EVOLVE ADOPTION
AND FAMILY SERVICES

AUDITED FINANCIAL STATEMENTS

June 30, 2023

Harrington Langer & Associates
Certified Public Accountants
563 Phalen Boulevard, St. Paul, MN 55130
651-481-1128 Phone | 651-481-0982 Fax
www.hlaccountants.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
EVOLVE Adoption and Family Services
Oak Park Heights, Minnesota

Opinion

We have audited the accompanying financial statements of EVOLVE Adoption and Family Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year 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 EVOLVE Adoption and Family Services as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 EVOLVE Adoption and Family Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 EVOLVE Adoption and Family Services' 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 EVOLVE Adoption and Family Services' 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 EVOLVE Adoption and Family Services' 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.

Harrington Langer & Associates

October 8, 2024

EVOLVE ADOPTION AND FAMILY SERVICES
STATEMENT OF FINANCIAL POSITION
June 30, 2023

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 400,397
Accounts receivable, net of allowance for uncollectible accounts of $57,410	211,795
ERC receivable	130,221
Prepaid expenses	30,691
TOTAL CURRENT ASSETS	773,104
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $513,282	547,975
OTHER ASSETS	
Operating lease right-of-use asset	34,040
TOTAL ASSETS	$ 1,355,119
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	$ 177,703
Accrued expenses	107,178
Lease liability	34,040
Line of credit	400,649
Deferred revenue	68,772
Refundable advance	151,349
TOTAL CURRENT LIABILITIES	939,691
NET ASSETS	
Without donor restrictions	415,428
TOTAL NET ASSETS	415,428
TOTAL LIABILITIES AND NET ASSETS	$ 1,355,119

EVOLVE ADOPTION AND FAMILY SERVICES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor Restrictons	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Program services:			
Family support and related	$ 234,964	$ -	$ 234,964
Adoption and related	241,194	-	241,194
Foster care and related	1,244,287	-	1,244,287
Total program services:	1,720,445	-	1,720,445
Foundation contributions	252,161	-	252,161
Individual contributions	39,925	-	39,925
Government grants and contributions	580,812	-	580,812
Special events, net of related expenses of $24,980	62,210	-	62,210
Investment income	1,215	-	1,215
Net assets released from restrictions	-	-	-
TOTAL SUPPORT AND REVENUE	2,656,768	-	2,656,768
EXPENSES			
Program services	2,269,828	-	2,269,828
Management and general	425,401	-	425,401
Fundraising	196,474	-	196,474
TOTAL EXPENSES	2,891,703	-	2,891,703
CHANGE IN NET ASSETS	(234,935)	-	(234,935)
NET ASSETS, BEGINNING	650,363	-	650,363
NET ASSETS, ENDING	$ 415,428	$ -	$ 415,428

See notes to financial statements

EVOLVE ADOPTION AND FAMILY SERVICES
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (234,935)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	30,626
(Increase) decrease in:	
Accounts receivable	273,527
Prepaid expenses	(14,211)
Increase (decrease) in:	
Accounts payable	(25,415)
Accrued expenses	38,875
Deferred revenue	67,772
Refundable advance	88,615
NET CASH PROVIDED BY OPERATING ACTIVITIES	224,854
CASH FLOWS FROM FINANCING ACTIVITIES	
Net change in the line of credit	82,050
NET CASH PROVIDED BY FINANCING ACTIVITIES	82,050
INCREASE IN CASH AND CASH EQUIVALENTS	306,904
CASH AND CASH EQUIVALENTS, BEGINNING	93,493
CASH AND CASH EQUIVALENTS, ENDING	$ 400,397
SUPPLEMENTAL CASH FLOWS DISCLOSURES	
Interest paid	$ 38,305

EVOLVE ADOPTION AND FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Expenses								
	Adoption Services	Pregnancy Services	Family & Youth Services	Foster Care	Education & Events	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 266,987	$ 27,490	$ 160,097	$ 373,023	$ 173,246	$ 1,000,843	$ 45,225	$ 122,305	$ 1,168,373
Payroll taxes	21,740	1,906	11,409	28,539	12,032	75,626	37,402	10,708	123,736
Benefits	27,563	2,449	13,292	33,137	14,879	91,320	768	13,140	105,228
Total personnel costs	316,290	31,845	184,798	434,699	200,157	1,167,789	83,395	146,153	1,397,337
Professional fees	12,156	1,064	19,717	15,985	6,729	55,651	92,266	6,015	153,932
Special events	-	-	-	-	-	-	-	24,980	24,980
Occupancy	14,615	1,301	7,390	18,826	8,013	50,145	7,687	1,157	58,989
Communication	9,974	853	8,001	12,361	6,685	37,874	2,980	6,051	46,905
Office expenses	7,269	747	10,258	9,440	15,699	43,413	118,490	9,643	171,546
Advertising and marketing	510	88	506	211	9,544	10,859	504	1,463	12,826
Insurance	-	-	-	-	-	-	39,645	1	39,646
Staff morale and training	409	61	639	743	120,142	121,994	3,074	391	125,459
Client fees and related	4,194	571	2,998	653,653	4,484	665,900	3,374	-	669,274
Travel	4,527	1,102	4,546	10,047	4,603	24,825	283	16	25,124
Banking	4	-	-	-	1	5	1,905	9,753	11,663
Interest	-	-	-	-	-	-	38,305	-	38,305
Bad debt expense	28	3,588	-	-	-	3,616	18,726	-	22,342
Depreciation	7,396	658	3,705	9,475	4,050	25,284	1,790	3,552	30,626
Dues and subscriptions	800	-	-	2,324	1,126	4,250	1,015	686	5,951
Real estate tax	-	-	-	-	-	-	815	-	815
Equipment rental	4,318	392	2,226	5,612	2,401	14,949	1,198	2,075	18,222
Licenses and permits	424	43	168	262	146	1,043	1,179	145	2,367
Building maintenance	6,380	565	3,232	7,992	3,605	21,774	1,506	3,042	26,322
Utilities	5,498	920	3,076	6,949	4,014	20,457	3,153	2,534	26,144
Building security	-	-	-	-	-	-	1,881	-	1,881
Miscellaneous	-	-	-	-	-	-	2,230	3,797	6,027
Total expenses by function	394,792	43,798	251,260	1,188,579	391,399	2,269,828	425,401	221,454	2,916,683
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	(24,980)	(24,980)
Total expenses included in the statements of activities	$ 394,792	$ 43,798	$ 251,260	$ 1,188,579	$ 391,399	$ 2,269,828	$ 425,401	$ 196,474	$ 2,891,703

See notes to financial statements

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

EVOLVE Adoption & Family Services (the Organization) is a Minnesota nonprofit incorporated July 1, 2014, from a merger between HOPE Adoption & Family Services International, Inc. and Crossroads Adoption Services. The Organization's core vision is a world where everyone has nurturing, permanent, and supportive familial relationships. The Organization accomplishes this by providing a full breadth of inclusive ethical programing in adoption, foster care, pregnancy support, youth services, cultural support and education. The Organization works within and alongside the child welfare system. The Organization recognizes the disparities caused by structural oppression and systemic inequities and works to address and combat these. The Organization is a licensed child placing agency and family services Organization in the states of Minnesota and Wisconsin.

The Organization's programs are as follows:

Foster Care - Working within communities to find families who will provide nurturing foster care to children from their community, ensuring that children who cannot be at home, remain close to home. The Organization specializes in kinship care, helping the child stay within their family and supporting the child's extended family through foster care services.

Pregnancy Services – Offering free, unbiased support to those experiencing an unplanned pregnancy. Services include: counseling, parent education, infant care items, referrals and support services.

Youth Services – Providing a variety of services to youth involved in the child welfare system, including child-focused recruitment to help youth in care achieve permanency, social and medical history writing, and supporting successful transitions to adulthood for youth exiting the foster care system without a permanency resource.

Adoption – Specializing in open adoptions and providing a variety of programs, including adoption of children through foster care, local and national infant adoption options, and assisting families with home studies and post-placement/adoption for international adoption.

Education and Cultural Events – The Organization offers a variety of educational and supportive events to promote strong, healthy families, including Black heritage camps and cultural supports, information meetings, client-only parent education trainings, family support programs and workshops.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation:

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which required the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions:

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions:

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Recently Adopted Accounting Pronouncements:

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of July 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022, was necessary for the impact of adoption of FASB ASC 842. The most significant effects of adopting FASB ASC 842 was the recognition of approximately $90,000 of operating lease right-of-use (ROU) assets and total current and long-term lease liabilities on the statement of financial position as of July 1, 2022. No cumulative effect adjustment to net assets as of July 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended June 30, 2023.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Adopted Accounting Pronouncements (continued):

As part of the transition, the Organization implemented new internal controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients.

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases.
- Election not to reassess the lease classification for any expired or existing leases.
- Election not to reassess initial direct costs on any existing leases.

Other practical expedients:

- Election whereby the lease and nonlease components will not be separated for leases of equipment.
- Election not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than one month. Leases of one month or less are not included in short-term lease costs.

Accounting Policy Election for Short-term Leases:

The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Leases

The Organization accounts for leases in accordance with FASB ASC 842. The Organization is a lessee in a noncancellable operating lease for office space. Leases for other equipment are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and ROU asset at the commencement date of the lease.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease Liabilities

A lease liability is measured on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable. The implicit rates of the Organization’s leases are not readily determinable; accordingly, the Organization has made the election to use a risk-free rate in lieu of its incremental borrowing rate using a period comparable with that of the individual lease term based on the information available at the commencement date for each lease. For existing leases at implementation date of FASB ASC 842, the risk-free rate used is the rate comparable with the remaining lease term as of the implementation date.

ROU Assets

A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the term of the lease. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition:

Adoption, foster care, family support and related services are recorded as revenue when services are earned. Revenue from adoption fees are partially recorded at the time of payment and the rest is deferred until the adoption process is completed or the contract obligations are met. The Organization records special events revenue equal to the cost of the direct benefits to donors, and contribution revenue for the difference.

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-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state 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 Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization received cost-reimbursable grants of approximately $151,000 that have not been recognized at June 30, 2023 because qualifying expenditures have not yet been incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents:

For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. From time to time, the Organization's balances in its bank accounts exceed federal deposit insurance corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. The Organization has not experienced any losses with regards to balances in excess of insured limits or as the result of other concentrations of credit risk.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. There was a $57,410 valuation allowance for uncollectible accounts as of June 30, 2023.

ERC Receivable:

The Organization was eligible for the Employee Retention Credit ("ERC") under the American Rescue Plan Act of 2021. ERC receivable for the ERC at June 30, 2023 is $130,221 which represents refunds due on the 2021 Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the quarter ended June 30, 2023.

Property and Equipment:

All major expenditures for property and equipment in excess of $1,000 are capitalized at cost. Expenditures for renewals and betterments are capitalized. Repairs and maintenance costs are charged to expense. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is reflected in the results of operation. Equipment and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair market values at the date they are received. Depreciation expense is calculated on the straight-line method over the estimated useful lives of the assets:

	Years
Building and improvements	10-40
Equipment and furniture	5-12
Software	3

For the year ended June 30, 2023 depreciation expense was $30,626.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets:

The Organization periodically reviews its long-lived assets for impairment and assesses whether significant events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the anticipated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded, if any, is calculated by the excess of the asset's carrying value over its fair value. Management does not believe impairment indicators are present for the year ended June 30, 2023.

Advertising and Marketing:

Advertising and marketing costs are expensed as incurred. For the year ended June 30, 2023 the Organization incurred advertising expenses of $12,826.

Income Taxes:

The Organization operates as a charitable organization. The Organization has been ruled exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar Minnesota statutes. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the donor.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for uncertain positions that more likely than not would not be sustained upon examination by the applicable tax authorities. Federal and state tax authorities generally have the right to examine the current and previous three years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

Functional Expenses:

The costs of programs and supporting services have been summarized on a functional basis. Salaries and related expenses are allocated to program and supporting services based on time spent on each program. The program costs are specifically allocated whenever practical. General overhead expenses are allocated on the best estimates of management.

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 8, 2024, the date the financial statements were available to be issued.

NOTE 2. PROPERTY AND EQUIPMENT

At June 30, 2023 property and equipment consisted of the following:

Land	$ 47,148
Building and improvements	987,586
Equipment and furniture	26,523
	1,061,257
Less: accumulated depreciation	(513,282)
Total property and equipment, net	$ 547,975

NOTE 3. BORROWING ARRANGEMENTS

The Organization maintains a credit card account of which they can borrow up to $40,000 for the year ended June 30, 2023. Purchases on this credit card accrue interest, if not paid in full by the due date at rates of, 25.99% for the year ended June 30, 2023. Outstanding advances on this credit card amounted to $15,111, which were included in the accounts payable balance as of June 30, 2023. During the year ended June 30, 2023, the Organization paid approximately $6,000 in interest on this credit card account, which was included in the interest expense balance as of June 30, 2023.

NOTE 4. LINE OF CREDIT

The Organization has a $450,000 line of credit with First State Bank and Trust expiring May 22, 2025. Advances on the line of credit are subject to interest at the US Bank prime rate plus 1% with a floor of 4.25% (9.25% effective rate at June 30, 2023). This line of credit is secured by the real estate of the Organization. As of June 30, 2023, the outstanding line of credit had a balance of $400,649.

NOTE 5. OPERATING LEASE COMMITMENTS

The Organization has operating lease agreements for office space and equipment expiring through January 2024.

The components of lease costs and statement of functional expenses that includes the costs for the year ended June 30, 2023 include operating lease costs of $52,363 which are included in occupancy expenses in the statement of functional expenses.

Supplemental cash flow information for the year ended June 30, 2023:

Cash paid for amounts included in measurement of lease liabilities	
Operating cash flows from operating leases	$67,021
ROU assets obtained in exchange for new operating lease liabilities	$95,587

Weighted average lease term and discount rate as of June 30, 2023 were as follows:

Weighed-average remining lease term in years for operating leases	0.50
Weighted-average discount rate for operating leases	2.94%

The total of operating lease liabilities of $34,040 as of June 30, 2023 matures in fiscal year ending June 30, 2024.

NOTE 6. AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets available for general expenditure within one year:

Financial assets at year-end:	
Cash and cash equivalents	$400,397
Accounts receivable, net	211,795
ERC receivable	130,221
Financial assets available to meet general expenditures within one year	742,413

The Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE 7. CONTINGENCIES

The Organization is a defendant in a lawsuit related to an individual that was previously a client of the Organization. In the opinion of legal counsel, these claims lack merit. At this time, the likelihood of an unfavorable outcome is uncertain and the Organization is unable to estimate the amount of potential loss, if any.

NOTE 8. CONCENTRATIONS

The Organization received approximately 73% of its total revenue from three sources. The Organization also had accounts due from four sources that account for approximately 95% of accounts receivable for the year ended June 30, 2023.