Tulsa Children's Coalition, Inc.

Tulsa, Oklahoma

Financial Statements

Years Ended December 31, 2021 and 2020

WIPFLI

Tulsa Children’s Coalition, Inc.

Financial Statements
Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

Board of Directors
Tulsa Children's Coalition, Inc.
Tulsa, Oklahoma

Opinion

We have audited the accompanying financial statements of Tulsa Children's Coalition, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tulsa Children's Coalition, Inc. as of December 31, 2021 and 2020, and 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 Tulsa Children's Coalition, 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 these financial statements in accordance with accounting principles generally accepted in the United States; 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 Tulsa Children's Coalition 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 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 Tulsa Children's Coalition, 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 Tulsa Children's Coalition, 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 planning scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Wipfli LLP

Wipfli LLP

August 22, 2022
Madison, Wisconsin

Tulsa Children's Coalition, Inc.

Statements of Financial Position
December 31, 2021 and 2020

Assets	2021	2020 (Restated)
Current assets:		
Cash and cash equivalents	$ 1,057,718	$ 5,089,309
Investments	10,274,494	5,406,104
Accounts receivable	3,365	0
Prepaid expenses	78,762	81,480
Total current assets	11,414,339	10,576,893
Property and equipment, net	25,132,518	26,045,776
Total assets	$ 36,546,857	$ 36,622,669

Liabilities and Net Assets	2021	2020 (Restated)
Current liabilities:		
Notes payable - Current portion	$ 547,576	$ 375,064
Deferred rental income - Current portion	26,154	26,154
Accounts payable	131,612	21,980
Total current liabilities	705,342	423,198
Long-term liabilities:		
Notes payable, net	3,848,962	4,237,348
Deferred rental income	341,071	360,019
Deferred capital assessment fee	0	486,789
Total long-term liabilities	4,190,033	5,084,156
Total liabilities	4,895,375	5,507,354
Net assets:		
Without donor restrictions	30,056,819	29,262,634
With donor restrictions	1,594,663	1,852,681
Total net assets	31,651,482	31,115,315
Total liabilities and net assets	$ 36,546,857	$ 36,622,669

See accompanying notes to financial statements.

Tulsa Children's Coalition, Inc.

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Rental income	$ 1,129,198	$ 0	$ 1,129,198
Grants and contracts	490,154	100,000	590,154
Investment income	1,382,723	0	1,382,723
Net assets released from restriction through satisfaction of donor restrictions	358,018	(358,018)	0
Total revenue	3,360,093	(258,018)	3,102,075
Expenses:			
Program activities	2,441,663	0	2,441,663
Management and general	124,245	0	124,245
Total expenses	2,565,908	0	2,565,908
Change in net assets	794,185	(258,018)	536,167
Net assets at beginning of year	29,262,634	1,852,681	31,115,315
Net assets at end of year	$ 30,056,819	$ 1,594,663	$ 31,651,482

See accompanying notes to financial statements.

Tulsa Children's Coalition, Inc.

Statements of Activities (Continued)
Years Ended December 31, 2021 and 2020

	2020 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Rental income	$ 1,129,188	$ 0	$ 1,129,188
Grants and contracts	95,768	151,593	247,361
Contributions	245,271	0	245,271
Investment income	160,437	0	160,437
Net assets released from restriction through satisfaction of donor restrictions	148,938	(148,938)	0
Total revenue	1,779,602	2,655	1,782,257
Expenses:			
Program activities	2,430,035	0	2,430,035
Management and general	126,009	0	126,009
Total expenses	2,556,044	0	2,556,044
Change in net assets	(776,442)	2,655	(773,787)
Net assets at beginning of year, as previously stated	31,036,613	852,489	31,889,102
Prior period adjustment	(997,537)	997,537	0
Net assets at beginning of year, as restated	30,039,076	1,850,026	31,889,102
Net assets at end of year	$ 29,262,634	$ 1,852,681	$ 31,115,315

See accompanying notes to financial statements.

Tulsa Children's Coalition, Inc.

Statements of Functional Expenses

Years Ended December 31, 2021 and 2020

	2021		
	Program Activities	Management and General	Total
Building maintenance	$ 206,255	$ 0	$ 206,255
Management fees	0	108,000	108,000
Audit fees	0	10,500	10,500
Bank service fees	0	2,954	2,954
Insurance	119,153	1,708	120,861
Interest	171,100	0	171,100
Other	0	1,083	1,083
Total operating expenses	496,508	124,245	620,753
Depreciation	1,945,155	0	1,945,155
Total expenses	$ 2,441,663	$ 124,245	$ 2,565,908

	2020		
	Program Activities	Management and General	Total
Building maintenance	$ 63,495	$ 0	$ 63,495
Management fees	0	108,000	108,000
Audit fees	0	13,700	13,700
Bank service fees	751	1,519	2,270
Insurance	135,434	1,660	137,094
Interest	169,371	0	169,371
Other	0	1,130	1,130
Total operating expenses	369,051	126,009	495,060
Depreciation	2,060,984	0	2,060,984
Total expenses	$ 2,430,035	$ 126,009	$ 2,556,044

Tulsa Children's Coalition, Inc.

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	$ 536,167	($ 773,787)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,945,155	2,060,984
Realized and unrealized gain on investments	(1,201,921)	(81,485)
Amortization of deferred rental income	(18,948)	(18,948)
Change in discount on notes payable	157,230	(79,466)
Changes in operating assets and liabilities:		
Accounts receivable	(3,365)	0
Prepaid expenses	2,718	16,334
Accounts payable	3,501	(199,681)
Deferred capital assessment fee	(486,789)	(95,732)
Net cash provided by operating activities	933,748	828,219
Cash flows from investing activities:		
Proceeds from sale of property and equipment	0	5,500,000
Purchase of property and equipment	(925,766)	(1,906,249)
Proceeds from sale of investments	1,207,517	2,657,932
Purchase of investments	(4,873,986)	(5,174,757)
Net cash (used in) provided by investing activities	(4,592,235)	1,076,926
Cash flows from financing activities:		
Payments on notes payable	(373,104)	(69,001)
Proceeds from notes payable	0	1,231,462
Net cash (used in) provided by financing activities	(373,104)	1,162,461
Changes in cash and cash equivalents	(4,031,591)	3,067,606
Cash and cash equivalents - beginning of year	5,089,309	2,021,703
Cash and cash equivalents - end of year	$ 1,057,718	$ 5,089,309
Supplemental schedule of other operating activity:		
Interest paid	$ 13,812	$ 3,565
Supplemental schedule of noncash operating and investing activities:		
Capital expenditures included in accounts payable	$ 108,131	$ 2,000

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Tulsa Children's Coalition, Inc. (TCC) was organized as a nonprofit 501(c)(3) corporation in 1991. TCC's mission is to assist in developing childcare and early childhood educational services in Tulsa, Oklahoma.

TCC acts as a real estate holding company to assist nonprofit organizations in Tulsa in obtaining facilities in which to operate childcare and early childhood education programs. To this end, TCC acquires or leases facilities, which it then leases or subleases to nonprofit organizations for use in their childcare or early childhood educational programs.

Basis of Presentation

TCC's financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

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

> Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
>
> Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. TCC's net assets with donor restrictions includes imputed interest from below-market rate notes payable received by TCC and equipment restrictions for the constructions and renovation expenses of facilities.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and money market investments.

Investments

Investments are recorded at fair value. Realized and unrealized gains and losses are recognized as investment income (loss) in the statements of activities. Investment fees, if any, are netted with return.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist primarily of grant awards and contributions to be collected within 1 year. TCC analyzes the receivables and records an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectable. The evaluations take into consideration such factors as changes in creditworthiness, evaluation of the collectability, prior loss experience, and current economic conditions. An account is considered uncollectible when all collection efforts prove worthless. Management has determined that no allowance is necessary.

Property and Equipment

Property and equipment with a cost greater than $5,000 and useful life over one year are recorded at cost and depreciated over their estimated useful life on a straight-line basis. Leasehold improvements are recorded at cost and amortized using the straight-line method over the life of the associated lease. Amortization of leasehold improvements is included in depreciation expense.

Property acquired with grant funds is owned by TCC while used in the programs for which it was purchased or in other future authorized programs. The grants stipulate that buildings constructed or renovated using grant funds are to be used for low-income early childhood purposes for at least five years after completion. Their disposition during the five-year period, as well as the ownership of any proceeds there from, is subject to funding source regulations. The cost of property acquired with grant funds and subject to funding source regulations are $813,657 and $914,445 at December 31, 2021 and 2020.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier to entitlement is overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants and contracts are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received, if any, in excess of expenses or asset acquisitions are reflected as refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Rent is recognized as income when earned. Rent received in advance is recorded as deferred rental income and amortized into income over the life of the lease.

Income Taxes

TCC is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Oklahoma tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or education purposes.

TCC is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. TCC has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Functional Allocation of Costs

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program activities and supporting services benefited.

Subsequent Events

Subsequent events have been evaluated through August 22, 2022, which is the date the financial statements were available to be issued.

Note 2: Concentrations of Risk

TCC maintains cash balances at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. TCC also maintains money market accounts at a brokerage house, which is insured by the Securities Investor Protection Corporation (SIPC) up to $500,000 and maintains an investment account at Schwab which are subject to market risk. TCC's cash and investment balances at times exceed the insured limits as designated by the FDIC and SIPC. Management has assessed the risk of potential loss due to these concentrations and feels that the risk is minimal.

TCC is a sublessor of various parcels of real estate used for childcare and early childhood education, and currently the sublease agreements are primarily with one tenant (see Note 9).

Note 3: Investments

TCC maintains investment accounts with two investment firms. The investments are carried at fair value. As of December 31, investments consist of the following:

	2021	2020
Exchange traded funds	$ 1,409,340	$ 1,305,811
Fixed income securities	1,682,981	772,335
Mutual funds	7,018,594	3,269,568
Real estate investment trusts	163,579	58,390
Total	$ 10,274,494	$ 5,406,104

For the years ended December 31, TCC's total investment income was as follows:

	2021	2020
Interest and dividends	$ 180,802	$ 78,952
Realized and unrealized gain	1,201,921	81,485
Total	$ 1,382,723	$ 160,437

Note 4: Fair Value Measurements

TCC is required by accounting standards to describe the three levels of inputs that may be used to measure fair value (the fair value hierarchy) for assets and liabilities. The level of an asset or liability within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement of that asset or liability. Following is a brief description of each level of the fair value hierarchy:

Level 1 - Fair value measurement is based on quoted prices for identical assets or liabilities in active markets.

Level 2 - Fair value measurement is based on 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in markets that are not active; or 3) valuation models and methodologies for which all significant assumptions are or can be corroborated by observable market data.

Level 3 - Fair value measurement is based on valuation models and methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data. Level 3 measurements reflect TCC's estimates about assumptions market participants would use in measuring fair value of the asset or liability.

Note 4: Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of December 31, 2021, is as follows:

	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	at Fair Value
Investments:				
Exchange traded funds	$ 1,409,340	$ 0	$ 0	$ 1,409,340
Fixed income securities	1,682,981	0	0	1,682,981
Mutual funds	7,018,594	0	0	7,018,594
Real estate investment trusts	163,579	0	0	163,579
Total investments	$ 10,274,494	$ 0	$ 0	$ 10,274,494

Information regarding assets measured at fair value on a recurring basis as of December 31, 2020, is as follows:

	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	at Fair Value
Investments:				
Exchange traded funds	$ 1,305,811	$ 0	$ 0	$ 1,305,811
Fixed income securities	772,335	0	0	772,335
Mutual funds	3,269,568	0	0	3,269,568
Real estate investment trusts	58,390	0	0	58,390
Total investments	$ 5,406,104	$ 0	$ 0	$ 5,406,104

The above investments were valued based on quoted market prices. There were no assets measured at fair value on a non-recurring basis, and no liabilities measured at fair value on a non-recurring basis at December 31, 2021 or 2020.

Note 5: Property and Equipment

Property and equipment consist of the following at December 31:

	2021	2020
Land	$ 101,415	$ 101,415
Improvements	12,702,102	11,959,474
Buildings	26,580,654	26,580,654
Furniture and equipment	2,511,143	2,212,374
Construction in progress	0	9,500
Subtotals	41,895,314	40,863,417
Accumulated depreciation	(16,762,796)	(14,817,641)
Property and equipment, net	$ 25,132,518	$ 26,045,776

The amounts included in construction in progress are for the Frost and McClure playground projects. These projects were finalized during 2021 and recorded as improvements and furniture and equipment.

Note 6: Notes Payable

Notes payable consist of the following:

	2021	2020
TCC has a $2,300,000 note payable to the Pearl M. and Julia J. Harmon Foundation maturing July 1, 2025, for the Sand Springs facility. Monthly payments of principal and interest are $6,047, through the remaining term of the note. The note bears interest at 1%. The note is secured by a $456,502 irrevocable letter of credit.	$ 249,491	$ 319,186
TCC has a $4,000,000 note payable to CAP Tulsa maturing June 1, 2031, for design, construction, renovations, repairs, and equipping of early childhood education centers. Monthly payments of principal began on July 1, 2021 of $33,613, through the remaining term of the note. The note bears no interest.	3,766,667	4,000,000
TCC has a $1,231,462 note payable to CAP Tulsa maturing February 1, 2036, for HVAC Replacement and roof at Briarglen Early Childhood Education Center. Monthly payments of principal and interest will begin on March 1, 2021 of $7,370. The note bears interest at 1%.	1,161,386	1,231,462
Totals	5,177,544	5,550,648
Less: discount on notes payable	(781,006)	(938,236)
Less: current maturities	(547,576)	(375,064)
Long-term portion	$ 3,848,962	$ 4,237,348

Future payments of notes payable are as follows:

2022	$ 547,576
2023	549,059
2024	550,556
2025	515,711
2026	480,330
Thereafter	2,534,312
Total	$ 5,177,544

CAP Tulsa is listed as a co-borrower on the TCC notes payable to Pearl M. and Julia J. Harmon Foundation. Payments by TCC on these notes are current.

Note 7: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, are comprised of the following as of December 31:

	2021	2020
Cash and cash equivalents	$ 1,057,718	$ 5,089,309
Investments	10,274,494	5,406,104
Accounts receivable	3,365	0
Subtotal financial assets	11,335,577	10,495,413
Less: Deferred capital assessment fee	0	(486,789)
Total	$ 11,335,577	$ 10,008,624

According to its investment policy, TCC's investment objectives are the preservation and protection of its assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities.

Note 8: Leases

TCC entered into a land lease with Tulsa Public Schools for the McClure Center. The term of the lease is for 40 years. The cost of the McClure building is being amortized over the life of the lease. The McClure Center lease will be extendable at the option of the parties. Compensation for the McClure lease is construction of a childcare facility on the land at a gross cost of approximately $2.1 million.

TCC entered into land leases with Tulsa Public Schools for Disney, New Reed, Eugene Field, and Skelly Centers. The term of these leases is for 99 years. Compensation for the land leases is the construction of childcare facilities at these locations.

TCC entered into a land lease with Union Public Schools (UPS) for the Rosa Parks Center. Compensation for the land lease was the construction of a childcare facility at this location. This lease was terminated in 2020 when the Rosa Parks Center was sold. After the sale of Rosa Parks facility, TCC entered into a building lease to lease a portion of the facility from UPS. Compensation for this land lease is the continued maintenance and improvements of the building at this location.

TCC entered into a land lease with Independent Public Schools # 2 of Tulsa County for the Sand Springs Center. The term of the lease is for 40 years. Compensation for the land lease is the construction of a childcare facility at this location.

TCC entered into a lease with Union Public Schools for the Briarglen Center. The lease expires in 2027. There is no rent paid under the lease from TCC to Union Public Schools. Compensation is continued operation of an early childhood education facility at this location.

Note 9: Rental Income/Deferred Rental Income

The majority of facilities discussed in Note 8 are currently subleased to CAP Tulsa. Total rental income recorded during the years ended December 31, 2021 and 2020, was $1,129,198 and $1,129,188. As per the operating agreements, guaranteed annual rental payments due to TCC are as follows:

2022	$ 86,470
2023	86,470
2024	86,470
2025	43,235
Total	$ 302,645

CAP Tulsa used grant funds which were authorized to be used to aid in the construction of the McClure property. This construction was capitalized by TCC and set up as a deferred rental income. Deferred rental income is amortized as rental income over the anticipated respective life of the lease.

Deferred rental income activity during the years ended December 31 are as follows:

	2021	2020
Deferred rental income, beginning	$ 386,173	$ 405,121
Amortization of deferred rental income	(26,154)	(26,154)
Rent paid in advance	7,206	7,206
Total deferred rental income, ending	367,225	386,173
Current portion of deferred rental income	(26,154)	(26,154)
Long-term deferred rental income	$ 341,071	$ 360,019

Note 10: Deferred Capital Assessment Fee

In 2011, CAP Tulsa paid TCC $2,500,000 under a capital maintenance agreement whereby TCC will perform on-going facility and capital improvements for each childcare facility that TCC leases to CAP Tulsa. TCC is to use the funds for projects that contribute to the improvement of the childcare facility grounds or major repairs or renovations to improve the existing facilities. The funds are recorded and tracked in a separate account designated for maintenance and improvements on TCC's general ledger. All maintenance and improvements previously required prior approval from CAP Tulsa before utilizing these funds. CAP Tulsa has approved the release of the funds based on a facility needs plan. The deferred capital assessment fee as of December 31, 2021 and 2020, was $0 and $486,789.

Note 11: Net Assets With Donor Restrictions

Net assets with donor restrictions are available as of December 31:

	2021	2020
Property restrictions	$ 813,657	$ 914,445
Interest	781,006	938,236
Total net assets with donor restrictions	$ 1,594,663	$ 1,852,681

Note 11: Net Assets With Donor Restrictions (Continued)

Net assets released from restrictions as of December 31:

	2021	2020
Expiration of property restrictions	$ 200,788	$ 89,637
Amortization of imputed interest	157,230	59,301
Total	$ 358,018	$ 148,938

- Property restrictions: the net assets with donor restrictions represents the amount of grant funds from the city of Tulsa for a portion of the construction and renovation expenses of the McClure, Frost, Disney, ECDC Reed Centers and Eugene Field. The grant agreements stipulate that the sites are to be used for low-income early childhood purposes for at least five years after completion. The net assets released from restriction during the years ended December 31, 2021 and 2020, are after the five-year period expired for improvements at TCC school locations.

- Interest: imputed interest from below-market rate notes payable received by TCC.

Note 12: Related Party

CAP Tulsa is one of TCC's tenants and also has a management and accounting contract with TCC under which CAP Tulsa provides management and accounting service to TCC since TCC has no employees. TCC paid $108,000 to CAP Tulsa for these services during 2021 and 2020. TCC had accounts receivable from CAP Tulsa of $3,365 and $0 at December 31, 2021 and 2020. TCC had accounts payable to CAP Tulsa at December 31, 2021 and 2020, of $255 and $180.

TCC has two notes payable to CAP Tulsa. The total outstanding balance of these notes at December 31, 2021 and 2020 was $4,928,053 and $5,231,462. See Note 6.

Rental income received from CAP Tulsa in 2021 and 2020, were $1,023,780 and $1,023,770.

Note 13: Prior Period Adjustment

During the year ended December 31, 2021, TCC discovered it had not reported the contribution revenue related to below market interest rate notes payable as with donor restrictions. To correct this error, a prior period adjustment was posted to decrease net assets without donor restrictions and increase net assets with donor restrictions by $997,537 as of January 1, 2020.