

**COMMUNITY TRANSPORTATION  
NETWORK, INC.**

**FORT WAYNE, INDIANA**

**Financial Statements**

**as of June 30, 2023 and 2022**

## CONTENTS

	<b>PAGE</b>
<b>FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT</b>	
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-22

# LEONARD J. ANDORFER & CO., LLP

Certified Public Accountants & Business Consultants

[www.ljandorfer.com](http://www.ljandorfer.com)

---

110 W. Berry Street, Ste. 2202

Fort Wayne, Indiana 46802

(P) 260-423-9405 (F) 260-422-9206

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Community Transportation Network, Inc.  
Fort Wayne, Indiana

### Opinion

We have audited the accompanying financial statements of Community Transportation Network, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 Community Transportation Network, Inc. as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Community Transportation Network, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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, 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 Community Transportation Network, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Transportation Network, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Leonard J. Andorfer & Co., LLP*

LEONARD J. ANDORFER & CO., LLP  
Certified Public Accountants  
Fort Wayne, Indiana

October 10, 2023

**COMMUNITY TRANSPORTATION NETWORK, INC.**  
**Statements of Financial Position**

<b>ASSETS</b>	June 30 2023	June 30 2022
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents	\$ 470,257	\$ 542,287
Receivables		
Contributions receivable - net	154,525	405,811
Accounts receivable	185,014	96,164
Prepaid expenses	81,117	48,332
Investments	57,434	43,923
Beneficial interest	11,739	11,658
Fixed assets - net	<u>3,324,177</u>	<u>3,408,498</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 4,284,263</u></u>	<u><u>\$ 4,556,673</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 87,761	\$ 62,425
Accrued expenses	73,609	47,618
Notes payable	<u>725,565</u>	<u>859,683</u>
Total Liabilities	886,935	969,726
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	2,933,646	1,832,170
Net Assets With Donor Restrictions	<u>463,682</u>	<u>1,754,777</u>
Total Net Assets	<u>3,397,328</u>	<u>3,586,947</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 4,284,263</u></u>	<u><u>\$ 4,556,673</u></u>

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

**COMMUNITY TRANSPORTATION NETWORK, INC.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2023**  
**(With Comparative Totals for the Year Ended June 30, 2022)**

	Without Donor Restrictions	With Donor Restrictions	Totals 2023	Totals 2022
<b>SUPPORT AND REVENUE</b>				
Contributions				
Foundations	\$ 490,297	\$ 551,407	\$ 1,041,704	\$ 1,214,946
Corporations and individuals	172,817		172,817	256,386
United Way			-	50,000
In-kind			-	312,214
Government grants	220,617		220,617	287,304
Transportation fees	777,105		777,105	622,758
Special events	152,628		152,628	151,662
Less: direct benefit to donors	( 38,578 )		( 38,578 )	( 36,879 )
Investment income (loss)	4,608		4,608	( 3,448 )
Miscellaneous	55,622		55,622	345,673
Total Support and Revenue	1,835,116	551,407	2,386,523	3,200,616
Net Assets Released From Restrictions	1,842,502	( 1,842,502 )	-	-
<b>TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>	3,677,618	( 1,291,095 )	2,386,523	3,200,616
<b>EXPENSES</b>				
Transportation services	2,161,587		2,161,587	1,940,679
Management and general	275,758		275,758	204,925
Fund raising	138,797		138,797	95,327
Total Expenses	2,576,142		2,576,142	2,240,931
<b>CHANGE IN NET ASSETS</b>	1,101,476	( 1,291,095 )	( 189,619 )	959,685
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,832,170	1,754,777	3,586,947	2,627,262
<b>NET ASSETS - END OF YEAR</b>	\$ 2,933,646	\$ 463,682	\$ 3,397,328	\$ 3,586,947

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

**COMMUNITY TRANSPORTATION NETWORK, INC.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Totals 2021
<b>SUPPORT AND REVENUE</b>			
Contributions			
Foundations	\$ 441,691	\$ 773,255	\$ 1,214,946
Corporations and individuals	155,938	100,448	256,386
United Way	50,000		50,000
In-kind	282,214	30,000	312,214
Government grants	287,304		287,304
Transportation fees	622,758		622,758
Special events	151,662		151,662
Less: direct benefit to donors	( 36,879 )		( 36,879 )
Investment income (loss)	( 3,448 )		( 3,448 )
Miscellaneous	345,673		345,673
Total Support and Revenue	2,296,913	903,703	3,200,616
Net Assets Released From Restrictions	294,668	( 294,668 )	-
<b>TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>2,591,581</b>	<b>609,035</b>	<b>3,200,616</b>
<b>EXPENSES</b>			
Transportation services	1,940,679		1,940,679
Management and general	204,925		204,925
Fund raising	95,327		95,327
Total Expenses	2,240,931		2,240,931
<b>CHANGE IN NET ASSETS</b>	<b>350,650</b>	<b>609,035</b>	<b>959,685</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>1,481,520</b>	<b>1,145,742</b>	<b>2,627,262</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,832,170</b>	<b>\$ 1,754,777</b>	<b>\$ 3,586,947</b>

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

**COMMUNITY TRANSPORTATION NETWORK, INC.**

**Statement of Functional Expenses**

**Year Ended June 30, 2023**

**(With Comparative Totals for the Year Ended June 30, 2022)**

	Transportation Services	Management and General	Fund Raising	Totals 2023	Totals 2022
Salaries	\$ 969,935	\$ 140,097	\$ 89,915	\$ 1,199,947	\$ 1,003,578
Employee health and retirement benefits	119,847	6,675	7,913	134,435	120,311
Payroll taxes	73,090	10,194	6,089	89,373	77,220
Total Salaries and Related Expenses	<u>1,162,872</u>	<u>156,966</u>	<u>103,917</u>	<u>1,423,755</u>	<u>1,201,109</u>
Repairs and maintenance	231,924	2,340	1,762	236,026	249,313
Fuel	191,069			191,069	204,763
Insurance	189,249	9,886		199,135	168,731
Office expense	41,084	16,887	5,879	63,850	55,677
Professional services	4,148	24,133		28,281	9,664
Telephone	31,707	800	479	32,986	28,768
Occupancy	24,532	2,113	1,567	28,212	23,314
Licenses	8,607	92		8,699	7,976
Interest		38,179		38,179	14,305
Miscellaneous	6,531	5,995		12,526	4,040
Equipment rental	4,114	513	513	5,140	3,700
Marketing	2,214	633	17,763	20,610	20,484
Dues and subscriptions	1,793	4,563	2,202	8,558	4,313
Conferences and meetings	725	7,252	822	8,799	8,239
Event expense			38,578	38,578	36,879
Total Expenses Before Depreciation	<u>1,900,569</u>	<u>270,352</u>	<u>173,482</u>	<u>2,344,403</u>	<u>2,041,275</u>
Depreciation	261,018	5,406	3,893	270,317	236,535
Total Expenses By Function	<u>\$ 2,161,587</u>	<u>\$ 275,758</u>	<u>\$ 177,375</u>	<u>\$ 2,614,720</u>	<u>\$ 2,277,810</u>
Less expenses included in support and revenue on the statement of activities			( 38,578 )	( 38,578 )	( 36,879 )
Total Expenses	<u><u>\$ 2,161,587</u></u>	<u><u>\$ 275,758</u></u>	<u><u>\$ 138,797</u></u>	<u><u>\$ 2,576,142</u></u>	<u><u>\$ 2,240,931</u></u>

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



**COMMUNITY TRANSPORTATION NETWORK, INC.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

	Transportation Services	Management and General	Fund Raising	Totals 2022
Salaries	\$ 818,867	\$ 115,862	\$ 68,849	\$ 1,003,578
Employee health and retirement benefits	100,473	14,225	5,613	120,311
Payroll taxes	63,434	9,135	4,651	77,220
Total Salaries and Related Expenses	982,774	139,222	79,113	1,201,109
Repairs and maintenance	246,606	2,040	667	249,313
Fuel	204,763			204,763
Insurance	160,602	8,129		168,731
Office expense	29,484	21,058	5,135	55,677
Professional services		9,664		9,664
Telephone	27,702	661	405	28,768
Occupancy	20,346	1,694	1,274	23,314
Licenses	7,906	70		7,976
Interest	10,180	4,125		14,305
Miscellaneous	3,160	880		4,040
Equipment rental	2,960	370	370	3,700
Marketing	8,042	4,345	8,097	20,484
Dues and subscriptions	1,331	2,598	384	4,313
Conferences and meetings	1,086	8,552	( 1,399 )	8,239
Event expense			36,879	36,879
Total Expenses Before Depreciation	1,706,942	203,408	130,925	2,041,275
Depreciation	233,737	1,517	1,281	236,535
Total Expenses By Function	1,940,679	204,925	132,206	2,277,810
Less expenses included in support and revenue on the statement of activities			( 36,879 )	( 36,879 )
Total Expenses	\$ 1,940,679	\$ 204,925	\$ 95,327	\$ 2,240,931

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

**COMMUNITY TRANSPORTATION NETWORK, INC.**

**Statements of Cash Flows**

**Years Ended June 30, 2023 and 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	2023	2022
Change in net assets	( \$ 189,619 )	\$ 959,685
Adjustments to reconcile change in net assets to cash flows provided by operating activities		
Depreciation	270,317	236,535
Change in present value discount	( 4,064 )	( 5,557 )
Contribution of securities	( 11,330 )	-
PPP loan forgiveness	-	( 182,200 )
Loss (gain) on beneficial interest	( 584 )	1,215
Loss (gain) on investments	( 628 )	4,308
(Increase) decrease in:		
Contributions receivable - net	255,350	( 49,470 )
Accounts receivable	( 88,850 )	30,902
Prepaid expenses	( 32,785 )	611
Increase (decrease) in:		
Accounts payable	25,336	23,775
Accrued expenses	25,991	( 2,018 )
Net Cash Provided By Operating Activities	249,134	1,017,786
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	( 185,996 )	( 1,931,432 )
Purchase of investments	( 1,553 )	( 3,138 )
Proceeds from beneficial interest	503	477
Net Cash Used For Investing Activities	( 187,046 )	( 1,934,093 )
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	124,560	709,683
Payments on notes payable	( 258,678 )	-
Net Cash Provided By (Used For) Financing Activities	( 134,118 )	709,683
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 72,030 )	( 206,624 )
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	542,287	748,911
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 470,257	\$ 542,287

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies

**Nature of Activities** – Community Transportation Network, Inc. (CTN) is a voluntary health and welfare organization established to provide an effective and dependable transportation alternative in Fort Wayne and Allen County, Indiana. Its mission is to provide dependable and efficient transportation so no one is left behind. CTN’s vision is that fewer transportation barriers will exist and full access to community life will be available to seniors, persons with disabilities, low income families, children and youth. CTN’s priorities are to provide medical transportation that is dependable, affordable, accessible and accommodating for vulnerable seniors and persons with disabilities; to better use community transportation resources through consolidation and partnerships with other nonprofit organizations; and to build its capacity to better meet transportation needs of the target populations in our community.

**Basis of Presentation** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Community Transportation Network, Inc. and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**Net Assets With Donor Restrictions** – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

**Promises to Give** – Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Investments** – The Organization has adopted FASB ASC 958-320-50-1. Under FASB ASC 958-320-50-1, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

**Income Taxes** - The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the 60% charitable contributions deduction limitation. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization has adopted FASB ASC 740-10-25, and determined no material unrecognized tax benefits or liabilities exist as of June 30, 2023 and 2022. The adoption of FASB ASC 740-10-25 did not impact the organization's financial position or results of operations. If applicable, the organization will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of June 30, 2023 and 2022, respectively, the organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The organization does not anticipate any significant changes to unrecognized income tax benefits over the next year. The organization is generally no longer subject to examination by Federal or State agencies for years before 2020.

**Use of Estimates** - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Reclassification** – Prior year presentation has been reclassified to conform with the current year's presentation. These reclassifications have no effect on previously reported operational results.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**Accounts Receivable** – If considered necessary, the Organization provides an allowance for doubtful receivables which is based on management's estimate of losses that will be incurred in the collection of all receivables.

**Property and Equipment** – Property and equipment are stated at cost or, if donated, at fair value at the date of the gift. Items with a cost or value of \$1,000 or more and a useful life of one year or more are capitalized. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets as follows:

Building	39 years
Building Improvement	15 years
Transportation Equipment	4-10 years
Office Equipment	5-10 years

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

**Revenue Recognition** – The Organization recognizes revenue from the following sources:

**Contributions and Grants:** The Organization recognizes support when received or unconditionally promised. Grants and contracts are classified as contributions in instances in which a resource provider is not itself receiving commensurate value for the resources provided. Contributions are considered conditional when the agreement with the resource provider includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Conditional contributions are not recognized as revenue until the conditions are substantially met.

**Transportation fees:** The Organization recognizes revenue from direct billed transportation fees when the related transportation services are provided. A portion of the Organization's transportation revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. In addition, the Organization bills partner agencies on a monthly basis for transportation services. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization did not receive any cost-reimbursable grants that have not been recognized at June 30, 2023 and 2022, and therefore no amount is recognized in the statement of financial position as a refundable grant for these contracts and grants.

**Special Events and Sponsorships:** The Organization has multiple special events where tickets are purchased for the event and revenue is recognized upon the occurrence of the event. In addition, the Organization will sell sponsorships for the events. When a sponsorship is sold, it contains elements of both an exchange transaction and a contribution. The Organization will recognize the contribution portion once received or unconditionally pledged. The portion related to the exchange transaction is recorded as deferred income until the event occurs at which time it is recognized as revenue.

**In-kind Contributions:** Contributions of professional services are recorded at estimated fair value when received if such services require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. Volunteers contribute amounts of time to the Organization's activities that do not meet recognition criteria, and the value of that time is not reflected in the financial statements. In-kind contributions for the year ended June 30, 2022 included a \$266,000 discount on the purchase of land as well as a \$30,000 in-kind contribution related to the construction of the new truck maintenance building. The total value assigned to in-kind contributions amounted to \$312,214 for the year ended June 30, 2022.

**Advertising Costs** – Advertising and promotional programs are charged to expense during the period in which they are incurred. Advertising expense in the amount of \$20,610 and \$20,484 was incurred in the years ending June 30, 2023 and 2022, respectively.

**Compensated Absences** – The Organization allows employees to receive compensation for paid time off. As of June 30, 2023 and 2022, compensated absences have been calculated as \$53,319 and \$33,793, respectively. This amount has been reflected in the 2023 and 2022 Statements of Financial Position as part of accrued expenses.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 2 – Contributions Receivable

Contributions receivable as of June 30, 2023 and 2022 consist of the following:

	June 30, 2023	June 30, 2022
Contributions receivable	\$ 154,525	\$ 409,875
Less unamortized present value discount (2.75%)	-	4,064
Net contributions receivable	\$ 154,525	\$ 405,811
Amounts due in:		
Less than one year	\$ 154,525	\$ 259,875
One to five years	-	150,000
More than five years	-	-
	\$ 154,525	\$ 409,875

### NOTE 3 – Investments

Investments as of June 30, 2023 and 2022 consisted of the following:

	2023	2022
Cash and cash investments	\$ 8,133	\$ 7,023
Fixed income	11,041	11,323
Mutual funds	10,190	10,720
Exchange traded funds	16,617	14,857
Equities	11,453	-
Total Investments at Fair Value	\$ 57,434	\$ 43,923
Total Investments at Historical Cost	\$ 59,703	\$ 48,457

### NOTE 4 – Beneficial Interest – Community Foundation

Funds held at Community Foundation as of June 30, 2023 and 2022 are summarized as follows:

	June 30, 2023	June 30, 2022
Community Foundation of Greater Fort Wayne	\$ 11,739	\$ 11,658

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4 – Beneficial Interest – Community Foundations (Continued)

The investments held by the Community Foundation are the result of agreements whereby the Organization has transferred assets, without variance power, to the Foundation and has specified itself as the beneficiary of those assets. The Organization may draw up to a certain percentage of the value of the assets each year, but may only obtain a return of the full value of the assets upon consent of the Foundation.

Additionally, the Foundation holds investment assets, with a value of \$4,857 and \$4,319 at June 30, 2023 and 2022, respectively, for the benefit of the Organization for which they have retained variance power. These assets are not recorded as assets of the Organization.

### NOTE 5 – Fair Value of Financial Instruments

FASB ASC 820-10-50-1 requires certain disclosures regarding the fair value of financial instruments. Financial instruments held by Community Transportation Network, Inc. impacted by this pronouncement include the investments held at market value.

FASB ASC 820-10-50-1 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of input described below:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity’s own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair value of financial instruments as of June 30, 2023 is as follows:

	Total	Quoted market prices for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash and cash equivalents	\$ 8,133	\$ 8,133	\$	\$
Fixed income	11,041	11,041		
Mutual funds	10,190	10,190		
Exchange traded funds	16,617	16,617		
Equities	11,453	11,453		
Community Foundation of Greater Fort Wayne	11,739			11,739
<b>Total</b>	<b>\$ 69,173</b>	<b>\$ 57,434</b>	<b>\$ -</b>	<b>\$ 11,739</b>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 5 – Fair Value of Financial Instruments (Continued)

Fair value of financial instruments as of June 30, 2022 is as follows:

	Total	Quoted market prices for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
Cash and cash equivalents	\$ 7,023	\$ 7,023	\$	\$
Fixed income	11,323	11,323		
Mutual funds	10,720	10,720		
Exchange traded funds	14,857	14,857		
Community Foundation of Greater Fort Wayne	11,658			11,658
<b>Total</b>	<b>\$ 55,581</b>	<b>\$ 43,923</b>	<b>\$ -</b>	<b>\$ 11,658</b>

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Beginning Balance - July 1, 2022	\$ 11,658
Total gains or losses (realized/unrealized) included in earnings:	
Contributions	-
Interest and dividend income on securities	335
Unrealized gains	462
Realized gains on sale of securities	169
Investment fees	( 382 )
Transfers out	( 503 )
Ending Balance - June 30, 2023	<u>\$ 11,739</u>



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 5 – Fair Value of Financial Instruments (Continued)

The table below presents a reconciliation and statement of activities classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2022:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Beginning Balance - July 1, 2021	\$ 13,350
Total gains or losses (realized/unrealized) included in earnings:	
Contributions	-
Interest and dividend income on securities	364
Unrealized gains	( 1,618 )
Realized gains on sale of securities	442
Investment fees	( 403 )
Transfers out	( 477 )
Ending Balance - June 30, 2022	\$ 11,658

### NOTE 6 – Investment Income

Net investment income from the investment account, the Community Foundations and the savings accounts consisted of the following:

	June 30, 2023	June 30, 2022
Dividends, interest, and realized gains	\$ 3,900	\$ 4,243
Investment management fees	( 382 )	( 403 )
Unrealized gains (losses)	1,090	( 7,288 )
Total Investment Income (Loss)	\$ 4,608	( \$ 3,448 )

### NOTE 7 – Functional Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of activities and changes in net assets. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, certain professional services, supplies, information technology, insurance and other expenses, which are allocated on the basis of time and effort.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 8 – Property and Equipment

The components of property and equipment are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Land	\$ 680,767	\$ 680,767
Buildings and improvements	2,491,656	889,746
Office equipment and software	153,379	120,932
Transportation equipment	1,927,358	1,747,690
Construction in process	-	1,628,029
	<u>5,253,160</u>	<u>5,067,164</u>
Accumulated depreciation	( <u>1,928,983</u> )	( <u>1,658,666</u> )
Total	<u>\$ 3,324,177</u>	<u>\$ 3,408,498</u>

### NOTE 9 – Net Assets with Donor Restrictions

The Organization has net assets that are donor restricted for the following purposes:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Capital expansion	\$ -	\$ 1,411,669
Medical transportation	157,193	80,000
Future operations	50,000	195,000
Other	119,703	68,108
Regional needs assessment	71,591	-
Drive program	65,195	-
Total	<u>\$ 463,682</u>	<u>\$ 1,754,777</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Time requirements	\$ 135,000	\$ 185,000
Purpose requirement:		
Medical transportation	233,307	91,500
Capital expansion	1,426,669	-
Other	47,526	18,168
	<u>\$ 1,842,502</u>	<u>\$ 294,668</u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 9 – Net Assets with Donor Restrictions (Continued)

Net assets without donor restrictions are as follows:

	June 30, 2023	June 30, 2022
Undesignated	\$ 2,864,473	\$ 1,725,585
Board designated - capital match	-	51,004
Board designated - endowment	69,173	55,581
	<u>\$ 2,933,646</u>	<u>\$ 1,832,170</u>

### NOTE 10 – Commitments and Contingencies

Community Transportation Network, Inc. maintains its cash accounts at local banks. The cash balances and short-term investments are insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2023 and 2022 the Organization had uninsured cash balances of \$62,794 and \$181,973, respectively.

### NOTE 11 – Retirement Plan

The Organization sponsors a defined contribution plan where contributions to the plan are made for all employees with at least 30 days of continuous employment. The Organization's contributions are 100% vested after 5 years of employment. The Organization matches amounts contributed by eligible employees up to 2.5% of each employee's total compensation. Expenses for the years ended June 30, 2023 and 2022 amounted to \$12,850 and \$11,768, respectively.

### NOTE 12 – Endowments

The Organization's endowment consists of two funds established for providing revenue from earnings. Its endowment includes board designated endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with donor restricted funds, including designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts, (b) the original value of subsequent gifts, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted fund that is not classified in net assets with donor restrictions is classified as designated net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 12 – Endowments (Continued)

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment net asset composition by type of fund as of June 30, 2023, is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Board designated funds - campaign	\$ 57,434	\$	\$ 57,434
Board designated funds - Community Foundation	11,739		11,739
	<u>\$ 69,173</u>	<u>\$ -</u>	<u>\$ 69,173</u>

Endowment net asset composition by type of fund as of June 30, 2022, is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Board designated funds - campaign	\$ 43,923	\$	\$ 43,923
Board designated funds - Community Foundation	11,658		11,658
	<u>\$ 55,581</u>	<u>\$ -</u>	<u>\$ 55,581</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 12 – Endowments (Continued)**

Changes in endowment net assets for the year ended June 30, 2023, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets - beginning of year	\$ 55,581	\$	\$ 55,581
Contributions (net)	11,330		11,330
Investment return:			
Dividends, interest and realized investment gains/losses	1,675		1,675
Unrealized gain	1,090		1,090
Total investment return	2,765		2,765
Appropriation of endowment assets for expenditures	( 503 )		( 503 )
Endowment net assets - end of year	<u>\$ 69,173</u>	<u>\$ -</u>	<u>\$ 69,173</u>

Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets - beginning of year	\$ 58,443	\$	\$ 58,443
Contributions (net)	3,138		3,138
Investment return:			
Dividends, interest and realized investment gains/losses	1,765		1,765
Unrealized gain	( 7,288 )		( 7,288 )
Total investment return	( 2,385 )		( 5,523 )
Appropriation of endowment assets for expenditures	( 477 )		( 477 )
Endowment net assets - end of year	<u>\$ 55,581</u>	<u>\$ -</u>	<u>\$ 55,581</u>

**Funds With Deficiencies** – From time to time, the fair value of assets associated with individual donor restricted funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. These deficiencies result from unfavorable investment performance due to unfavorable market conditions for the investments supporting the donor restricted and designated net assets.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 12 – Endowments (Continued)

**Return Objectives and Risk Parameters** – The organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as designated funds. The Organization expects its endowment fund, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives** – To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

**Spending Policy** – The Organization has a policy of appropriating for distribution each year 5% of its endowment fund’s average fair value over the prior four quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to maintain the current value. This is consistent with the organization’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

### NOTE 13 – Notes Payable

In January 2021, the Organization received an additional PPP loan from 1<sup>st</sup> Source Bank in the amount of \$182,200. The loan bore interest at 1%. The loan was forgiven in full under the terms of the program and has been included in government grants in the statement of activities and net assets for the fiscal year ended June 30, 2022.

In July 2020, the Organization secured a loan from the Small Business Administration (SBA) in the amount of \$150,000. The loan bears interest at a rate of 2.75% and requires no payments through June 30, 2022. Principal and interest payments of \$641 began in July 2022. Outstanding under this agreement as of June 30, 2023 and 2022 was \$146,388 and \$150,000, respectively. Interest expense of \$4,080 and \$4,125 was recognized on this loan for the years ended June 30, 2023 and 2022, respectively. The loan is secured by all business assets and matures in July 2052.

Principal payments required over the next five years under the terms of the SBA loan are as follows:

<u>June 30,</u>	<u>Amount</u>
2024	\$ 3,713
2025	3,816
2026	3,923
2027	4,032
2028	4,260

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 13 – Notes Payable (Continued)

In connection with the building construction located at 3401 Adams Center Road in Fort Wayne, Indiana the Organization secured a construction loan with First Merchants Bank. The note, in a total amount of \$929,500, had a balance of \$493,683 and \$706,683 as of June 30, 2023 and 2022, respectively. The note bears interest at the bank's prime rate minus 1.1% (7.15% as of June 30, 2023). The note matures September 29, 2026 at which time all remaining unpaid principal is due. The loan is secured by the building.

Principal payments required over the next five years under the terms of the loan are as follows:

June 30	Amount
2024	\$ -
2025	-
2026	-
2027	493,683

In connection with the acquisition of two vehicles, the Organization secured a term loan with Three Rivers Federal Credit Union dated November 2, 2022, in the amount of \$124,560. The note had a balance of \$85,495 as of June 30, 2023. The note bears interest at a rate of 3.64% and requires monthly payments of \$2,276. The loan is secured by the vehicles purchased. Principal payments required the next five years are as follows:

June 30	Amount
2024	\$ 24,613
2025	25,524
2026	26,469
2027	8,889

### NOTE 14 – Related Party Transactions

The Organization paid \$5,566 and \$4,443 for the years ended June 30, 2023 and 2022, respectively, to a company related to a member of the Board of Directors for payroll administration.

### NOTE 15 – Line of Credit

CTN has a \$150,000 revolving line of credit with 1<sup>st</sup> Source Bank to be drawn upon as needed, bearing interest at .25% below the prime rate (8% at June 30, 2023). The note is secured by all business assets and is due for renewal on December 1, 2023. No amount was outstanding on the note as of June 30, 2023 or 2022. Interest expense of \$0 was incurred for the years ended June 30, 2023 and 2022.

### NOTE 16 – Liquidity and Availability of Financial Assets

The following reflects the financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the board approves that action.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 16 – Liquidity and Availability of Financial Assets (Continued)**

	2023	2022
Cash and cash equivalents	\$ 470,257	\$ 542,287
Accounts receivable	185,014	96,164
Contributions receivable, net	154,525	405,811
Investments	57,434	43,923
Total financial assets, excluding noncurrent receivables	867,230	1,088,185
Contractual or donor-imposed restrictions:		
Capital expansion	-	( 1,411,669 )
Less: restrictions released in next fiscal year		1,411,669
Board designations:		
Capital match	-	( 51,004 )
Endowment	( 69,173 )	( 43,923 )
Financial Assets Available to Meet Cash Needs for		
Expenditures Within One Year	\$ 798,057	\$ 993,258

**NOTE 17 – Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 10, 2023, the date the financial statements were available to be issued.