

**COMMUNITY TRANSPORTATION  
NETWORK, INC.**

**FORT WAYNE, INDIANA**

**Financial Statements**

**as of June 30, 2024 and 2023**

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## 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, 2024, 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, 2024 and 2023, 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  
Certified Public Accountants  
Fort Wayne, Indiana

October 16, 2024

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

<b>ASSETS</b>	June 30 2024	June 30 2023
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents	\$ 118,051	\$ 470,257
Receivables		
Contributions receivable	86,915	154,525
Accounts receivable	182,431	185,014
Prepaid expenses	120,120	81,117
Investments	61,753	57,434
Beneficial interest	12,740	11,739
Fixed assets - net	<u>3,373,658</u>	<u>3,324,177</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,955,668</u></u>	<u><u>\$ 4,284,263</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 73,448	\$ 87,761
Accrued expenses	69,021	73,609
Line of credit	118,000	-
Notes payable	<u>510,326</u>	<u>725,565</u>
Total Liabilities	770,795	886,935
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	2,746,030	2,933,646
Net Assets With Donor Restrictions	<u>438,843</u>	<u>463,682</u>
Total Net Assets	<u>3,184,873</u>	<u>3,397,328</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,955,668</u></u>	<u><u>\$ 4,284,263</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, 2024**

**(With Comparative Totals for the Year Ended June 30, 2023)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals 2024</u>	<u>Totals 2023</u>
<b>SUPPORT AND REVENUE</b>				
Contributions				
Foundations	\$ 783,231	\$ 452,826	\$ 1,236,057	\$ 1,041,704
Corporations and individuals	167,548	4,915	172,463	172,817
In-kind	5,733		5,733	-
Government grants	152,400		152,400	220,617
Transportation fees	958,979		958,979	777,105
Special events	119,289		119,289	152,628
Less: direct benefit to donors	( 39,930 )		( 39,930 )	( 38,578 )
Investment income	11,525		11,525	4,608
Miscellaneous	61,962		61,962	55,622
Total Support and Revenue	<u>2,220,737</u>	<u>457,741</u>	<u>2,678,478</u>	<u>2,386,523</u>
Net Assets Released From Restrictions	<u>482,580</u>	<u>( 482,580 )</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>2,703,317</b>	<b>( 24,839 )</b>	<b>2,678,478</b>	<b>2,386,523</b>
<b>EXPENSES</b>				
Transportation services	2,483,736		2,483,736	2,161,587
Management and general	253,481		253,481	275,758
Fund raising	153,716		153,716	138,797
Total Expenses	<u>2,890,933</u>		<u>2,890,933</u>	<u>2,576,142</u>
<b>CHANGE IN NET ASSETS</b>	<b>( 187,616 )</b>	<b>( 24,839 )</b>	<b>( 212,455 )</b>	<b>( 189,619 )</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>2,933,646</u>	<u>463,682</u>	<u>3,397,328</u>	<u>3,586,947</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 2,746,030</u></u>	<u><u>\$ 438,843</u></u>	<u><u>\$ 3,184,873</u></u>	<u><u>\$ 3,397,328</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**

	Without Donor Restrictions	With Donor Restrictions	Totals 2023
<b>SUPPORT AND REVENUE</b>			
Contributions			
Foundations	\$ 490,297	\$ 551,407	\$ 1,041,704
Corporations and individuals	172,817		172,817
Government grants	220,617		220,617
Transportation fees	777,105		777,105
Special events	152,628		152,628
Less: direct benefit to donors	( 38,578 )		( 38,578 )
Investment income	4,608		4,608
Miscellaneous	55,622		55,622
Total Support and Revenue	1,835,116	551,407	2,386,523
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
<b>EXPENSES</b>			
Transportation services	2,161,587		2,161,587
Management and general	275,758		275,758
Fund raising	138,797		138,797
Total Expenses	2,576,142		2,576,142
<b>CHANGE IN NET ASSETS</b>	1,101,476	( 1,291,095 )	( 189,619 )
<b>NET ASSETS - BEGINNING OF YEAR</b>	1,832,170	1,754,777	3,586,947
<b>NET ASSETS - END OF YEAR</b>	\$ 2,933,646	\$ 463,682	\$ 3,397,328

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

**COMMUNITY TRANSPORTATION NETWORK, INC.**

**Statement of Functional Expenses**

**Year Ended June 30, 2024**

**(With Comparative Totals for the Year Ended June 30, 2023)**

	Transportation Services	Management and General	Fund Raising	Totals 2024	Totals 2023
Salaries	\$ 1,064,125	\$ 139,391	\$ 99,527	\$ 1,303,043	\$ 1,199,947
Employee health and retirement benefits	85,247	10,448	7,082	102,777	134,435
Payroll taxes	121,733	13,880	8,788	144,401	89,373
Total Salaries and Related Expenses	<u>1,271,105</u>	<u>163,719</u>	<u>115,397</u>	<u>1,550,221</u>	<u>1,423,755</u>
Repairs and maintenance	273,485	1,318	1,361	276,164	236,026
Fuel	200,018			200,018	191,069
Insurance	238,574	10,167		248,741	199,135
Office expense	26,233	9,482	5,263	40,978	63,850
Professional services	90,603	23,305		113,908	28,281
Telephone	37,782	890	545	39,217	32,986
Occupancy	23,918	2,049	1,527	27,494	28,212
Licenses	8,812	145		8,957	8,699
Interest		29,193		29,193	38,179
Miscellaneous	22,415	1,727	2,400	26,542	12,526
Equipment rental	4,468	558	558	5,584	5,140
Marketing	24,707		17,116	41,823	20,610
Dues and subscriptions	3,201	2,573	4,374	10,148	8,558
Conferences and meetings	341	2,677	506	3,524	8,799
Event expense	21		39,930	39,951	38,578
Total Expenses Before Depreciation	<u>2,225,683</u>	<u>247,803</u>	<u>188,977</u>	<u>2,662,463</u>	<u>2,344,403</u>
Depreciation	258,053	5,678	4,669	268,400	270,317
Total Expenses By Function	<u>\$ 2,483,736</u>	<u>\$ 253,481</u>	<u>\$ 193,646</u>	<u>\$ 2,930,863</u>	<u>\$ 2,614,720</u>
Less expenses included in support and revenue on the statement of activities			( 39,930 )	( 39,930 )	( 38,578 )
Total Expenses	<u><u>\$ 2,483,736</u></u>	<u><u>\$ 253,481</u></u>	<u><u>\$ 153,716</u></u>	<u><u>\$ 2,890,933</u></u>	<u><u>\$ 2,576,142</u></u>

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

**COMMUNITY TRANSPORTATION NETWORK, INC.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023**

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

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

**COMMUNITY TRANSPORTATION NETWORK, INC.**

**Statements of Cash Flows**

**Years Ended June 30, 2024 and 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	2024	2023
Change in net assets	( \$ 212,455 )	( \$ 189,619 )
Adjustments to reconcile change in net assets to cash flows provided by operating activities		
Depreciation	268,400	270,317
Change in present value discount	-	( 4,064 )
Contribution of securities	-	( 11,330 )
Gain on beneficial interest	( 1,001 )	( 584 )
Gain on investments	( 2,028 )	( 628 )
(Increase) decrease in:		
Contributions receivable - net	67,610	255,350
Accounts receivable	2,583	( 88,850 )
Prepaid expenses	( 39,003 )	( 32,785 )
Increase (decrease) in:		
Accounts payable	( 14,313 )	25,336
Accrued expenses	( 4,588 )	25,991
Net Cash Provided By Operating Activities	<u>65,205</u>	<u>249,134</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	( 317,881 )	( 185,996 )
Purchase of investments	( 2,291 )	( 1,553 )
Proceeds from beneficial interest	-	503
Net Cash Used For Investing Activities	<u>( 320,172 )</u>	<u>( 187,046 )</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advance on line of credit	118,000	-
Proceeds from notes payable	-	124,560
Payments on notes payable	( 215,239 )	( 258,678 )
Net Cash Used For Financing Activities	<u>( 97,239 )</u>	<u>( 134,118 )</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 <b>( 352,206 )</b>	 <b>( 72,030 )</b>
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	 <u>470,257</u>	 <u>542,287</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 <u>\$ 118,051</u>	 <u>\$ 470,257</u>

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.

**New Accounting Pronouncement** – Effective July 1, 2023, the Organization adopted ASC 326 – measurement of credit losses on financial instruments. In accordance with the standard, the Organization considered past events, current conditions, and future forecasts in establishing an allowance for doubtful accounts. As of June 30, 2024, management has determined that no allowance was warranted. Management will continue to monitor its credit exposure in determining the need for an allowance in future periods.

## 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, 2024 and 2023. 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, 2024 and 2023, 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 2021.

**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.

**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, 2024 and 2023, 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.

**Advertising Costs** – Advertising and promotional programs are charged to expense during the period in which they are incurred. Advertising expense in the amount of \$41,823 and \$20,610 was incurred in the years ending June 30, 2024 and 2023, respectively.

**Compensated Absences** – The Organization allows employees to receive compensation for paid time off. As of June 30, 2024 and 2023, compensated absences have been calculated as \$46,211 and \$53,319, respectively. This amount has been reflected in the 2024 and 2023 Statements of Financial Position as part of accrued expenses.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 2 – Contributions Receivable

Contributions receivable as of June 30, 2024 and 2023 consist of the following:

	June 30, 2024	June 30, 2023
Contributions receivable-less than one year	<u>\$ 86,915</u>	<u>\$ 154,525</u>

### NOTE 3 – Investments

Investments as of June 30, 2024 and 2023 consisted of the following:

	2024	2023
Cash and cash investments	\$ 2,302	\$ 8,133
Fixed income	-	11,041
Mutual funds	28,867	10,190
Exchange traded funds	19,379	16,617
Equities	11,205	11,453
Total Investments at Fair Value	<u>\$ 61,753</u>	<u>\$ 57,434</u>
Total Investments at Historical Cost	<u>\$ 62,334</u>	<u>\$ 59,703</u>

### NOTE 4 – Beneficial Interest – Community Foundation

Funds held at Community Foundation as of June 30, 2024 and 2023 are summarized as follows:

	June 30, 2024	June 30, 2023
Community Foundation of Greater Fort Wayne	<u>\$ 12,740</u>	<u>\$ 11,739</u>

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 \$5,474 and \$4,857 at June 30, 2024 and 2023, respectively, for the benefit of the Organization for which they have retained variance power. These assets are not recorded as assets of the Organization.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 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, 2024 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	\$ 2,302	\$ 2,302	\$	\$
Mutual funds	28,867	28,867		
Exchange traded funds	19,379	19,379		
Equities	11,205	11,205		
Community Foundation of Greater Fort Wayne	12,740			12,740
<b>Total</b>	<b>\$ 74,493</b>	<b>\$ 61,753</b>	<b>\$ -</b>	<b>\$ 12,740</b>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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>

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, 2024:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Beginning Balance - July 1, 2023	\$ 11,739
Total gains or losses (realized/unrealized) included in earnings:	
Contributions	-
Interest and dividend income on securities	980
Unrealized loss	( 8 )
Realized gains on sale of securities	406
Investment fees	( 377 )
Transfers out	-
Ending Balance - June 30, 2024	<u>\$ 12,740</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, 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	\$ 11,739

### NOTE 6 – Investment Income

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

	June 30, 2024	June 30, 2023
Dividends, interest, and realized gains	\$ 9,882	\$ 3,900
Investment management fees	( 377 )	( 382 )
Unrealized gains	2,020	1,090
Total Investment Income	\$ 11,525	\$ 4,608

### 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:

	June 30, 2024	June 30, 2023
Land	\$ 680,767	\$ 680,767
Buildings and improvements	2,491,656	2,491,656
Office equipment and software	159,315	153,379
Transportation equipment	2,239,303	1,927,358
	<u>5,571,041</u>	<u>5,253,160</u>
Accumulated depreciation	( <u>2,197,383</u> )	( <u>1,928,983</u> )
Total	<u>\$ 3,373,658</u>	<u>\$ 3,324,177</u>

**NOTE 9 – Net Assets with Donor Restrictions**

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

	June 30, 2024	June 30, 2023
Capital expansion	\$ 4,915	\$ -
Medical transportation	218,331	157,193
Future operations	92,500	50,000
Other	48,194	119,703
Regional needs assessment	-	71,591
Drive program	74,903	65,195
Total	<u>\$ 438,843</u>	<u>\$ 463,682</u>

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

	June 30, 2024	June 30, 2023
Time requirements	\$ 127,500	\$ 135,000
Purpose requirement:		
Medical transportation	228,862	233,307
Capital expansion	-	1,426,669
Regional needs assessment	71,591	-
Other	54,627	47,526
	<u>\$ 482,580</u>	<u>\$ 1,842,502</u>

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Net assets without donor restrictions are as follows:

	June 30, 2024	June 30, 2023
Undesignated	\$ 2,671,537	\$ 2,864,473
Board designated - endowment	74,493	69,173
	<u>\$ 2,746,030</u>	<u>\$ 2,933,646</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, 2024 and 2023 the Organization had uninsured cash balances of \$0 and \$62,794, 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, 2024 and 2023 amounted to \$11,617 and \$12,850, 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, 2024, is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board designated funds - campaign	\$ 61,753	\$	\$ 61,753
Board designated funds - Community Foundation	12,740		12,740
	<u>\$ 74,493</u>	<u>\$ -</u>	<u>\$ 74,493</u>

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

	Without Donor Restriction	With Donor Restriction	Total
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>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 12 – Endowments (Continued)**

Changes in endowment net assets for the year ended June 30, 2024, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets - beginning of year	\$ 69,173	\$	\$ 69,173
Contributions (net)			0
Investment return:			
Dividends, interest and realized investment gains/losses	3,300		3,300
Unrealized gain	2,020		2,020
Total investment return	5,320		5,320
Appropriation of endowment assets for expenditures	-		-
Endowment net assets - end of year	\$ 74,493	\$ -	\$ 74,493

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	\$ 69,173	\$ -	\$ 69,173

**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 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 principal and interest payments of \$641 beginning July 2022. Outstanding under this agreement as of June 30, 2024 and 2023 was \$142,880 and \$146,388, respectively. Interest expense of \$4,184 and \$4,080 was recognized on this loan for the years ended June 30, 2024 and 2023, 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>
2025	\$ 3,811
2026	3,917
2027	4,026
2028	4,138
2029	4,253

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 \$320,483 and \$493,683 as of June 30, 2024 and 2023, respectively. The note bears interest at 6.26% as of June 30, 2024 and 2023. The note matures September 29, 2026 at which time all remaining unpaid principal is due. The loan is secured by the building.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 13 – Notes Payable (Continued)

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

<u>June 30</u>	<u>Amount</u>
2025	\$ -
2026	-
2027	320,483

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 \$46,963 and \$85,494 as of June 30, 2024 and 2023, respectively. 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 over the remaining term of the loan are as follows:

<u>June 30</u>	<u>Amount</u>
2024	\$ 26,039
2025	20,924

### NOTE 14 – Related Party Transactions

The Organization paid \$1,259 and \$5,566 for the years ended June 30, 2024 and 2023, respectively, to a company related to a member of the Board of Directors for payroll administration.

### NOTE 15 – Line of Credit

CTN has a \$200,000 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 (7.25% at June 30, 2024). The note is secured by all business assets and is due for renewal on December 1, 2024. Outstanding on the note was \$118,000 and \$0 as of June 30, 2024 and 2023, respectively. Interest expense of \$248 and \$0 was incurred for the years ended June 30, 2024 and 2023, respectively.

### 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)**

	2024	2023
Cash and cash equivalents	\$ 118,051	\$ 470,257
Accounts receivable	182,431	185,014
Contributions receivable	86,915	154,525
Investments	61,753	57,434
Total financial assets, excluding noncurrent receivables	449,150	867,230
Contractual or donor-imposed restrictions:		
Capital expansion	( 4,915 )	-
Less: restrictions released in next fiscal year		
Board designations:		
Endowment	( 74,493 )	( 69,173 )
Financial Assets Available to Meet Cash Needs for		
Expenditures Within One Year	\$ 369,742	\$ 798,057

**NOTE 17 – Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 16, 2024, the date the financial statements were available to be issued.