

TEAMCHILD

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED JUNE 30, 2021 AND 2020



TEAMCHILD

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

December 2, 2021

Board of Directors
TeamChild
Seattle, Washington

We have audited the accompanying financial statements of TeamChild (a nonprofit corporation), which comprise the statements of financial position as of June 30, 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.

Management's Responsibility 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 of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph of this report present fairly, in all material respects, the financial position of TeamChild as of June 30, 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 of America.

Jacobson Jarvis & Co, PLLC

Jacobson Jarvis & Co, PLLC

TEAMCHILD

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 88,277 | \$ 626,703 |
| Investments | 835,312 | 507,451 |
| Grants receivable | 394,599 | 793,413 |
| Promises to give | 558,904 | 407,746 |
| Prepaid expenses | 31,555 | 43,909 |
| | <u>1,908,647</u> | <u>2,379,222</u> |
| Long-term Promises to Give | 366,680 | 481,680 |
| Deposits | 9,819 | 9,819 |
| Equipment, net of accumulated depreciation of \$14,540 and \$7,145 | <u>27,247</u> | <u>34,641</u> |
| | <u>\$ 2,312,393</u> | <u>\$ 2,905,362</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts payable | \$ 23,274 | \$ 12,508 |
| Accrued payroll liabilities | 5,722 | 4,433 |
| Accrued vacation | 96,061 | 79,240 |
| Current portion of capital lease obligation | 6,893 | 6,632 |
| Refundable advance | 20,000 | 8,142 |
| Paycheck Protection Program loan | <u>-</u> | <u>324,130</u> |
| | 151,950 | 435,085 |
| Capital Lease Obligation, less current portion above | 15,880 | 22,773 |
| Deferred Rent | <u>13,313</u> | <u>11,243</u> |
| | <u>181,143</u> | <u>469,101</u> |
| Net Assets | | |
| Without donor restrictions | 1,084,131 | 878,717 |
| With donor restrictions | <u>1,047,119</u> | <u>1,557,544</u> |
| | <u>2,131,250</u> | <u>2,436,261</u> |
| Total Net Assets | <u>\$ 2,312,393</u> | <u>\$ 2,905,362</u> |

TEAMCHILD

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | | | 2020 | | |
|---|-------------------------------|----------------------------|--------------|-------------------------------|----------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue | | | | | | |
| Government grants | \$ 791,229 | \$ 163,278 | \$ 954,507 | \$ 1,137,020 | \$ 527,861 | \$ 1,664,881 |
| Contributions | 898,185 | 401,573 | 1,299,758 | 1,015,663 | 965,750 | 1,981,413 |
| Special events | - | - | - | 119,127 | - | 119,127 |
| Contracts | 131,485 | | 131,485 | 202,389 | | 202,389 |
| Other income | 337,686 | | 337,686 | 1,262 | | 1,262 |
| Total Support and Revenue | 2,158,585 | 564,851 | 2,723,436 | 2,475,461 | 1,493,611 | 3,969,072 |
| Net Assets Released from Restrictions | | | | | | |
| Satisfaction of purpose restrictions | 649,801 | (649,801) | - | 247,362 | (247,362) | - |
| Satisfaction of time restrictions | 425,475 | (425,475) | - | 131,007 | (131,007) | - |
| Total Support, Revenue, and Other Support | 3,233,861 | (510,425) | 2,723,436 | 2,853,830 | 1,115,242 | 3,969,072 |
| Expenses | | | | | | |
| Program services | 2,175,218 | | 2,175,218 | 1,920,855 | | 1,920,855 |
| Management and general | 570,459 | | 570,459 | 592,292 | | 592,292 |
| Fundraising | 282,770 | | 282,770 | 247,000 | | 247,000 |
| Total Expenses | 3,028,447 | | 3,028,447 | 2,760,147 | | 2,760,147 |
| Change in Net Assets | 205,414 | (510,425) | (305,011) | 93,683 | 1,115,242 | 1,208,925 |
| Net Assets - beginning of year | 878,717 | 1,557,544 | 2,436,261 | 785,034 | 442,302 | 1,227,336 |
| Net Assets - end of year | \$ 1,084,131 | \$ 1,047,119 | \$ 2,131,250 | \$ 878,717 | \$ 1,557,544 | \$ 2,436,261 |

TEAMCHILD

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | | | | 2020 | | | |
|----------------------------------|---------------------|------------------------------|-------------------|---------------------|---------------------|------------------------------|-------------------|---------------------|
| | Program Services | Management and General | Fundraising | Total | Program Services | Management and General | Fundraising | Total |
| Salaries, wages and benefits | \$ 1,602,580 | \$ 334,714 | \$ 222,219 | \$ 2,159,513 | \$ 1,313,061 | \$ 336,521 | \$ 193,080 | \$ 1,842,662 |
| Payroll taxes | 130,216 | 26,401 | 18,726 | 175,343 | 105,390 | 26,165 | 15,801 | 147,356 |
| | <u>1,732,796</u> | <u>361,115</u> | <u>240,945</u> | <u>2,334,856</u> | <u>1,418,451</u> | <u>362,686</u> | <u>208,881</u> | <u>1,990,018</u> |
| Occupancy | 166,529 | 63,827 | 21,238 | 251,594 | 146,537 | 68,473 | 20,455 | 235,465 |
| Professional fees | 104,549 | 96,885 | 5,631 | 207,065 | 168,088 | 66,484 | 2,805 | 237,377 |
| Office and supplies | 46,186 | 17,244 | 7,190 | 70,620 | 22,973 | 46,158 | 4,733 | 73,864 |
| Legal and case expenses | 45,717 | 2,366 | 1,097 | 49,180 | 46,336 | 455 | 77 | 46,868 |
| Telephone | 33,173 | 5,606 | 2,462 | 41,241 | 21,373 | 8,518 | 1,734 | 31,625 |
| Miscellaneous | 17,268 | 9,760 | 2,032 | 29,060 | 16,478 | 7,700 | 4,024 | 28,202 |
| Dues, fees and subscriptions | 12,365 | 2,837 | 749 | 15,951 | 10,789 | 2,197 | 402 | 13,388 |
| Travel | 11,702 | 985 | 1,202 | 13,889 | 65,643 | 14,650 | 1,956 | 82,249 |
| Equipment rental and maintenance | 4,933 | 2,440 | 224 | 7,597 | 4,315 | 491 | 8 | 4,814 |
| Depreciation | - | 7,394 | - | 7,394 | (128) | 14,480 | - | 14,352 |
| Fundraising | - | - | - | - | - | - | 1,925 | 1,925 |
| Total Expenses | <u>\$ 2,175,218</u> | <u>\$ 570,459</u> | <u>\$ 282,770</u> | <u>\$ 3,028,447</u> | <u>\$ 1,920,855</u> | <u>\$ 592,292</u> | <u>\$ 247,000</u> | <u>\$ 2,760,147</u> |

TEAMCHILD

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Cash received from: | | |
| Government agencies | \$ 1,360,584 | \$ 1,016,091 |
| Private grantors and donors | 1,251,582 | 1,332,570 |
| Other income | 133,445 | 202,376 |
| Cash paid for: | | |
| Personnel | (2,316,746) | (1,972,014) |
| Services and supplies | (636,110) | (721,685) |
| Interest | (1,021) | (1,038) |
| Net Cash Used by Operating Activities | <u>(208,266)</u> | <u>(143,700)</u> |
| Cash Flows from Investing Activities | | |
| Purchase of investments | (655,251) | (506,176) |
| Proceeds from sale of investments | 331,723 | - |
| Purchase of equipment | - | (7,580) |
| Net Cash Used by Investing Activities | <u>(323,528)</u> | <u>(513,756)</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from issuance of Paycheck Protection Program loan | - | 324,130 |
| Payment on obligation under capital lease | (6,632) | (6,992) |
| Net Cash (Used) Provided by Financing Activities | <u>(6,632)</u> | <u>317,138</u> |
| Changes in Cash and Cash Equivalents | (538,426) | (340,318) |
| Cash and Cash Equivalents - beginning of year | <u>626,703</u> | <u>967,021</u> |
| Cash and Cash Equivalents - end of year | <u>\$ 88,277</u> | <u>\$ 626,703</u> |

TEAMCHILD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

For more than 20 years, TeamChild has advocated for the rights of youth involved with, or at risk of becoming involved with, the juvenile justice system to help them secure the education, healthcare, housing, and other support they need to achieve positive outcomes in their lives. Our holistic approach draws on mutually reinforcing legal services, policy advocacy, and training/consulting activities to improve the long-term outcomes of youth who experience unequal treatment and more negative outcomes in our systems.

Our work is directed by the goals young people have identified for themselves, and our role is to help youth make informed decisions every step of the way. There is increasing recognition that harsh and punitive responses to youth perpetuate a cycle of exclusion, punishment, poverty, and oppression. TeamChild stands with youth to advocate for restorative and community-driven responses that nurture and develop the health, wellbeing, and leadership of young people. If we are successful, we will see dramatic decreases in youth incarceration and a greater emphasis on community-based diversion, educational success, and true pathways to jobs and success as adults.

Basis of presentation

TeamChild presents its financial statements on an accrual basis of accounting in accordance with FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. In accordance with FASB ASC 958, net assets, revenues, gains, and losses are classified based on existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained perpetually.

Net assets with donor restrictions are subject to expenditure for specific purposes as follows as of June 30:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Restricted for future periods | \$ 853,468 | \$ 907,743 |
| Juvenile Legal Services | 168,651 | 527,861 |
| South King County Discipline Coalition | - | 81,018 |
| Other program purposes | 25,000 | 40,922 |
| | <u>\$ 1,047,119</u> | <u>\$ 1,557,544</u> |

TEAMCHILD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service.

Cash and cash equivalents

Cash and cash equivalents consist of general checking, savings, and money market accounts. TeamChild maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. TeamChild has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Fair value measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. The three tiers of inputs used for fair value measurements are as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets and liabilities.

Level 2: Fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets.

Level 3: Fair values are calculated by the use of pricing models and/or discounted cash flow methodologies and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data.

Investments

In accordance with FASB ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

TEAMCHILD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants receivable

Grants receivable are stated at net realizable value and are considered fully collectible.

Promises to give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are stated at net realizable value and are considered fully collectible. Discount on long-term promises has been calculated based on a risk-free rate of return.

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Receivable in less than one year | \$ 558,904 | \$ 407,746 |
| Receivable in one to five years | 385,000 | 500,000 |
| Receivable in more than five years | <u>-</u> | <u>-</u> |
| | 943,904 | 907,746 |
| Less: allowance for uncollectible promises to give | - | - |
| Less: discount to present value at 1.51 % | <u>(18,320)</u> | <u>(18,320)</u> |
| Total Unconditional Promises to Give | <u>\$ 925,584</u> | <u>\$ 889,426</u> |

Equipment

Equipment consists of office equipment and is stated at cost or, if donated, at fair value at date of donation. Equipment with an original cost of \$5,000 or greater is capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, principally three to seven years.

In-kind goods and services

Contributed goods and services are recorded as in-kind contributions at their estimated fair values at the date of donation. Contributed services are recorded only if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

For the year ended June 30, 2021, donated goods and services of \$23,876 are included in contributions on the statements of activities and consist of \$926 of donated professional fees and \$22,950 in donated goods. For the year ended June 30, 2020, donated goods and services of \$38,069 are included in contributions on the statements of activity and consist of \$19,982 in donated professional fees and \$18,087 in donated goods.

TEAMCHILD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and revenue recognition

TeamChild recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized until the conditions on which they depend have been met. Certain of TeamChild's contributions and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. TeamChild had conditional promises to give totaling \$520,417 at June 30, 2021.

A substantial portion of support and revenue is derived from grants administered by various government agencies. Revenue from these grants is subject to audits, which could result in adjustments to support. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended June 30, 2021 and 2020, no such adjustments were made.

TeamChild recognizes revenue from service contracts when the services are provided.

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 activities and of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Personnel costs are allocated based on the function of the employee.

Most expenses are allocated directly to program services, management and general expenses, or fundraising expenses based on the nature of the expense. Some shared expenses, such as office expenses, phone and internet costs, and office equipment are allocated based on the full time equivalent percentages.

Federal income taxes

The Internal Revenue Service has recognized TeamChild as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TEAMCHILD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE B - FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis (at least annually) is as follows at June 30, 2021:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--------------|-------------------|----------------|----------------|
| Mutual Funds | \$ 835,312 | \$ - | \$ - |
| Equities | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 835,312</u> | <u>\$ -</u> | <u>\$ -</u> |

Fair value of assets measured on a recurring basis (at least annually) is as follows at June 30, 2020:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--------------|-------------------|----------------|----------------|
| Mutual Funds | \$ 505,974 | \$ - | \$ - |
| Equities | <u>1,477</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 507,451</u> | <u>\$ -</u> | <u>\$ -</u> |

Assets and liabilities carried at fair value on a nonrecurring basis using level 2 inputs generally include donated goods, facilities, and services. Long-term promises to give are valued on a nonrecurring basis using the net present value of future cash flows discounted at a risk-free rate of return, which is a level 3 input.

NOTE C - LIQUIDITY

TeamChild strives to maintain liquid financial assets sufficient to cover 90 days of general expense. Liquid financial assets include cash held in checking accounts, savings accounts, and mutual fund investments that can be quickly converted to cash. The following table reflects TeamChild's financial assets as of June 30, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of restrictions. Amounts not available include funds with timing restrictions and those restricted for the use of the South King County Discipline Coalition.

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Total financial assets | \$ 2,243,772 | \$ 2,816,993 |
| Less: Restrictions on the use of financial assets | | |
| Cash restricted to South King County Discipline Coalition | - | (81,018) |
| Refundable advance | (20,000) | (8,142) |
| Long-term promises to give | <u>(366,680)</u> | <u>(481,680)</u> |
| Financial Assets Available for Operations Within One Year | <u>\$ 1,857,092</u> | <u>\$ 2,246,153</u> |

TEAMCHILD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE D – CONCENTRATION

For the years ended June 30, 2021 and 2020 approximately 34% and 50%, respectively, of TeamChild's total support and revenue was derived from contracts with two funding sources. As of June 30, 2021 and 2020, approximately 90% and 95%, respectively, of TeamChild's promises to give were due from two foundation donors.

NOTE E – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, TeamChild applied for and received a Paycheck Protection Program loan through Columbia Bank in the amount of \$323,590. On November 4, 2020, the loan principal plus \$1,621 accrued interest, were fully forgiven having met the forgiveness criteria of maintaining staffing levels and salaries at pre-COVID-19 pandemic levels.

NOTE F – RETIREMENT PLAN

TeamChild offers a retirement savings plan under section 403(b) of the Internal Revenue Code. TeamChild does not match the employees' salary deferral contributions.

NOTE G - RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 23, 2020 the Governor of Washington declared a health emergency and issued an order to close all nonessential businesses until further notice. Management is continually evaluating the ongoing impacts of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on TeamChild's financial position, change in net asset, and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE H – COMMITMENTS

TeamChild has non-cancelable operating leases for its headquarters office in Seattle expiring in April 2022, its office in Yakima expiring in May 2023, and its office in Tacoma expiring in January 2026. Terms of the Seattle lease agreement include a security deposit of \$5,599. Terms of the Tacoma lease agreement include a deposit of \$4,654. In accordance with financial accounting standards, rent expense is recognized on a straight-line basis and a related deferred rent liability is recognized. Future minimum payments, deferred rent, and rent expense under these leases for the years ending June 30 are as follows:

TEAMCHILD

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

NOTE H – COMMITMENTS (continued)

| | Minimum Lease Payment | Change in Deferred Rent Liability | Rent Expense |
|------|-----------------------------|---|-------------------|
| 2022 | \$ 207,253 | \$ (467) | \$ 206,786 |
| 2023 | 80,907 | 1,176 | 82,083 |
| 2024 | 69,078 | 2,860 | 71,938 |
| 2025 | 70,805 | 4,586 | 75,391 |
| 2026 | 42,025 | 5,158 | 47,183 |
| | <u>\$ 470,068</u> | <u>\$ 13,313</u> | <u>\$ 483,381</u> |

The Spokane office space was leased on a month-to-month basis in the year ended June 30, 2021, as was the Tacoma office space through November 30, 2019. Effective August 1, 2021, TeamChild entered into a one year lease for a new Spokane office location. The minimum monthly payments of \$1,276 through July 2022 are included in the table above. Rent expense for long-term and month-to-month leases combined was \$248,206 and \$223,832, respectively, for the years ended June 30, 2021 and 2020.

TeamChild entered into a new non-cancelable capital lease for copiers in its four office locations with a total recorded cost of \$34,744 and related accumulated depreciation at June 30, 2021 of \$12,542. Total monthly payments, including service fees and interest at 3.87% per annum, are \$860. Future minimum payments under this lease for the years ending June 30 are as follows:

| | |
|---------------------------|------------------|
| 2022 | \$ 7,653 |
| 2023 | 7,653 |
| 2024 | 7,653 |
| 2025 | 1,275 |
| | <u>24,234</u> |
| Less amounts for interest | <u>(1,461)</u> |
| | 22,773 |
| Less current portion | <u>(6,893)</u> |
| | <u>\$ 15,880</u> |

NOTE I - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2021 through December 2, 2021, which is the date the financial statements were available to be issued, and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at June 30, 2021, including the estimates inherent in the processing of financial statements.