

The Hetrick-Martin Institute, Inc.

Audited Financial Statements

June 30, 2023



Independent Auditor's Report

Board of Directors
The Hetrick-Martin Institute, Inc.

Opinion

We have audited the accompanying financial statements of The Hetrick-Martin Institute, Inc. ("HMI"), which comprise the statement of financial position as of June 30, 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 accompanying financial statements present fairly, in all material respects, the financial position of HMI as of June 30, 2023, and the 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 ("GAAS"). 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 HMI 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 HMI'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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of HMI. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of HMI 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.

Report on Summarized Comparative Information

We have previously audited HMI's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sax CPAs LLP

New York, NY
December 7, 2023

The Hetrick-Martin Institute, Inc.

Statement of Financial Position

At June 30, 2023
(With comparative totals at June 30, 2022)

	<u>6/30/23</u>	<u>6/30/22</u>
ASSETS		
Cash and cash equivalents	\$ 1,027,854	\$ 629,120
Government grants receivable, net	1,229,066	1,973,210
Contributions receivable, net	1,565,018	612,675
Other receivables	-	234,060
Prepaid expenses	147,970	19,204
Other assets	398,150	243,350
Cash - funds held for others	462,413	230,024
Operating lease right-of-use assets	16,016,100	-
Security deposits	25,000	25,000
TOTAL ASSETS	<u>\$ 20,871,571</u>	<u>\$ 3,966,643</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 988,464	\$ 1,168,418
Due to related parties	-	93
Government grant advances	109,803	65,362
Paycheck Protection Program loan payable	-	682,690
Funds held for others	462,413	230,024
Operating lease liability	16,402,303	-
Total liabilities	<u>17,962,983</u>	<u>2,146,587</u>
NET ASSETS		
Without donor restrictions	(238,792)	220,941
With donor restrictions	3,147,380	1,599,115
Total net assets	<u>2,908,588</u>	<u>1,820,056</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,871,571</u>	<u>\$ 3,966,643</u>

The attached notes and auditor's report are an integral part of these financial statements.

The Hetrick-Martin Institute, Inc.

Statement of Activities

For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/23	Total 6/30/22
PUBLIC SUPPORT AND REVENUE:				
Government grants	\$ 3,548,071	\$ -	\$ 3,548,071	\$ 3,517,349
Paycheck Protection Program - loan forgiveness	692,210	-	692,210	-
Contributions	1,588,337	3,141,165	4,729,502	3,073,332
Special events (net of expenses with a direct benefit to donor)	1,282,879	-	1,282,879	866,630
Rental income	1,078,275	-	1,078,275	857,161
In-kind contributions	414,812	-	414,812	683,972
Interest and other income	86,090	-	86,090	1,783
Net assets released from restrictions	1,592,900	(1,592,900)	-	-
Total public support and revenue	10,283,574	1,548,265	11,831,839	9,000,227
EXPENSES:				
Program services - youth services	7,108,610	-	7,108,610	6,790,587
Supporting services:				
Management and general	2,041,671	-	2,041,671	1,784,743
Fundraising	1,593,026	-	1,593,026	1,669,349
Total supporting services	3,634,697	-	3,634,697	3,454,092
Total expenses	10,743,307	-	10,743,307	10,244,679
Change in net assets	(459,733)	1,548,265	1,088,532	(1,244,452)
NET ASSETS, beginning of year	220,941	1,599,115	1,820,056	3,064,508
NET ASSETS, end of year	\$ (238,792)	\$ 3,147,380	\$ 2,908,588	\$ 1,820,056

The attached notes and auditor's report are an integral part of these financial statements.

The Hetrick-Martin Institute, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	Program Services Youth Services	Supporting Services		Total Supporting Services	Total Expenses 6/30/23	Total Expenses 6/30/22
		Management and General	Fundraising			
Salaries	\$ 2,883,659	\$ 646,327	\$ 631,863	\$ 1,278,190	\$ 4,161,849	\$ 4,069,698
Payroll taxed and benefits	766,505	171,791	167,956	339,747	1,106,252	973,192
Total personnel services	3,650,164	818,118	799,819	1,617,937	5,268,101	5,042,890
Occupancy	1,528,271	98,488	96,285	194,773	1,723,044	1,390,178
Consulting and professional fees	1,161,229	246,228	240,721	486,949	1,648,178	1,194,132
In-kind - legal services	-	80,873	-	80,873	80,873	74,572
Program supplies and activities	160,339	-	-	-	160,339	170,586
Youth awards	242,031	-	-	-	242,031	393,451
Insurance	-	51,698	-	51,698	51,698	58,662
Postage and printing	16,248	52,320	19,268	71,588	87,836	118,262
Communications	1,395	33,232	-	33,232	34,627	59,766
Equipment, rentals, and repairs	30,129	148,052	22,677	170,729	200,858	268,479
Travel and meetings	85,268	5,379	667	6,046	91,314	325,447
Travel - in-kind	-	230,150	-	230,150	230,150	-
Office expenses	7,099	20,740	974	21,714	28,813	55,369
Client related activities	125,763	-	-	-	125,763	201,276
Other expenses	100,674	71,345	90,370	161,715	262,389	17,009
Bank charges and payroll services	-	128,757	29,853	158,610	158,610	170,570
Interest	-	2,124	-	2,124	2,124	7,396
Recruiting	-	40,204	-	40,204	40,204	6,100
Bad debt expenses	-	13,963	-	13,963	13,963	226,493
Event expenses	-	-	881,678	881,678	881,678	617,955
Depreciation	-	-	-	-	-	9,224
Total expenses	7,108,610	2,041,671	2,182,312	4,223,983	11,332,593	10,407,817
Less: direct special event expenses netted with revenue (including in-kind)	-	-	(589,286)	(589,286)	(589,286)	(163,138)
Total expenses for statement of activities	\$ 7,108,610	\$ 2,041,671	\$ 1,593,026	\$ 3,634,697	\$ 10,743,307	\$ 10,244,679

The attached notes and auditor's report are an integral part of these Financial Statements.

The Hetrick-Martin Institute, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	6/30/23	6/30/22
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,088,532	\$ (1,244,452)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	-	9,224
Bad debt	-	226,493
Donated airline travel miles	-	(230,150)
Forgiveness of Paycheck Protection Program loan payable	(682,690)	-
Change in operating lease right-of-use asset and liability	386,203	-
Changes in assets and liabilities:		
Due from related parties	-	99,009
Government grants receivable	744,144	(220,699)
Contributions receivable	(952,343)	265,978
Other receivables	234,060	(138,964)
Prepaid expenses	(128,766)	48,319
Other assets	(154,800)	-
Security deposits	-	(1,688)
Accounts payable and accrued expenses	(179,954)	505,608
Due to related parties	(93)	(99,009)
Government grant advances	44,441	(4,062)
Funds held for others	232,389	(13,159)
	(457,409)	446,900
Net cash provided by/(used for) operating activities/ Net increase/(decrease) in cash and cash equivalents	631,123	(797,552)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	859,144	1,656,696
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 1,490,267	\$ 859,144
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and cash equivalents	\$ 1,027,854	\$ 629,120
Cash - funds held for others	462,413	230,024
Cash and cash equivalents - end of year	\$ 1,490,267	\$ 859,144
SUPPLEMENTAL INFORMATION:		
Interest and taxes paid	\$ -	\$ -

The attached notes and auditor's report are an integral part of these Financial Statements.

The Hetrick-Martin Institute, Inc.

Notes to Financial Statements

June 30, 2023

Note 1 - Summary of Significant Accounting Policies

a. Nature of activities

The Hetrick-Martin Institute, Inc. ("HMI"), formerly known as The Institute for the Protection of Gay and Lesbian Youth, was formed in 1979 in New York City to protect the interests of lesbian and gay youth, promote their physical and emotional health, and educate the general public with respect to the needs of these youth.

HMI's primary sources of funding are contracts from governmental agencies, private (nongovernmental) contributions, and special events.

HMI, as determined by the Internal Revenue Service ("IRS"), is exempt from federal income tax under Section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC and under the corresponding provisions of the New York State tax laws.

b. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

HMI reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* - represents all activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Recently Adopted Accounting Standard

Effective July 1, 2022, HMI adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. HMI elected transition relief that allows entities, in the period of adoption, to present the current period under the FASB's Accounting Standards Codification ("ASC") 842 and the comparative period under FASB ASC 840. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing FASB ASU No. 2016-02, HMI recognized right-of-use ("ROU") assets of \$16,932,370 and lease liabilities totaling \$16,932,370 in its statement of financial position as of July 1, 2022, the date the lease commenced. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

The Hetrick-Martin Institute, Inc.

Notes to Financial Statements

June 30, 2023

Note 1 - Summary of Significant Accounting Policies - Continued

d. Revenue Recognition

HMI follows the requirements of FASB ASC 958-605 for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed 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. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions, which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk adjusted present value techniques.

HMI's government grants are primarily conditional non-exchange transactions and fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as a government grant advance. At June 30, 2023, all government grants receivable are expected to be collected within one year.

HMI conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. The direct costs of the special events, which ultimately benefit the donor rather than HMI are recorded as exchange transaction revenue and exchange transaction expense. All proceeds received in excess of the direct costs are recorded as special events income in the accompanying statement of activities.

Rental income is recognized evenly over the non-cancelable portion of the lease using the straight-line method.

HMI reviews all outstanding receivables at year end and makes an assessment as to collectability based on historical experience and the age of the receivable. Management established an allowance for potential uncollectable government grants receivable of \$78,500 and \$81,000 at June 30, 2023 and 2022, respectively. Additionally, management established an allowance for contributions receivable of \$37,500 and \$25,500 at June 30, 2023 and 2022, respectively.

e. Cash and Cash Equivalents

HMI considers all liquid investments available for current use and with an initial maturity of three months or less to be cash and cash equivalents.

The Hetrick-Martin Institute, Inc.

Notes to Financial Statements

June 30, 2023

Note 1 - Summary of Significant Accounting Policies - Continued

f. Concentration of Credit Risk

Financial instruments, which potentially subject HMI to a concentration of credit risk consist of cash and money market accounts, which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. While at year end HMI had material uninsured balances, management feels they have little risk and has not experienced any losses due to bank failure.

g. Fixed Assets

Fixed assets that exceed \$5,000 and have a useful life of greater than one year are recorded at cost or at the fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets as follows:

Leasehold improvements - *Lesser of 5-10 years or remaining term of lease*

Furniture and fixtures - *7-10-year life*

Office equipment - *7-10-year life*

Maintenance and repairs, which neither materially add to the value of the asset nor appreciably prolong its life, are charged to expenses as incurred.

h. In-kind Services

HMI recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills, and would typically be purchased if not donated. Board members and other individuals volunteer their time and perform a variety of services that assist HMI. These services do not meet the criteria to be recorded and have not been included in the financial statements. See Note 3 for further details.

i. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The following costs are allocated using time and effort as the basis:

- Salaries
- Payroll taxes and benefits
- Occupancy
- Consulting and professional fees
- Program supplies and activities
- Insurance
- Postage and printing
- Communications
- Equipment, rentals, and repairs
- Office expenses
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

The Hetrick-Martin Institute, Inc.

Notes to Financial Statements

June 30, 2023

Note 1 - Summary of Significant Accounting Policies - Continued

j. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

k. Advertising

The cost of advertising is expensed as incurred.

l. Contingencies

Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified, if it is probable that a liability has been incurred.

HMI may be involved in various claims and legal actions in the ordinary course of business. HMI does not believe there is any litigation that will have a material impact.

m. Accounting for Uncertainty of Income Taxes

HMI does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2020 and later are subject to examination by applicable taxing authorities.

n. Leases

HMI determines if an arrangement is or contains a lease at inception. Leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The change in operating lease right-of-use asset and liability on the statement of cash flows includes the amortization of the ROU asset and cash payments for leases offset by the accretion of the discounted lease liability. Operating lease expense is recognized on a straight-line basis over the lease term. HMI does not report ROU assets and lease liabilities for any short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that HMI will exercise that option.

The Hetrick-Martin Institute, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Contributions Receivable

Contributions receivable are due in the following periods:

Year ending:

June 30, 2024	\$ 1,272,537
June 30, 2025	250,000
June 30, 2026	<u>100,000</u>
	1,622,537
Less: fair value discount (4.49%)	(20,019)
Less: allowance for doubtful accounts	<u>37,500</u>
Total	<u><u>\$ 1,565,018</u></u>

Note 3 - In-Kind Services and Materials

In-kind contributions consist of the following:

	June 30, 2023			
	Program Services	Management and General	Fundraising	Total
Legal	\$ -	\$ 80,874	\$ -	\$ 80,874
Direct benefit expense	-	-	333,938	333,938
Total expenses	<u>\$ -</u>	<u>\$ 80,874</u>	<u>\$ 333,938</u>	<u>\$ 414,812</u>
	June 30, 2022			
	Program Services	Management and General	Fundraising	Total
Legal	\$ -	\$ 74,572	\$ -	\$ 74,572
Office supplies	38,200	-	-	38,200
Direct benefit expense	-	-	71,200	71,200
Travel and meetings	269,850	-	-	269,850
Total expenses	<u>\$ 308,050</u>	<u>\$ 74,572</u>	<u>\$ 71,200</u>	<u>453,822</u>
Other assets - contributed airline travel miles				230,150
Total				<u><u>\$ 683,972</u></u>

The Hetrick-Martin Institute, Inc.

Notes to Financial Statements

June 30, 2023

Note 3 - In-Kind Services and Materials - Continued

	<u>Valuation Techniques and Inputs</u>
Legal	Legal Contributed services from lawyers are valued at the estimated fair value based on current rates for similar services
Office supplies and direct benefit expenses	Contributed office supplies and benefit expenses are valued at the estimated fair value based on current rates for similar products.
Travel and meetings	Consists of contributed travel miles used during the year. These miles are valued at the standard market rate for similar travel. Travel miles used during 2023 and 2022 totaled \$230,150 and \$269,850, respectively
Other assets – contributed airline travel miles	Contributed travel miles are valued at the standard market rate for similar travel. Unused miles of \$231,500 at June 30, 2022 have been included as other assets on the statement of financial position. Unused miles from 2022 were all used during 2023.

Note 4 - Funds Held for Others

HMI provides money management assistance to House Lives Matter (“HLM”), a nonprofit organization. HMI records funds received as a liability and reduces the liability as funds are disbursed on behalf of HLM. At June 30, 2023, cash held on behalf of HLM totaled \$462,413 and is reflected on the statement of financial position as an asset and a liability.

Note 5 - Operating Lease Right-of-Use Asset and Operating Lease Liability

HMI evaluated current contracts to determine which met the criteria of a lease. HMI signed one master lease for four facilities which expires on June 30, 2037. HMI’s lease has been determined to be an operating lease. The lease does not include specific extension terms.

The ROU assets represent HMI’s right to use the underlying asset for the lease term, and the lease liabilities represent the HMI’s obligation to make lease payments arising from this lease. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. HMI has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023 was 3.13%. As of June 30, 2023, the weighted average remaining lease term for HMI’s operating lease was 168 months.

The Hetrick-Martin Institute, Inc.

Notes to Financial Statements

June 30, 2023

Note 5 - Operating Lease Right-of-Use Asset and Operating Lease Liability - Continued

Cash paid for the operating lease for the year ended June 30, 2023 was \$1,051,111. There were no short-term lease costs during the year ended June 30, 2023. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 1c.

Future required minimum lease payments are as follows:

Year ending:		
	June 30, 2024	\$ 1,224,108
	June 30, 2025	1,248,600
	June 30, 2026	1,273,572
	June 30, 2027	1,299,036
	June 30, 2028	1,384,116
	Thereafter	<u>14,079,144</u>
Total lease payments		20,508,576
Less: present value discount		<u>(4,106,273)</u>
Total lease liability at June 30, 2023		<u>\$ 16,402,303</u>

HMI subleases one of their premises to the New York City School Construction Authority. The lease is cancelable with a one-year notice. HMI received rental income of \$1,078,275 and \$857,161 from the New York City Department of Education for the years ended June 30, 2023 and 2022, which is shown on the statement of activities under rental income.

Note 6 - Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

Program:	<u>7/1/22</u>	<u>Contributions</u>	<u>Released From Restriction</u>	<u>6/30/23</u>
Academic Enrichment	\$ 76,240	\$ 135,000	\$ (167,023)	\$ 44,217
Afterschool	144,342	75,000	(121,931)	97,411
Capital grant	-	110,000	-	110,000
Bereavement Counselor	149,925	200,000	(208,203)	141,722
College Access	195,343	-	(121,723)	73,620
Counseling/Case Management	325,000	885,000	(263,273)	946,727
HMI Cafe	11,842	20,000	(24,282)	7,560
Job Readiness Training	31,201	187,500	(120,268)	98,433
Kiki Coalition	72,213	-	(72,213)	-
LGBTQ Youth Services	388,894	375,000	(361,561)	402,333
Queer Coders	10,853	50,000	(6,717)	54,136
Other grants	-	85,000	(20,273)	64,727
Special events	-	918,665	-	918,665
Scholarships	43,187	100,000	(20,462)	122,725
Total Program	<u>1,449,040</u>	<u>3,141,165</u>	<u>(1,507,929)</u>	<u>3,082,276</u>
Time restrictions	<u>150,075</u>	<u>-</u>	<u>(84,971)</u>	<u>65,104</u>
Total	<u>\$ 1,599,115</u>	<u>\$ 3,141,165</u>	<u>\$ (1,592,900)</u>	<u>\$ 3,147,380</u>

The Hetrick-Martin Institute, Inc.

Notes to Financial Statements

June 30, 2023

Note 6 - Net Assets with Donor Restrictions - Continued

	7/1/21	Contributions	Released From Restriction	6/30/22
Program:				
Academic Enrichment	\$ 37,944	\$ 170,000	\$ (131,704)	\$ 76,240
Advocacy & Capacity Building	50,000	-	(50,000)	-
Afterschool	209,500	35,000	(100,158)	144,342
Bereavement Counselor	-	175,000	(25,075)	149,925
College Access	168,397	100,000	(73,054)	195,343
Counseling/Case Management	-	325,000	-	325,000
Facebooks	20,000	-	(20,000)	-
Health & Wellness	56,185	-	(56,185)	-
HMI Cafe	156,163	20,000	(164,321)	11,842
Job Readiness Training	97,466	-	(66,265)	31,201
Kiki Coalition	204,668	-	(132,455)	72,213
LGBTQ Youth Services	396,702	375,000	(382,808)	388,894
Queer Coders	112,656	30,000	(131,803)	10,853
Scholarships	-	75,000	(31,813)	43,187
Total Program	<u>1,509,681</u>	<u>1,305,000</u>	<u>(1,365,641)</u>	<u>1,449,040</u>
Time restrictions	290,000	-	(139,925)	150,075
Total	<u>\$ 1,799,681</u>	<u>\$ 1,305,000</u>	<u>\$ (1,505,566)</u>	<u>\$ 1,599,115</u>

Note 7 - Line of Credit

HMI had a \$750,000 revolving line of credit arrangement with a local financial institution with interest payments due monthly. Borrowings were collateralized by HMI's personal property and fixtures. There was no outstanding balance due on the note at June 30, 2022. The line of credit matured in February 2023 and was not renewed.

Note 8 - Paycheck Protection Program Loan

In May 2021, HMI obtained a loan from the Small Business Administration ("SBA") in the amount of \$682,690 through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met that the loan, or a portion thereof, would be forgiven. HMI treated the PPP proceeds as a loan payable in accordance with FASB ASC 470. Forgiveness on this loan was approved by the SBA on October 24, 2022. Accordingly, the loan was reflected as a liability as of June 30, 2022. The loan, plus interest has been recognized as revenue during the year ended June 30, 2023.

The Hetrick-Martin Institute, Inc.

Notes to Financial Statements

June 30, 2023

Note 9 - Special Events

During the year ended June 30, 2023 and 2022, HMI held fundraising events.

Special events proceeds are summarized as follows:

	<u>6/30/23</u>	<u>6/30/22</u>
Gross revenue	\$ 1,872,165	\$ 1,029,768
Less: expenses with a direct benefit to donor	<u>(589,286)</u>	<u>(163,138)</u>
	1,282,879	866,630
Less: other event expenses	<u>(317,075)</u>	<u>(454,817)</u>
Total	<u>\$ 965,804</u>	<u>\$ 411,813</u>

Note 10 - Pension Plan

HMI provides a 401(k) defined contribution pension plan to all eligible employees. HMI makes matching contributions of up to 3% of each full-time employee's salary so long as the employee has been employed for one full year. For the year ended June 30, 2023 and 2022, pension expense for HMI was \$94,979 and \$88,538 and is included on the statement of functional expenses under payroll taxes and benefits.

Note 11 - Availability and Liquidity

Financial assets available within one year of the date of the statement of financial position for general expenditure are as follows:

Cash and cash equivalents	\$ 1,027,854	
Government grants receivable, net	1,229,066	
Contributions receivable, net	<u>1,565,018</u>	
Total financial assets		\$ 3,821,938
Less amounts not available for general expenditures:		
Net assets with donor restrictions		<u>(3,147,380)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$ 674,558</u>

HMI maintains a policy of structuring its financial assets to be available for general expenditures, liabilities, and other obligations as they come due. HMI's management meets monthly to address projected cash flows to meet its operational expenditures.

Note 12 - Subsequent Events

Subsequent events have been evaluated through December 7, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.