



Combined Financial Statements

Banyan Foundation and Banyan Investment Corporation

Minneapolis, Minnesota

For the years ended December 31, 2022 and 2021



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Banyan Foundation and Banyan Investment Corporation
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Banyan Foundation
Minneapolis, Minnesota

Opinion

We have audited the accompanying combined financial statements of Banyan Foundation and Banyan Investment Corporation, (collectively the Organization), which comprise the combined statements of financial position as of December 31, 2022 and 2021 and the related combined 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 Organization as of December 31, 2022 and 2021 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 of 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 Banyan Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined 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 Banyan Foundation ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

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



Abdo
Minneapolis, Minnesota
April 11, 2023



COMBINED FINANCIAL STATEMENTS

Banyan Foundation and Banyan Investment Corporation
 Combined Statements of Financial Position
 December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,256,170	\$ 1,648,785
Accounts receivable	75,011	43,710
Grant receivable	150,000	160,315
Pledge receivable	105,940	124,037
Prepaid expenses	3,000	1,094
Total Current Assets	1,590,121	1,977,941
Noncurrent Assets		
Investments	247,963	285,745
Grants receivable, noncurrent	100,000	70,000
Pledge receivable, noncurrent	100,160	110,890
Note receivable	-	4,724,415
Property and equipment, net	4,803,166	4,985,100
Total Noncurrent Assets	5,251,289	10,176,150
Total Assets	\$ 6,841,410	\$ 12,154,091
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 114,739	\$ 135,624
Accrued expenses	-	18,110
Accrued wages and vacation	36,874	16,316
Deferred revenue	26,500	-
Notes payable - current	-	263,250
Total Current Liabilities	178,113	433,300
Noncurrent Liabilities		
Notes payable, including net deferred financing costs of \$0 and \$317,267, respectively	-	5,985,483
Total Liabilities	178,113	6,418,783
Net Assets		
Without donor restriction		
Unrestricted	5,370,107	4,488,043
Board designated	725,000	725,000
Total net assets without donor restrictions	6,095,107	5,213,043
With donor restriction	568,190	522,265
Total Net Assets	6,663,297	5,735,308
Total Liabilities and Net Assets	\$ 6,841,410	\$ 12,154,091

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Banyan Foundation and Banyan Investment Corporation

Combined Statement of Activities For the Year Ended December 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue			
Support			
Contributions and grants	\$ 949,308	\$ 416,000	\$ 1,365,308
Government contracts and grants	308,117	-	308,117
New Market Tax Credit program, net of closing fees of \$1,534,068	1,508,827	-	1,508,827
Total Support	2,766,252	416,000	3,182,252
Revenue			
Investment income, net	4,719	-	4,719
Net Assets Released From Restrictions	370,075	(370,075)	-
Total Support and Revenue	3,141,046	45,925	3,186,971
Expenses			
Program services			
Youth services	1,359,364	-	1,359,364
Family services	114,390	-	114,390
Community services	247,409	-	247,409
Total Program Services	1,721,163	-	1,721,163
Supporting services			
Management and general	227,929	-	227,929
Fundraising	309,890	-	309,890
Total Supporting Services	537,819	-	537,819
Total Expenses	2,258,982	-	2,258,982
Change In Net Assets	882,064	45,925	927,989
Net Assets, Beginning of the Year	5,213,043	522,265	5,735,308
Net Assets, End of the Year	\$ 6,095,107	\$ 568,190	\$ 6,663,297

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Banyan Foundation and Banyan Investment Corporation

Combined Statement of Activities For the Year Ended December 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue			
Support			
Contributions and grants	\$ 846,792	\$ 820,832	\$ 1,667,624
Government contracts and grants	137,415	-	137,415
Paycheck protection program loan forgiveness	232,950	-	232,950
Total Support	1,217,157	820,832	2,037,989
Revenue			
Special Events, net of expenses of \$15,906	87,605	-	87,605
Investment income, net	75,995	-	75,995
Miscellaneous revenue	2,360	-	2,360
Total Revenue	165,960	-	165,960
Net Assets Released From Restrictions	714,197	(714,197)	-
Total Support and Revenue	2,097,314	106,635	2,203,949
Expenses			
Program services			
Youth services	1,362,881	-	1,362,881
Family services	138,552	-	138,552
Community services	182,777	-	182,777
Total Program Services	1,684,210	-	1,684,210
Supporting services			
Management and general	237,180	-	237,180
Fundraising	287,334	-	287,334
Total Supporting Services	524,514	-	524,514
Total Expenses	2,208,724	-	2,208,724
Change In Net Assets	(111,410)	106,635	(4,775)
Net Assets, Beginning of the Year	5,324,453	415,630	5,740,083
Net Assets, End of the Year	\$ 5,213,043	\$ 522,265	\$ 5,735,308

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Banyan Foundation and Banyan Investment Corporation
 Combined Statement of Functional Expenses
 For the Year Ended December 31, 2022

	Program Services				Supporting Services		Total
	Youth Services	Family Services	Community Services	Total	Management and General	Fundraising	
Salaries, payroll taxes and benefits	\$ 602,667	\$ 85,484	\$ 168,471	\$ 856,622	\$ 147,492	\$ 223,848	\$ 1,227,962
Program Curriculum							
Elementary	27,470	-	-	27,470	-	-	27,470
Middle school	11,229	-	-	11,229	-	-	11,229
High school and college	13,673	-	-	13,673	-	-	13,673
Other youth	22,845	-	-	22,845	-	-	22,845
Community gatherings	-	-	19,034	19,034	-	-	19,034
Family	-	1,019	-	1,019	-	-	1,019
Total Program Curriculum	75,217	1,019	19,034	95,270	-	-	95,270
Scholarships	167,275	-	-	167,275	-	-	167,275
Contracted services	10,851	1,520	3,241	15,612	27,333	25,647	68,592
Insurance	21,377	506	1,135	23,018	855	396	24,269
Printing and copying	12,134	1,675	3,765	17,574	1,926	3,661	23,161
Office expenses	17,015	3,495	4,403	24,913	4,614	4,279	33,806
Telephone and communications	43,615	5,287	11,332	60,234	6,369	16,923	83,526
Utilities and maintenance	84,319	685	2,056	87,060	3,815	1,769	92,644
Staff development	20,895	2,499	6,169	29,563	2,874	5,862	38,299
Interest expense	39,418	321	962	40,701	1,784	827	43,312
Total Expense By Function	1,094,783	102,491	220,568	1,417,842	197,062	283,212	1,898,116
Non-operational Expenses							
New market tax credit fee	30,541	248	745	31,534	1,382	641	33,557
Depreciation and amortization	164,478	1,438	4,315	170,231	17,740	3,713	191,684
Executive Director transition expenses	69,562	10,213	21,781	101,556	11,745	22,324	135,625
Total Expense After Additional Allocation	\$ 1,359,364	\$ 114,390	\$ 247,409	\$ 1,721,163	\$ 227,929	\$ 309,890	\$ 2,258,982

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Banyan Foundation and Banyan Investment Corporation
 Combined Statement of Functional Expenses (Continued)
 For the Year Ended December 31, 2021

	Program Services				Supporting Services		Total
	Youth Services	Family Services	Community Services	Total	Management and General	Fundraising	
Salaries, payroll taxes and benefits	\$ 628,941	\$ 111,768	\$ 130,670	\$ 871,379	\$ 130,378	\$ 208,797	\$ 1,210,554
Program Curriculum							
Elementary	24,010	-	-	24,010	-	-	24,010
Middle school	5,815	-	-	5,815	-	-	5,815
High school and college	20,162	-	-	20,162	-	-	20,162
Other youth	21,671	-	-	21,671	-	-	21,671
Community gatherings	-	-	12,755	12,755	-	-	12,755
Family	-	855	-	855	-	-	855
Total Program Curriculum	71,658	855	12,755	85,268	-	-	85,268
Scholarships	169,350	-	-	169,350	-	-	169,350
Contracted services	39,976	7,595	9,864	57,435	64,362	41,668	163,465
Insurance	23,524	600	997	25,121	964	447	26,532
Printing and copying	12,986	2,350	3,122	18,458	1,806	6,750	27,014
Office expenses	15,373	3,487	3,666	22,526	2,525	5,423	30,474
Telephone and communications	40,908	6,381	8,393	55,682	5,202	12,525	73,409
Utilities and maintenance	80,003	650	1,952	82,605	3,622	1,678	87,905
Staff development	16,877	2,725	4,937	24,539	3,169	4,522	32,230
Interest expense	43,001	350	1,049	44,400	1,947	902	47,249
Total Expense By Function	1,142,597	136,761	177,405	1,456,763	213,975	282,712	1,953,450
Non-operational Expenses							
New market tax credit fee	43,349	353	1,057	44,759	1,963	909	47,631
Depreciation and amortization	176,935	1,438	4,315	182,688	21,242	3,713	207,643
Total Expense After Additional Allocation	\$ 1,362,881	\$ 138,552	\$ 182,777	\$ 1,684,210	\$ 237,180	\$ 287,334	\$ 2,208,724

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Banyan Foundation and Banyan Investment Corporation
 Combined Statements of Cash Flows
 For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 927,989	\$ (4,775)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	191,684	207,643
Net unrealized investment loss (gain)	47,073	(20,479)
Forgiveness of Paycheck Protection Program note payable	(1,508,827)	(232,950)
New Market Tax Credit program gain	(1,534,068)	-
Increase (decrease) in assets:		
Accounts receivable	(31,301)	11,160
Grants receivable	(19,685)	(49,985)
Pledge receivable	28,827	17,765
Prepaid expenses and other current assets	(1,906)	765
Increase (decrease) in liabilities:		
Accounts payable	(20,885)	17,824
Accrued payroll expenses	(18,110)	(15,591)
Accrued vacation	20,558	(7,210)
Deferred revenue	26,500	-
Cash Used by Operating Activities	(1,892,151)	(75,833)
 Cash Flows from Investing Activities		
Reinvested interest, dividends, and capital gains distributions	(10,242)	(4,517)
Proceeds from sales of investments, net	24,422	1,960
Purchases of investments	(23,471)	(1,285)
Net Cash Used by Investing Activities	(9,291)	(3,842)
 Cash Flows from Financing Activities		
Proceeds from paycheck protection program note payable	1,508,827	232,950
 Change in Cash and Cash Equivalents	(392,615)	153,275
 Cash and Cash Equivalents at Beginning of Year as Restated	1,648,785	1,495,510
 Cash and Cash Equivalents at End of Year	\$ 1,256,170	\$ 1,648,785
 Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 43,312	\$ 47,249

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Banyan Foundation and Banyan Investment Corporation
Notes to the Combined Financial Statements
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies

A. Organization and Purpose

The Banyan Foundation (dba Banyan Community) and Banyan Investment Corporation (collectively, the Organization), are not-for-profit organizations. Banyan Investment Corporation (BIC) is a separate not-for-profit organization organized solely to support the operations of Banyan Community.

The mission of the Organization is to transform the lives by developing youth, strengthening families, and creating community with the residents of the Phillips Neighborhood of Minneapolis, MN. The Organization provides human services in the areas of youth, family, and community in the Phillips Neighborhood.

Programs

The Organization supports residents primarily in Phillips Neighborhood, offering services at three levels. Program areas include:

- **Youth Services** inspires young people to invest in themselves in education and community. Youth are prepared to meet the challenges of adolescence and adulthood through programs that cultivate social, emotional, and educational growth. Our youth have fun while they develop into committed learners and reconciled people. Youth attend programs to succeed in school, build life skills, develop assets, and cultivate healthy relationships.
- **Family Services** brings hope to families by strengthening the relationship between parents and children. Our families have close bonds that enable us to work together towards a brighter future. The Organization helps become advocates for their children in all arenas of life, while children become inspiration to their parents. The Organization's families are future oriented because they see that their future is bright.
- **Community Services** is an essential part of the Organization's mission and is inseparable from the strength of our families and the success of our youth. The Organization connects members of the neighborhood with each other, creating bonds that encourage communication and belonging. Building trust between residents, and training leaders on every block, brings hope and safety to every home. The Organization acts as a resource hub, connecting residents with support systems and equipping them as leading citizens. Our Lighthouse Network which nurtures community, promotes safety and communication on each block now includes 34 blocks with 68 leaders reaching out to 3,400 residents.

B. Principles of Combination

The combined financial statements include the accounts of Banyan Foundation and BIC because both entities are controlled by common management. All material inter-organization transactions have been eliminated in combination. Unless otherwise noted, these combined entities are hereinafter referred to as the Organization.

C. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Banyan Foundation and Banyan Investment Corporation
Notes to the Combined Financial Statements
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those resources over those which the Organization has discretionary control. Designated amounts represent revenues that the Board of Directors has set aside for a particular purpose.

Net Assets With Donor Restrictions

Those resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time, or are to be maintained permanently by the Organization. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all investments purchased with a maturity of three months or less to be cash equivalents.

E. Accounts Receivable

The Organization grants credit on an unsecured basis to customers, consisting of individuals, other organizations, or the State of Minnesota. No finance charges are assessed on overdue balances and management charges off uncollectible accounts based on prior experience and analysis of the balance. As of December 31, 2022 and 2021, allowance for uncollectible accounts was \$0.

F. Pledges and Grants Receivable

The Organization records unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. Management expects all pledges and grants to be collected; there is no allowance for uncollectible amounts as of December 31, 2022 and 2021. All non-current promises to give are collectable within 5 years.

G. Note Receivable

The Organization carries a note receivable under the New Market Tax Credit Program. The note receivable is carried at the unpaid principal balance. Management does not consider an allowance for uncollectible accounts to be necessary. Interest on this note is recognized over the life of the note. In the year ended 2022, the New Market Tax Credit Program note was forgiven by the lender, as noted in Note 4.

H. Investments

Investments are recorded at cost, or if donated, at fair value on the date of donation based upon quoted market prices, when available, or estimates of fair value. Thereafter, investments are reported at their fair values in the statement of financial position. Investment income or loss and unrealized gains or losses are reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less investment management fees.

Banyan Foundation and Banyan Investment Corporation
Notes to the Combined Financial Statements
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

I. Property and Equipment

Property and equipment over \$5,000 are carried at cost or, if donated, at the fair market value minus costs associated with placing the property or equipment in service at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

J. Support and Revenue Recognition

The Organization's primary revenue sources are contributions, grants, and pledges. Revenue is recognized when earned and contributions and grants are recognized when at the earlier of received or notified by donor. In accordance with U.S. GAAP, contributions received are recorded as support without donor restrictions or support with donor restrictions, depending on the existence and/or nature of any donor restrictions.

K. In-kind Contributions and Donated Services

The Organization reports gifts of non-cash assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Donated marketable securities are sold when received. These securities and other noncash donations are recorded as contributions at their estimated fair market values at the date of donation.

The Organization has a dedicated team of volunteers that perform a variety of tasks that assist the Organization with specific programs and supporting services. These services are not recognized in the financial statements since the criteria for recording the services were not met.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect certain reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from those estimates.

N. Allocation of Functional Expenses

The majority of expense can be directly identified with the program or supporting services to which they relate and are charged accordingly. However, the statement of functional expenses reported certain categories of expenses that are attributable to more than one program or supporting service. The shared expenses include such items as depreciation, interest, office expenses, occupancy and salaries and benefits. These expense categories are allocated line by line, based on percentage of wages, employees, or square footage as determined appropriate by management.

O. Credit Risk

The Organization maintains cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC.

Banyan Foundation and Banyan Investment Corporation
Notes to the Combined Financial Statements
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

P. Tax Status

Both Banyan Foundation and Banyan Investment Corporation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05.

Q. Reclassifications

Certain amounts in the prior year have been reclassified to conform with the presentation of in the current year financial statements.

R. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for the potential recognition or disclosure through April 11, 2023, the date the financial statements were available to be issued.

Banyan Community's Board of Directors approved changing the organization's fiscal year from 12/31 to 7/31 to align better with its program calendar. This change was made effective 1/1/23 and thus fiscal year 2023 will comprise a 7-month budget through 7/31/23.

Banyan Investment Corporation is in the process of dissolving because its primary intent, to support Banyan Community through the New Market Tax Credit Program, has been fulfilled. Banyan Investment Corporation will distribute its remaining assets to Banyan Community.

S. New Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, Leases, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Organization in fiscal year 2022. The Organization implemented this standard in the current year. These changes do not have an impact on the financial statements as the organization has entered into no leases.

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization implemented this standard in the current year. These changes do not have an impact on the financial statements as the organization has received no in-kind nonfinancial assets that are recognized, as outlined in Note 1. K.

Banyan Foundation and Banyan Investment Corporation
Notes to the Combined Financial Statements
December 31, 2022 and 2021

Note 2: Property and Equipment

Property and equipment consist of the following at December 31:

	2022	2021
Equipment	\$ 509,321	\$ 509,321
Vehicles	54,503	54,503
Land	207,704	207,704
Buildings	5,339,690	5,339,690
Total Property and Equipment	6,111,218	6,111,218
Less: Accumulated Depreciation	(1,308,052)	(1,126,118)
Property and Equipment, Net	\$ 4,803,166	\$ 4,985,100

For the years ended December 31, 2022 and 2021, depreciation was \$181,934 and \$194,391, respectively.

Note 3: Fair Value Measurements

Fair value measurement accounting literature establishes a fair value hierarchy based on the priority of the inputs to the valuation methodologies used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value:

Common Stock: Valued at the daily closing price of the underlying stocks and bonds. The stocks and bond funds held by the Organization are deemed to be actively traded.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Exchange Traded Funds: Valued at the daily closing price as reported by the fund. The exchange traded funds held by the Organization are actively traded.

Banyan Foundation and Banyan Investment Corporation
Notes to the Combined Financial Statements
December 31, 2022 and 2021

Note 3: Fair Value Measurements (Continued)

The Organization's investments reported at fair value in the accompanying statement of financial position consist of the following:

December 31, 2022	Level 1	Level 2	Level 3	Total
Investments:				
Cash and money markets	\$ 4,232	\$ -	\$ -	\$ 4,232
Common stock	4,106	-	-	4,106
Exchange-traded fund	36,738	-	-	36,738
Mutual funds	202,887	-	-	202,887
	<u>\$ 247,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,963</u>
Total Investments				
	<u>\$ 247,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,963</u>
December 31, 2021	Level 1	Level 2	Level 3	Total
Investments:				
Cash and money markets	\$ 5,105	\$ -	\$ -	\$ 5,105
Common stock	1,011	-	-	1,011
Exchange-traded fund	39,349	-	-	39,349
Mutual funds	240,280	-	-	240,280
	<u>\$ 285,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,745</u>
Total Investments				
	<u>\$ 285,745</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 285,745</u>

Note 4: New Market Tax Credit Program

The Organization obtained two notes payable via the New Market Tax Credit program which was established by Congress in 2000. This program aims to increase the investment in low-income communities by bring together individual and corporate investors with non-for-profit organizations. This program provides investors with a tax credit of 39 percent of the original investment amount. This tax credit is claimed over a period of seven years. The Organization is using the funds from the New Market Tax Credits to finance the construction of a community center serving local youth and families.

In November 2022, per the terms of the New Market Tax Credit agreement, Banyan Investment Corporation exchanged its receivable balances to acquire the debt owed by Banyan. Banyan Investment Corporation subsequently forgave Banyan Foundation of the debt. The gain from this transaction results from acquisition and forgiveness of the debt and is reflected in the statement of activities for year ended December 31, 2022.

Notes payable consist of the following at December 31:

	2022	2021
Notes payable to Business Loan Conduit No. 22, LLC, bearing interest at 0.7196 percent annually and is payable in 23 annual installments of \$311,155. Two loans of \$4,724,415 and \$1,841,585 comprise the total of \$6,566,000. Both loans were to mature in December 2044. In November 2022, both loans were acquired by Banyan Investment Corporation and were subsequently forgiven. During the year ended December 31, 2022, both loans were 100 percent forgiven.	\$ -	\$ 6,566,000
Less current portion	-	(263,250)
Less deferred financing	-	(317,267)
	<u>\$ -</u>	<u>\$ 5,985,483</u>
Total Long-term Debt		
	<u>\$ -</u>	<u>\$ 5,985,483</u>

Banyan Foundation and Banyan Investment Corporation
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Note 5: Paycheck Protection Program Loan

In February 2021, the Organization entered into a promissory note agreement with Old National Bank in the amount of \$232,950 pursuant to the Paycheck Protection Program (PPP) round two created by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and governed by the Small Business Administration (SBA). The note accrues interest at 1 percent per annum and is scheduled to mature January 2026. Up to 100 percent of the loan is forgivable when used to pay specified payroll and other costs within the qualified period (generally 24 weeks after receiving the funds). During the year ended December 31, 2021, this loan was 100 percent forgiven and has been included in the Statement of Activities for the year then ended.

Note 6: Net Assets

A. Designated Net Assets

Net assets designated by the Board as of December 31, 2022 and 2021 consist of the following:

	2022	2021
Operating reserve	\$ 615,000	\$ 615,000
Capital asset reserve	100,000	100,000
Unemployment self insurance reserve	10,000	10,000
Total	\$ 725,000	\$ 725,000

B. Donor Restricted Net Assets

The Organization had the following donor-restricted net assets at December 31, 2022 and 2021:

	2022	2021
Higher Ground Scholarships	\$ 226,190	\$ 259,950
Time Restricted	295,000	215,315
Preschool	47,000	47,000
Total Donor Restricted Net Assets	\$ 568,190	\$ 522,265

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Note 7: Liquidity and Availability of Financial Assets

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 sheet date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 1,256,170	\$ 1,648,785
Accounts receivable	75,011	43,710
Grant receivable	250,000	230,315
Pledge receivable	206,100	234,927
Investments	247,963	285,745
Total Financial Assets	2,035,244	2,443,482
Less financial assets unavailable for general expenditure within one year, due to:		
Net assets with donor restrictions	(312,250)	(243,390)
Board designated net assets	(725,000)	(725,000)
Total Financial Assets Unavailable for Current Year Spending	(1,037,250)	(968,390)
Financial assets available to meet cash needs for general expenditures within one year	\$ 997,994	\$ 1,475,092

As part of liquidity management, the organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.