
***CENTRAL INSTITUTE
FOR THE DEAF***
FINANCIAL STATEMENTS
AUGUST 31, 2021

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Independent Auditors' Report

Board of Directors
Central Institute for the Deaf
St. Louis, Missouri

Report On The Financial Statements

We have audited the financial statements of Central Institute for the Deaf, a not-for-profit organization, which comprise the statement of financial position as of August 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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 audits 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 auditors' 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 above present fairly, in all material respects, the financial position of Central Institute for the Deaf as of August 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis Of Matter

As discussed in Note 2 to the financial statements, Central Institute for the Deaf adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* for the year ended August 31, 2021. Our opinion is not modified with respect to this matter.

RubinBrown LLP

December 21, 2021

CENTRAL INSTITUTE FOR THE DEAF

STATEMENT OF FINANCIAL POSITION

Assets

	August 31,	
	2021	2020
Cash and cash equivalents	\$ 206,665	\$ 383,661
Accounts receivable, net of allowance of \$507 and \$2,209 in 2021 and 2020, respectively (Notes 2 and 6)	70,663	45,624
Pledges receivable, net (Notes 3 and 14)	131,447	220,961
Investments (Notes 4 and 5)	100,353,565	86,528,448
Bequests receivable	1,118,688	—
Other assets	279,556	296,879
Property and equipment, net (Note 7)	2,132,121	2,153,903
Beneficial interests in perpetual trusts (Notes 5 and 6)	7,980,145	6,818,612
Total Assets	\$ 112,272,850	\$ 96,448,088

Liabilities And Net Assets

Liabilities

Accounts payable	\$ 152,733	\$ 82,841
Paycheck Protection Program loan (Note 8)	—	775,900
Other accrued liabilities	134,731	140,877
Deferred revenue (Note 2)	19,409	13,681
Total Liabilities	306,873	1,013,299

Net Assets

Without Donor Restrictions		
Undesignated	1,601,470	1,552,910
Investment in property and equipment	2,132,121	2,153,903
Designated for capital asset acquisition	76,000	202,598
Designated for Paycheck Protection Program loan and interest repayment	—	779,736
Board-designated endowment (Note 10)	43,348,701	35,648,921
Total Without Donor Restrictions	47,158,292	40,338,068
With Donor Restrictions		
Purpose and time restrictions (Note 9)	13,027,455	7,713,695
Perpetual in nature (Note 9)	51,780,230	47,383,026
Total With Donor Restrictions	64,807,685	55,096,721
Total Net Assets	111,965,977	95,434,789
Total Liabilities And Net Assets	\$ 112,272,850	\$ 96,448,088

CENTRAL INSTITUTE FOR THE DEAF

STATEMENT OF ACTIVITIES For The Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions			Total
		Purpose And Time Restrictions	Perpetual In Nature	With Donor Restrictions	
Program Revenues					
Tuition and fees, net of \$810,061 in scholarships	\$ 557,335	\$ —	\$ —	\$ —	\$ 557,335
Family center services	131,651	—	—	—	131,651
Audiology services and sales	192,250	—	—	—	192,250
Professional development services and sales	180,817	—	—	—	180,817
Other income	21,966	—	—	—	21,966
Total Program Revenues	1,084,019	—	—	—	1,084,019
Expenses					
Program Services					
School	4,117,154	—	—	—	4,117,154
Professional development	567,869	—	—	—	567,869
Total Program Activities	4,685,023	—	—	—	4,685,023
Supporting Services					
Management and general	1,180,751	—	—	—	1,180,751
Fundraising	540,301	—	—	—	540,301
Total Supporting Services	1,721,052	—	—	—	1,721,052
Total Expenses	6,406,075	—	—	—	6,406,075
Expenses In Excess Of Program Revenues	(5,322,056)	—	—	—	(5,322,056)
Public Support And Other Revenues					
Contributions (Notes 12 and 14)	1,146,583	568,953	1,151,279	1,720,232	2,866,815
Special events, net of expenses of \$31,292	176,010	71,850	—	71,850	247,860
United Way	137,079	68,540	—	68,540	205,619
Investment income designated/ appropriated for operations (Notes 4, 6 and 10)	1,502,084	2,193,787	—	2,193,787	3,695,871
Net assets released from restrictions (Note 9)	2,797,584	(2,797,584)	—	(2,797,584)	—
Total Public Support And Other Revenues	5,759,340	105,546	1,151,279	1,256,825	7,016,165
Increase In Net Assets From Operations	437,284	105,546	1,151,279	1,256,825	1,694,109
Bequests	1,128,688	—	—	—	1,128,688
Change In Value Of Beneficial Interests In Perpetual Trusts (Notes 5 And 6)	—	—	1,161,533	1,161,533	1,161,533
Investment Income In Excess Of Amount Designated/Appropriated For Operations (Note 4)	5,254,252	5,208,214	2,084,392	7,292,606	12,546,858
Increase In Net Assets	6,820,224	5,313,760	4,397,204	9,710,964	16,531,188
Net Assets - Beginning Of Year	40,338,068	7,713,695	47,383,026	55,096,721	95,434,789
Net Assets - End Of Year	\$ 47,158,292	\$ 13,027,455	\$ 51,780,230	\$ 64,807,685	\$ 111,965,977

CENTRAL INSTITUTE FOR THE DEAF

STATEMENT OF ACTIVITIES For The Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions			Total
		Purpose And Time Restrictions	Perpetual In Nature	With Donor Restrictions	
Program Revenues					
Tuition and fees, net of \$924,648 in scholarships	\$ 512,692	\$ —	\$ —	\$ —	\$ 512,692
Family center services	97,755	—	—	—	97,755
Audiology services and sales	108,697	—	—	—	108,697
Professional development services and sales	136,024	—	—	—	136,024
Other income	17,974	—	—	—	17,974
Total Program Revenues	873,142	—	—	—	873,142
Expenses					
Program Services					
School	4,069,554	—	—	—	4,069,554
Professional development	484,528	—	—	—	484,528
Total Program Activities	4,554,082	—	—	—	4,554,082
Supporting Services					
Management and general	1,109,961	—	—	—	1,109,961
Fundraising	547,579	—	—	—	547,579
Total Supporting Services	1,657,540	—	—	—	1,657,540
Total Expenses	6,211,622	—	—	—	6,211,622
Expenses In Excess Of Program Revenues	(5,338,480)	—	—	—	(5,338,480)
Public Support And Other Revenues					
Contributions (Notes 12 and 14)	1,105,383	413,453	2,616,639	3,030,092	4,135,475
Special events, net of expenses of \$12,276	211,933	82,917	—	82,917	294,850
United Way	137,079	68,540	—	68,540	205,619
Investment income designated/ appropriated for operations (Notes 4, 6 and 10)	1,490,146	2,081,498	—	2,081,498	3,571,644
Net assets released from restrictions (Note 9)	2,580,864	(2,580,864)	—	(2,580,864)	—
Total Public Support And Other Revenues	5,525,405	65,544	2,616,639	2,682,183	8,207,588
Increase In Net Assets From Operations	186,925	65,544	2,616,639	2,682,183	2,869,108
Bequests	188	443	—	443	631
Change In Value Of Beneficial Interests In Perpetual Trusts (Notes 5 And 6)	—	—	456,379	456,379	456,379
Investment Income In Excess Of Amount Designated/Appropriated For Operations (Note 4)	2,488,911	2,154,415	976,360	3,130,775	5,619,686
Increase In Net Assets	2,676,024	2,220,402	4,049,378	6,269,780	8,945,804
Net Assets - Beginning Of Year	37,662,044	5,493,293	43,333,648	48,826,941	86,488,985
Net Assets - End Of Year	\$ 40,338,068	\$ 7,713,695	\$ 47,383,026	\$ 55,096,721	\$ 95,434,789

CENTRAL INSTITUTE FOR THE DEAF

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended August 31, 2021

Expenses	Program Services			Supporting Services		
	School	Professional Development	Total	Management And General	Fundraising	Total
			Program Services			
Salaries	\$ 2,296,604	\$ 268,564	\$ 2,565,168	\$ 738,863	\$ 365,891	\$ 3,669,922
Employee benefits	336,838	39,390	376,228	108,367	53,664	538,259
Payroll taxes	156,946	18,353	175,299	50,493	25,004	250,796
Total salaries and related expenses	2,790,388	326,307	3,116,695	897,723	444,559	4,458,977
Contract service payments	106,009	88,385	194,394	119,349	22,493	336,236
Costs of hearing aids	69,398	—	69,398	—	—	69,398
Miscellaneous	14,010	7,708	21,718	8,645	23,589	53,952
Occupancy	811,475	47,285	858,760	41,172	26,287	926,219
Office equipment, rental and supplies	13,119	2,753	15,872	5,998	1,948	23,818
Postage and shipping	2,232	10,639	12,871	6,646	1,828	21,345
Professional and consulting fees	—	—	—	35,845	—	35,845
Program expenses	67,559	2,277	69,836	16,494	9,130	95,460
Public relations/advertising	—	—	—	33,374	75	33,449
Publications	—	63,925	63,925	—	—	63,925
Staff training	12,721	1,574	14,295	270	336	14,901
Telephone	7,838	897	8,735	2,132	897	11,764
Total Expenses Before Depreciation And Amortization	3,894,749	551,750	4,446,499	1,167,648	531,142	6,145,289
Depreciation And Amortization	222,405	16,119	238,524	13,103	9,159	260,786
Total Expenses	\$ 4,117,154	\$ 567,869	\$ 4,685,023	\$ 1,180,751	\$ 540,301	\$ 6,406,075

CENTRAL INSTITUTE FOR THE DEAF

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended August 31, 2020

Expenses	Program Services			Supporting Services		
	School	Professional Development	Total	Management And General	Fundraising	Total
			Program Services			
Salaries	\$ 2,238,237	\$ 258,061	\$ 2,496,298	\$ 677,575	\$ 359,284	\$ 3,533,157
Employee benefits	384,964	44,385	429,349	116,539	61,795	607,683
Payroll taxes	158,692	18,297	176,989	48,040	25,473	250,502
Total salaries and related expenses	2,781,893	320,743	3,102,636	842,154	446,552	4,391,342
Contract service payments	94,594	29,255	123,849	100,351	33,202	257,402
Costs of hearing aids	45,374	—	45,374	—	—	45,374
Miscellaneous	14,327	16,061	30,388	24,441	8,398	63,227
Occupancy	765,239	44,474	809,713	36,731	24,724	871,168
Office equipment, rental and supplies	20,839	3,990	24,829	7,839	2,867	35,535
Postage and shipping	1,436	9,829	11,265	6,688	1,314	19,267
Professional and consulting fees	—	—	—	40,183	—	40,183
Program expenses	86,817	1,529	88,346	11,815	15,150	115,311
Public relations/advertising	—	—	—	19,886	4,097	23,983
Publications	—	41,725	41,725	—	—	41,725
Staff training	20,889	942	21,831	5,006	1,575	28,412
Telephone	7,034	800	7,834	1,955	889	10,678
Total Expenses Before Depreciation And Amortization	3,838,442	469,348	4,307,790	1,097,049	538,768	5,943,607
Depreciation And Amortization	231,112	15,180	246,292	12,912	8,811	268,015
Total Expenses	\$ 4,069,554	\$ 484,528	\$ 4,554,082	\$ 1,109,961	\$ 547,579	\$ 6,211,622

CENTRAL INSTITUTE FOR THE DEAF

STATEMENT OF CASH FLOWS

	For The Years	
	Ended August 31,	
	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ 16,531,188	\$ 8,945,804
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	260,786	268,015
Contributions restricted for capital projects	(291,344)	(258,514)
Contributions restricted for endowment	(1,151,279)	(2,616,639)
Change in value of beneficial interests in perpetual trusts	(1,161,533)	(456,379)
Net realized gains on investments	(7,465,959)	(3,106,652)
Net unrealized gains on investments	(6,980,741)	(4,137,644)
Changes in assets and liabilities:		
Accounts receivable	(25,039)	(4,378)
Pledges receivable	25,769	27,106
Bequests receivable	(1,118,688)	400,000
Other assets	17,323	(47,364)
Accounts payable	51,752	(188,655)
Other accrued liabilities	(6,146)	47,794
Deferred revenue	5,728	(5,675)
Net Cash Used In Operating Activities	(1,308,183)	(1,133,181)
Cash Flows From Investing Activities		
Purchases of property and equipment	(220,864)	(179,629)
Purchases of investments	(37,892,449)	(34,580,650)
Proceeds from sale of investments	38,514,032	32,015,564
Net Cash Provided By (Used In) Investing Activities	400,719	(2,744,715)
Cash Flows From Financing Activities		
Proceeds from contributions restricted for capital projects	316,223	221,000
Proceeds from contributions restricted for endowment	1,190,145	2,923,028
Proceeds from borrowings on Paycheck Protection Program loan	—	775,900
Payments on Paycheck Protection Program loan	(775,900)	—
Net Cash Provided By Financing Activities	730,468	3,919,928
Net Increase (Decrease) In Cash And Cash Equivalents	(176,996)	42,032
Cash And Cash Equivalents - Beginning Of Year	383,661	341,629
Cash And Cash Equivalents - End Of Year	\$ 206,665	\$ 383,661
Supplemental Disclosure Of Cash Flow Information		
Property and equipment acquisitions included in accounts payable	\$ 23,140	\$ 5,000

CENTRAL INSTITUTE FOR THE DEAF

NOTES TO FINANCIAL STATEMENTS

August 31, 2021 And 2020

1. Mission And Operations

Central Institute for the Deaf (CID) is a private, not-for-profit organization located in the City of St. Louis, Missouri. CID's mission is to teach children who are deaf and hard of hearing to listen, talk, read, and succeed. CID empowers families and professionals in St. Louis and worldwide to help children reach their fullest potential.

CID's primary sources of revenue are public support and investment income.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Program Services

CID's school services include:

- A family center that works with children from birth up to age 3 who are deaf and hard-of-hearing along with their parents and other caregivers. Services include parent education and coaching sessions and a toddler class program that provides individual therapy and group activities focused on developing early listening, speech and language skills,
- A school that teaches listening and spoken language to children ages 3 - 12 years who are deaf and hard-of-hearing as they learn age-appropriate academic subjects,
- On-site pediatric audiology services to keep children's hearing devices in optimal condition for listening and speaking,
- Educational research and assessment to quantify successful teaching strategies for children who are deaf and hard-of-hearing,
- Graduate-level training and practicum experiences for students learning to be teachers of the deaf, audiologists and other related professionals.

CID's professional development services include:

Workshops, consulting services, webinars, and CID-developed teaching materials that are provided to other professionals who serve children who are deaf and hard-of-hearing outside of CID.

Management And General

Includes the functions necessary to provide support to instructional programs; ensure an adequate working environment; provide coordination and articulation of CID's program strategy; market CID through the admissions program and advertising; secure proper administrative functioning of CID's Board of Directors; and manage the fiscal responsibilities of CID.

Fundraising

Includes those functions necessary to advance the mission of the institution: fundraising, marketing, communication to the parent community and alumni relations; provides the structure to encourage private financial support from individuals, as well as from auxiliary groups, corporations and foundations, via direct gifts and fundraising events.

In January 2020, a novel strain of coronavirus (COVID-19) spread worldwide, including the United States. The impact of the virus varies from region to region and from day to day and any significant additional spreading of the virus could continue to affect CID's revenue and other support. In compliance with government mandates, from March 2020 through the conclusion of the 2019-2020 school year, CID converted to distance learning. The 2020-2021 school year began with a phased-in approach to return students to onsite learning. The continued outbreak of the COVID-19 virus is likely to also have a further negative impact in 2022 on the economy, which in the future might affect CID's ability to fundraise. All of these factors could have a significant impact on CID's financial results in 2022 and beyond. Given the dynamic nature of this outbreak, however, the extent to which the COVID-19 virus will impact CID's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

2. Summary Of Significant Accounting Policies

Basis Of Accounting

CID prepares its financial statements on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

Basis Of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity, and financial flexibility.

As a result, CID is required to report its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CID or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates And Assumptions

CID uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Operating And Nonoperating Activity

The activity of CID has been further segregated into operating versus nonoperating. Operating activity reflects those activities that occur on a consistent basis when comparing year to year. Nonoperating activity reflects those activities that are typically related to special fundraising campaigns, investment income in excess of amount designated/appropriated for operations, bequests or unusual and nonrecurring expenditures.

Cash And Cash Equivalents

CID considers all temporary cash investments to be cash equivalents. These temporary cash investments are securities held for cash management and have original maturities of three months or less. Cash and cash equivalents do not include deposits held in funds managed by others on behalf of CID.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (*Continued*)

CID maintains its cash balances with financial institutions with strong credit ratings. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At August 31, 2021, approximately \$16,000 of cash was over the FDIC insured amount.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. An allowance for doubtful accounts is provided based on management's assessment of its credit history with constituents having outstanding balances and current relationships with them. Management provides for probable doubtful accounts through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Pledges Receivable

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until the conditions on which they depend have been met.

An allowance for uncollectible pledges receivable is provided based upon CID's estimate of amounts which will ultimately not be collected. The estimate is based on historical collection experience and a review of the current status of existing pledges receivable. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual pledges receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

Unconditional pledges receivable due in future periods are recorded at the present value of their estimated future cash flows. The discount on long-term pledges receivable is computed using risk-free interest rates applicable to the years in which the pledges are received, which are believed to approximate the market rate of return for similar assets. Amortization of the discounts is included in contribution revenue.

Investments

Investments are reported at fair value. The fair values of all debt and equity securities with readily determinable fair values are based on quotations obtained from national securities exchanges. Investments that are not readily marketable are carried at estimated fair values as provided by the investment managers. CID reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair values of these investments. Those estimated fair values may differ from the values that would have been used had a ready market for these securities existed.

Realized gains or losses on investments are determined based on the difference between the proceeds received and the cost of the investments sold, using the specific cost identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations on investments held at fiscal year end.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with various types of investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Bequests Receivable

Bequests receivable are recorded at the estimated amount to be received.

Property And Equipment

Property and equipment are carried at cost, if purchased, or at fair value, if donated, less accumulated depreciation and amortization computed using the straight-line method. Additions exceeding \$5,000 are capitalized. The assets are depreciated and amortized over the following periods:

Leasehold improvements	5 - 20 years
Furniture and fixtures	5 - 10 years
Equipment	3 - 10 years

CID reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. No impairment loss has been recognized in 2021 or 2020.

Restricted Support

CID reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a 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 statement of activities as net assets released from restrictions.

New Accounting Standard Implemented

Effective September 1, 2020, CID adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), as amended. ASC 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASC 606 outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards, and also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenues and cash flows from contracts with customers. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration is recognized, and whether revenues should be recognized at a point in time or over time.

CID adopted ASC 606 using a modified retrospective approach, and accordingly the new guidance was applied retrospectively to contracts that were not completed as of September 1, 2020, which is the date of initial application. As a practical expedient, for any contracts that were modified prior to September 1, 2020, CID has applied the new guidance for these uncompleted contracts as of the date of adoption, rather than as of the date of each modification. As a result of the judgements used, including the allocation of the transaction price to satisfied and unsatisfied performance obligations for modifications, CID may have come to different conclusions if analyzed based on the date of each modification. Management does not believe that the effect of this practical expedient had a material effect on the application of ASC 606. The adoption of ASC 606 has no impact on the change in net assets or cash provided by operating activities and did not result in a material change to the timing of when revenue is recognized.

Revenue Recognition And Deferred Revenue

CID's program revenue is derived primarily from listening and spoken language services provided to children and families.

Tuition And Fees

Tuition and fees relate to listening and spoken language, as well as academic instruction provided to children ages 3 - 12. Tuition, net of financial need scholarships, is recognized as revenue over the course of the academic school year for which it is earned. Tuition is either billed directly to the students' legal guardians (private pay students) or to school districts that have contracted with CID. Generally, CID issues tuition payment agreements to private pay students prior to the beginning of the school year, and the first tuition installment is due by the first day of the school year. Tuition is billed to school districts monthly based upon the number of school days completed in the prior month multiplied by CID's daily tuition rate.

If a student withdraws prior to the first day of the school year, the student is entitled to a full refund of any tuition paid. If a student withdraws subsequent to the start of the school year, any tuition paid would be refunded on a prorated basis based on the number of school days enrolled.

Tuition payments received for future school years are recorded as deferred revenue until earned or refunded.

Family Center Services

Family center services revenue relates to the services provided to children from birth up to age 3 and their parents and other caregivers. Services include:

- Family sessions to educate parents and caregivers about hearing loss, listening devices and early childhood development as well as coach them on strategies to help their children learn to listen and talk,
- Toddler classes that incorporate play-based group activities along with individual therapy sessions focused on each child's listening, language, vocabulary and speech goals.

CID family center staff are credentialed early intervention providers under Missouri First Steps and Illinois Child and Family Connections. Family center services revenue is recognized at the point in time the service is provided. Standard rates for family center services are determined by CID; however, billed revenue is reduced to the allowable reimbursement rate for the specific services determined by the state agencies. No revenue is collected in advance.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (*Continued*)

Audiology Services And Sales

Audiology services and sales revenue relates to services provided to children from ages 0 - 12 who are deaf and hard-of-hearing. Services and products provided include audiological testing and evaluation, hearing device sales and repairs, hearing device and cochlear implant programming, and sales of audiological supplies.

Audiology services and sales revenues are recognized at the point in time the service is provided and/or when the products are delivered during an appointment. Fees are billed to families or third-party payors, such as private insurance, Medicaid, Missouri First Steps, and Illinois Child and Family Connections. No revenue is collected in advance.

Standard rates for audiology services and sales are determined by CID; however, billed revenue is reduced to the allowable reimbursement rate for the specific services as determined by the third-party payors. CID will reduce standard rates for private pay families that require financial assistance.

Professional Development Services And Sales

Professional development services and sales revenue relates to services and products provided to professionals and other educational organizations outside of CID who serve deaf and hard-of-hearing children. Revenues are recognized when the services are performed and/or the products are shipped. Customers have 30 days to return products for an exchange or refund.

Workshop registration fees collected in advance and deposits for consulting services that will be conducted in the future are recorded as deferred revenue.

The following table provides opening and closing balances of accounts receivable derived from program revenue:

	September 1, 2019	August 31, 2020	August 31, 2021
Tuition and fees	\$ 409	\$ 771	\$ 844
Family center services	\$ 12,784	\$ 11,044	\$ 12,732
Audiology services and sales	\$ 15,861	\$ 16,844	\$ 14,260
Professional development services and sales	\$ 16,161	\$ 22,311	\$ 29,766

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (*Continued*)

The following table provides opening and closing balances of deferred revenue derived from program revenue:

	<u>September 1,</u> <u>2019</u>	<u>August 31,</u> <u>2020</u>	<u>August 31,</u> <u>2021</u>
Tuition and fees	\$ 15,070	\$ 9,529	\$ 17,330
Professional development services and sales	\$ 3,406	\$ 4,152	\$ 2,079

Functional Expense Allocation

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of CID are reported as specific to that functional area. Expenses that benefit multiple functional or program areas have been allocated across programs and other supporting services based on personnel time studies and square footage.

See summary below for specific allocation methods used for various expenses:

<u>Natural Category</u>	<u>Allocation Methodology</u>
Salaries and related expenses	Personnel time studies
Occupancy	Square footage
Depreciation and amortization	Direct charge and square footage

Income Taxes

The United States Treasury Department has advised that CID constitutes a qualified not-for-profit organization and is, therefore, exempt from federal income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

Reclassifications

Certain 2020 balances have been reclassified, where appropriate, to conform with the 2021 financial statement presentation.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

3. Pledges Receivable

The present value of pledges receivable expected to be collected in the future is as follows:

	2021			
	Capital	Operations And Programs	Endowment	Total
Less than one year	\$ 26,000	\$ 68,600	\$ 11,400	\$ 106,000
One to five years	—	—	27,000	27,000
	26,000	68,600	38,400	133,000
Less: Unamortized discount	424	—	1,129	1,553
	\$ 25,576	\$ 68,600	\$ 37,271	\$ 131,447

	2020			
	Capital	Operations And Programs	Endowment	Total
Less than one year	\$ 27,000	\$ 94,540	\$ 51,000	\$ 172,540
One to five years	25,000	—	47,000	72,000
	52,000	94,540	98,000	244,540
Less: Unamortized discount	1,545	171	1,863	3,579
Less: Allowance for doubtful accounts	—	—	20,000	20,000
	\$ 50,455	\$ 94,369	\$ 76,137	\$ 220,961

During 2021 and 2020, discount rates ranging from 1.4% to 1.7% and 0.7% to 2.1%, respectively, were used to record pledges receivable at the present value of the future cash flows.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

4. Investments

Investments by net asset class are summarized as follows:

	<u>2021</u>	<u>2020</u>
Without Donor Restrictions		
Undesignated	\$ 232,771	\$ 2,619,781
Designated for capital asset acquisition	76,000	202,598
Board-designated endowment (Note 10)	43,348,701	35,648,921
With Donor Restrictions		
Purpose and time restricted	1,500,628	1,326,094
Accumulated unspent earnings on endowment funds (Note 10)	11,432,651	6,242,777
Perpetual in nature (Notes 9 and 10)	43,762,814	40,488,277
	<u>\$ 100,353,565</u>	<u>\$ 86,528,448</u>

Investment income consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 1,777,731	\$ 1,888,540
Investment expenses	(251,227)	(213,966)
Distributions from perpetual trusts	269,525	272,460
Realized gains on investments	7,465,959	3,106,652
Unrealized gains on investments	6,980,741	4,137,644
	<u>\$ 16,242,729</u>	<u>\$ 9,191,330</u>

CID established an investment spending policy whereby up to 5% of the 12-quarter average market value, computed using May 31 as the ending month, of the perpetual in nature endowment and board-designated endowment portfolios is used for operations, in accordance with donor restrictions, on an annual basis.

Investment income is presented within the statement of activities as follows:

	<u>2021</u>	<u>2020</u>
Investment income designated/appropriated for operations	\$ 3,695,871	\$ 3,571,644
Investment income in excess of amount designated/appropriated for operations	12,546,858	5,619,686
	<u>\$ 16,242,729</u>	<u>\$ 9,191,330</u>

5. Fair Value Measurements

CID accounts for certain assets at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset.

Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 Quoted prices that are readily available in active markets/exchanges for identical investments.

Level 2 Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements *(Continued)*

The following are the major categories of assets measured at fair value on a recurring basis:

	2021			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 3,612,947	\$ —	\$ —	\$ 3,612,947
Common stock	18,536,482	—	—	18,536,482
Exchange traded funds	6,207,224	—	—	6,207,224
Domestic mutual funds	32,454,068	—	—	32,454,068
International equity mutual funds	3,267,347	—	—	3,267,347
Fixed income mutual funds	11,540,452	—	—	11,540,452
Mortgage-backed securities	—	1,726,641	—	1,726,641
Corporate debt obligations	—	13,363,018	—	13,363,018
Treasury securities	4,136,994	—	—	4,136,994
Government agency securities	—	1,647,860	—	1,647,860
Asset-backed securities	—	287,102	—	287,102
Taxable municipal bonds	—	2,152,060	—	2,152,060
Diversifiable taxable mutual funds	323	—	—	323
Real estate mutual fund	1,421,047	—	—	1,421,047
	\$ 81,176,884	\$ 19,176,681	\$ —	\$ 100,353,565
Beneficial interests in perpetual trusts	\$ —	\$ —	\$ 7,980,145	\$ 7,980,145
	2020			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 595,033	\$ —	\$ —	\$ 595,033
Common stock	35,362,923	—	—	35,362,923
Exchange traded funds	6,097,807	—	—	6,097,807
Domestic mutual funds	8,679,589	—	—	8,679,589
International equity mutual funds	2,466,138	—	—	2,466,138
Fixed income mutual funds	11,336,095	—	—	11,336,095
Mortgage-backed securities	—	2,131,027	—	2,131,027
Corporate debt obligations	—	8,836,173	—	8,836,173
Treasury securities	2,673,723	—	—	2,673,723
Government agency securities	—	559,643	—	559,643
Asset-backed securities	—	471,516	—	471,516
Taxable municipal bonds	—	1,878,273	—	1,878,273
Diversifiable taxable mutual funds	4,201,642	—	—	4,201,642
Tax-exempt revenue securities	—	15,144	—	15,144
Real estate mutual fund	1,223,722	—	—	1,223,722
	\$ 72,636,672	\$ 13,891,776	\$ —	\$ 86,528,448
Beneficial interests in perpetual trusts	\$ —	\$ —	\$ 6,818,612	\$ 6,818,612

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (*Continued*)

At August 31, 2021 and 2020, the Level 2 and Level 3 assets utilize the following valuation techniques and inputs:

Corporate Debt Obligations: The fair value of investments in U.S. and international corporate bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

Mortgage-Backed Securities, Government Agency Securities, Asset-Backed Securities, Taxable Municipal Bonds, and Tax-Exempt Revenue Securities: The fair value of investments in these securities is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads.

Beneficial Interests In Perpetual Trusts: The fair value of the beneficial interests in perpetual trusts held by others is determined by the fair value of the assets in the trust as a practical expedient unless facts and circumstances indicate that the fair value of the assets in the trust differs from the fair value of the beneficial interests.

The following is a reconciliation of the balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended August 31, 2021 and 2020:

	Beneficial Interests In Perpetual Trusts
Balance - September 1, 2019	\$ 6,362,233
Change in value of beneficial interests in perpetual trusts	<u>456,379</u>
Balance - August 31, 2020	6,818,612
Change in value of beneficial interests in perpetual trusts	<u>1,161,533</u>
Balance - August 31, 2021	<u><u>\$ 7,980,145</u></u>

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (*Continued*)

Beneficial interests in perpetual trusts held by others are classified within Level 3 of the fair value hierarchy since CID does not have access to any existing markets in which its beneficial interests can be bought or sold.

During 2021 and 2020, there were no changes in the methods and/or assumptions utilized to derive the fair value of CID's assets.

6. Beneficial Interests In Perpetual Trusts

Beneficial interests in perpetual trusts consist of unconditional promises to give from perpetual trusts created by independent donors that are not in the possession or control of CID but are held and administered by independent bank trustees. CID only derives income from these trusts, which is recorded as purpose restricted based upon the donors' restrictions for utilization. The principal of each trust is not available to CID. CID has recorded the pledges receivable at the present value of the future cash flows from the trusts and has recorded these as perpetual in nature net assets since the trusts are created to continue in perpetuity. This present value was estimated to be equivalent to the current fair value of the trusts, which amounted to \$7,980,145 and \$6,818,612 at August 31, 2021 and 2020, respectively. The change in value of perpetual trusts was an increase of \$1,161,533 and \$456,379 during 2021 and 2020, respectively. The beneficial interests in perpetual trusts by donor restrictions are as follows:

	<u>2021</u>	<u>2020</u>
General operations	\$ 1,180,813	\$ 986,225
School scholarships	3,351,226	2,888,115
School programs	1,312,694	1,100,063
<u>Multiple purposes</u>	<u>2,135,412</u>	<u>1,844,209</u>
	<u>\$ 7,980,145</u>	<u>\$ 6,818,612</u>

Distributions from perpetual trusts of \$269,525 and \$272,460 in 2021 and 2020, respectively, are for the restricted purposes noted above and included in investment income designated/appropriated for operations on the statement of activities (Note 4). The amount unpaid as of August 31, 2021 was \$18,340 and is included in accounts receivable on the statement of financial position. No amount was unpaid as of August 31, 2020.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

7. Property And Equipment

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 2,890,063	\$ 2,890,063
Furniture and fixtures	1,141,617	1,128,414
Equipment	668,121	505,877
	<u>4,699,801</u>	<u>4,524,354</u>
Less: Accumulated depreciation and amortization	2,567,680	2,370,451
	<u>\$ 2,132,121</u>	<u>\$ 2,153,903</u>

8. Debt

Line Of Credit

CID has a bank line of credit with maximum borrowings of \$1,500,000 at August 31, 2021 and 2020. The line of credit is secured by the board-designated investment account held by the same bank. Interest on the line of credit is calculated based on the bank's prime rate less 1.75%. The interest rate in effect at August 31, 2021 is 1.75%. Amounts outstanding on the line of credit are due in January 2022. Upon expiration, CID is expected to renew the line of credit under similar terms.

No borrowings were made and no interest was incurred in 2021 or 2020. There were no outstanding borrowings under the line of credit at August 31, 2021 or 2020.

Paycheck Protection Program Loan

In April 2020, CID entered into a Paycheck Protection Program loan in the amount of \$775,900 with a local bank. This loan was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program and was unsecured. Amounts outstanding under this loan bore interest at a rate of 1%. During the period beginning April 2020 and ending on the ten-month anniversary of the date of the loan, interest on the outstanding principal balance should accrue, but neither principal nor interest should be due or payable. CID had the option to apply to the bank for forgiveness of the amount due on the loan in an amount based on the sum of the following costs incurred by CID during the eight-week to twenty four-week period beginning on the date of the first disbursement of the loan: payroll costs, payments of interest on a covered mortgage obligation, covered rent obligations, and covered utilities. However, in October 2020, CID elected to pay back the full Paycheck Protection Program loan balance of \$775,900.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

9. Net Assets With Donor Restrictions

Net assets with purpose and time restrictions are restricted for the following:

	<u>2021</u>	<u>2020</u>
General operations	\$ 6,369,185	\$ 3,685,596
Capital additions	245,154	106,590
School programs	3,324,747	2,143,444
School scholarships	3,088,369	1,778,065
	<u>\$ 13,027,455</u>	<u>\$ 7,713,695</u>

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by donors as follows:

	<u>2021</u>	<u>2020</u>
General operations	\$ 916,211	\$ 867,451
Capital additions	152,780	164,865
School programs	759,569	626,703
School scholarships	969,024	921,845
	<u>\$ 2,797,584</u>	<u>\$ 2,580,864</u>

Net assets with perpetual in nature restrictions are restricted to income generation for the following purposes:

	<u>2021</u>	<u>2020</u>
General operations	\$ 14,926,518	\$ 14,731,857
School programs	5,574,458	5,353,452
School scholarships	9,629,268	8,024,137
Multiple purposes	21,649,986	19,273,580
	<u>\$ 51,780,230</u>	<u>\$ 47,383,026</u>

Net assets with perpetual in nature restrictions are reflected within the statement of financial position as:

	<u>2021</u>	<u>2020</u>
Investments (Note 4)	\$ 43,762,814	\$ 40,488,277
Pledges receivable (Note 3)	37,271	76,137
Beneficial interests in perpetual trusts (Note 6)	7,980,145	6,818,612
	<u>\$ 51,780,230</u>	<u>\$ 47,383,026</u>

10. Endowment Funds

CID's endowment consists of approximately 70 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation Of Relevant Law

The Board of Directors of CID has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, CID classifies as perpetual in nature net assets (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature net assets is classified as unappropriated endowment earnings until those amounts are appropriated for expenditure by CID in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, CID considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds;
- (2) The purposes of the organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the organization; and
- (7) The investment and operating reserves policies of CID.

CID has a policy that permits prudent spending from underwater endowments, unless otherwise precluded by donor intent or relevant laws and regulations.

CENTRAL INSTITUTE FOR THE DEAFNotes To Financial Statements (*Continued*)**Endowment Asset Composition By Type Of Fund As Of August 31, 2021:**

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Endowment Earnings	Perpetual In Nature	
Donor-restricted endowment funds	\$ —	\$ 11,432,651	\$ 43,762,814	\$ 55,195,465
Board-designated endowment funds	43,348,701	—	—	43,348,701
	\$ 43,348,701	\$ 11,432,651	\$ 43,762,814	\$ 98,544,166

Endowment Asset Composition By Type Of Fund As Of August 31, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Endowment Earnings	Perpetual In Nature	
Donor-restricted endowment funds	\$ —	\$ 6,242,777	\$ 40,488,277	\$ 46,731,054
Board-designated endowment funds	35,648,921	—	—	35,648,921
	\$ 35,648,921	\$ 6,242,777	\$ 40,488,277	\$ 82,379,975

Changes In Endowment Assets For The Fiscal Year Ended August 31, 2021:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Endowment Earnings	Perpetual In Nature	
Endowment assets, beginning of year	\$ 35,648,921	\$ 6,242,777	\$ 40,488,277	\$ 82,379,975
Investment income:				
Investment income	601,993	924,511	—	1,526,504
Net realized and unrealized gains	6,154,343	6,207,965	2,084,392	14,446,700
Total investment income	6,756,336	7,132,476	2,084,392	15,973,204
Proceeds from endowment contributions	—	—	1,190,145	1,190,145
Bequests transferred to board- designated endowment	10,000	—	—	10,000
Transfers to board- designated endowment	2,435,528	—	—	2,435,528
Appropriations	(1,502,084)	(1,942,602)	—	(3,444,686)
Endowment assets, end of year	\$ 43,348,701	\$ 11,432,651	\$ 43,762,814	\$ 98,544,166

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

Changes In Endowment Assets For The Fiscal Year Ended August 31, 2020:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Endowment Earnings	Perpetual In Nature	
Endowment assets, beginning of year	\$ 33,186,355	\$ 4,086,317	\$ 36,588,889	\$ 73,861,561
Investment income:				
Investment income	682,580	991,994	—	1,674,574
Net realized and unrealized gains	3,296,477	2,971,459	976,360	7,244,296
Total investment income	3,979,057	3,963,453	976,360	8,918,870
Proceeds from endowment contributions	—	—	2,923,028	2,923,028
Requests transferred to board- designated endowment	400,631	—	—	400,631
Transfers from board-designated endowment	(426,976)	—	—	(426,976)
Appropriations	(1,490,146)	(1,806,993)	—	(3,297,139)
Endowment assets, end of year	\$ 35,648,921	\$ 6,242,777	\$ 40,488,277	\$ 82,379,975

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires CID to retain as a fund of perpetual duration. There were no underwater endowments at August 31, 2021 or 2020.

Return Objectives And Risk Parameters

CID has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CID must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that assumes a moderate level of investment return. CID expects its endowment funds, over time, to provide an average rate of return of approximately 5% or more annually. Actual returns in any given year may vary from this goal.

Strategies Employed For Achieving Objectives

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

Spending Policy And How The Investment Objectives Relate To Spending Policy

CID has a policy of appropriating for distribution each year an amount computed at up to 5% of the average value of endowment fund assets for the twelve quarters preceding May 31st. Certain endowed balances are subject to donor-imposed spending thresholds, which may be more or less than 5% of the endowment fair value. In addition, certain endowed balances have donor-imposed conditions requiring the reinvestment into the corpus of the endowment investment income earned in excess of the amount calculated for appropriation. CID expects the earnings of the endowment funds to exceed this distribution rate over the long term, but not necessarily in any individual year.

11. Retirement Plan

CID has a defined contribution retirement plan, which covers all employees who have completed one year of service and who have attained the age of 21. After two years of service, participants begin vesting at a rate of 20% per year. During 2021 and 2020, CID made annual contributions to the plan in an amount equal to 4% of each participant's annual compensation. CID's pension expense amounted to \$134,100 and \$122,942 in 2021 and 2020, respectively.

12. Related Party Transactions

During the years ended August 31, 2021 and 2020, CID received approximately \$2,041,000 and \$3,194,000, respectively, in contributions from various Board members and companies of which Board members are executives or owners.

13. Commitments And Contingencies**Lease Commitments**

CID is a nonvoting associate member in the Washington University Medical Center Redevelopment Corporation (the Corporation), a wholly owned subsidiary of Washington University Medical Center. CID has the option and can elect to participate in ventures on a case-by-case basis entered into by the Corporation.

Effective February 20, 2004, CID leases its facilities from Washington University under an agreement that contained an initial term of five years with eight five-year renewal options. CID renewed the lease for a fourth five-year term on February 20, 2019. Annual facility rent expense was \$502,017 and \$500,199 for the years ended August 31, 2021 and 2020, respectively.

The lease agreement contains a provision which specifies that if bonds assumed by Washington University are refunded or refinanced and the resulting annual debt service is reduced, CID's base rent will be reduced in the same proportion that the annual debt service is reduced.

CID also leases office equipment under a noncancellable operating lease agreement, which expires June 2023.

The expected minimum lease payments at August 31, 2021 are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 511,293
2023	509,765
2024	502,017
<u>2025</u>	<u>228,540</u>
	<u>\$ 1,751,615</u>

Self-Insurance Program

Starting in 2019, CID utilized a combination of excess insurance coverage and self-insurance programs for employee health insurance. During 2021, CID elected to end the self-insurance program. No accrual was necessary at August 31, 2021 and 2020 for employee health insurance to cover the self-insured portion of this risk based on known facts and historical trends.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

14. Concentrations Of Risk

At August 31, 2021, approximately \$124,000 or 94%, of pledges receivable is related to pledges from three donors. For the year ended August 31, 2021, approximately \$2,166,000 or 49%, of contribution revenue (including special events, United Way funding and bequests) was attributable to three donors.

At August 31, 2020, approximately \$159,000 or 72%, of pledges receivable is related to pledges from three donors. For the year ended August 31, 2020, approximately \$2,501,000 or 54%, of contribution revenue (including special events, United Way funding and bequests) was attributable to one donor.

15. Liquidity And Availability Of Financial Assets

CID's assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 206,665	\$ 383,661
Accounts receivable, net	70,663	45,624
Pledges receivable, net	131,447	220,961
Investments	100,353,565	86,528,448
Bequest receivable	1,118,688	—
<u>Total financial assets</u>	<u>101,881,028</u>	<u>87,178,694</u>
Less amounts not available to be used within one year:		
Pledges receivable with donor restrictions	62,847	126,592
Investments with donor purpose restrictions	54,652,619	46,113,361
Investments designated by the Board for specific purposes	41,959,144	34,349,436
<u>Total financial assets not available to be used</u>		
<u>within one year</u>	<u>96,674,610</u>	<u>80,589,389</u>
Financial assets available to meet cash needs for general		
<u>expenditures within one year</u>	<u>\$ 5,206,418</u>	<u>\$ 6,589,305</u>

CID monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investments of its available funds. CID has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities, and a line of credit (Note 8).

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements *(Continued)*

For purposes of analyzing resources available to meet general expenditures over a 12-month period, CID considers all expenditures related to program and supporting activities. In addition to financial assets available to meet general expenditures within one year, CID operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. If necessary, the Board would undesignate investments to meet cash flow needs.