

Financial Statements and
Independent Auditors' Report

The Ability Experience

As of September 30, 2021 and 2020

The Ability Experience

Table of Contents

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



VANCE FLOUHOUSE & GARGES, PLLC
Certified Public Accountants and Consultants

Independent Auditors' Report

To the Board of Directors of
The Ability Experience:

Opinion

We have audited the accompanying financial statements of The Ability Experience (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, 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 The Ability Experience as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 The Ability Experience 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Ability Experience's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

Vance Zouhouse of Henges PLLC

Charlotte, North Carolina
August 4, 2022

Statements of Financial Position

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 311,195	\$ 245,704
Restricted cash and cash equivalents	23,980	27,960
Prepaid expenses	11,661	16,443
Promises to give temporarily restricted, net of discount and allowance	1,463	2,963
Employee retention credit receivable	131,647	-
Investments:		
Without donor restrictions	772,842	420,379
With donor restrictions	1,912,322	1,728,439
Property and equipment - net	13,483	22,395
Deferred compensation plan	41,819	22,261
	<u>\$ 3,220,412</u>	<u>\$ 2,486,544</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 69,443	\$ 83,488
Accrued expenses	2,610	13,053
Deferred compensation plan liability	41,819	22,261
Payroll protection program loan	147,063	150,085
Deferred revenue	3,366	35,697
	<u>264,301</u>	<u>304,584</u>
Net assets:		
Without donor restrictions	1,018,346	422,598
With donor restrictions	1,937,765	1,759,362
	<u>2,956,111</u>	<u>2,181,960</u>
Total net assets	<u>2,956,111</u>	<u>2,181,960</u>
Total liabilities and net assets	<u>\$ 3,220,412</u>	<u>\$ 2,486,544</u>

The accompanying notes are an integral part of these financial statements.

The Ability Experience

Statements of Activities

Years ended September 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:						
Chapter fundraising	\$ 449,447	\$ -	\$ 449,447	\$ 427,025	\$ -	\$ 427,025
Event fundraising	758,541	-	758,541	514,758	-	514,758
Private contributions	318,829	-	318,829	562,509	-	562,509
In-Kind contributions	133,941	-	133,941	46,030	-	46,030
Registration fees	37,114	-	37,114	35,291	-	35,291
Sales	6,341	-	6,341	1,157	-	1,157
Dividend and interest income, net of fees	13,232	47,863	61,095	9,336	40,286	49,622
Realized gains (losses) on investments	20,507	71,835	92,342	(17,636)	(105,088)	(122,724)
Unrealized gains (losses) on investments	17,831	100,580	118,411	35,498	149,348	184,846
Other income	281,732	-	281,732			
	2,037,515	220,278	2,257,793	1,613,968	84,546	1,698,514
Net assets released from restrictions	41,875	(41,875)	-	26,290	(26,290)	-
Total revenues, gains, and other support	2,079,390	178,403	2,257,793	1,640,258	58,256	1,698,514
Expenses						
Program services:						
Chapter services	223,514	-	223,514	333,077	-	333,077
Grants and placements	6,500	-	6,500	270,460	-	270,460
Journey of Hope	595,738	-	595,738	295,027	-	295,027
Build America	-	-	-	52,338	-	52,338
Gear Up Florida	96,897	-	96,897	86,997	-	86,997
The Ability Experience Challenge	24,052	-	24,052	132,873	-	132,873
Supporting services:						
Administrative	308,455	-	308,455	203,460	-	203,460
Financial development	228,486	-	228,486	266,579	-	266,579
Total expenses	1,483,642	-	1,483,642	1,640,811	-	1,640,811
Change in net assets	595,748	178,403	774,151	(553)	58,256	57,703
Net assets at beginning of year	422,598	1,759,362	2,181,960	423,151	1,701,106	2,124,257
Net assets at end of year	\$ 1,018,346	\$ 1,937,765	\$ 2,956,111	\$ 422,598	\$ 1,759,362	\$ 2,181,960

The accompanying notes are an integral part of these financial statements.

The Ability Experience

Statement of Functional Expenses

Year ended September 30, 2021

	Program Services						Support Services			Total All Expenses	
	Chapter Services	Grants and Placements	Journey of Hope	Build America	Gear Up Florida	ABEX Challenge	Total	Administrative	Financial Development		Total
Salaries and wages	\$ 114,064	\$ -	\$ 184,417	\$ -	\$ 22,782	\$ 2,980	\$ 324,243	\$ 153,753	\$ 147,261	\$ 301,014	\$ 625,257
Employee benefits	9,843	-	19,084	-	1,548	625	31,100	13,015	18,022	31,037	62,137
Payroll taxes	7,698	-	11,441	-	1,497	194	20,830	6,181	9,979	16,160	36,990
Professional fees	46,510	-	23,305	-	5,829	2,889	78,533	16,702	11,442	28,144	106,677
Supplies	3,035	-	32,004	-	6,937	5,869	47,845	3,206	164	3,370	51,215
Telephone	521	-	1,686	-	151	129	2,487	795	467	1,262	3,749
Postage and shipping	3,589	-	4,711	-	335	1,724	10,359	517	4,920	5,437	15,796
Occupancy	13,355	-	15,406	-	6,357	4,780	39,898	9,112	14,092	23,204	63,102
Non-capitalized equipment	4,163	-	12,412	-	932	254	17,761	40,964	4,292	45,256	63,017
Printing and publications	-	-	92	-	57	-	149	2,000	11,592	13,592	13,741
Travel	134	-	84,205	-	7,386	468	92,193	-	500	500	92,693
Lodging and meals	561	-	144,591	-	31,458	487	177,097	-	719	719	177,816
Student leadership events	-	-	25,742	-	1,957	2,250	29,949	691	-	691	30,640
Assistance to facilities/organizations	16,791	6,500	27,632	-	7,750	200	58,873	33,875	1,500	35,375	94,248
Professional development	275	-	-	-	-	-	275	19,184	1,848	21,032	21,307
Awards	1,193	-	5,790	-	852	312	8,147	526	84	610	8,757
Depreciation	1,782	-	3,120	-	1,069	891	6,862	446	1,604	2,050	8,912
Insurance	-	-	100	-	-	-	100	7,488	-	7,488	7,588
	<u>\$ 223,514</u>	<u>\$ 6,500</u>	<u>\$ 595,738</u>	<u>\$ -</u>	<u>\$ 96,897</u>	<u>\$ 24,052</u>	<u>\$ 946,701</u>	<u>\$ 308,455</u>	<u>\$ 228,486</u>	<u>\$ 536,941</u>	<u>\$ 1,483,642</u>

The accompanying notes are an integral part of these financial statements.

The Ability Experience

Statement of Functional Expenses

Year ended September 30, 2020

	Program Services							Support Services			Total All Expenses
	Chapter Services	Grants and Placements	Journey of Hope	Build America	Gear Up Florida	ABEX Challenge	Total	Administrative	Financial Development	Total	
Salaries and wages	\$ 213,537	\$ 85,519	\$ 203,993	\$ 33,958	\$ 60,946	\$ 34,016	\$ 631,969	\$ 74,744	\$ 175,651	\$ 250,395	\$ 882,364
Employee benefits	17,221	6,940	21,251	5,604	6,969	5,322	63,307	40,834	14,330	55,164	118,471
Payroll taxes	13,522	5,511	12,979	2,002	3,846	1,498	39,358	5,533	11,847	17,380	56,738
Professional fees	30,262	3,736	19,577	2,878	3,837	11,630	71,920	20,467	8,970	29,437	101,357
Supplies	8,872	4,929	(8,167)	-	83	2,021	7,738	366	400	766	8,504
Telephone	1,066	-	1,348	-	155	0	2,569	3,150	2,430	5,580	8,149
Postage and shipping	2,078	164	1,158	37	214	43	3,694	458	5,305	5,763	9,457
Occupancy	14,843	5,080	13,336	3,084	4,112	5,303	45,758	7,471	7,478	14,949	60,707
Non-capitalized equipment	12,674	4,310	15,709	2,550	3,805	4,305	43,353	3,732	6,504	10,236	53,589
Printing and publications	39	34	-	-	-	0	73	110	15,901	16,011	16,084
Travel	5,147	3,177	3,385	0	0	3,204	14,913	950	7,305	8,255	23,168
Lodging and meals	810	93	1,211	0	563	50,409	53,086	1,584	4,986	6,570	59,656
Student leadership events	8,120	-	393	393	393	13,096	22,395	497	999	1,496	23,891
Assistance to facilities/organizations	-	147,141	-	-	-	-	147,141	22,791	-	22,791	169,932
Professional development	666	89	2,333	74	168	110	3,440	13,827	1,871	15,698	19,138
Awards	1,529	59	1,543	76	224	402	3,833	314	79	393	4,226
Depreciation	2,691	1,178	4,878	1,682	1,682	1,514	13,625	673	2,523	3,196	16,821
Insurance	-	2,500	100	-	-	-	2,600	5,959	-	5,959	8,559
	<u>\$ 333,077</u>	<u>\$ 270,460</u>	<u>\$ 295,027</u>	<u>\$ 52,338</u>	<u>\$ 86,997</u>	<u>\$ 132,873</u>	<u>\$ 1,170,772</u>	<u>\$ 203,460</u>	<u>\$ 266,579</u>	<u>\$ 470,039</u>	<u>\$ 1,640,811</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Increase in net assets	\$ 774,151	\$ 57,703
Adjustments to reconcile change in net assets to cash used in operating activities:		
Depreciation	8,912	16,821
Dividends and interest reinvested	(61,095)	(49,622)
Net realized and unrealized (gains) losses on investments	(210,753)	(62,122)
Payroll Protection Program loan forgiven	(150,085)	-
Changes in operating assets and liabilities:		
Promises to give, net of discount	1,500	1,500
Employee retention credit receivable	(131,647)	-
Prepaid expenses	4,782	3,635
Other assets	(19,558)	-
Accounts payable and accrued expenses	(24,488)	(19,914)
Deferred revenue	(12,773)	21,552
	<u>178,946</u>	<u>(30,447)</u>
Cash flows from investing activities:		
Purchase of investments	(785,293)	(1,300,641)
Proceeds from sale of investments	520,795	1,333,547
	<u>(264,498)</u>	<u>32,906</u>
Cash flows from financing activities:		
Proceeds from payroll protection program loan	147,063	150,085
	<u>147,063</u>	<u>150,085</u>
Net increase in cash and cash equivalents	61,511	152,544
Cash, equivalents, restricted cash and equivalents beginning of year	<u>273,664</u>	<u>121,120</u>
Cash, equivalents, restricted cash and equivalents at end of year	\$ 335,175	\$ 273,664

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

September 30, 2021

1. Organization

The Ability Experience, Inc. ("the Organization") is a 501(c)(3) nonprofit organization that uses shared experiences to support people with disabilities and develop the men of Pi Kappa Phi into servant leaders. The Ability Experience was founded in 1977 as the national philanthropy of Pi Kappa Phi Fraternity with the purpose of instilling lifelong service in its members and enhancing the quality of life for people with disabilities. The Ability Experience has grown into a national nonprofit with numerous programs educating undergraduates, alumni and communities about the abilities of people with disabilities while forging friendships between Pi Kappa Phi members and people with disabilities.

2. Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board *Accounting Standards Codification (ASC) 958-205 Not-for-Profit Entities: Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions: Net assets that are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions: Net assets subject to donor restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purpose specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period are classified as contributions without donor restrictions.

Cash and Equivalents

The Organization considers all highly liquid financial instruments with original maturity of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

Restricted Cash and Cash Equivalents

Cash and cash equivalents that are restricted as to withdrawal or use are included in restricted cash and cash equivalents.

Unconditional promises to give

Unconditional promises to give that are expected to be collected in less than one year are recognized at net realizable value. The fair value of amounts due in more than one year are measured at the present value of the unconditional promise to give using a discount rate of 1.66% for pledges receivable as of September 30,

2021 and 2020. In subsequent years, amortization of the discounts is included in contributions in the statement of activities. Management's determination of the allowance for doubtful accounts is based on an analysis of historical collection trends, experience with the donor and current and anticipated economic conditions. Promises to give are written-off when, in the opinion of management, such receivables are deemed to be uncollectible. While management uses the best information available to make such evaluations, future adjustments to the allowance may be necessary if conditions differ substantially from the assumptions used in formulating the initial evaluations.

Investments

The Organization accounts for investments under *FASB ASC 958 Not-for-Profit Entities*. Under *ASC 958*, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Investment returns that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the investment returns are recognized.

Property and Equipment

Property and equipment additions are carried at cost or, if donated, at the approximate fair value at the date of donation. All property and equipment contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Depreciation is computed using primarily the straight-line method over the estimated lives of the assets, ranging from three to ten years. Improvements to property and equipment that do not extend the useful life of the asset are expensed in the year incurred. When property and equipment are retired, the cost and related accumulated depreciation are removed from the accounts with any gain or loss recognized in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Long-Lived Assets

Cash or other assets whose use is restricted to acquire long-lived assets are recorded as temporarily restricted until the long-lived assets are acquired. Once acquired, long-lived assets are recorded as unrestricted net assets unless otherwise disclosed.

Donated Materials, Services, and Use of Property

Under *FASB ASC 958 Not-for-Profit Entities*, the Organization recognizes services requiring specialized skills such as those provided by accountants, attorneys, marketing consultants, and other professionals if the services would need to be purchased if not donated. The Journey of Hope and other team and special events receive donations of lodging, meals, vehicles and services. These donations are valued at estimated fair market value. The amount of donated services recognized as revenues and expenses for the years ended September 30, 2021 and 2020 are \$133,941 and \$46,030, respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Financial Development

Financial development expenses represent amounts incurred in raising additional funds for the Organization.

Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Fair Value of Financial Instruments

The Organization has estimated the fair value of its financial instruments using available market information and other valuation methodologies in accordance with *ASC 820 Fair Value Measurements and Disclosures*. The FASB Fair Value Measurement standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and expands disclosures about fair value measurements in an effort to make the measurement of fair value more consistent and comparable. Financial instruments, as defined in *ASC Topic No. 825-10-50 Fair Value of Financial Instruments*, consist of cash, accounts receivable, investments, accounts payable, and accrued expenses.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).
- Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The fair value of each class of financial instruments for which it is practicable to estimate the fair value were determined as follows:

Investments in common stock, mutual funds and exchange-traded funds: Valued at the quoted net market value of shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Organization is not a private foundation pursuant to Internal Revenue Code Section 509(a)(1).

The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2021 and 2020. The Organization records interest and penalties related to unrecognized tax positions in interest expense. For the years ended September 30, 2021 and 2020, there has been no recognition of interest or penalties related to unrecognized tax positions.

Subsequent Events

The Organization has analyzed its operations subsequent to September 30, 2021, through August 4, 2022, the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

3. Liquidity and Availability

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

Cash	\$ 311,195
Investments	<u>772,842</u>
	<u>\$1,084,037</u>

4. Concentrations

Management places cash and cash equivalents with high quality financial institutions believed to be credit worthy. At times, amounts on deposit may exceed insured limits or include uninsured investments. The Organization has not experienced any losses on the accounts.

5. Promises to Give

Unconditional promises to give are included in the financial statements as promises to give and revenue of the appropriate net asset classification. Unconditional promises to give at September 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Unconditional promises to give	\$ 1,500	\$ 3,000
Less: unamortized discount	<u>(37)</u>	<u>(37)</u>
Unconditional promises to give - net	<u>\$ 1,463</u>	<u>\$ 2,963</u>

Unconditional promises to give at face value at September 30, 2021 and 2020 are as follows:

	2021	2020
Receivable in less than one year	\$ 1,500	\$ 1,500
Receivable in one to five years	-	1,500
	<u>\$ 1,500</u>	<u>\$ 3,000</u>

The Organization receives monthly donations from donors as a part of the 77 Society campaign which offers a steady source of revenue. The 77 Society has 154 donors that have given \$63,700 annually.

As part of the Common Loyalty Campaign with the Pi Kappa Phi Foundation, the Organization receives 10% of all unrestricted gifts from the balance calculated as of December 31 based on the Foundation's fiscal year. Annually, the Ability Experience is able to request these funds which fall within predetermined spending rules that support the mission of the organization. The Ability Experience's unrestricted gift balance held by the Pi Kappa Phi Foundation was \$290,033 at December 31, 2020 with The Ability Experience receiving a grant of \$11,601 during 2021.

The Ability Experience also receives funds from the Alpha Omicron Chapter's restricted fund with the Pi Kappa Phi Foundation. This fund total was \$396,065 at December 31, 2020, of which 4% is used for the summer event team members from the Alpha Omicron Chapter. The total received during 2021 was \$15,843.

6. Investments

The Organization maintains investments in mutual funds and exchange-traded funds that invest in equity and debt securities. The Organization also invests in marketable equity securities. Investment income, realized gains and losses, and unrealized gains and losses from these securities are allocated to the unrestricted and temporarily restricted funds based on each fund's percentage of ownership of total investment assets.

Investments were comprised of the following at September 30:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Without Donor Restrictions:				
Common stock and mutual funds	\$ 659,544	\$ 723,628	\$ 332,703	\$ 372,070
Exchange-traded funds	45,228	49,214	37,438	48,309
Total cost	<u>704,772</u>	<u>772,842</u>	<u>370,141</u>	<u>420,379</u>
With Donor Restrictions:				
Common stock and mutual funds	1,429,486	1,697,346	1,412,095	1,562,987
Exchange-traded funds	197,075	214,976	131,164	165,452
Total cost	<u>1,626,561</u>	<u>1,912,322</u>	<u>1,543,259</u>	<u>1,728,439</u>
	<u>\$ 2,331,333</u>	<u>\$ 2,685,164</u>	<u>\$ 1,913,400</u>	<u>\$ 2,148,818</u>

Investment advisory fees paid for the management of the investment accounts totaled \$18,228 and \$15,512 for the years ended September 30, 2021 and 2020, respectively.

8. Fair Value Measurements

The following tables set forth the level, within the fair value hierarchy, of the Organization's financial investments at fair value as of September 30, 2021 and 2020:

	Fair Value	Level 1	Level 2	Level 3
<u>September 30, 2021</u>				
Common stock and mutual funds	\$ 2,420,974	\$ 2,420,974	\$ -	\$ -
Exchange-traded funds	264,190	264,190	-	-
	<u>\$ 2,685,164</u>	<u>\$ 2,685,164</u>	<u>\$ -</u>	<u>\$ -</u>
<u>September 30, 2020</u>				
Common stock and mutual funds	\$ 1,935,057	\$ 1,935,057	\$ -	\$ -
Exchange-traded funds	213,761	213,761	-	-
	<u>\$ 2,148,818</u>	<u>\$ 2,148,818</u>	<u>\$ -</u>	<u>\$ -</u>

8. Property and Equipment

Property and equipment consisted of the following at September 30:

	Useful Lives	2021	2020
Computer equipment and software	3 - 5 years	\$ 169,004	\$ 169,004
Office furniture and equipment	5 - 10 years	168,498	168,498
		<u>337,502</u>	<u>337,502</u>
Less accumulated depreciation		<u>(324,019)</u>	<u>(315,107)</u>
		<u>\$ 13,483</u>	<u>\$ 22,395</u>

Depreciation expense for the years ended September 30, 2021 and 2020 was \$8,912 and \$16,821, respectively.

9. Payroll Protection Program Loan

The Organization received a Payroll Protection Program loan ("PPP Loan") of \$150,085 in 2020 and it was forgiven and recognized in other income in 2021. The Organization received a second PPP Loan of \$147,063 in 2021 and it was forgiven and will be recognized in other income in 2022.

11. Restrictions on Net Assets

The temporarily restricted net assets include donor restricted funds to provide fellowships to be used as an incentive for camp counselors serving at summer programs for people with disabilities and the sustainability of the Journey of Hope program. A summary of the activity on temporarily restricted assets is below:

<u>Purpose/Use Restriction:</u>	<u>9/30/20</u>	<u>Additions</u>	<u>Utilized</u>	<u>9/30/21</u>
Restricted for time	\$ 2,963	\$ -	\$ (1,500)	\$ 1,463
Journey of Hope Sustainability	1,726,740	211,817	(33,781)	1,904,776
Fellowships for Camp Counselors	29,659	1,867	-	31,526
	<u>\$ 1,759,362</u>	<u>\$ 213,684</u>	<u>\$ (35,281)</u>	<u>\$ 1,937,765</u>

<u>Purpose/Use Restriction:</u>	<u>9/30/19</u>	<u>Additions</u>	<u>Utilized</u>	<u>9/30/20</u>
Restricted for time	\$ 4,463	\$ -	\$ (1,500)	\$ 2,963
Journey of Hope Sustainability	1,668,337	83,193	(24,790)	1,726,740
Fellowships for Camp Counselors	28,306	1,353	-	29,659
	<u>\$ 1,701,106</u>	<u>\$ 84,546</u>	<u>\$ (26,290)</u>	<u>\$ 1,759,362</u>

11. Retirement Plans

The Organization offers its employees a 401(k) plan that currently provides for a maximum matching contribution of 4%. The Organization also has a deferred compensation plan for eligible senior management, as determined by the Board of Directors. Expense for these two retirement plans was \$23,824 and \$23,923 for the years ended September 30, 2021 and 2020, respectively.

12. Related Party Transactions

The Organization has a signed shared services agreement with Pi Kappa Phi Fraternity, an affiliated organization, on an annual basis for shared resources, such as office equipment, personnel salaries, software charges, insurance costs and publication fees. The amount charged to the Organization for shared services during the year ending September 30, 2021 was approximately \$157,748. The amount charged to the Organization for shared services during the year ending September 30, 2020 was approximately \$193,649.

The Organization also incurs normal business expenses such as health insurance, telephone lines, postage, printing supplies, and bank fees. These fees are paid by Pi Kappa Phi Fraternity and reimbursed by the Organization on a monthly basis. The amount charged to the Organization for these expenses during the year ending September 30, 2021 was approximately \$61,100.

In addition to the verbal shared services agreement, The Ability Experience and Pi Kappa Phi Fraternity have a sublease for office space with a lease termination date of August 31, 2023. A portion of the shared service amounts listed above can be attributed to this sublease agreement. The sub-lease terms state the base rent of the office space will be recalculated annually, based on the usage of the office space by the Organization. The lease payment amount adjusts annually at a pre-determined rate. Based on the initial calculation of the base rent, the future minimum payments are as follows:

2022	\$	54,725
2023		51,546

Rent expense for office space was \$63,102 and \$60,874, respectively, for the years ended September 30, 2021 and 2020. The amount due to Pi Kappa Phi Fraternity as of September 30, 2021 and 2020 was \$1,780 and \$0, respectively.

In 2013 The Ability Experience agreed to join the Pi Kappa Phi Foundation's Common Loyalty fundraising campaign. In the written agreement, The Ability Experience would receive 10% of all unrestricted gifts. These funds will be/are deposited with and invested by the Pi Kappa Phi Foundation. Annually, The Ability Experience is able to request these funds that fall within predetermined spending rules that clearly support the mission of the organization.