The Family Conservancy, Inc.

Financial Report
December 31, 2023

Contents

Independent Auditor's Report

Board of Directors
The Family Conservancy, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Family Conservancy, Inc. (the Agency), which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency 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 of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 the Agency 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 the Agency's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 and *Government 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 GAAS and *Government 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 the Agency'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 the Agency'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.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the Agency's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

RSM US LLP

Kansas City, Missouri
September 30, 2024

The Family Conservancy, Inc.

Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 2,490,783	$ 1,769,006
Receivables:		
Professional services, net of allowance for credit losses; 2023—$108,085; 2022—$14,750	-	135,188
Child and adult care food program	77,608	116,372
Grant and other receivables	2,532,720	2,684,874
Prepaid expenses	130,633	158,786
Total current assets	5,231,744	4,864,226
Investments:		
Endowments	2,099,579	1,867,478
Board-designated	2,462,823	2,179,045
	4,562,402	4,046,523
Property and Equipment:		
Land	71,290	71,290
Building and improvements	599,090	599,090
Furniture and equipment	288,147	137,856
Construction in progress	1,372,782	1,050,333
	2,331,309	1,858,569
Less accumulated depreciation	727,769	671,838
Total property and equipment	1,603,540	1,186,731
Right-of-use operating lease asset	446,580	734,028
Overfunded defined benefit pension plan obligation	1,298,771	611,287
Total assets	$ 13,143,037	$ 11,442,795
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 1,066,490	$ 863,492
Accrued expenses	426,215	536,016
Current maturities of operating lease liability	288,732	287,448
Deferred revenue	12,810	118,640
Total current liabilities	1,794,247	1,805,596
Long-term operating lease liability	157,848	446,580
Total liabilities	1,952,095	2,252,176
Net assets:		
Without donor restrictions:		
Board-designated endowment	2,462,823	2,179,045
Undesignated	4,727,008	3,416,524
	7,189,831	5,595,569
With donor restrictions	4,001,111	3,595,050
Total net assets	11,190,942	9,190,619
Total liabilities and net assets	$ 13,143,037	$ 11,442,795

See notes to financial statements.

The Family Conservancy, Inc.

Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Public support:			
Allocation by United Way	$ 170,778	$ 200,000	$ 370,778
Grants from governmental agencies	11,110,409	756,121	11,866,530
Grants from trusts and foundations	667,436	2,688,245	3,355,681
Fundraising	169,040	-	169,040
Other contributions	39,851	-	39,851
Total public support	12,157,514	3,644,366	15,801,880
Revenue:			
Program service fees	291,269	-	291,269
Investment income, net	356,930	245,774	602,704
Other revenues	254,211	-	254,211
Total revenue	902,410	245,774	1,148,184
Net assets released from restrictions	3,484,079	(3,484,079)	-
Total revenues, gains and other support	16,544,003	406,061	16,950,064
Expenses:			
Program services:			
Counseling	2,956,498	-	2,956,498
Healthy Parents Healthy Kids	165,176	-	165,176
Children's Services	9,271,097	-	9,271,097
Child and Adult Care Food Program	1,178,538	-	1,178,538
Total program services	13,571,309	-	13,571,309
Supporting services:			
Development	653,171	-	653,171
General and administrative	1,236,804	-	1,236,804
Total supporting services	1,889,975	-	1,889,975
Total expenses	15,461,284	-	15,461,284
Change in net assets before change in defined benefit pension plan gains	1,082,719	406,061	1,488,780
Change in defined benefit pension plan gains	511,543	-	511,543
Change in net assets	1,594,262	406,061	2,000,323
Net assets:			
Beginning	5,595,569	3,595,050	9,190,619
Ending	$ 7,189,831	$ 4,001,111	$ 11,190,942

See notes to financial statements.

The Family Conservancy, Inc.

Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:			
Public support:			
Allocation by United Way	$ 558,544	$ 300,000	$ 858,544
Grants from governmental agencies	10,256,420	-	10,256,420
Grants from trusts and foundations	1,217,709	1,557,359	2,775,068
Fundraising	183,545	-	183,545
Other contributions	233,131	-	233,131
Total public support	12,449,349	1,857,359	14,306,708
Revenue:			
Program service fees	438,737	-	438,737
Investment losses, net	(371,742)	(294,337)	(666,079)
Other revenues	10,362	-	10,362
Total revenue	77,357	(294,337)	(216,980)
Net assets released from restrictions	1,802,611	(1,802,611)	-
Total revenues, gains and other support	14,329,317	(239,589)	14,089,728
Expenses:			
Program services:			
Counseling	2,848,838	-	2,848,838
Healthy Parents Healthy Kids	175,481	-	175,481
Marriage Enrichment	35,351	-	35,351
Children's Services	8,425,886	-	8,425,886
Child and Adult Care Food Program	1,188,676	-	1,188,676
Total program services	12,674,232	-	12,674,232
Supporting services:			
Development	652,573	-	652,573
General and administrative	738,109	-	738,109
Total supporting services	1,390,682	-	1,390,682
Total expenses	14,064,914	-	14,064,914
Change in net assets before change in defined benefit pension plan gains	264,403	(239,589)	24,814
Change in defined benefit pension plan gains	176,942	-	176,942
Change in net assets	441,345	(239,589)	201,756
Net assets:			
Beginning	5,154,224	3,834,639	8,988,863
Ending	$ 5,595,569	$ 3,595,050	$ 9,190,619

See notes to financial statements.

The Family Conservancy, Inc.

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	**$ 2,000,323**	$ 201,756
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Net unrealized and realized (gains) losses on investments	**(451,373)**	1,368,876
Depreciation	**55,931**	32,160
Contributions and grants restricted for capital aquistion and construction	**(300,000)**	-
Amortization of right-of-use assets	**287,448**	284,300
Change in defined benefit pension plan gains	**(511,543)**	(176,942)
Changes in operating assets and liabilities:		
Receivables	**326,106**	(437,835)
Prepaid expenses	**28,153**	(4,527)
Accounts payable	**202,998**	282,358
Accrued expenses	**(109,801)**	(6,177)
Operating lease liability	**(287,448)**	(284,300)
Deferred revenue	**(105,830)**	86,775
Defined benefit pension obligation	**(175,941)**	(350,639)
Net cash provided by operating activities	**959,023**	995,805
Cash flows from investing activities:		
Purchase of property and equipment	**(472,740)**	(736,985)
Purchase of investments	**(670,710)**	(954,320)
Sales of investments	**606,204**	304,824
Net cash used in investing activities	**(537,246)**	(1,386,481)
Cash flows from financing activities:		
Proceeds from contributions and grants restricted for capital acquisition and construction	**300,000**	-
Net cash provided by investing activities	**300,000**	-
Increase (decrease) in cash and cash equivalents	**721,777**	(390,676)
Cash and cash equivalents:		
Beginning	**1,769,006**	2,159,682
Ending	**$ 2,490,783**	$ 1,769,006

(Continued)

The Family Conservancy, Inc.

Statements of Cash Flows (Continuted)
Years Ended December 31, 2023 and 2022

	2023	2022
Supplemental disclosure of cash flow information:		
Record assets and lease liabilities for adoption of ASC 842:		
Right-of-use assets	**$ -**	$ 1,018,328
Operating lease liabilities	**$ -**	$ 1,018,328
Cash payments for operating leases	**$ 294,335**	$ 294,335

See notes to financial statements.

The Family Conservancy, Inc.

Statement of Functional Expenses
Year Ended December 31, 2023

	Counseling	Healthy Parents Healthy Kids	Children's Services	Child and Adult Care Food Program	Development	General and Administrative	Total
Expenses:							
Salaries	$ 1,788,112	$ 80,430	$ 2,472,881	$ 84,988	$ 369,363	$ 826,968	$ 5,622,742
Employee benefits	415,801	16,516	692,832	32,735	77,221	106,616	1,341,721
Payroll taxes	133,990	6,115	183,460	6,386	27,438	61,260	418,649
Professional fees	69,374	5,721	4,977,791	552	58,966	186,944	5,299,348
Legal and accounting fees	17,867	963	26,563	1,056	2,821	26,098	75,368
Technology and internet	63,844	1,434	76,091	14,231	10,984	35,249	201,833
Supplies	113,653	33,334	377,059	452	57,773	43,527	625,798
Printing and copying	10,370	421	6,324	1,279	6,720	-	25,114
Telephone	31,774	611	24,046	904	2,739	-	60,074
Postage	181	11	1,261	1,026	594	1,884	4,957
Occupancy and utilities	140,746	3,753	199,263	12,705	23,516	116,431	496,414
Travel	72,725	1,626	75,331	7,435	844	12,625	170,586
Continuing education and conferences	34,815	731	86,959	1,637	2,530	5,556	132,228
Specific/financial assistance	29,203	12,397	23,866	-	1,126	-	66,592
Provider payments	-	-	-	1,010,701	-	-	1,010,701
Agency dues and licenses	7,877	76	12,242	330	4,739	838	26,102
Promotion	4,535	540	6,875	-	2,681	885	15,516
Insurance	21,171	497	26,407	1,237	3,116	12,160	64,588
Depreciation and amortization	325	-	-	-	-	55,606	55,931
Other	135	-	1,846	884	-	108,231	111,096
Expenses before change in pension	2,956,498	165,176	9,271,097	1,178,538	653,171	1,600,878	15,825,358
Change in pension expense	-	-	-	-	-	(364,074)	(364,074)
Total expenses	$ 2,956,498	$ 165,176	$ 9,271,097	$ 1,178,538	$ 653,171	$ 1,236,804	$ 15,461,284

See notes to financial statements.

The Family Conservancy, Inc.

Statement of Functional Expenses
Year Ended December 31, 2022

	Counseling	Healthy Parents Healthy Kids	Marriage Enrichment	Children's Services	Child and Adult Care Food Program	Development	General and Administrative	Total
Expenses:								
Salaries	$ 1,631,164	$ 84,147	$ -	$ 2,139,847	$ 80,048	$ 383,275	$ 658,473	$ 4,976,954
Employee benefits	358,418	18,071	-	618,072	28,159	80,674	96,481	1,199,875
Payroll taxes	121,964	6,370	-	156,719	6,066	28,497	56,548	376,164
Professional fees	112,567	1,303	-	4,442,986	497	61,057	108,076	4,726,486
Legal and accounting fees	22,652	1,569	-	23,454	835	3,836	21,636	73,982
Technology and internet	75,234	1,802	-	74,654	15,215	13,204	8,127	188,236
Supplies	126,543	47,453	-	296,146	1,435	31,290	22,602	525,469
Printing and copying	10,791	395	-	28,343	532	9,726	3,704	53,491
Telephone	38,695	899	-	53,454	752	3,307	8,210	105,317
Postage	372	7	-	2,184	1,700	963	1,348	6,574
Occupancy and utilities	134,502	5,931	-	171,465	12,697	23,812	44,047	392,454
Travel	61,998	296	-	36,319	2,996	165	3,922	105,696
Continuing education and conferences	50,880	154	-	125,455	-	1,189	4,821	182,499
Specific/financial assistance	57,107	5,196	-	210,928	-	2,780	2,585	278,596
Provider payments	-	-	-	-	1,035,324	-	-	1,035,324
Agency dues and licenses	8,841	203	-	14,353	423	3,446	3,071	30,337
Promotion	16,124	666	-	7,535	277	1,500	2,154	28,256
Insurance	20,028	760	-	21,965	1,041	3,051	6,678	53,523
Depreciation and amortization	650	-	-	-	-	-	31,510	32,160
Other	268	259	35,351	2,007	679	801	2,979	42,344
Bad debts	40	-	-	-	-	-	-	40
Expenses before change in pension	2,848,838	175,481	35,351	8,425,886	1,188,676	652,573	1,086,972	14,413,777
Change in pension expense	-	-	-	-	-	-	(348,863)	(348,863)
Total expenses	$ 2,848,838	$ 175,481	$ 35,351	$ 8,425,886	$ 1,188,676	$ 652,573	$ 738,109	$ 14,064,914

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Family Conservancy, Inc. (the Agency) is a not-for-profit corporation that provides various services to families and individuals throughout the greater Kansas City metropolitan area. The Agency's revenues and other support are derived principally from grants from government agencies, trusts and foundations and United Way allocations.

A summary of the Agency's significant accounting policies follows:

Basis of presentation: The consolidated financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Entities Topic of FASB ASC, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions:

Net assets without donor restrictions—undesignated: Net assets held for operations include amounts not restricted by donors and, therefore, available for the general operations of the Agency or designation by the board of directors.

Without donor restrictions—board-designated: Board-designated funds as of December 31, 2023 and 2022, is for endowment purposes of $2,462,823 and $2,179,045, respectively.

With donor restrictions: Net assets that include amounts that are donor restricted by specified time or purpose limitations or must be maintained in perpetuity by the Agency.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: The Agency considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash and cash equivalents.

The Agency maintains its cash in money market accounts that, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments and net investment return: The Agency measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation, and for which the restriction will be satisfied in the same year, is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as with or without donor restrictions, based upon the existence and nature of any donor or legally imposed restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Agency invests in a professionally managed portfolio that contains equities and fixed income of publicly traded companies, mutual funds, commodities and money market funds. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Beneficial interest in assets held by others: The Agency maintains an interest in assets held at The Greater Kansas City Community Foundation and The Truman Heartland Community Foundation (the Foundations). The Agency receives distributions of earnings on such assets and may request distributions of principal with respect to the assets held by the Foundations. The assets (which are included with investments on the accompanying statements of financial position) are invested primarily in equity and fixed income pools. The cumulative amount of retained beneficial interest amounted to $730,245 and $633,329 at December 31, 2023 and 2022, respectively (see Note 9).

Allowance for credit losses and doubtful accounts: The Agency adopted Accounting Standards Codification (ASC) 326, Financial Instruments—Credit Losses, as of January 1, 2023, with the cumulative-effect transition method with the required prospective approach. The measurement of expected credit losses under the current expected credit losses (CECL) methodology is applicable to financial assets measured at amortized cost, which include trade receivables, contract assets and non-current receivables. An allowance for credit losses under the CECL methodology is determined using the loss-rate approach, and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. The allowance for credit losses as of December 31, 2023, and change in the allowance for credit losses during the year ended December 31, 2023, was not material to the financial statements.

Prior to adoption of ASC 326, the Agency maintained an allowance for doubtful accounts to reserve for potentially uncollectible receivables. The allowance for doubtful accounts, as of December 31, 2022, was not material to the financial statements.

Accounts and grants receivable: The Agency reports accounts receivable for professional services (primarily counseling) rendered at the outstanding amount of consideration to which the Agency expects to be entitled from third-party payers, patients, customers and others. The Agency provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Agency bills third-party payers directly, and bills the patient when the patient’s liability is determined. Accounts receivables are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Grants receivable primarily consists of amounts billed to federal, state and local agencies, based on amounts defined in the contract or conditional grant agreement. Grants receivables are typically paid by the granting agency in their normal course of business (usually within 60 days).

Property and equipment: Property and equipment are stated at cost if purchased, and fair value as of the contribution date if contributed, less accumulated depreciation and amortization. The Agency capitalized fixed assets with a value of $5,000 or greater. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset, which is generally three to 10 years for furniture and equipment. Assets under leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Leases: The Agency determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Agency also considers whether its service arrangements include the right to control the use of an asset.

The Agency recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statements of activities.

The Agency made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of ASC Topic 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date, and are reduced by any lease incentives received. To determine the present value of lease payments, the Agency made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Agency has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to the Agency, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

ASC 842 includes a number of reassessment and remeasurement requirements for leases based on triggering events or conditions. The Agency reviewed the reassessment and remeasurement requirements and did not identify any events or conditions during the year ended December 31, 2023, that required reassessment or remeasurement. In addition, there were no impairment indicators identified during the year ended December 31, 2023, that required an impairment test for the Agency's ROU assets.

Long-lived asset impairment: The Agency evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability, and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions: Contributions are provided to the Agency, either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts—with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction:	
Gifts that depend on the Agency overcoming a donor-imposed barrier to be entited to the funds	Not recognized until the gift becomes unconditional (i.e., the donor-imposed barrier is met)
Unconditional gifts, with or without restriction:	
Received at date of gift—cash and other assets	Fair value
Received at date of gift—property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends, or purpose restriction is accomplished, 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government grants: Government grants are typically conditional agreements support funded by grants is recognized as the Agency meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Management believe any such adjustments would not be material to the financial statements.

Revenue recognition: Revenue is recognized when control of the promised goods or services is transferred to the Agency's customers, in an amount that reflects the consideration that it expects to be entitled to, in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of goods or services provided and the terms and conditions of the customer contract. See Note 3 for additional information about the Agency's revenue.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Allocation of functional expenses: The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the programs based on labor dollars incurred by the program.

Income taxes: The Agency is a not-for-profit organization and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). However, the Agency is subject to income tax on any unrelated business taxable income. The Agency files tax returns in the U.S. federal jurisdiction. The Agency follows the accounting standard to evaluate uncertain tax positions. Management has determined that the Organization was not required to record a liability related to uncertain tax positions as of December 31, 2023 or 2022.

Restatement of prior years: Cash flow for year ended December 31, 2023, have been restated by a correction of net unrealized and realized losses on investments, purchase on investments, and sales of investments. This correction had an immaterial effect on change in net assets reported for 2022.

Subsequent events: The Agency has evaluated subsequent events through September 30, 2024, the date on which the financial statements were available to be issued.

Note 2. Conditional Grants and Contributions

The Agency receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. All earned portions of the grants not yet received as of December 31, 2023, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2023:

Conditional upon incurrence of allowable qualifying expenses	$ 7,488,599
Conditional upon specific individuals serviced	1,754,526
	$ 9,243,125

Note 3. Revenue From Contracts with Customers

Program service fees: Program service fees represent fees for services and is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing services. These amounts are due from individuals, third-party insurers and other agencies. Revenue is recognized as the performance obligation is satisfied, which is over time, as the services are provided as the customer simultaneously receives and consumes the benefit. The Agency determines the transaction price based on standard charges for services provided, reduced by discounts provided in accordance with the Agency’s policy and implicit price concessions provided to clients. The Agency determines its estimates of discounts and implicit price concessions based on contractual agreements, its discount policies and historical experience. These contracts are generally short-term in nature and revenue is recognized based on the output of hours of service provided in relation to total hours. The Agency believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the outputs needed to satisfy the obligation. Billing varies by contract, either at the time of service or in advance, prior to providing the service. The Agency has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the service provided and payers that have different reimbursement and payment methodologies.

Note 3. Revenue From Contracts with Customers (Continued)

Revenue from contracts with agencies: The Agency has entered into contracts with agencies to provide various services with payments, based on either a fixed fee or cost reimbursement. At contract inception, the Agency assesses the services promised in the contracts with customers to identify the performance obligations in the arrangement. Generally, all contracts are considered a single performance obligation because the Agency provides a highly integrated service resulting in a combined output. Revenue is recognized for the single performance obligation over time due to the Agency's right to payment for work performed to date. The transaction price is the contractually defined amount that includes adjustment for variable consideration, such as reimbursable costs or penalties. The contracts generally provide for the right to invoice the customer as work progresses. Revenue for performance obligations satisfied over time is recognized ratably over the period, based on the cost-to-cost measure. Revenue recognized during the years ended December 31, 2023 and 2022, from contracts with agencies was $0 and $8,750, respectively, and is included in the grants and trusts from foundations on the statements of activities. The Agency has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the service provided and the payers that have different payment methodologies.

The following table provides information about significant changes in deferred revenue for the years ended December 31, 2023 and 2022:

	2023	2022
Deferred revenue, beginning of year	$ 20,164	$ 31,229
Revenue recognized that was included in deferred at the beginning of year	(20,164)	(31,229)
Increases in deferred revenue due to cash received during the year	12,710	20,164
Deferred revenue, end of year	$ 12,710	$ 20,164

Note 4. Net Assets

Net assets with donor restrictions: Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	2023	2022
Subject to expenditure for specified purpose:		
Children's Services	$ 1,515,905	$ 1,003,940
Healthy Parents Healthy Kids	29,441	73,504
Counseling	322,729	515,566
Student Assistance Program	-	94,508
Other	33,457	40,054
	1,901,532	1,727,572
Endowment:		
Subject to NFP endowment spending policy and appropriation:		
The Living Center for Growth in Marriage	932,167	832,871
Family Achievement Night	136,984	119,803
Student Assistance Program	68,787	64,278
General endowment	961,641	850,526
	2,099,579	1,867,478
	$ 4,001,111	$ 3,595,050

Net assets released from restrictions: Net assets were released from donor or grantor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors or grantors.

	2023	2022
Satisfaction or purpose restrictions:		
Counseling	$ 711,889	$ 235,531
Children's Services	2,169,014	1,425,378
Healthy Parents Healthy Kids	76,974	75,012
Student Assitance	94,508	-
Capital Campaign	418,021	-
Other	-	15,857
	3,470,406	1,751,778
Restricted purpose appropriation:		
The Living Center for Growth in Marriage	5,664	43,062
Family Achievement Night	1,290	1,266
Student Assistance Program	692	679
General endowment	6,027	5,826
	13,673	50,833
	$ 3,484,079	$ 1,802,611

Note 5. Endowment

The Agency's governing body is subject to the State of Kansas Prudent Management of Institutional Funds Act (SPMIFA). As a result, the Agency classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with SPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund.
2. Purposes of the Agency and the fund.
3. General economic conditions.
4. Possible effect of inflation and deflation.
5. Expected total return from investment income and appreciation or depreciation of investments.
6. Other resources of the Agency.
7. Investment policies of the Agency

The Agency's endowment consists of five individual funds, established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by U.S. GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at December 31, 2023 and 2022, was:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 2,462,823	$ -	$ 2,462,823
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in in perpetuity by donor	-	366,086	366,086
Accumulated investment gains	-	1,733,493	1,733,493
Total endowment funds	$ 2,462,823	$ 2,099,579	$ 4,562,402

Note 5. Endowment (Continued)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 2,179,045	$ -	$ 2,179,045
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in in perpetuity by donor	-	328,086	328,086
Accumulated investment gains	-	1,539,392	1,539,392
Total endowment funds	$ 2,179,045	$ 1,867,478	$ 4,046,523

Changes in endowment net assets for the years ended December 31, 2023 and 2022, were:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 2,179,045	$ 1,867,478	$ 4,046,523
Investment gains, net	300,887	245,774	546,661
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(17,109)	(13,673)	(30,782)
Endowment net assets, end of year	$ 2,462,823	$ 2,099,579	$ 4,562,402

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 2,546,853	$ 2,219,050	$ 4,765,903
Investment losses, net	(332,213)	(294,336)	(626,549)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(35,595)	(57,236)	(92,831)
Endowment net assets, end of year	$ 2,179,045	$ 1,867,478	$ 4,046,523

Investment and spending policies: The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment, while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Agency must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Agency's policies, endowment assets are invested in a manner that is intended to produce income to fund current operations, while assuming a prudent level of investment risk. The Agency expects its endowment funds to provide an average rate of return of approximately 4.5% annually, over time. Actual returns in any given year may vary from this amount.

Note 5. Endowment (Continued)

To satisfy its long-term rate of return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments, to achieve its long-term return objectives within prudent risk constraints.

The Agency has a spending policy of appropriating for expenditure each year up to 4% of its endowment fund's average fair value over the prior 12 quarters through the year-end preceding the year in which expenditure is planned. In establishing this policy, the Agency considered the long-term expected return on its endowment. Accordingly, over the long term, the Agency expects the current spending policy to allow its endowment to grow at an average of 0.5% of the moving average market value annually, as determined above. This is consistent with the Agency's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Underwater endowments: The governing body of the Agency has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Agency considers a fund to be underwater if the fair value of the fund is less than the sum of:

- The original value of initial and subsequent gift amounts donated to the fund.
- Any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Agency has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At December 31, 2023 and 2022, no funds with deficiencies were reported in net assets with donor restrictions.

Note 6. Liquidity and Availability

The Agency's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2023	2022
Cash and cash equivalents	$ 2,490,783	$ 1,769,006
Accounts, grants and interest receivable	2,610,328	2,936,434
	$ 5,101,111	$ 4,705,440

The Agency's endowment funds consist of donor-restricted endowments, quasi-endowments and board-designated investments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The quasi-endowment investments have a spending rate of 4%, and appropriations from the quasi-endowment could be available within the next 12 months. To the extent that earnings available for spending on current operations for any year are not used during that year, they are to be added to the corpus and not carried over for spending in a subsequent year.

Note 6. Liquidity and Availability (Continued)

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Agency invests cash in excess of daily requirements in short-term investments, which are considered to be cash equivalents. To help manage unanticipated liquidity needs, the Agency has committed lines of credit in the amount of $650,000, which it could draw upon. Additionally, although the Agency does not intend to spend from its board-directed investments other than amounts appropriated for general expenditure, as part of its annual budget approval and appropriation process, amounts from its board-directed investments could be made available if necessary. As of December 31, 2023 and 2022, the value of the board-directed investments was $2,462,823 and $2,179,045, respectively.

Note 7. Leases

The Agency leases real estate and equipment under operating lease agreements that have initial terms ranging from five to 15 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Agency, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Agency will exercise that option. The Agency considers a number of factors when evaluating whether the options in its lease contracts are reasonably certain of exercise, such as the length of time before option exercise, expected value of the leased asset at the end of the initial term, importance of the lease to overall operations, lessor relationship, costs to negotiate a new lease and any contractual or economic penalties. The Agency's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Operating lease costs	$ 294,335	$ 294,335

The following tables summarize the annual operating lease obligations, respectively, by year:

Years ending December 31:	
2024	$ 292,435
2025	110,210
2026	49,132
Total lease payments	451,777
Less imputed interest	(5,197)
Total present value of lease liabilities	$ 446,580

Rent expense under operating leases for the years ended December 31, 2023 and 2022, was $294,335 and $388,766, respectively.

Other required lease information for the years ended December 31, 2023 and 2022:

	2023	2022
Weighted-average remaining lease term:	1.81 years	3 years
Weighted-average discount rate:	1.16%	1.21%

Note 8. Pension Plans

Defined contribution plan: The Agency implemented a defined contribution pension plan on August 1, 2007, covering substantially all employees. The plan allows for employee contributions, subject to certain Internal Revenue Service contribution limits. The Agency contributes 5% of compensation to the plan and matches 100% of the employee contributions up to 2% of compensation. Expense under this plan was approximately $304,000 and $259,000 for 2023 and 2022, respectively.

Defined benefit plan: The Agency has a noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements. The Agency's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Agency may determine to be appropriate from time to time. The Agency expects to contribute approximately $0 to the plan in 2024. Effective July 31, 2007, the Agency froze the defined benefit pension plan. In December 2023, the Board made the decision to terminate the Defined Benefit Pension Plan. The Board Resolution was signed by the Agency Board President on December 18, 2023. The process to terminate takes approximately 18 months.

The Agency uses a December 31 measurement date for the plan. Significant balances, costs and assumptions are:

	2023	2022
Benefit obligation	$ 6,455,660	$ 6,416,894
Fair value of plan assets	7,754,431	7,028,181
Funded status	$ 1,298,771	$ 611,287

Amounts recognized in change in without donor restriction not yet recognized as components of net periodic benefit cost consist of:

	2023	2022
Net loss	$ 1,706,969	$ 2,218,512

The accumulated benefit obligation for all defined benefit pension plans was:

	2023	2022
Accumulated benefit obligation	$ (6,455,660)	$ (6,416,894)
Accrued pension cost recognized in the statements of financial position as noncurrent liabilities	-	-
Accrued pension asset recognized in the statements of financial position as noncurrent asset	1,298,771	611,287

Other significant balances and costs are:

	2023	2022
Net periodic benefit costs	$ 42,242	$ (205,184)
Employer contributions	218,183	145,455
Benefits paid	428,816	411,307

Note 8. Pension Plans (Continued)

The estimated net loss that will be amortized from without donor restriction into net periodic benefit cost over the next fiscal year is $165,095. The following amounts have been recognized in the change in net assets:

	2023	2022
Amounts arising during the period:		
Net loss	$ 322,081	$ 11,847
Amounts reclassified as component of net periodic benefit cost of the period:		
Net (gain) loss	(189,462)	165,095

Weighted-average assumptions used to determine benefit obligations:

	2023	2022
Discount rate	4.73%	4.95%
Rate of compensation increase*	0.00%	0.00%
Mortality table	MP-2021	MP-2021

Weighted-average assumptions used to determine benefit costs:

	2023	2022
Discount rate	4.95%	2.65%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase*	0.00%	0.00%

* As the plan is frozen, there is no future service credit.

The Agency has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

Asset allocation is primarily based on a strategy to provide stable earnings, while still permitting the plans to recognize potentially higher returns through a limited investment in equity securities. The target asset allocation percentages for 2023 and 2022 are as follows:

	2023	2022
Equity securities	55%	55%
Fixed income and other	45%	45%

Pension plan assets: Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Note 8. Pension Plans (Continued)

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. The plan did not have any assets classified as Level 1. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include pooled separate accounts in equity and fixed income funds. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy and include a guaranteed investment contract with Mutual of America Life Insurance Company.

The fair values of the Agency's pension plan assets at December 31, 2023 and 2022, by asset class are as follows:

	2023			
		Fair Value Measurements Using		
Asset Category	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Guaranteed investment contract	$ 20,434	$ -	$ -	$ 20,434
Pooled separate accounts–equity funds	4,258,730	-	4,258,730	-
Pooled separate accounts–fixed income funds	3,475,267	-	3,475,267	-
Total	$ 7,754,431	$ -	$ 7,733,997	$ 20,434

	2022			
		Fair Value Measurements Using		
Asset Category	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Guaranteed investment contract	$ -	$ -	$ -	$ -
Pooled separate accounts–equity funds	3,842,521	-	3,842,521	-
Pooled separate accounts–fixed income funds	3,185,660	-	3,185,660	-
Total	$ 7,028,181	$ -	$ 7,028,181	$ -

Note 8. Pension Plans (Continued)

The following is a reconciliation of the beginning and ending balances of fair value measurements using significant unobservable (Level 3) inputs:

	2023	2022
Guaranteed investment contract:		
Balance at beginning of year	$ -	$ 771,608
Actual return on plan assets:		
Relating to assets still held at the reporting date	(9,023)	3,263
Sales	(300,346)	(306,797)
Transfers	329,803	(468,074)
Balance at end of year	$ 20,434	$ -

Plan assets are held by Mutual of America Life Insurance Company, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreement permits investment in common stocks, corporate bonds and debentures, U.S. government securities, certain insurance contracts, real estate and other specified investments, based on certain target allocation percentages.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31:

2024	$ 511,000
2025	500,000
2026	515,000
2027	506,000
2028	487,000
2029-2033	2,344,000

Note 9. Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Note 9. Disclosures About Fair Value of Assets and Liabilities (Continued)

Recurring measurements: The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

		Fair Value Measurements Using		
2023	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 77,643	$ 77,643	$ -	$ -
Equity mutual funds	1,775,009	1,775,009	-	-
Fixed income mutual funds	1,150,261	1,150,261	-	-
Hedge mutual funds	697,135	697,135	-	-
Commodity mutual funds	132,109	132,109	-	-
Beneficial interests in assets held by others	730,245	-	730,245	-
	$ 4,562,402	$ 3,832,157	$ 730,245	$ -

		Fair Value Measurements Using		
2022	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 62,195	$ 62,195	$ -	$ -
Equity mutual funds	1,658,935	1,658,935	-	-
Fixed income mutual funds	1,164,099	1,164,099	-	-
Hedge mutual funds	400,406	400,406	-	-
Commodity mutual funds	127,559	127,559	-	-
Beneficial interests in assets held by others	633,329	-	633,329	-
	$ 4,046,523	$ 3,413,194	$ 633,329	$ -

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2023.

Note 9. Disclosures About Fair Value of Assets and Liabilities (Continued)

Investments and beneficial interests in assets held by others: Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Agency did not have securities classified as Level 3.

Note 10. Line of Credit

The Agency has a private client line agreement in the amount of $650,000. At December 31, 2023 and 2022, there were no borrowings against this line. The line is collateralized by the Agency’s cash and security accounts held with the institution. Interest varies with the bank’s prime rate, which was 8.50% and 7.50% on December 31, 2023 and 2022, respectively, and is payable monthly.

Note 11. Related-Party Transactions

The Agency is one of three permanent members of The Children’s Campus of Kansas City, Inc. (the Campus). In 2009, the Agency entered into a lease agreement with the Campus as a lessee for a term of 15 years, commencing on April 1, 2010, with monthly lease payments of $17,926. In addition, the Agency pays a portion of the Campus’ operating costs and taxes.