



AUDIT REPORT  
FOR THE YEAR ENDED AUGUST 31, 2023

**MetroSquash  
Audit Report  
For the Year Ended August 31, 2023**

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# Selden Fox

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
MetroSquash  
Chicago, Illinois

### Opinion

We have audited the accompanying financial statements of **MetroSquash**, which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows 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 MetroSquash as of August 31, 2023, and its changes in 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 MetroSquash 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 MetroSquash'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 MetroSquash'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 MetroSquash'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.

*Selden Fox, Ltd.*

June 24, 2024

**MetroSquash**  
**Statement of Financial Position**  
**August 31, 2023**

<b>Assets</b>	
Current assets:	
Cash	\$ 518,370
Accounts receivable	69,688
Promises to give	505,506
Prepaid expenses	71,368
<b>Total current assets</b>	<b>1,164,932</b>
Promises to give, noncurrent portion, net	42,660
Property and equipment, at cost, less accumulated depreciation and amortization of \$1,676,760	6,715,519
Right of use asset, operating lease	63,925
Investments	3,759,415
<b>Total assets</b>	<b>\$ 11,746,451</b>
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable	\$ 36,323
Accrued expenses	48,014
Current portion of operating lease liability	32,001
<b>Total current liabilities</b>	<b>116,338</b>
Long-term operating lease liability	34,080
<b>Total liabilities</b>	<b>150,418</b>
Net assets:	
Without donor restrictions:	
Board designated	3,347,415
Available for operations	7,570,139
Total without donor restrictions	<b>10,917,554</b>
With donor restrictions	678,479
<b>Total net assets</b>	<b>11,596,033</b>
<b>Total liabilities and net assets</b>	<b>\$ 11,746,451</b>

See accompanying notes.

**MetroSquash**  
**Statement of Activities**  
**For the Year Ended August 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>			
Contributions	\$ 891,828	\$ 219,844	\$ 1,111,672
In-kind contributions	35,750	-	35,750
Government funding	185,757	-	185,757
Center income	87,956	-	87,956
Special events	1,102,967	-	1,102,967
Interest and dividends	132,316	-	132,316
Net gain on investments	276,471	-	276,471
Miscellaneous income	12,697	-	12,697
Net assets released from restrictions:			
Program services	199,088	(199,088)	-
<b>Total revenues</b>	<b>2,924,830</b>	<b>20,756</b>	<b>2,945,586</b>
<b>Expenses:</b>			
Program services	2,118,929	-	2,118,929
Fund-raising and development	842,328	-	842,328
Management and general	803,162	-	803,162
<b>Total expenses</b>	<b>3,764,419</b>	<b>-</b>	<b>3,764,419</b>
<b>Change in net assets</b>	<b>(839,589)</b>	<b>20,756</b>	<b>(818,833)</b>
Net assets, beginning of the year	11,757,143	657,723	12,414,866
Net assets, end of the year	\$ 10,917,554	\$ 678,479	\$ 11,596,033

See accompanying notes.

**MetroSquash**  
**Statement of Functional Expenses**  
**For the Year Ended August 31, 2023**

	Program Services					Supporting Services				Total
	College and Careers	Academics and Enrichment	Mentoring and Social Work	Outreach	Squash and Wellness	Total Program Services	Fund-raising and Development	Management and General	Total Supporting Services	
Expenses:										
Salaries and related	\$ 239,721	\$ 695,261	\$ 59,853	\$ 70,331	\$ 379,055	<b>\$ 1,444,221</b>	\$ 453,392	\$ 247,404	<b>\$ 700,796</b>	<b>\$ 2,145,017</b>
Travel and training	22,143	21,091	737	2,580	57,926	<b>104,477</b>	5,607	20,026	<b>25,633</b>	<b>130,110</b>
Consumable supplies	5,977	16,952	1,418	2,228	9,525	<b>36,100</b>	30,552	22,512	<b>53,064</b>	<b>89,164</b>
Occupancy	17,571	53,837	4,456	5,262	42,637	<b>123,763</b>	34,911	18,730	<b>53,641</b>	<b>177,404</b>
Professional services	1,512	4,482	1,065	448	8,347	<b>15,854</b>	36,107	396,218	<b>432,325</b>	<b>448,179</b>
Program expenses	71,391	44,134	3,936	5,992	72,264	<b>197,717</b>	26,871	5,523	<b>32,394</b>	<b>230,111</b>
Insurance - general	6,060	16,520	1,413	1,725	9,283	<b>35,001</b>	10,364	7,276	<b>17,640</b>	<b>52,641</b>
Dues and fees	-	-	-	-	-	-	16,090	11,329	<b>27,419</b>	<b>27,419</b>
Special events	-	-	-	-	-	-	199,755	-	<b>199,755</b>	<b>199,755</b>
Miscellaneous	-	-	-	-	-	-	25,000	17,608	<b>42,608</b>	<b>42,608</b>
Total expenses before depreciation and amortization	364,375	852,277	72,878	88,566	579,037	<b>1,957,133</b>	838,649	746,626	<b>1,585,275</b>	<b>3,542,408</b>
Depreciation and amortization	7,384	39,683	2,681	2,880	109,168	<b>161,796</b>	3,679	56,536	<b>60,215</b>	<b>222,011</b>
<b>Total expenses</b>	<b>\$ 371,759</b>	<b>\$ 891,960</b>	<b>\$ 75,559</b>	<b>\$ 91,446</b>	<b>\$ 688,205</b>	<b>\$ 2,118,929</b>	<b>\$ 842,328</b>	<b>\$ 803,162</b>	<b>\$ 1,645,490</b>	<b>\$ 3,764,419</b>

See accompanying notes.

**MetroSquash**  
**Statement of Cash Flows**  
**For the Year Ended August 31, 2023**

Cash flows from operating activities:	
Change in net assets	\$ (818,833)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	222,011
Amortization of ROU asset	30,421
Gain on investments	(276,471)
Change in operating assets and liabilities:	
Accounts receivable	(55,442)
Promises to give	273,076
Prepaid expenses	21,941
Other assets	2,833
Accounts payable	(88,756)
Accrued expenses	(229,917)
Operating lease liability	(28,265)
	<u>(947,402)</u>
<b>Net cash from operating activities</b>	<b><u>(947,402)</u></b>
Cash flows from investing activities:	
Proceeds from sale of investments	5,046,471
Purchase of investments	(4,643,854)
Purchase of property and equipment	(955,959)
	<u>(553,342)</u>
<b>Net cash from investing activities</b>	<b><u>(553,342)</u></b>
Cash flows from financing activities:	
Repayment of long-term debt	(6,676)
	<u>(6,676)</u>
<b>Net cash from financing activities</b>	<b><u>(6,676)</u></b>
<b>Net change in cash</b>	<b>(1,507,420)</b>
Cash, beginning of the year	<u>2,025,790</u>
Cash, end of the year	<u>\$ 518,370</u>

See accompanying notes.

## MetroSquash Notes to the Financial Statements

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### 1. Summary of Significant Accounting Policies

**Organization and Purpose** – MetroSquash, is a not-for-profit corporation established with a purpose “For Chicago youth who desire and deserve more, MetroSquash combines academic support, competitive squash, and enrichment opportunities to empower students to realize their potential and make their mark”. The entity was incorporated on April 1, 2005.

**Basis of Accounting** – The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor-imposed restrictions.

**Net Assets With Donor Restrictions** – Net assets subject to stipulations imposed by donors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained by MetroSquash in perpetuity.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as net assets with donor restrictions, until such time as the assets are placed in service. Donor-restricted contributions are reported as increases in net assets with donor restrictions and released if and when the related restriction expires, that is, when the stipulated purpose has been fulfilled, the stipulated time has elapsed or both. The net return on investments is reported as a change in net assets without donor restrictions unless restricted by explicit donor stipulation or law.

**Use of Estimates** – The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and activities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

**Cash** – MetroSquash’s cash includes checking, savings, and money market deposits in federally insured accounts and undeposited funds. At August 31, 2023, cash on hand and deposits exceeding the federally insured limits amounted to \$0.

**Fair Value and Investments** – Investments consist of all funds held in brokerage accounts and are recorded at fair value with unrealized gains and losses included in the net return on investments in the statement of activities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**MetroSquash**  
**Notes to the Financial Statements (cont'd)**

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**1. Summary of Significant Accounting Policies (cont'd)**

**Fair Value and Investments (cont'd)** – Fair value is categorized in three levels based on the reliability of observable inputs as follows:

**Level 1** – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that MetroSquash has the ability to access at the measurement date.

**Level 2** – Valuations are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-derived valuations whose significant inputs are observable.

**Level 3** – Valuations are based on unobservable inputs for the asset or liability that reflect MetroSquash's own data and assumptions that market participants would use in pricing the asset or liability. These unobservable inputs are significant to the fair value measurement.

**Accounts Receivable** – Includes sponsorships, amounts due from government agencies at the amount vouchered and other receivables. If necessary, an allowance for uncollectible amounts would be established through a provision for bad debts charged to expense. Amounts would then be charged against the allowance for uncollectible amounts when management believed collectability is unlikely. Management's periodic evaluation of the adequacy of the allowance is based on MetroSquash's past experience, known and inherent risks, and current economic conditions. MetroSquash has determined that all receivables are fully collectible at August 31, 2023.

**Promises to Give** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. No allowance was deemed necessary at August 31, 2023.

**MetroSquash**  
**Notes to the Financial Statements (cont'd)**

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**1. Summary of Significant Accounting Policies (cont'd)**

**Property and Equipment** – Property and equipment is stated at cost for purchased items and fair value for contributed items. Depreciation of property and equipment is provided by the straight-line method over the estimated useful lives of such assets. Leasehold improvements are amortized on a straight-line basis over the lesser of the lease term of life of the asset.

Building	39 years
Furniture, equipment, and vehicles	3 - 15 years

**Long-Lived Assets** – The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of the assets may not be fully recoverable. Impairment is present when the sum of the undiscounted estimated future cash flows expected to result from the use of the assets is less than their carrying value. If impairment is present, the carrying value of the impaired asset is reduced to its fair value. Fair value is based on discounted cash flows or appraised values, depending on the nature of the assets. Management has not identified any impairments of long-lived assets during the year ended August 31, 2023.

**Revenue Recognition** – The recognition of revenue is determined based on whether an activity is classified as a contribution or exchange transaction.

Grants and contributions, representing unconditional promises to give, are recognized at their present value in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met such that they become unconditional. In the case of cost-reimbursable grants, this means revenues are recognized in the period the related expenditures are incurred.

Contributed Services and In-kind Revenue, MetroSquash recognizes contribution revenue for and professional services based standard professional service rates on the date the service was provided. For the year ended August 31, 2023, in-kind revenue amounted to \$35,750 for in-kind professional services. In addition, several volunteers and parents have donated significant amounts of their time to various program services. A total of 92 volunteers participated in the after-school and mentoring programs during the year. No value has been assigned to the hours spent by these volunteers as they do not meet the recognition criteria prescribed by generally accepted accounting principles.

**MetroSquash**  
**Notes to the Financial Statements (cont'd)**

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**1. Summary of Significant Accounting Policies (cont'd)**

**Revenue Recognition (cont'd)** – Revenue from exchange transactions, representing contracts with customers, is recognized when promised goods and services are transferred in an amount that reflects the consideration MetroSquash expects to be entitled for those goods or services. Accordingly, any fees received in advance of performing a service or in excess of the services provided represent contract liabilities that are classified as deferred revenue in the statement of financial position. However, in instances where payment is not received until after the fact, MetroSquash has elected the practical expedient that allows it to recognize a significant financing component as it anticipates payment will be received within one year of transferring the related goods for services. In addition, MetroSquash has applied the practical expedients to account for revenues with similar characteristics as a collective group, rather than individually, and not to disclose the transaction price allocated to unsatisfied performance obligations as of the end of the reporting period, as the performance obligations generally relate to contracts with an original term of one year or less.

Based on the nature of MetroSquash, management does not believe there are any significant factors which should be considered regarding the nature, amount, or uncertainty of the related revenues or cash flows.

**Leases** – The Company evaluates contracts at inception to determine if the contract contains a lease based on whether there is the right to control the asset during the contract period and other facts and circumstances. Leases are classified as financing or operating, with classification affecting the pattern of expense recognition. As lessee, the Company records a right-of-use (ROU) asset and a lease liability on the statement of financial position for leases longer than 12 months. For leases with a term of less than 12 months (short-term lease), we will not record an ROU asset and lease liability and the payments will be recognized into net income over the lease term. ROU assets and lease liabilities are recognized at the commencement date based on the present value of the future lease payments over the lease term. Lease extensions are included in the lease term when it is reasonably certain that the Company will exercise the extensions. The Company elects the practical expedient to use the risk-free interest rate based on the term of the lease as the discount rate. For lease agreements with lease and non-lease components, the Company elects the practical expedient to account for them as a single lease component for all classes of assets. The ROU asset includes initial direct costs and prepaid lease payments made less lease incentives and deferred rent, if any.

**Functional Allocation of Expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**MetroSquash**  
**Notes to the Financial Statements (cont'd)**

**1. Summary of Significant Accounting Policies (cont'd)**

**Income Taxes** – MetroSquash has been determined by the Internal Revenue Service (IRS) to be exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except to the extent of any unrelated business income. MetroSquash is classified as an organization other than a private foundation under Section 509(a)(2) of the U.S. Internal Revenue Code. MetroSquash had no unrelated business income and is also exempt from Illinois income tax under state law. Accordingly, no provision for income tax has been established, and contributions to MetroSquash are deductible within the limitations as prescribed by the Internal Revenue Code. MetroSquash files returns in the U.S. federal jurisdiction and Illinois. With few exceptions, MetroSquash is not subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities prior to fiscal year ended July 31, 2020, filed on the 2019 tax forms.

**Subsequent Events** – Subsequent events have been evaluated through June 24, 2024, which is the date the financial statements were available to be issued.

**2. Investments**

Investments include the following:

	<b>August 31, 2023</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Mutual funds:			
Money market funds	\$ 166,941	\$ -	\$ 166,941
Mutual funds:		-	
Equity	2,457,443	-	2,457,443
Fixed income	511,543	-	511,543
Exchange traded funds	227,113	-	227,113
U.S. Treasury Obligations	-	396,375	396,375
<b>Total investments, at fair value</b>	<b>\$ 3,363,040</b>	<b>\$ 396,375</b>	<b>\$ 3,759,415</b>

Investment account balances were as follows at August 31, 2023:

Reserve fund	\$ 3,248,727
Scholarship account	510,688
Total investment accounts	<b>\$ 3,759,415</b>

MetroSquash's investment in money market funds, as well as mutual and exchange traded funds, are valued based on quoted market prices and classified in Level 1 of the hierarchy, while MetroSquash's investment in U.S. treasury obligations are valued based on interest rates currently offered for investments of similar risks and remaining maturities and are classified as Level 2 of the hierarchy.

**MetroSquash**  
**Notes to the Financial Statements (cont'd)**

2. **Investments** (cont'd)

Net investment return and interest earned during the year ended August 31, 2023, is as follows:

	Net Interest and Dividend Income	Net Realized and Unrealized Gains/(Losses)	Total Investment Income
Other interest income	\$ 10,055	\$ -	\$ 10,055
Investments, at fair value	122,261	276,471	398,732
	\$ 132,316	\$ 276,471	\$ 408,787

Net interest and dividend income amounts reported above for investments includes investment expenses of \$12,422 for the year ended August 31, 2023.

3. **Promises to Give**

Unconditional promises to give are estimated to be collected as follows at August 31:

	<b>2023</b>
Collectible in:	
One year or less	\$ 505,506
One to five years	80,000
Less discount to net present value at a rate of 5.00%	(37,340)
	\$ 548,166

Amortization of the discount for the year ended August 31, 2023, totaled \$61,482.

At August 31, 2023, one donor accounted for 35 percent of total promises to give. Approximately \$310,000 of the net promises to give balance is due from Board members of MetroSquash.

**MetroSquash**  
**Notes to the Financial Statements (cont'd)**

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**4. Property and Equipment**

Property and equipment is comprised of the following at August 31:

	<u>2023</u>
Land	\$ 1,293,218
Building	6,617,912
Furniture and equipment	272,824
Vehicles	<u>208,325</u>
	8,392,279
Less accumulated depreciation and amortization	<u>1,676,760</u>
	<u>\$ 6,715,519</u>

Depreciation and amortization expense on property and equipment for the year ended August 31, 2023, totaled \$222,011.

**5. Operating Lease**

MetroSquash leases an operating facility under an operating lease with an unrelated entity, which requires monthly payments totaling \$2,833. The lease expires in August 2024. The lease contains a one year renewal option with monthly rent increasing to \$2,900. The exercise of the renewal option is at the sole discretion of MetroSquash, and only lease options that MetroSquash believes are reasonably certain to exercise at inception are included in the measurement of the lease asset and liability. MetroSquash's lease agreement does not contain any material residual value guarantees or material restrictive covenants. The statement of financial position as of August 31, 2023 presents right of use asset, operating lease totaling \$63,925, and operating lease liability totaling \$66,081.

Operating lease cost is recognized on a straight-line basis over the lease term and is included in occupancy on the statement of functional expenses. Operating lease cost for the year ended August 31, 2023 totaled \$31,788 and is included in occupancy expense on the statement of activities.

As of August 31, 2023, the weighted average remaining lease term was 2 years, and the weighted average discount rate was 3.88% for operating leases recognized in the financial statements.

**MetroSquash**  
**Notes to the Financial Statements (cont'd)**

**5. Operating Lease (cont'd)**

The future minimum lease payments in the aggregate for the next two years for noncancelable operating leases with lease terms in excess of one year consisted of the following at August 31, 2023:

For the Year Ending August 31,	Amount
2024	\$ 34,000
2025	34,800
Total minimum lease payments	68,800
Less imputed interest	2,719
<b>Present value of lease liabilities</b>	<b>\$ 66,081</b>

**6. Net Assets**

**With Donor Restrictions**

Net asset balances with donor restrictions consist of the following at August 31:

	2023
<b>Subject to expenditure for specified purpose:</b>	
Scholarships	\$ 1,511
Academics	25,000
Student Support Fund	441,968
<b>Subject to passage of time:</b>	
Operating grants	210,000
	<b>\$ 678,479</b>

Net assets were released from donor restrictions during the year ended August 31, 2023, by incurring expenses or the passage of time or other events specified by the donor, thus, satisfying the restricted purposes as follows:

	2023
<b>Purpose restriction accomplished:</b>	
Academics	\$ 96,588
<b>Time restriction accomplished:</b>	
General operations	102,500
Total restrictions released	<b>\$ 199,088</b>

**MetroSquash**  
**Notes to the Financial Statements (cont'd)**

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6. **Net Assets** (cont'd)

**Board Designated**

Board designated net assets consist of the following at August 31:

	<b>2023</b>
Reserve Fund	<b>\$ 3,248,727</b>
Student Support Fund	<b>98,688</b>
	<b>\$ 3,347,415</b>

The purpose of the Reserve Fund is to invest excess cash and equivalents anticipated to exceed current fiscal year operating requirements. Transfers out of the Reserve Fund to operating accounts require authorization by the Board of Directors and all Reserve Fund assets are considered unrestricted Board-designated assets.

The purpose of the Student Support Fund is to invest those cash and equivalents designated by the finance committee to support student scholarship needs. Earnings and any appreciation or depreciation on the Student Support Fund investments are considered unrestricted Board-designated assets. Fund Transfers into and out of the Student Support Fund requires authorization by the finance committee.

7. **Liquidity and Availability**

Financial assets available to meet cash needs for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at August 31:

	<b>2023</b>
Financial assets at year-end:	
Cash	<b>\$ 518,370</b>
Receivables, net	<b>69,688</b>
Promises to give	<b>548,166</b>
	<b>1,136,224</b>
<b>Total financial assets</b>	<b>1,136,224</b>
Less:	
Donor-imposed restrictions	<b>(678,479)</b>
	<b>457,745</b>
<b>Financial assets available to meet needs for general expenditures within one year</b>	<b>\$ 457,745</b>

**MetroSquash**  
**Notes to the Financial Statements (cont'd)**

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**7. Liquidity and Availability (cont'd)**

MetroSquash monitors its operating needs to ensure that adequate account balances are maintained at all times. The goal of MetroSquash is to have 150 days of operating cash on hand at any given time. Investments are not included as available for general expenditures, as the intent of the Board is to use these funds as a reserve for the future. In addition to financial assets available to meet general expenditures over the next 12 months, MetroSquash operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

**8. Retirement Benefits**

MetroSquash adopted a Simple IRA plan in September 2017 that covers certain employees who are reasonably expected to receive at least \$5,000 of compensation during the year. Each year, the employer shall make either matching or nonelective contributions to the Simple IRA's of participants in accordance with the provisions of the Plan. Related expense for the year ended August 31, 2023 was \$49,824.

**9. Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as general and administrative expenses (salaries and wages, benefits, payroll taxes, consumable supplies, information technology, and insurance), which are allocated on the basis of salary expense within each specific program.

**10. Contingencies Associated to the Paycheck Protection Program and Employee Retention Credit**

MetroSquash has claimed the Employee Retention Tax Credit (ERTC) and has received Paycheck Protection Program Loan (PPP loan) forgiveness payments from the Small Business Administration (SBA), which are subject to examination by the Internal Revenue Service (IRS) and the SBA, as applicable. Any disallowed claims resulting from such examinations could become a liability. Management believes MetroSquash has qualified for the ERTC and has claimed the ERTC in compliance with laws, regulations, and formal guidance issued by the IRS. Management believes MetroSquash has also qualified to receive PPP loans and has met the requisite conditions to have the loans forgiven in full.

MetroSquash has claimed ERTC totaling approximately \$400,000. In 2022, MetroSquash amended some of its quarterly payroll tax returns in order to claim the ERTC. The related amended returns remain subject to examination.

MetroSquash has had PPP loan applications approved totaling \$471,492. The forgiveness applications are subject to examination for a period of up to ten years from the date the loans were made, which range from April 2020 to April 2021.

**MetroSquash**  
**Notes to the Financial Statements (cont'd)**

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**11. Future Changes in Accounting Principles**

In June 2016, FASB released ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). The new standard will replace the existing incurred loss model for measuring the allowance for doubtful accounts with a new model that reflects current expected credit losses (CECL) that are expected to occur over the lifetime of the underlying accounts receivable. The CECL methodology, which will be applicable to MetroSquash for its fiscal year ending August 31, 2024, covers financial assets that are measured at amortized cost, including accounts receivable arising from contract revenue sources. MetroSquash is in the process of evaluating the potential impacts of its adoption but has yet to determine its effect.