

Tulsa Children's Coalition, Inc.

Tulsa, Oklahoma

Financial Statements

Years Ended December 31, 2023 and 2022



WIPFLI

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, 2023 and 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Tulsa Children's Coalition, Inc. as of December 31, 2023 and 2022, 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 ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States ("GAAS"). 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, 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 GAAS 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 GAAS, 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

Wipfli LLP

Madison, Wisconsin

August 28, 2024

Tulsa Children's Coalition, Inc.

Statements of Financial Position

<i>As of December 31,</i>	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 942,547	\$ 974,814
Investments	9,360,076	8,261,356
Accrued interest	27,207	-
Grants receivable	100,000	-
Prepaid expenses	123,162	131,655
Total current assets	10,552,992	9,367,825
Property and equipment, net	22,521,870	23,825,477
TOTAL ASSETS	\$ 33,074,862	\$ 33,193,302
LIABILITIES AND NET ASSETS		
Current liabilities:		
Notes payable - current portion	\$ 399,488	\$ 549,059
Deferred rental income - current portion	26,154	26,154
Accounts payable	45,743	12,158
Total current liabilities	471,385	587,371
Long-term liabilities:		
Notes payable, net	2,693,049	3,446,587
Deferred rental income	303,174	322,122
Total long-term liabilities	2,996,223	3,768,709
Total liabilities	3,467,608	4,356,080
Net assets:		
Without donor restrictions	28,041,348	27,820,147
With donor restrictions	1,565,906	1,017,075
Total net assets	29,607,254	28,837,222
TOTAL LIABILITIES AND NET ASSETS	\$ 33,074,862	\$ 33,193,302

See accompanying notes to financial statements.

Tulsa Children's Coalition, Inc.

Statements of Activities

<i>Years Ended December 31,</i>	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Grants and contracts	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -
Rental income	1,293,766	-	1,293,766	1,129,198	-	1,129,198
Donation	-	679,525	679,525	-	-	-
Investment income (loss)	1,295,918	-	1,295,918	(1,337,359)	-	(1,337,359)
Net assets released from restrictions	230,694	(230,694)	-	577,588	(577,588)	-
Total revenue	2,820,378	548,831	3,369,209	369,427	(577,588)	(208,161)
Expenses:						
Program activities	2,448,570	-	2,448,570	2,462,039	-	2,462,039
Management and general	150,607	-	150,607	144,060	-	144,060
Total expenses	2,599,177	-	2,599,177	2,606,099	-	2,606,099
Changes in net assets	221,201	548,831	770,032	(2,236,672)	(577,588)	(2,814,260)
Net assets, beginning of year	27,820,147	1,017,075	28,837,222	30,056,819	1,594,663	31,651,482
Net assets, end of year	\$ 28,041,348	\$ 1,565,906	\$ 29,607,254	\$ 27,820,147	\$ 1,017,075	\$ 28,837,222

See accompanying notes to financial statements.

Tulsa Children's Coalition, Inc.

Statements of Functional Expenses

<i>Years Ended December 31,</i>	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Building maintenance	\$ 395,476	\$ -	\$ 395,476	\$ 351,810	\$ -	\$ 351,810
Consulting services	-	-	-	-	4,200	4,200
Management fees	-	108,000	108,000	-	108,000	108,000
Audit fees	-	12,300	12,300	-	10,900	10,900
Bank service fees	-	1,806	1,806	-	1,812	1,812
Insurance	131,695	1,879	133,574	119,525	1,792	121,317
Interest	177,467	-	177,467	160,118	-	160,118
Other	-	26,622	26,622	-	17,356	17,356
Total operating expenses	704,638	150,607	855,245	631,453	144,060	775,513
Depreciation	1,743,932	-	1,743,932	1,830,586	-	1,830,586
Total expenses	\$ 2,448,570	\$ 150,607	\$ 2,599,177	\$ 2,462,039	\$ 144,060	\$ 2,606,099

See accompanying notes to financial statements.

Tulsa Children's Coalition, Inc.

Statements of Cash Flows

<i>Years Ended December 31,</i>	2023	2022
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 770,032	\$ (2,814,260)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	1,743,932	1,830,586
Realized and unrealized (gain) loss investments	(1,018,245)	1,576,972
Amortization of deferred rental income	(18,949)	(18,949)
Donation revenue from imputed interest	(679,525)	-
Change in discount on notes payable	166,455	146,684
Changes in operating assets and liabilities:		
Accounts receivable	(100,000)	3,365
Accrued interest	(27,207)	-
Prepaid expenses	8,493	(52,893)
Accounts payable	33,586	(11,323)
Total adjustments	108,540	3,474,442
Net cash flows from operating activities	878,572	660,182
Cash flows from investing activities:		
Purchase of property and equipment	(440,325)	(631,676)
Proceeds from sale of investments	559,125	2,908,537
Purchase of investments	(639,600)	(2,472,371)
Net cash flows from investing activities	(520,800)	(195,510)
Cash flows from financing activities:		
Payments on notes payable	(390,039)	(547,576)
Net cash flows from financing activities	(390,039)	(547,576)
Net changes in cash and cash equivalents	(32,267)	(82,904)
Cash and cash equivalents, beginning of year	974,814	1,057,718
Cash and cash equivalents, end of year	\$ 942,547	\$ 974,814
<i>Supplemental schedule of other operating activity:</i>		
Interest paid	\$ 11,012	\$ 13,434

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.

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.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investment Management Policies

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.

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 \$418,514 and \$382,753 at December 31, 2023 and 2022.

Impairment of Long-Lived Assets

TCC reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. TCC has not recognized any impairment of long lived assets during 2023 and 2022.

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.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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

TCC's leases consist of leases with tenants operating childcare or early childhood educational programs. Tenant leases include extension options, may be terminated by either party with 30 days written notice, and are classified as operating leases. Operating lease revenue is recognized as rental revenue over the term of the lease. Advance receipts, if any, are deferred and classified as liabilities until earned.

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 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 28, 2024 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:

	2023	2022
Exchange traded funds	\$ 1,498,222	\$ 1,237,444
Fixed income securities	2,725,632	1,625,622
Mutual funds	5,061,321	5,289,193
Real estate investment trusts	64,901	99,097
Debt securities	10,000	10,000
Total	\$ 9,360,076	\$ 8,261,356

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 3: Investments (Continued)

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

	2023	2022
Interest and dividends	\$ 277,673	\$ 239,613
Realized and unrealized gain (loss)	1,018,245	(1,576,972)
Total	\$ 1,295,918	\$(1,337,359)

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.

Information regarding assets measured at fair value on a recurring basis as of December 31, 2023 is as follows:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Investments:				
Exchange traded funds	\$ 1,498,222	\$ -	\$ -	\$ 1,498,222
Fixed income securities	2,725,632	-	-	2,725,632
Mutual funds	5,061,321	-	-	5,061,321
Real estate investment trusts	64,901	-	-	64,901
Debt securities	10,000	-	-	10,000
Total	\$ 9,360,076	\$ -	\$ -	\$ 9,360,076

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
Total	\$ 8,261,356	\$ -	\$ -	\$ 8,261,356

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 recurring or non-recurring basis at December 31, 2023 and 2022.

Note 5: Property and Equipment

Property and equipment consist of the following at December 31:

	2023	2022
Land	\$ 101,415	\$ 101,415
Buildings	26,580,654	26,580,654
Improvements	13,260,610	13,105,444
Furniture and equipment	2,913,256	2,627,316
Construction in progress	3,249	4,030
Subtotals	42,859,184	42,418,859
Accumulated depreciation	(20,337,314)	(18,593,382)
Property and equipment, net	\$ 22,521,870	\$ 23,825,477

TCC had construction commitments of approximately \$87,000 as of December 31, 2023.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 6: Notes Payable

Notes payable consist of the following:

	2023	2022
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.	\$ 113,948	\$ 179,097
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. In April 2023, the due date of this note was extended to June 1, 2036 and the monthly principal payment was reduced to \$20,755, beginning April 1, 2023. The note bears no interest. Accordingly, interest of \$1,147,392 has been imputed on this note using a discount rate of 5.12%.	3,113,208	3,366,667
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%.	1,012,773	1,084,204
Total	4,239,929	4,629,968
Less: discount on notes payable	(1,147,392)	(634,322)
Less: current maturities	(399,488)	(549,059)
Long-term portion	\$ 2,693,049	\$ 3,446,587

Future payments of notes payable are as follows:

2024		\$ 399,488
2025		370,714
2026		329,320
2027		330,127
2028		330,941
Thereafter		2,479,339
Total future maturities		4,239,929
Less: discount on notes payable		(1,147,392)
Total		\$ 3,092,537

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.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 6: Notes Payable (Continued)

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 rate have been recorded as reduction of the face value of the notes payable using imputed interest rates of 3.25% and 5.12% for the note extended during the year ended December 31, 2023. In conjunction with the note extension executed in 2023, TCC recognized donation revenue related to the below market-rate note payable in the amount of \$679,525 during the year ended December 31, 2023.

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 statement of financial position date, are comprised of the following as of December 31:

	2023	2022
Cash and cash equivalents	\$ 942,547	\$ 974,814
Investments	9,360,076	8,261,356
Grants receivable	100,000	-
Total	\$ 10,402,623	\$ 9,236,170

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 the facility from UPS for a ten-year period, ending in 2030. Compensation for this land lease is the continued maintenance and improvements of the building at this location.

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 8: Leases (Continued)

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 UPS for the Briarglen Center. The lease expires in 2035. 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 recognized during the years ended December 31, 2023 and 2022, was \$1,293,766 and \$1,129,198. As per the operating agreements, guaranteed annual rental payments due to TCC are as follows:

2024	\$	86,470
2025		43,235
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Total	\$	129,705

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.

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

	2023	2022
Deferred rental income, beginning	\$ 348,276	\$ 367,225
Amortization of deferred rental income	(26,154)	(26,154)
Rent paid in advance	7,206	7,205
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Total deferred rental income, ending	329,328	348,276
Current portion of deferred rental income	(26,154)	(26,154)
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Long-term deferred rental income	\$ 303,174	\$ 322,122

Tulsa Children's Coalition, Inc.

Notes to Financial Statements

Note 10: Net Assets with Donor Restriction

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

	2023	2022
Property restrictions	\$ 418,514	\$ 382,753
Imputed interest	1,147,392	634,322
Total net assets with donor restrictions	\$ 1,565,906	\$ 1,017,075

Net assets released from restrictions as of December 31:

	2023	2022
Expiration of property restrictions	\$ 64,239	\$ 430,904
Amortization of imputed interest	166,455	146,684
Total	\$ 230,694	\$ 577,588

- 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, 2023 and 2022, 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 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 2023 and 2022. TCC had accounts payable to CAP Tulsa at December 31, 2023 and 2022, of \$0 and \$12,145, respectively.

TCC has two notes payable to CAP Tulsa. The total outstanding balance of these notes at December 31, 2023 and 2022 was \$4,125,981 and \$4,450,871. See Note 6.

Rental income received from CAP Tulsa in 2023 and 2022, was \$1,188,348 and \$1,023,780.