

Sweetwater Spectrum, Inc.
Financial Statements

For the Years Ended
June 30, 2023 and 2022

Together with Independent Accountants' Review Report

Sweetwater Spectrum, Inc.

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Independent Accountants' Review Report

To the Board of Directors of
Sweetwater Spectrum, Inc.
Sonoma, California

We have reviewed the accompanying financial statements of Sweetwater Spectrum, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Sweetwater Spectrum, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Dillwood Burkel & Millar, LLP
Santa Rosa, California
March 27, 2024

Sweetwater Spectrum, Inc.

Statements of Financial Position

As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 795,114	\$ 470,159
Restricted cash	60,372	1,691,827
Accounts receivable	1,100	1,056
Prepaid expenses and other current assets	9,163	22,715
	<u>865,749</u>	<u>2,185,757</u>
Total current assets	865,749	2,185,757
Investments	281,497	263,790
Property and equipment, net	<u>9,033,801</u>	<u>7,607,580</u>
	<u>\$ 10,181,047</u>	<u>\$ 10,057,127</u>
Total assets	<u>\$ 10,181,047</u>	<u>\$ 10,057,127</u>
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 77,473	\$ 60,814
Deferred rental income	2,564	12,079
Loans payable, net of amortization of loan fees	-	40,826
	<u>80,037</u>	<u>113,719</u>
Total current liabilities	80,037	113,719
Tenant security deposits	<u>10,800</u>	<u>11,050</u>
	90,837	124,769
Total liabilities	90,837	124,769
Net assets		
Without donor restrictions	10,029,838	8,240,531
With donor restrictions	60,372	1,691,827
	<u>10,090,210</u>	<u>9,932,358</u>
Total net assets	10,090,210	9,932,358
Total liabilities and net assets	<u>\$ 10,181,047</u>	<u>\$ 10,057,127</u>

The accompanying notes are an integral part of this statement.
See accompanying Independent Accountants' Review Report.

Sweetwater Spectrum, Inc.

Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue and support		
Contributions of financial assets	\$ 752,134	\$ 688,683
Contributions of nonfinancial assets	31,352	1,545
Rental income, net of discounts	627,064	641,500
Grants	-	1,409
Investment income (loss), net	35,114	(44,758)
Farm income	20,328	21,784
Net assets released from restrictions	<u>1,667,280</u>	<u>312,017</u>
Total revenue and support without donor restrictions	3,133,272	1,622,180
Expenses		
Program services	1,104,410	989,031
Management and general	93,970	123,497
Fundraising	<u>145,585</u>	<u>86,777</u>
Total expenses	<u>1,343,965</u>	<u>1,199,305</u>
Increase in net assets without donor restrictions	1,789,307	422,875
Changes in net assets with donor restrictions		
Contributions and grants	35,825	76,800
Net assets released from restrictions	<u>(1,667,280)</u>	<u>(312,017)</u>
Decrease in net assets with donor restrictions	<u>(1,631,455)</u>	<u>(235,217)</u>
Increase in net assets	157,852	187,658
Net assets, beginning of year	<u>9,932,358</u>	<u>9,744,700</u>
Net assets, end of year	<u>\$ 10,090,210</u>	<u>\$ 9,932,358</u>

*The accompanying notes are an integral part of this statement.
See accompanying Independent Accountants' Review Report.*

Sweetwater Spectrum, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 204,386	\$ 24,940	\$ 52,255	\$ 281,581
Payroll tax	13,413	4,985	4,317	22,715
Total personnel	<u>217,799</u>	<u>29,925</u>	<u>56,572</u>	<u>304,296</u>
Grant expense	158,347	-	-	158,347
Outside services	83,065	75	11,890	95,030
Partner organization staff incentives	83,786	-	-	83,786
Professional fees	32,385	40,186	5,279	77,850
Utilities	70,343	-	-	70,343
Insurance	57,017	1,935	3,870	62,822
Meals, food and catering	6,920	2,699	31,187	40,806
Repairs and maintenance	38,256	-	-	38,256
Miscellaneous	21,560	481	12,457	34,498
Materials and supplies	11,098	3,298	6,385	20,781
Property taxes	-	12,674	-	12,674
Farm	12,150	-	-	12,150
Merchant and bank fees	98	922	8,486	9,506
Advertising and marketing	-	-	5,067	5,067
Telephone and internet	3,182	-	-	3,182
Rental expense	-	-	2,500	2,500
Printing and copying	96	1,037	642	1,775
Postage	10	141	974	1,125
Travel and entertainment	240	126	276	642
Interest	-	95	-	95
	<u>578,553</u>	<u>63,669</u>	<u>89,013</u>	<u>731,235</u>
Depreciation	306,042	376	-	306,418
Amortization	2,016	-	-	2,016
Total expenses	<u>\$ 1,104,410</u>	<u>\$ 93,970</u>	<u>\$ 145,585</u>	<u>\$ 1,343,965</u>

The accompanying notes are an integral part of this statement.
See accompanying Independent Accountants' Review Report.

Sweetwater Spectrum, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 201,983	\$ 22,671	\$ 39,542	\$ 264,196
Payroll tax	16,671	1,866	3,220	21,757
Total personnel	<u>218,654</u>	<u>24,537</u>	<u>42,762</u>	<u>285,953</u>
Outside services	109,642	15,374	18,482	143,498
Partner organization staff incentives	93,451	-	-	93,451
Insurance	72,139	5,651	6,027	83,817
Utilities	74,991	-	-	74,991
Professional fees	5,020	33,444	3,554	42,018
Repairs and maintenance	38,272	-	-	38,272
Materials and supplies	18,125	3,279	2,741	24,145
Telephone and internet	20,263	909	1,515	22,687
Meals, food and catering	13,081	6,644	375	20,100
Miscellaneous	16,519	-	636	17,155
Farm	14,786	-	-	14,786
Interest	10,224	770	-	10,994
Loss on sale of assets	-	7,060	-	7,060
Advertising and marketing	-	-	6,124	6,124
Merchant and bank fees	-	1,892	3,493	5,385
Property taxes	-	1,534	-	1,534
Postage	58	255	354	667
Printing and copying	-	-	655	655
Travel and entertainment	328	279	19	626
Rental expense	-	440	-	440
Professional development	218	-	40	258
	<u>487,117</u>	<u>77,531</u>	<u>44,015</u>	<u>608,663</u>
Depreciation	282,297	21,356	-	303,653
Amortization	963	73	-	1,036
Total expenses	<u>\$ 989,031</u>	<u>\$ 123,497</u>	<u>\$ 86,777</u>	<u>\$ 1,199,305</u>

The accompanying notes are an integral part of this statement.
See accompanying Independent Accountants' Review Report.

Sweetwater Spectrum

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	<i>Increase (decrease) in cash</i>	
Cash flows from operating activities		
Changes in net assets	\$ 157,852	\$ 187,658
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	308,434	304,689
Realized and unrealized losses (gains) from investments	(17,707)	53,436
(Increase) decrease in operating assets		
Accounts receivable	(44)	(1,056)
Prepaid expenses	13,552	(21,815)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	16,659	(41,917)
Deferred rental income	(9,515)	4,785
Tenant security deposits	(250)	650
	<u>468,981</u>	<u>486,430</u>
Net cash provided by operating activities	468,981	486,430
Cash flows from investing activities		
Purchase of property and equipment	<u>(1,732,639)</u>	<u>(292,249)</u>
Net cash used in investing activities	(1,732,639)	(292,249)
Cash flows from financing activities		
Repayments of long-term debt principal balance	<u>(42,842)</u>	<u>(365,960)</u>
Net cash used in financing activities	<u>(42,842)</u>	<u>(365,960)</u>
Net decrease in cash and cash equivalents	(1,306,500)	(171,779)
Cash and cash equivalents at beginning of year	<u>2,161,986</u>	<u>2,333,765</u>
Cash and cash equivalents at end of year	<u>\$ 855,486</u>	<u>\$ 2,161,986</u>
Unrestricted cash and cash equivalents	\$ 795,114	\$ 470,159
Restricted cash and cash equivalents	60,372	1,691,827
Total cash and cash equivalents	<u>\$ 855,486</u>	<u>\$ 2,161,986</u>
Supplemental cash flows information		
Cash paid for interest	\$ 95	\$ 10,994

The accompanying notes are an integral part of this statement.
See accompanying Independent Accountants' Review Report.

Sweetwater Spectrum, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Note 1. Nature of Activities

Sweetwater Spectrum, Inc. (hereafter "the Corporation"; formerly Woven Shade, Inc.; a California nonprofit public benefit corporation) was founded in May 2009 to maximize individual development and independence of persons with autism, or other intellectual / developmental disabilities, by providing an array of state-of-the-art residential options and exposure to new opportunities. The Corporation's major sources of income are from contributions and rental income.

Note 2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Grants are recognized as support when earned in accordance with the terms of each grant or agreement. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are without donor restrictions include revenues generated from all activities other than grants and contributions which are purpose or time restricted. Net assets without donor restrictions are available for all operations conducted by the Corporation, for future use in operations in accordance with a board approved plan of action, and investment in property and equipment.

Net assets with donor restrictions - Net assets with restrictions include unconditional contributions and grant revenues with purpose or time restrictions with regards to how the funds can be used. Such restrictions can be temporary or permanent. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. It is the Corporation's policy that if the donor restrictions are met within the same reporting period, the contributions are reported as increases of net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash represents cash balances restricted by donors. As of June 30, 2023 and 2022, the Corporation had approximately \$60,000 and \$1,692,000, respectively, included in its bank accounts that were considered restricted by donor stipulations.

Sweetwater Spectrum, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Note 2. Significant Accounting Policies, *continued*

Concentrations of Credit Risk

Financial instruments which potentially subject the Corporation to concentrations of credit risk include cash deposits and investments maintained in excess of Federal Deposit Insurance Corporation (“FDIC”) and Securities Investor Protection Corporation (“SIPC”) limits throughout the year. At June 30, 2023 and 2022, the Corporation had approximately \$404,000 and \$1,777,000, respectively, on deposit in excess of FDIC or SIPC insurance limits.

Leases

Transactions give rise to leases when the Corporation receives substantially all of the economic benefits from, and has the ability to direct, the use of the specified property and equipment. The Corporation primarily has lessee activity that is classified as operating leases.

Operating leases are included in operating lease right-of-use assets, current maturities of operating lease liabilities, and operating lease liabilities, less current maturities on the Statements of Financial Position. Finance leases are included in property and equipment, net, current maturities of finance lease obligations, and finance lease obligations, less current maturities on the Statements of Financial Position. Operating lease right -of-use assets represents the right to use an underlying asset for the lease term and operating lease liabilities represent obligations to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, the Corporation uses the applicable incremental borrowing rate, or risk-free rate, at lease commencement to perform lease classification tests and to measure lease liabilities and right-of-use assets. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Certain optional renewal periods were not included in the determination of the lease liability and right-of-use asset if management determined it was not reasonably certain that the lease would be extended.

The Corporation has agreements with lease and non-lease components, such as common area maintenance, and has elected to not account for the lease and non-lease components as separate components. The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases of terms less than 12 months.

Investments

Investments, which include equity securities, government securities and corporate bonds are carried at fair value. Unrealized gains and losses are included in the Statements of Activities and Changes in Net Assets.

Sweetwater Spectrum, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Note 2. Significant Accounting Policies, continued

Fair Value Measurements

Fair value of an investment is the amount that would be received to sell the investment in an orderly transaction between market participants at the measurement date. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Valuations based on quoted market prices in active markets for identical assets or liabilities that the Corporation has the ability to access.
- Level 2: Valuations based on pricing inputs that are other than quoted prices in active markets which are either directly or indirectly observable.
- Level 3: Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models, and similar techniques.

The categorization of an investment within the hierarchy is based on the pricing transparency of the investment and does not necessarily correspond to the Corporation's perceived risk of that investment. As of June 30, 2023 and 2022, all of the investments maintained by the Corporation were Level 1 investments.

Accounts Receivable

It is the practice of the Corporation to expense uncollectable accounts only after exhausting all efforts to collect the amounts due. There is no allowance for doubtful accounts and, based on subsequent collections, management believes all amounts will be collected in full.

Property and Equipment

Land, buildings and equipment are recorded at cost; donated assets are capitalized at fair value at the date of receipt. Repairs, maintenance, and minor replacements are expensed as incurred. For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 30 years. The Corporation capitalizes its property and equipment in excess of \$5,000.

Sweetwater Spectrum, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Note 2. Significant Accounting Policies, *continued*

Impairment of Long-Lived Assets

The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

Revenue Recognition

Contributions are recognized as support when received or unconditionally promised. Contributions are recorded as unrestricted or restricted support depending on the existence of any donor-imposed restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Lease agreements with tenants are renewed on an annual basis. Rental income is recognized when earned. Tenants' rental prepayments are recorded as deferred rental income until the rental income is earned. Rental income is reported net of discounts. The discounts are offered for the purposes of making the housing more accessible to families of limited economic means. Discounts awarded are based on a sliding scale of need, and once awarded, are periodically reviewed and can be adjusted.

Contributions of nonfinancial assets are reflected in the accompanying statements at their estimated fair value at date of receipt. During the years ended June 30, 2023 and 2022, the Corporation received \$31,352 and \$1,545 respectively, of contributions of nonfinancial assets (Note 11).

Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the year received.

Functional Allocation of Expenses

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies as well as estimates made by the Corporation's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation.

Advertising Cost

The Corporation expenses advertising and promotion costs as incurred. Advertising and promotion expenses were \$5,067 and \$6,124 for the years ended June 30, 2023 and 2022, respectively.

Sweetwater Spectrum, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Note 2. Summary of Significant Accounting Policies, continued

Income Taxes

Sweetwater Spectrum, Inc. is a nonprofit corporation under Internal Revenue Code Section 501(c)(3) and has been granted tax-exempt status by the Internal Revenue Service and the California Revenue and Taxation Code. As of June 30, 2023, the Corporation had no unrecognized tax positions or uncertain tax positions requiring accrual. Therefore, no provision for income taxes has been provided in the financial statements.

The Corporation determines whether its tax positions are "more-likely-than-not" to be sustained upon examination by the applicable taxing authority based on the technical merits of the positions. As of June 30, 2023, the Corporation has reviewed its tax positions and has concluded no reserve for uncertain tax positions is required. The Corporation's exempt organization information returns are subject to review through three years after the date of filing for federal and four years after the date of filing for California.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support and expenses. The use of management's estimates primarily relate to the collectability of accounts receivable and depreciable lives of buildings and equipment. Actual results could differ from those estimates.

Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations or net asset balances.

Sweetwater Spectrum, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Note 3. Liquidity and Availability of Financial Assets

The following reflects the Corporation's financial assets as of June 30, reduced by amounts not available for general use because of contractual, donor imposed or board designated restrictions within one year of the balance sheet date.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 855,486	\$ 2,161,986
Accounts receivable	1,100	1,056
Investments	<u>281,497</u>	<u>263,790</u>
Total financial assets at year-end	1,138,083	2,426,832
Less those unavailable for general expenditures within one year, due to:		
Funds restricted by donors	<u>(60,372)</u>	<u>(1,691,827)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,077,711</u>	<u>\$ 735,005</u>

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Based on the overall risk and return objectives of Sweetwater Spectrum, Inc., the Corporation has determined that investments should be managed with an overall asset allocation of 60% in equity and 40% in fixed income securities, using low cost index funds and index exchange funds.

Note 4. Investments

Investments stated at fair value as of June 30 include the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Exchange traded funds	<u>\$ 263,811</u>	<u>\$ 281,497</u>	<u>\$ 263,811</u>	<u>\$ 263,790</u>

Investment income for the year ended June 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 17,311	\$ 8,678
Net realized and unrealized gain (loss)	<u>17,803</u>	<u>(53,436)</u>
	<u>\$ 35,114</u>	<u>\$ (44,758)</u>

Interest and dividend income includes interest earned from the Corporation's savings account.

Sweetwater Spectrum, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Note 5. Land, Buildings and Equipment

In 2009, the Corporation began the planning of a residential community for adults with autism. On December 27, 2010, the Corporation purchased a nearly three-acre property in Sonoma, California, and began construction of homes and a community center. During the year ended June 30, 2013, construction was completed and assets were placed in service.

During June 2022, the Corporation broke ground on the construction of a fifth residential building on its campus, which when completed expands the capacity from 16 to 20 residents. Costs incurred during the construction are categorized as construction in process until the building is complete, at which time the costs will be reclassified to buildings and improvements. The Corporation received \$1.8 million in restricted contributions to defray the majority of estimated costs of construction. As costs are incurred, the restrictions for the new building campaign are released and characterized as net assets released from restrictions.

Land, buildings and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 8,385,721	\$ 8,354,410
Furniture and equipment	120,954	120,954
Vehicles	<u>13,787</u>	<u>13,787</u>
	8,520,462	8,489,151
Accumulated depreciation	<u>(3,012,151)</u>	<u>(2,705,735)</u>
Net depreciable assets	5,508,311	5,783,416
Land	1,455,048	1,455,048
Construction in progress	<u>2,070,442</u>	<u>369,116</u>
	<u>\$ 9,033,801</u>	<u>\$ 7,607,580</u>

Depreciation expense totaled \$306,418 and \$303,653 for the years ended June 30, 2023 and 2022, respectively.

Note 6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses represent the following as of June 30:

	<u>2023</u>	<u>2022</u>
Accounts payable	\$ 55,082	\$ 39,119
Accrued payroll	12,134	12,017
Accrued vacation	<u>10,257</u>	<u>9,678</u>
	<u>\$ 77,473</u>	<u>\$ 60,814</u>

Sweetwater Spectrum, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Note 7. Loan Payable

The Corporation had a loan payable with a commercial bank. The loan bore interest at 3.47% per annum. As of June 30, 2022, the loan had a balance in the amount of \$40,826, net of unamortized loan fees in the amount of \$2,016.

With the approval of Board, the Corporation made accelerated payments and paid off the loan in July 2022.

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions can be restricted for specific purposes or time period. Net assets with donor restrictions are released from restrictions when expenses are incurred or specific events occur. The Corporation had net assets released from program restrictions in the amount of \$1,667,280 and \$312,017 for the years ended June 30, 2023 and 2022, respectively.

Net assets with donor restrictions are available for the following as of June 30:

	<u>2023</u>	<u>2022</u>
New building campaign	\$ 56,907	\$ 1,523,141
Sweetwater South	-	158,530
Replication	<u>3,465</u>	<u>10,156</u>
Total net assets with donor restrictions	<u>\$ 60,372</u>	<u>\$ 1,691,827</u>

Note 9. Licensing Agreement with Sweetwater Spectrum South

During the year ended June 30, 2017, the Corporation entered into a Business Material Licensing Agreement and a Fiscal Sponsorship Grant Agreement with an unrelated entity named Sweetwater Spectrum South (collectively the “Agreements”). According to the agreements, Sweetwater Spectrum South will replicate certain features of the Corporation’s operating model by using certain licensed materials owned by the Corporation under certain agreed upon terms, including licensing fees and royalty payment schedule.

In addition, the Corporation agrees to be the fiscal sponsor of Sweetwater Spectrum South (the “Organization”) during the period when the Organization applies for its own tax exempt status under Section 501(c)(3) of the Internal Revenue Code. Until the Organization obtains its tax-exempt status, the Corporation will receive contributions on behalf of the Organization. At June 30, 2023, donations received on behalf of the Organization totaled \$4,078 of which were all used during the year. At June 30, 2022, donations received on behalf of the Organization totaled \$158,530 and were included in net assets with donor restrictions.

Sweetwater Spectrum, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Note 9. Licensing Agreement with Sweetwater Spectrum South, *continued*

The Organization received its exempt status under Section 501(c)(3) effective October 17, 2022. In connection with the Organization's establishment as a separate exempt entity, the Corporation's Board approved a resolution to authorize payment of the donations received on behalf of the Organization. As of January 10, 2023, \$158,347 of such donation was paid to the Organization.

Note 10. Solar Facility Installation and Power Purchase Agreements

The Corporation entered into two solar facility installation and power purchase agreements with an unrelated third party. Under the agreements, the Corporation allows the third party to install solar facilities on its property. In exchange, the Corporation will receive the power generated by the solar facilities, which are expected to account for over 95% of the Corporation's energy needs. The Agreements call for quarterly payments for 20 years starting from 2013 and 2020, respectively. The Corporation has the option to purchase the solar facilities at fair market value at the end of 6 years through the end of the 20-year term.

Future minimum payments under these agreements are as follows for the years ending June 30:

2024	\$	45,428
2025		46,363
2026		47,317
2027		48,293
2028		49,287
Thereafter		<u>569,383</u>
	\$	<u>806,071</u>

Note 11. Contribution of Nonfinancial Assets

Contributions of nonfinancial assets recognized in the Statements of Activities and Changes in Net Assets as of June 30, 2023 included:

<u>Category</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs or Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques</u>
Food	\$ 18,792	Fundraising	Gala	Retail market value
Professional fees	12,060	All programs	None	Market value
Art	<u>500</u>	All programs	None	Market value
	<u>\$ 31,352</u>			

Sweetwater Spectrum, Inc.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Note 11. Contribution of Nonfinancial Assets, *continued*

Contributions of nonfinancial assets recognized in the Statements of Activities and Changes in Net Assets as of June 30, 2022 included:

<u>Category</u>	<u>Revenue Recognized</u>	<u>Utilization in Programs or Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques</u>
Gazelle bike	\$ 1,000	All programs	None	Retail market value
Silver flute	500	All programs	None	Retail market value
Food	45	All programs	None	Retail market value
	<u>\$ 1,545</u>			

Note 12. Subsequent Events

The Corporation evaluated subsequent events from July 1, 2023 through March 27, 2024, the date which the financial statements were available to be issued, and determined that there are no material subsequent events that required recognition or additional disclosure in these financial statements.