

Tulsa Children's Coalition, Inc.

Tulsa, Oklahoma

Financial Statements

Years Ended December 31, 2022 and 2021



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Tulsa Children’s Coalition, Inc

Financial Statements

Years Ended December 31, 2022 and 2021

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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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tulsa Children's Coalition, Inc. as of December 31, 2022 and 2021, 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 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 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 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 Tulsa Children's Coalition, Inc.'s ability to continue as a going concern for one year after the date 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 planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Wipfli LLP

Madison, Wisconsin
August 25, 2023

Tulsa Children's Coalition, Inc.

Statements of Financial Position

<i>As of December 31,</i>	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 974,814	\$ 1,057,718
Investments	8,261,356	10,274,494
Accounts receivable, net	-	3,365
Prepaid expenses	131,655	78,762
Total current assets	9,367,825	11,414,339
Property and equipment, net	23,825,477	25,132,518
TOTAL ASSETS	\$ 33,193,302	\$ 36,546,857
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes payable - Current portion	\$ 549,059	\$ 547,576
Deferred rental income - Current portion	26,154	26,154
Accounts payable	12,158	131,612
Total current liabilities	587,371	705,342
Long-term liabilities:		
Notes payable, net	3,446,587	3,848,962
Deferred rental income	322,122	341,071
Total long-term liabilities	3,768,709	4,190,033
Total liabilities	4,356,080	4,895,375
Net assets		
Without donor restrictions	27,820,147	30,056,819
With donor restrictions	1,017,075	1,594,663
Total net assets	28,837,222	31,651,482
TOTAL LIABILITIES AND NET ASSETS	\$ 33,193,302	\$ 36,546,857

See accompanying notes to financial statements.

Tulsa Children's Coalition, Inc.

Statements of Activities

<i>Years Ended December 31,</i>	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Grants and contracts	\$ -	\$ -	\$ -	\$ 490,154	\$ 100,000	\$ 590,154
Rental income	1,129,198	-	1,129,198	1,129,198	-	1,129,198
Investment (loss) income	(1,337,359)	-	(1,337,359)	1,382,723	-	1,382,723
Net assets released from restriction through satisfaction of donor restrictions	577,588	(577,588)	-	358,018	(358,018)	-
Total revenue	369,427	(577,588)	(208,161)	3,360,093	(258,018)	3,102,075
Expenses:						
Program activities	2,462,039	-	2,462,039	2,441,663	-	2,441,663
Management and general	144,060	-	144,060	124,245	-	124,245
Total expenses	2,606,099	-	2,606,099	2,565,908	-	2,565,908
Changes in net assets	(2,236,672)	(577,588)	(2,814,260)	794,185	(258,018)	536,167
Net assets, beginning of year	30,056,819	1,594,663	31,651,482	29,262,634	1,852,681	31,115,315
Net assets, end of year	\$ 27,820,147	\$ 1,017,075	\$ 28,837,222	\$ 30,056,819	\$ 1,594,663	\$ 31,651,482

See accompanying notes to financial statements.

Tulsa Children's Coalition, Inc.

Statements of Functional Expenses

<i>Years Ended December 31,</i>	2022			2021		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Building maintenance	\$ 351,810	\$ -	\$ 351,810	\$ 206,255	\$ -	\$ 206,255
Consulting services	-	4,200	4,200	-	-	-
Management fees	-	108,000	108,000	-	108,000	108,000
Audit fees	-	10,900	10,900	-	10,500	10,500
Bank service fees	-	1,812	1,812	-	2,954	2,954
Insurance	119,525	1,792	121,317	119,153	1,708	120,861
Interest	160,118	-	160,118	171,100	-	171,100
Other	-	17,356	17,356	-	1,083	1,083
Total operating expenses	631,453	144,060	775,513	496,508	124,245	620,753
Depreciation	1,830,586	-	1,830,586	1,945,155	-	1,945,155
Total expenses	\$ 2,462,039	\$ 144,060	\$ 2,606,099	\$ 2,441,663	\$ 124,245	\$ 2,565,908

See accompanying notes to financial statements.

Tulsa Children's Coalition, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2022	2021
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ (2,814,260)	\$ 536,167
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	1,830,586	1,945,155
Realized and unrealized loss (gain) on investments	1,576,972	(1,201,921)
Amortization of deferred rental income	(18,949)	(18,948)
Change in discount on notes payable	146,684	157,230
Changes in operating assets and liabilities:		
Accounts receivable	3,365	(3,365)
Prepaid expenses	(52,893)	2,718
Accounts payable	(11,323)	3,501
Deferred capital assessment fee	-	(486,789)
Total adjustments	3,474,442	397,581
Net cash flows from operating activities	660,182	933,748
Cash flows from investing activities:		
Purchase of property and equipment	(631,676)	(925,766)
Proceeds from sale of investments	2,908,537	1,207,517
Purchase of investments	(2,472,371)	(4,873,986)
Net cash flows from investing activities	(195,510)	(4,592,235)
Cash flows from financing activities:		
Payments on notes payable	(547,576)	(373,104)
Net cash flows from financing activities	(547,576)	(373,104)
Net changes in cash and cash equivalents	(82,904)	(4,031,591)
Cash and cash equivalents, beginning of year	1,057,718	5,089,309
Cash and cash equivalents, end of year	\$ 974,814	\$ 1,057,718
<i>Supplemental schedule of other operating activity:</i>		
Interest paid	\$ 13,434	\$ 13,812
<i>Supplemental schedule of noncash operating and investing activities:</i>		
Capital expenditures included in accounts payable	\$ -	\$ 108,131

See accompanying notes to financial statements.

Tulsa Children's Coalition, Inc.

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.

As of December 31, 2022, TCC's holdings are comprised of the following ten school facilities in Tulsa, Oklahoma and its surrounding communities: Briarglen, Disney, Early Childhood Development Center (ECDC) Reed, Eugene Field, Frost, McClure, Reed, Rosa Parks ECDC, Sand Springs and Skelly.

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 of America (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.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 \$382,753 and \$813,657 at December 31, 2022 and 2021.

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

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

- 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.

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.

Rental income is from operating leases and 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.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

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 Expenses

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

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 is intended to improve the financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the statement of financial position. This accounting update also required additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The standard did not have an impact on the financial statements of TCC.

Subsequent Events

Subsequent events have been evaluated through August 25, 2023, 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).

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 3: Investments

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

	2022	2021
Exchange traded funds	\$ 1,237,444	\$ 1,409,340
Fixed income securities	1,625,622	1,682,981
Mutual funds	5,289,193	7,018,594
Real estate investment trusts	99,097	163,579
Debt securities	10,000	-
Totals	\$ 8,261,356	\$ 10,274,494

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

	2022	2021
Interest and dividends	\$ 239,613	\$ 180,802
Realized and unrealized (loss) gain	(1,576,972)	1,201,921
Totals	\$ (1,337,359)	\$ 1,382,723

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.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 4: Fair Value Measurements (Continued)

Information regarding assets measured at fair value on a recurring basis as of December 31, 2022, is as follows:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Investments:				
Exchange traded funds	\$ 1,237,444	\$ -	\$ -	\$ 1,237,444
Fixed income securities	1,625,622	-	-	1,625,622
Mutual funds	5,289,193	-	-	5,289,193
Real estate investment trusts	99,097	-	-	99,097
Debt securities	10,000	-	-	10,000
Totals	\$ 8,261,356	\$ -	\$ -	\$ 8,261,356

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 at Fair Value
	Level 1	Level 2	Level 3	
Investments:				
Exchange traded funds	\$ 1,409,340	\$ -	\$ -	\$ 1,409,340
Fixed income securities	1,682,981	-	-	1,682,981
Mutual funds	7,018,594	-	-	7,018,594
Real estate investment trusts	163,579	-	-	163,579
Totals	\$ 10,274,494	\$ -	\$ -	\$ 10,274,494

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, 2022 and 2021.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 5: Property and Equipment

Property and equipment consisted of the following at December 31:

	2022	2021
Land	\$ 101,415	\$ 101,415
Buildings	26,580,654	26,580,654
Improvements	13,105,444	12,702,102
Furniture and equipment	2,627,316	2,511,143
Construction in progress	4,030	-
Subtotals	42,418,859	41,895,314
Accumulated depreciation	(18,593,382)	(16,762,796)
Property and equipment, net	\$ 23,825,477	\$ 25,132,518

TCC had construction commitments of approximately \$254,000 as of December 31, 2022.

Note 6: Notes Payable

Notes payable consisted of the following:

	2022	2021
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.	\$ 179,097	\$ 249,491
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.	3,366,667	3,766,667
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%.	1,084,204	1,161,386
Totals	4,629,968	5,177,544
Less: discount on notes payable	(634,322)	(781,006)
Less: current maturities	(549,059)	(547,576)
Long-term portion	\$ 3,446,587	\$ 3,848,962

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 6: Notes Payable (Continued)

Future maturities of notes payable are as follows:

2023	\$	549,059
2024		399,613
2025		364,768
2026		329,387
2027		330,194
Thereafter		2,656,947
<hr/>		
Total future maturities		4,629,968
Less: discount on notes payable		(634,322)
<hr/>		
Total notes payable	\$	3,995,646

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.

The notes payable described above bear interest rates that were at "below-market" rates when the notes were executed. A discount on the notes payable equal to the value of the charitable contribution received through interest rates below market have been recorded as a reduction of the face value of the notes payable using an imputed interest rate of 3.25%.

Note 7: Liquidity and Availability of Financial Resources

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

	2022	2021
Cash and cash equivalents	\$ 974,814	\$ 1,057,718
Investments	8,261,356	10,274,494
Accounts receivable	-	3,365
<hr/>		
Totals	\$ 9,236,170	\$ 11,335,577

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.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 8: Leases

In 2011, TCC entered into a land lease with Tulsa Public Schools for the McClure facility. 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.

In 2003, TCC entered into land leases with Tulsa Public Schools for the Disney, New Reed, Eugene Field, and Skelly facilities. The term of these leases is for 99 years. Compensation for the land leases is the construction of childcare facilities at these locations.

In 2020, TCC entered into a ten year building lease to lease a portion of the Rosa Parks facility from Union Public Schools (UPS). Compensation for this land lease is the continued maintenance and improvements of the building at this location.

In 2008, TCC entered into a land lease with Independent Public Schools # 2 of Tulsa County for the Sand Springs facility. The term of the lease is for 40 years. Compensation for the land lease is the construction of a childcare facility at this location.

In 2017, TCC entered into a lease with UPS for the Briarglen facility. The lease expires in 2035. There is no rent paid under the lease from TCC to UPS. 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, 2022 and 2021, was \$1,129,198. As per the operating agreements, guaranteed annual rental payments due to TCC are as follows:

2023	\$	86,470
2024		86,470
2025		43,235
<hr/>		
Total	\$	216,175

CAP Tulsa used grant funds which were authorized to be used to aid in the construction of the McClure facility. 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.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 9: Rental Income/Deferred Rental Income (Continued)

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

	2022	2021
Deferred rental income, beginning	\$ 367,225	\$ 386,173
Amortization of deferred rental income	(26,154)	(26,154)
Rent paid in advance	7,205	7,206
Total deferred rental income, ending	348,276	367,225
Current portion of deferred rental income	(26,154)	(26,154)
Long-term deferred rental income	\$ 322,122	\$ 341,071

Note 10: Net Assets with Donor Restrictions

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

	2022	2021
Property restrictions	\$ 382,753	\$ 813,657
Imputed interest	634,322	781,006
Total net assets with donor restrictions	\$ 1,017,075	\$ 1,594,663

Net assets released from restrictions as of December 31:

	2022	2021
Expiration of property restrictions	\$ 430,904	\$ 200,788
Amortization of imputed interest	146,684	157,230
Totals	\$ 577,588	\$ 358,018

- 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, 2022 and 2021, 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.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 11: 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 2022 and 2021. TCC had accounts receivable from CAP Tulsa of \$- and \$3,365 at December 31, 2022 and 2021. TCC had accounts payable to CAP Tulsa at December 31, 2022 and 2021, of \$- and \$255.

TCC has two notes payable to CAP Tulsa. The total outstanding balance of these notes at December 31, 2022 and 2021 was \$4,450,871 and \$4,928,053. See Note 6.

Rental income received from CAP Tulsa in 2022 and 2021, was \$1,023,780.

Note 12: Subsequent Events

On April 1, 2023, TCC completed a refinancing agreement with CAP Tulsa (2023 note) to replace the \$4,000,000 note payable maturing June 1, 2031, with a new note agreement maturing June 1, 2036. The remaining outstanding principal of the original note was \$3,300,000, which represents the new principal balance of the 2023 note. Monthly principal payments on the 2023 note are \$20,755, and the note bears no interest. In conjunction with the new financing, TCC revalued the discount rate applied to the original note in accordance with the new terms. The discount rate applied to the new agreement is 5.12%. Total future maturities due on outstanding notes payable remain unchanged from December 31, 2022.