

**LOUISVILLE URBAN LEAGUE
SPORTS AND LEARNING COMPLEX, INC.**

FINANCIAL REPORT

JUNE 30, 2022

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Jones, Nale & Mattingly PLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisville Urban League Sports and Learning Complex, Inc.
Louisville, Kentucky

Opinion

We have audited the accompanying financial statements of Louisville Urban League Sports and Learning Complex, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisville Urban League Sports and Learning Complex, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Louisville Urban League Sports and Learning Complex, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Louisville Urban League Sports and Learning Complex, Inc.'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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 Louisville Urban League Sports and Learning Complex, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisville Urban League Sports and Learning Complex, Inc.'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.

Jones, Nale & Mattingly P.C.

Louisville, Kentucky
May 2, 2023

LOUISVILLE URBAN LEAGUE SPORTS AND LEARNING COMPLEX, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
ASSETS		
Cash	\$ 2,078,530	\$ 4,930,718
Pledges receivable, net	5,195,136	7,576,703
Accounts receivable	104,688	12,827
Due from related party	22,310,214	22,043,047
Prepaid expenses	--	6,656
Property and equipment, net	37,335,857	38,168,535
	\$ 67,024,425	\$ 72,738,486
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 106,090	\$ 1,080,685
Accrued expenses	128,783	88,618
Notes payable, net	38,283,073	33,117,652
Total liabilities	38,517,946	34,286,955
 NET ASSETS		
Without donor restrictions	25,120,344	28,820,042
With donor restrictions	3,386,135	9,631,489
Total net assets	28,506,479	38,451,531
	\$ 67,024,425	\$ 72,738,486

The Notes to Financial Statements are an integral part of these statements.

LOUISVILLE URBAN LEAGUE SPORTS AND LEARNING COMPLEX, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	\$ 2,022,777	\$ 1,000,000	\$ 3,022,777
Event revenue	955,480	--	955,480
Sponsorship revenue	100,000	--	100,000
Other revenue	3,010	--	3,010
Interest	870	--	870
Net assets released from restriction	7,245,354	(7,245,354)	--
Total revenues and support	10,327,491	(6,245,354)	4,082,137
Expenses:			
Program services	4,158,468	--	4,158,468
Management and general	29,838	--	29,838
Fundraising	156,571	--	156,571
Total expenses	4,344,877	--	4,344,877
Increase (decrease) in net assets	5,982,614	(6,245,354)	(262,740)
Net assets, beginning of year	28,820,042	9,631,489	38,451,531
Assumption of debt	(9,682,312)	--	(9,682,312)
Net assets, end of year	\$ 25,120,344	\$ 3,386,135	\$ 28,506,479

The Notes to Financial Statements are an integral part of this statement.

LOUISVILLE URBAN LEAGUE SPORTS AND LEARNING COMPLEX, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support:			
Contributions	\$ --	\$ 1,565,220	\$ 1,565,220
Grants	105,809	--	105,809
Interest	3,994	--	3,994
Other revenue	1,522	--	1,522
Total revenues and support	<u>111,325</u>	<u>1,565,220</u>	<u>1,676,545</u>
Expenses:			
Program services	1,993,714	--	1,993,714
Management and general	37,029	--	37,029
Fundraising	33,600	--	33,600
Total expenses	<u>2,064,343</u>	<u>--</u>	<u>2,064,343</u>
Increase (decrease) in net assets	(1,953,018)	1,565,220	(387,798)
Net assets, beginning of year	<u>30,773,060</u>	<u>8,066,269</u>	<u>38,839,329</u>
Net assets, end of year	<u>\$ 28,820,042</u>	<u>\$ 9,631,489</u>	<u>\$ 38,451,531</u>

The Notes to Financial Statements are an integral part of this statement.

LOUISVILLE URBAN LEAGUE SPORTS AND LEARNING COMPLEX, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2022 and 2021

	2022			
	Program Services	Management and General	Fundraising	Total Expenses
Interest	\$ 524,908	\$ --	\$ --	\$ 524,908
Depreciation	1,212,668	--	--	1,212,668
Events	706,966	6,656	--	713,622
Salary	209,872	--	--	209,872
Payroll taxes and benefits	39,376	--	--	39,376
Office	2,856	--	--	2,856
Professional fees	819,725	--	156,571	976,296
Repairs and maintenance	170,215	--	--	170,215
Utilities	265,958	--	--	265,958
Insurance	205,924	--	--	205,924
Miscellaneous	--	23,182	--	23,182
Total expenses	<u>\$ 4,158,468</u>	<u>\$ 29,838</u>	<u>\$ 156,571</u>	<u>\$ 4,344,877</u>
	2021			
	Program Services	Management and General	Fundraising	Total Expenses
Interest	\$ 730,982	\$ --	\$ --	\$ 730,982
Depreciation	658,808	--	--	658,808
Events	332,537	--	--	332,537
Professional fees	144,173	31,739	33,600	209,512
Information technology	69,305	--	--	69,305
Utilities	50,839	--	--	50,839
Insurance	7,070	--	--	7,070
Miscellaneous	--	4,110	--	4,110
Service charges	--	948	--	948
Merchant fees	--	232	--	232
Total expenses	<u>\$ 1,993,714</u>	<u>\$ 37,029</u>	<u>\$ 33,600</u>	<u>\$ 2,064,343</u>

The Notes to Financial Statements are an integral part of these statements.

LOUISVILLE URBAN LEAGUE SPORTS AND LEARNING COMPLEX, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) in net assets	\$ (262,740)	\$ (387,798)
Adjustments to reconcile (decrease) in net assets to net cash provided by operating activities:		
Depreciation	1,212,668	658,808
Amortization of debt issuance costs	245,901	245,901
Change in assets and liabilities, net of the effects investing and financing activities:		
Accounts receivable	(91,861)	(12,827)
Due from related party	(267,167)	352,906
Pledges receivable, net	2,381,566	5,674,899
Prepaid expenses	6,656	(6,656)
Accrued expenses	40,165	88,618
Accounts payable	106,090	--
Net cash provided by operating activities	3,371,278	6,613,851
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,460,675)	(21,214,077)
Net cash (used in) investing activities	(1,460,675)	(21,214,077)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(4,762,791)	--
Net cash (used in) financing activities	(4,762,791)	--
Net (decrease) in cash	(2,852,188)	(14,600,226)
Cash:		
Beginning	4,930,718	19,530,944
Ending	\$ 2,078,530	\$ 4,930,718
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accounts payable for property and equipment	\$ --	\$ 1,080,685
Assumption of debt	\$ 9,682,312	\$ --
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	\$ 267,876	\$ 455,959

The Notes to Financial Statements are an integral part of these statements.

LOUISVILLE URBAN LEAGUE SPORTS AND LEARNING COMPLEX, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Nature of operations

The Louisville Urban League Sports and Learning Complex, Inc. (SLC) is a not-for-profit organization that was formed by the Louisville Urban League, Inc. (LUL). SLC's purpose is to construct and operate an athletic facility that will be a keystone of West Louisville's changing landscape. SLC is named Norton Sports Health Athletics and Learning Complex and located in the Russell neighborhood of Louisville. SLC includes an indoor/outdoor track and field space with seating for approximately 4,000, a learning lab, entertainment space with a bowling alley and an interactive rock climbing wall, community green space and outdoor event space.

Use of estimates

The preparation of financial statements in accordance with accounting principles general accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash

SLC maintains its cash balances in bank deposit accounts which, at times, may exceed coverage provided by the Federal Deposit Insurance Corporation. SLC has not experienced any losses in such accounts. Management believes SLC is not exposed to any significant risk on bank deposits.

Pledges receivable

Pledges receivable consist of unconditional promises to give made by donors. An allowance for doubtful accounts is recorded to the extent it is probable that a portion or all of a particular amount will not be collected. In evaluating the collectability of contributions receivable, SLC considers a number of factors, including historical loss rates and payment history of individual donors. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support and revenue until the conditions are substantially met.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Property and equipment

SLC's policy is to capitalize asset purchases over \$1,000 that have useful lives greater than one year. Maintenance and repairs are charged to expense as incurred. Acquired property and equipment are stated at cost. Donated property are recorded at fair value on the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Building	30 years
Furniture and equipment	5 to 10 years

Debt issuance costs – New Markets Tax Credit

SLC incurred debt issuance costs in connection with the New Market Tax Credit transaction. Amortization of debt issuance costs are classified as interest expense.

Net assets

SLC classifies resources for accounting and reporting purposes into two net asset categories according to donor-imposed restrictions as follows:

Net Assets without Donor Restrictions – net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – net assets available for use subject to donor-imposed restrictions. 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 resources be maintained in perpetuity.

Revenue recognition and contracts with customers

Revenue from contracts

SLC recognizes revenue from ticket sales at the time of admission. Rental revenue for event space is recognized at the time the event is held with deposits deferred until that time. SLC records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Performance obligations

SLC's revenues have been presented on a disaggregated basis in the accompanying statements of activities. Ticket sales for admissions, rental revenue, and special event revenue are recognized at a point in time. The transaction price is determined by the selling price and is allocated to the performance obligation once the sale or event takes place.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Contract assets/liabilities

The timing of recognition of revenue for each performance obligation may differ from the timing of the customer billing, creating a contract asset or contract liability. SLC had no contract assets or liabilities as of June 30, 2022, 2021, or 2020.

Grants

Grants consist primarily of awards and reimbursements from granting organizations and governments, including Louisville/Jefferson County Metro Government. Revenue from grants are recorded as support without donor restriction and recognized in the period the promise is received from the grantor.

Contributions

Contributions received are recorded as revenue and support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is 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 have been met.

Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. 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 non-financial assets

Contributed nonfinancial assets consist of donated goods and services. Donated goods are valued at their estimated fair value, based on the third-party appraisal value of identical or similar products, at the date of receipt. Contributions of donated services that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair value in the period received. There were no donated goods for the years ended June 30, 2022 and 2021. There were no donated services for the years ended June 30, 2022 and 2021. No contributed nonfinancial assets were monetized for the years ended June 30, 2022 and 2021.

Functional allocation of expenses

The costs associated with program services, management and general, and fundraising activities have been presented on a functional basis in the statements of functional expenses and summarized in the statements of activities. Accordingly, certain costs have been allocated to the three functional classifications by management based on time and effort.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Income taxes

SLC qualifies as a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code. Although SLC is exempt from income taxes, any income generated from activities unrelated to its exempt purpose is subject to tax under IRC Section 511. There was no unrelated business income tax for the years ended June 30, 2022 and 2021. Accordingly, no provision for federal and state income taxes has been made in these financial statements.

SLC's accounting policy provides that a tax expense/benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. SLC has no uncertain tax positions resulting in an accrual of a tax expense or benefit.

SLC's respective Federal Return of Organization Exempt from Income Tax is subject to examination by the taxing authorities until the expiration of the related statute of limitations on the returns, which is generally three years.

Adoption of accounting pronouncement

On July 1, 2021, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires an entity to present contributed nonfinancial assets as a separate line item in the statement of activities, separate from contributions of cash and other financial assets. ASU 2020-07 includes additional disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including disclosure requirements for recognized contributed services. The standard was applied on a retrospective basis and had no significant impact on the financial statements.

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheets at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statements of activities. This standard will be effective for the year ending June 30, 2023.

Management is currently in the process of evaluating the impact of the adoption of this ASU on SLC's financial statements.

Subsequent events

Subsequent events have been evaluated through May 2, 2023, which is the date financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Pledges Receivable

Pledges receivable consist of unconditional promises to give from various individuals, governments, and organizations to fund the construction of the sports and learning complex. Pledges receivable as of June 30, 2022 and 2021 are as follows:

	2022	2021
Amounts due in:		
Less than one year	\$ 2,280,100	\$ 2,468,435
One to five years	2,655,500	4,453,000
More than five years	350,000	700,100
Total pledges receivable	5,285,600	7,621,535
Less discount to net present value	90,464	44,832
Net pledges receivable	\$ 5,195,136	\$ 7,576,703

Pledges receivable due after one year are reflected at the present value of estimated future cash flows using a discount rate of 3.01% and 0.87% for the years ended June 30, 2022 and 2021, respectively.

Note 3. Property and Equipment

Property and equipment consist of the following as of June 30, 2022 and 2021:

	June 30, 2021	Additions	Disposals	Reclassification	June 30, 2022
Land	\$ 1,570,000	\$ --	\$ --	\$ --	1,570,000
Building	34,449,647	3,031,431	--	--	37,481,078
Machinery and equipment	32,606	123,649	--	--	156,255
Construction in progress	2,775,090	379,990	--	(3,155,080)	--
	38,827,343	3,535,070	--	(3,155,080)	39,207,333
Less accumulated depreciation	658,808	1,212,668	--	--	1,871,476
	\$ 38,168,535	\$ 2,322,402	\$ --	\$ (3,155,080)	\$ 37,335,857

Depreciation expense for the years ended June 30, 2022 and 2021 was \$1,212,668 and \$658,808, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 4. Notes Payable and New Markets Tax Credit

Note payable

On November 1, 2021, SLC entered into a \$10,000,000 note payable agreement with PNC Bank through the assumption of debt of \$9,682,312 from LUL. The note bears interest equal to the lender's prime rate, but no less than 1.50% per annum (4.75% at June 30, 2022) and is scheduled to mature on November 1, 2026. The note is secured by SLC pledges and the outstanding principal balance and any accrued but unpaid interest shall be due and payable on November 1, 2016. The outstanding principal balance on the note as of June 30, 2022 was \$4,919,520.

New Markets Tax Credit

On May 22, 2020, SLC and LUL entered into a Federal New Markets Tax Credit (NMTC) financing transaction in order to provide additional financing for the construction of the sports and learning complex. On June 5, 2020, SLC and LUL entered into a State NMTC financing transaction in order to provide additional financing for the construction of the sports and learning complex. The Federal NMTC program and the State NMTC are administered by the United States Department of the Treasury and the Kentucky Department of Revenue, respectively, and provide an allocation of tax credits to community development entities (CDE) which enable them to attract investment from the private-sector and reinvest these amounts in low-income communities.

Federal NMTC

The NMTC transaction was facilitated through the formation of LUL Investment Fund, LLC (Federal Fund), and three sub-CDE's including TRF Sub-CDE (TRF), NDC Sub-CDE (NDC), and Telesis Sub-CDE (Telesis). The transaction was funded by a \$9,325,378 initial equity contribution from LUL, \$8,500,000 loan from TRF, \$7,760,000 loan from NDC, and a \$7,850,000 loan from Telesis.

On May 22, 2020, SLC borrowed \$8,500,000 from TRF. The funding was allocated under Note A for \$5,835,250 and Note B for \$2,664,750 with interest payable quarterly based on a fixed interest rate of 1.057%.

On May 22, 2020 SLC borrowed \$7,760,000 from NDC. The funding was allocated under Note A for \$5,192,000 and Note B for \$2,568,000 with interest payable quarterly based on a fixed interest rate of 1.057%.

On May 22, 2020 SLC borrowed \$7,850,000 from Telesis. The funding was allocated under Note A for \$5,447,900 and Note B for \$2,402,100 with interest payable quarterly based on a fixed interest rate of 1.057%.

The TRF, NDC, and Telesis loans are interest only until September 1, 2026 at which time SLC must begin to make principal payments. The loans mature on December 1, 2053. The loans are collateralized by the assets of SLC and LUL is a guarantor of each of the notes payable. Under the terms of the note payable loan agreements, SLC is required to meet a financial covenant by maintaining a 1.0 to 1.0 debt service coverage ratio.

NOTES TO FINANCIAL STATEMENTS

Note 4. Note Payable and New Markets Tax Credit (Continued)

Upon expiration of the applicable federal NMTC compliance period on December 17, 2025, it is anticipated that LUL will acquire the membership interest in the Federal Fund pursuant to an Option Agreement between LUL and PNC New Markets Investment Partners, LLC and in connection with the redemption of the Federal Fund's interests in TRF, NDC and Telesis, LUL will acquire ownership of the loans. Upon LUL acquisition of the loans, the SLC debt obligations thereunder can be forgiven.

State NMTC

The NMTC transaction was facilitated through the formation of USBCDC Investment Fund 310, LLC (State Fund), and three sub-CDE's including LBCDE SUB4, LLC (LBCDE), New Markets Investment 124, LLC (NMI), and NDC New Markets Investments C, LLC (NDC). The transaction was funded by a \$3,289,474 loan from LBCDE, \$3,289,474 loan from NMI, and a \$3,289,474 loan from NDC.

On June 5, 2020, SLC borrowed \$3,289,474 from LBCDE. The funding was allocated under Note A for \$2,790,661 and Note B for \$498,813 with interest payable quarterly based on a fixed interest rate of 1.081%.

On June 5, 2020, SLC borrowed \$3,289,474 from NMI. The funding was allocated under Note A for \$2,757,766 and Note B for \$531,708 with interest payable quarterly based on a fixed interest rate of 1.081%.

On June 5, 2020, SLC borrowed \$3,289,474 from NDC. The funding was allocated under Note A for \$2,626,187 and Note B for \$663,287 with interest payable quarterly based on a fixed interest rate of 1.081%.

The LBCDE, NMI, and NDC loans are interest only until December 1, 2026 at which time SLC must begin to make principal payments. The loans mature on December 1, 2053. The loans are collateralized by the assets of SLC and LUL is a guarantor of each of the notes payable.

Upon expiration of the applicable state NMTC compliance period on June 4, 2027, it is anticipated that LUL will acquire the membership interest in the State Fund pursuant to a Put and Call Agreement between LUL and U.S. Bank National Association and upon redemption of the State Fund's interest in LBCDE, NMI and NDC, LUL will acquire ownership of the loans. Upon LUL acquisition of the loans, the SLC debt obligations thereunder can be forgiven.

Scheduled principal payments on notes payable are as follows for the year ended June 30:

	2023	\$	--
	2024		--
	2025		--
	2026		--
	2027		4,919,520
	Thereafter		33,978,422
			38,897,942
Debt issuance costs			(614,869)
			\$ 38,283,073

NOTES TO FINANCIAL STATEMENTS

Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Corporate contributions	\$ 2,823,372	\$ 8,557,192
Individual contributions	<u>562,763</u>	<u>1,074,297</u>
	<u>\$ 3,386,135</u>	<u>\$ 9,631,489</u>

Note 6. Related Party Transactions

SLC shares its employees and office space with LUL. LUL bills SLC on a monthly basis for reimbursement of wages, related employment taxes and benefits, accounting and administrative expenses, and other direct costs such as printing, telephone, and postage. The amounts due from LUL as of June 30, 2022 and 2021 was \$22,310,214 and \$22,043,047, respectively, and represented funding for the NMTC transactions (See Note 4) and reimbursement of capital expenditures.

Expenses were reimbursed by SLC to LUL as follows for the years ended June 30, 2022 and 2021 were \$42,394 and \$150,000, respectively.

Note 7. Concentration of Revenues and Receivables

SLC has three donors accounting for approximately 74% of pledges receivable at June 30, 2022. Contribution income from these donors were \$1,000,000 for the year ended June 30, 2022.

SLC has two donors accounting for approximately 58% of pledges receivable at June 30, 2021. Contribution income from these donors were zero for the year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS

Note 8. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

	2022	2021
Financial assets at year end:		
Cash	\$ 2,078,530	\$ 4,930,718
Pledges receivable, net	5,195,136	7,576,703
Accounts receivable	104,688	12,827
	7,378,354	12,520,248
Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ 3,386,135	\$ 9,631,489
Less net assets with purpose or time restrictions to be met in less than a year	2,280,100	2,468,435
	1,106,035	7,163,054
	\$ 6,272,319	\$ 5,357,194

As part of SLC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. SLC invests cash in excess of daily requirements in interest-bearing checking accounts, including money market accounts.