LOUISVILLE URBAN LEAGUE
SPORTS AND LEARNING COMPLEX, INC.

FINANCIAL REPORT

JUNE 30, 2024

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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, 2024 and 2023, 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, 2024 and 2023, 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.

Certified Public Accountants and Advisors

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Auditor’s Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 PLC

Louisville, Kentucky
January 14, 2025

LOUISVILLE URBAN LEAGUE SPORTS AND LEARNING COMPLEX, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS		
Cash	$ 2,414,212	$ 2,048,105
Pledges receivable, net	2,304,252	3,920,099
Accounts receivable	298,853	46,228
Due from related party	18,888,299	18,939,573
Prepaid expenses	47,799	- -
Property and equipment, net	35,025,427	36,309,579
	$ 58,978,842	$ 61,263,584
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 221,715	$ 92,870
Accrued expenses	355,790	115,129
Notes payable, net	33,855,357	33,609,455
Total liabilities	34,432,862	33,817,454
NET ASSETS		
Without donor restrictions	21,258,047	23,976,256
With donor restrictions	3,287,933	3,469,874
Total net assets	24,545,980	27,446,130
	$ 58,978,842	$ 61,263,584

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	$ 119,708	$ - -	$ 119,708
Event revenue	2,040,951	- -	2,040,951
Other revenue	52,992	- -	52,992
Interest income	6,201	- -	6,201
Net assets released from restriction	181,941	(181,941)	- -
Total revenues and support	2,401,793	(181,941)	2,219,852
Expenses:			
Program services	4,928,324	- -	4,928,324
Management and general	99,609	- -	99,609
Fundraising	92,069	- -	92,069
Total expenses	5,120,002	- -	5,120,002
(Decrease) in net assets	(2,718,209)	(181,941)	(2,900,150)
Net assets, beginning of year	23,976,256	3,469,874	27,446,130
Net assets, end of year	$ 21,258,047	$ 3,287,933	$ 24,545,980

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Contributions	$ 433,340	$ 2,001,500	$ 2,434,840
Event revenue	1,261,590	- -	1,261,590
Sponsorship revenue	4,209	- -	4,209
Other revenue	11,048	- -	11,048
Interest income	3,326	- -	3,326
Net assets released from restriction	1,917,761	(1,917,761)	- -
Total revenues and support	3,631,274	83,739	3,715,013
Expenses:			
Program services	4,624,526	- -	4,624,526
Management and general	70,759	- -	70,759
Fundraising	80,077	- -	80,077
Total expenses	4,775,362	- -	4,775,362
Increase (decrease) in net assets	(1,144,088)	83,739	(1,060,349)
Net assets, beginning of year	25,120,344	3,386,135	28,506,479
Net assets, end of year	$ 23,976,256	$ 3,469,874	$ 27,446,130

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, 2024 and 2023

	2024			
	Program Services	Management and General	Fundraising	Total Expenses
Interest and fees	$ 742,678	$ - -	$ - -	$ 742,678
Depreciation	1,284,152	- -	- -	1,284,152
Events	466,617	21,009	- -	487,626
Salary	574,833	- -	- -	574,833
Payroll taxes and benefits	134,037	- -	- -	134,037
Training	667	- -	- -	667
Office	109,650	- -	- -	109,650
Professional fees	709,203	- -	92,069	801,272
Repairs and maintenance	436,010	- -	- -	436,010
Utilities	286,837	- -	- -	286,837
Insurance	178,066	- -	- -	178,066
Travel and meals	5,574	- -	- -	5,574
Miscellaneous	- -	78,600	- -	78,600
Total expenses	$ 4,928,324	$ 99,609	$ 92,069	$ 5,120,002

	2023			
	Program Services	Management and General	Fundraising	Total Expenses
Interest and fees	$ 803,460	$ - -	$ - -	$ 803,460
Depreciation	1,280,621	- -	- -	1,280,621
Events	448,696	20,202	- -	468,898
Salary	432,559	- -	- -	432,559
Payroll taxes and benefits	102,311	- -	- -	102,311
Training	9,651	- -	- -	9,651
Office	95,921	- -	- -	95,921
Professional fees	525,078	- -	80,077	605,155
Repairs and maintenance	362,696	- -	- -	362,696
Utilities	401,910	- -	- -	401,910
Insurance	161,623	- -	- -	161,623
Miscellaneous	- -	50,557	- -	50,557
Total expenses	$ 4,624,526	$ 70,759	$ 80,077	$ 4,775,362

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, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) in net assets	$ (2,900,150)	$ (1,060,349)
Adjustments to reconcile (decrease) in net assets to net cash provided by operating activities:		
Depreciation	1,284,152	1,280,621
Amortization of debt issuance costs	245,901	245,901
Change in assets and liablities, net of the effects investing and financing activities:		
Accounts receivable	(252,625)	58,460
Prepaid expenses	(47,799)	- -
Due from related party	51,275	3,370,640
Pledges receivable, net	1,615,847	1,275,037
Accrued expenses	240,661	(13,654)
Accounts payable	128,845	(13,220)
Net cash provided by operating activities	366,107	5,143,436
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	- -	(254,343)
Net cash (used in) investing activities	- -	(254,343)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	- -	(4,919,518)
Net cash (used in) financing activities	- -	(4,919,518)
Net increase (decrease) in cash	366,107	(30,425)
Cash:		
Beginning	2,048,105	2,078,530
Ending	$ 2,414,212	$ 2,048,105
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for interest	$ 361,521	$ 329,840

The Notes to Financial Statements are an integral part of these 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 generally accepted in the Unites 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.

Accounts receivable and allowance for credit losses

The SLC operates an athletic facility and accounts receivable are from vendors and customers. Accounts receivable are stated at net realizable value. The SLC uses the allowance method to account for uncollectible accounts receivable. Management maintains an allowance for potential credit losses based on its assessment of the current status of the customer accounts. At each balance sheet date, the SLC recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. Accounts receivable are usually collected within thirty days. The balance in accounts receivable as of June 30, 2024, 2023, and 2022 was $298,853, $46,228, and $104,688, respectively.

The allowance estimate is derived from a review of the SLC's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the SLC. The SLC believes historical loss information is a reasonable starting point with which to calculate the expected allowance for credit losses as the SLC's portfolio segments have remained consistent since the SLC's inception.

Note 1. Significant Accounting Policies (Continued)

Accounts receivable and allowance for credit losses (continued)

The SLC writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. SLC had no allowance or provision for credit losses as of and for the years ended June 30, 2024 and 2023.

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.

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 is 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 is classified as interest expense in the statements of functional expenses.

Note 1. Significant Accounting Policies (Continued)

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.

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, 2024, 2023, or 2022.

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 restrictions and recognized in the period the grant is awarded by the grantor.

Reclassifications

Certain reclassifications have been made to the June 30, 2023, financial statement presentation to correspond to the current year's format. Total net assets and the increase in net assets are unchanged due to these reclassifications.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

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 SLC 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 or services for the years ended June 30, 2024 and 2023. No contributed nonfinancial assets were monetized for the years ended June 30, 2024 and 2023.

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.

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, 2024 and 2023. 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Income taxes (continued)

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

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the SLC's exposure to credit risk and the measurement of credit losses. SLC's financial assets subject to the guidance include accounts receivable.

SLC adopted the standard effective July 1, 2023. The impact of the adoption was not material to the financial statements and primarily resulted in new and enhanced disclosures only.

Subsequent events

Subsequent events have been evaluated through January 14, 2025, which is the date financial statements were available to be issued.

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, 2024 and 2023 are as follows:

	2024	2023
Amounts due in:		
Less than one year	$ 941,058	$ 788,889
One to five years	1,424,892	3,266,100
Total pledges receivable	2,365,950	4,054,989
Less discount to net present value	61,698	134,890
Net pledges receivable	$ 2,304,252	$ 3,920,099

Pledges receivable due after one year are reflected at the present value of estimated future cash flows using a discount rate of 4.13% and 3.01% for the years ended June 30, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 3. Property and Equipment

Property and equipment consist of the following as of June 30, 2024 and 2023:

	June 30, 2023	Additions	Disposals	Reclassification	June 30, 2024
Land	$ 1,570,000	$ - -	$ - -	$ - -	$ 1,570,000
Building	37,481,078	- -	- -	254,343	37,735,421
Machinery and equipment	156,255	- -	- -	- -	156,255
Construction in progress	254,343	- -	- -	(254,343)	- -
	39,461,676	- -	- -	- -	39,461,676
Less accumulated depreciation	3,152,097	1,284,152	- -	- -	4,436,249
	$ 36,309,579	$ (1,284,152)	$ - -	$ - -	$ 35,025,427

Depreciation expense for the years ended June 30, 2024 and 2023 was $1,284,152 and $1,280,621, respectively.

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. This balance was paid down to $4,919,518 as of June 30, 2022. The note was paid in full by the SLC as of June 30, 2023.

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%.

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

Federal NMTC (continued)

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.

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, 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.

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

State NMTC (continued)

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:

2025	$ - -
2026	- -
2027	943,108
2028	1,085,140
2029	1,096,732
Thereafter	30,853,442
	33,978,422
Debt issuance costs	(123,065)
	$ 33,855,357

Note 5. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30, 2024 and 2023:

	2024	2023
Corporate contributions	$ 2,741,491	$ 2,893,194
Individual contributions	546,442	576,680
	$ 3,287,933	$ 3,469,874

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 amount due from LUL as of June 30, 2024 and 2023 was $18,888,299 and $18,939,573, respectively, and represented funding for the NMTC transactions (See Note 4) and reimbursement of capital expenditures. The amount due from LUL was reduced by $51,274 through deposits received during the year ended June 30, 2024.

Expenses reimbursed by SLC to LUL for the years ended June 30, 2024 and 2023 were zero and $301,113, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 7. Concentration of Revenues and Receivables

SLC has four donors accounting for approximately 89% of pledges receivable as of June 30, 2024. SLC had three donors accounting for approximately 49% of pledges receivable as of June 30, 2023. Contribution revenue from these three donors was $2,000,000 for the year ended June 30, 2023.

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:

	2024	2023
Financial assets at year end:		
Cash	$ 2,414,212	$ 2,048,105
Pledges receivable, net	2,304,252	3,920,099
Accounts receivable	298,853	46,228
	5,017,317	6,014,432
Less amounts not available to be used within one year:		
Net assets with donor restrictions	3,287,933	3,469,874
Less net assets with purpose or time restrictions to be met in less than a year	941,058	788,889
	2,346,875	2,680,985
	$ 2,670,442	$ 3,333,447

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.