 2018-08 on the Organization's financial statements were examined in conjunction with one another. Certain of the Organization's revenue-producing arrangements do not meet the definition of a contract under ASC 606, as the arrangement does not have commercial substance and does not meet the definition of an exchange transaction under the clarified guidance in ASU 2018-08. Revenue streams, including pledges and contributions were determined to fall under the scope of ASU 2018-08 for the years ended December 31, 2022 and 2021. Prior to the clarifications provided in ASU 2018-08, transactions with customers that benefited the general public were considered to be exchange transactions. Under the clarified guidance, such transactions constitute contributions. The Organization reassessed the nature of its revenue-producing arrangements to ensure alignment with the definition of a contract under ASC 606 and an exchange transaction under ASU 2018-08.

In the following table, revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition:

	2022	2021
Major service lines		
Fundraising events	$ 54,450	$ 50,082
Publications/research	18,874	1,458
Other	150	-
	$ 73,474	$ 51,540
Timing of revenue recognition		
Services or products transferred at a point in time	$ 73,474	$ 51,540
Services or products transferred over time	-	-
	$ 73,474	$ 51,540

The majority of the Organization's revenue, which are generated from contributions and interest income, are not from contracts with customers. Total revenue from these sources were $3,822,922 and $4,054,969 for the years ended December 31, 2022 and 2021, respectively.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reports amounts of revenues, gains and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization defines cash, for the purposes of reporting cash flows, as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Contributions: The Organization accounts for contributions in accordance with the recommendations in FASB ASC 958-225. In accordance with FASB ASC 958-225, contributions, grants, and contracts received are recorded as support and revenue with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Unrestricted contributions are recognized when received.

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support and revenues are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, such as when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions.

In-kind Contributions: In-kind donations are recognized as contributions in accordance with FASB ASC 958-225, if the services either a) create or enhance nonfinancial assets or b) require special skills, and are performed by people with those skills, and would otherwise be purchased by the Organization. Donations received in property and services other than cash are recorded at their fair market value on the date of the gift. Donations in property and services whose fair market values are not objectively determinable are omitted from the financial statement in accordance with generally accepted accounting principles. No such services were received during the years ended December 31, 2022 and 2021. Donated items are reflected in the financial statement based on the value supplied by the donor or at their estimated fair market values at the date of receipt.

Note 1 – Summary of Significant Accounting Policies (continued)

On January 1, 2022, the Organization elected to adopt Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the Statement of Activities and Changes in Net Assets, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact of the financial statements, with the exception of increased disclosure.

Property and Equipment: Property and equipment are stated at cost, less accumulated depreciation. The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of $2,500. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets.

Buildings	39 Years
Land improvements	20 Years
Furniture and equipment	7 Years
Software	3 Years
Automobiles	5 Years
Building improvements	15 Years

Concentrations of Credit Risk: The Organization maintains its cash balances in several bank accounts. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Organization has not experienced any loss in such accounts. Cash at December 31, 2022 and 2021 exceeded federally insured limits by $118,687 and $571,103, respectively. Management believes the Organization is not exposed to any significant credit risk on its cash balances.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accounts and Pledges Receivable: Accounts receivable are stated at the amount management expects to collect from outstanding balances and pledges. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collections efforts are written off to bad debt expense. There were no bad debt write-offs or accounts deemed uncollectible for the years ended December 31, 2022 and 2021.

Note 1 – Summary of Significant Accounting Policies (continued)

Income Tax Status: The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

Liquidity: The Organization has $491,218 of financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting of cash of $491,218. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 120 days of normal operating expenses, which are, on average, approximately $1,432,000.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Leases:
The Organization adopted Accounting Standards Update (ASU) 2016-02, *Leases*, issued February 2016, by the FASB. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either financing or operating, with the classification affecting the pattern of expense recognition in the statement of income. The Organization adopted this update in the year ending December 31, 2022, using the modified retrospective transition method with January 1, 2022 as the date of initial adoption. The Organization elected the package of practical expedients permitted under the transition guidance with the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. Adoption of the standard resulted in an increase in operating lease right-of-use assets and operating lease liabilities of $41,716, respectively.

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Note 2 – Fixed Assets

Property and equipment at December 31, 2022 and 2021 consists of the following:

	Cost 12/31/2021	Acquisitions/ (Disposals)	Cost 12/31/2022	Accumulated Depreciation 12/31/2022
Depreciable assets:				
Building	$ 927,143	$ 25,400	$ 952,543	$ (274,662)
Office furniture	46,005	-	46,005	(37,227)
Office equipment	235,378	-	235,378	(145,246)
Non-depreciable assets:				
Land	65,364	-	65,364	-
Artwork	12,250	-	12,250	-
Total fixed assets	$ 1,286,140	$ 25,400	$ 1,311,540	$ (457,135)

Depreciation expense for the years ended December 31, 2022 and 2021 was $29,688 and $31,075, respectively.

Note 3 – Lease Commitments

The Organization has four equipment – operating leases:

1. A postage machine lease was entered effective October 2016 through September 2021 for $1,155 per quarter. This lease was not renewed in 2022.
2. A photocopier lease was entered effective May 2016 through June 2021 for $272 per month. This lease was not renewed in 2022.
3. A photocopier lease was entered effective September 2019 through August 2024 for $1,143 per month.
4. A postage meter lease was entered effective February 2022 through February 2027 for $1,316 per quarter.

At December 31, 2022, the Organization has an operating lease right-of-use asset and liability on the Statement of Financial Position in the amount of $41,716, respectively, for these leases. The remaining lease terms and discount rates used are summarized below.

Lessor	Remaining Term	Discount Rate
Photocopier Lease	20 - months	6.00%
Postage Meter Lease	17 - quarters	6.00%

Note 3 – Lease Commitments (Continued)

At December 31, 2022, the future minimum lease payments under capital and operating leases are presented as follows.

Year ending December 31,		
2023	$	18,977
2024		14,406
2025		5,263
2026		5,263
2027		1,314
Total	$	45,223
Interest		(3,507)
		41,716

Note 4 – Concentrations

Approximately 31% and 14% of the Organization's total support and revenues for the years ended December 31, 2022 and 2021 respectively, came from contributions from a single donor. Any substantial loss of donations from this particular donor could significantly affect the Organization's range of services provided.

Note 5 – Restatement

The Company discovered that previously issued financial statements included certain errors related to accounts payable and expenses, and certain changes in facts and circumstances related to the restricted net assets. Certain expenses that were recognized in 2021 were already recognized in 2020 and accrued in accounts payable. The Company has restated the 2021 financial statements for accounts payable and expenses of $17,570.

Prior to 1997, the estate of Franklin Butcha executed a note under the charitable remainder trust provision of the Internal Revenue Code. Interest of 7.0% per annum was paid quarterly to the beneficiary of Franklin Butcha estate (his spouse) until her death. The principal loan of $25,000, plus previously accrued interest of $5,576 prior to Franklin's death, for a total of $30,575, was recognized as other income in 1996. In 2021, the beneficiary of the estate passed away. The Company has restated the 2021 financial statements to reclass the net assets with donor restrictions of $30,575 to net assets without donor restrictions.

Note 5 – Restatement (Continued)

The restatement has no effect on the current year's operations. The effect of the restatement on the 2021 financial statements is as follows:

	As previously reported	Restated
Statements of Financial Position		
Accounts Payable	$ 133,505	$ 115,935
Total Current Liabilities	$ 220,886	$ 203,316
Total Liabilities	$ 220,886	$ 203,316
Without Donor Restrictions	$ 1,526,946	$ 1,575,091
With Donor Restrictions	$ 30,575	$ -
Total Net Assets	$ 1,557,521	$ 1,575,091
Statements of Activities and Changes in Net Assets		
Program Services	$ 2,608,949	$ 2,604,858
Support Services	$ 883,067	$ 872,579
Fundraising Services	$ 667,400	$ 664,409
Change in Net Assets	$ (52,907)	$ (35,337)
Prior Period Adjustment	$ -	$ 30,575
Net Assets, End of Year	$ 1,557,521	$ 1,575,091

Note 6 – Date of Management's Review

Subsequent events have been evaluated through the date of this report, which is the date the financial statements were available to be issued. It was concluded that there are no subsequent events required to be disclosed.