
***CENTRAL INSTITUTE
FOR THE DEAF
FINANCIAL STATEMENTS
AUGUST 31, 2022***

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Independent Auditors' Report

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

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Central Institute for the Deaf as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Financial Statements section of our report. We are required to be independent of Central Institute for the Deaf 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 Central Institute for the Deaf's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Central Institute for the Deaf'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 Central Institute for the Deaf'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.

RubinBrown LLP

December 22, 2022

CENTRAL INSTITUTE FOR THE DEAF

STATEMENT OF FINANCIAL POSITION

Assets

	August 31,	
	2022	2021
Cash and cash equivalents	\$ 190,525	\$ 206,665
Accounts receivable, net of allowance of \$422 and \$507 in 2022 and 2021, respectively (Notes 2 and 6)	50,908	75,942
Pledges receivable, net (Notes 3 and 14)	233,181	131,447
Investments (Notes 4 and 5)	86,588,677	100,353,565
Bequests receivable	7,070	1,118,688
Other assets	285,813	279,556
Property and equipment, net (Note 7)	1,937,311	2,132,121
Beneficial interests in perpetual trusts (Notes 5 and 6)	6,513,558	7,980,145
Total Assets	\$ 95,807,043	\$ 112,278,129

Liabilities And Net Assets

Liabilities		
Accounts payable	\$ 76,353	\$ 152,733
Other accrued liabilities	115,431	140,010
Deferred revenue (Note 2)	10,268	19,409
Total Liabilities	202,052	312,152
Net Assets		
Without Donor Restrictions		
Undesignated	1,710,799	1,601,470
Investment in property and equipment	1,937,311	2,132,121
Designated for capital asset acquisition	276,400	76,000
Board-designated endowment (Note 10)	36,867,297	43,348,701
Total Without Donor Restrictions	40,791,807	47,158,292
With Donor Restrictions		
Purpose and time restrictions (Note 9)	6,968,989	13,027,455
Perpetual in nature (Note 9)	47,844,195	51,780,230
Total With Donor Restrictions	54,813,184	64,807,685
Total Net Assets	95,604,991	111,965,977
Total Liabilities And Net Assets	\$ 95,807,043	\$ 112,278,129

CENTRAL INSTITUTE FOR THE DEAF

STATEMENT OF ACTIVITIES For The Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions			Total
		Purpose And Time Restrictions	Perpetual In Nature	With Donor Restrictions	
					Total
Program Revenues					
Tuition and fees, net of \$700,046					
in scholarships	\$ 581,050	\$ —	\$ —	\$ —	\$ 581,050
Family center services	140,660	—	—	—	140,660
Audiology services and sales	213,316	—	—	—	213,316
Professional development services and sales	182,152	—	—	—	182,152
Other income	32,661	—	—	—	32,661
Total Program Revenues	1,149,839	—	—	—	1,149,839
Expenses					
Program Services					
School	4,623,299	—	—	—	4,623,299
Professional development	582,949	—	—	—	582,949
Total Program Activities	5,206,248	—	—	—	5,206,248
Supporting Services					
Management and general	1,091,404	—	—	—	1,091,404
Fundraising	546,380	—	—	—	546,380
Total Supporting Services	1,637,784	—	—	—	1,637,784
Total Expenses	6,844,032	—	—	—	6,844,032
Expenses In Excess Of Program Revenues	(5,694,193)	—	—	—	(5,694,193)
Public Support And Other Revenues					
Contributions (Notes 12 and 14)	999,977	946,370	274,174	1,220,544	2,220,521
Special events, net of expenses of \$58,115	185,130	172,237	—	172,237	357,367
United Way	140,618	70,312	—	70,312	210,930
Investment income designated/ appropriated for operations (Notes 4, 6 and 10)	1,465,557	2,293,474	—	2,293,474	3,759,031
Net assets released from restrictions (Note 9)	2,952,398	(2,952,398)	—	(2,952,398)	—
Total Public Support And Other Revenues	5,743,680	529,995	274,174	804,169	6,547,849
Increase In Net Assets From Operations	49,487	529,995	274,174	804,169	853,656
Bequests	74,690	40,091	—	40,091	114,781
Change In Value Of Beneficial Interests					
In Perpetual Trusts (Notes 5 And 6)	—	—	(1,466,587)	(1,466,587)	(1,466,587)
Investment Losses After Amount Designated/Appropriated For Operations (Note 4)					
	(6,490,662)	(6,628,552)	(2,743,622)	(9,372,174)	(15,862,836)
Decrease In Net Assets	(6,366,485)	(6,058,466)	(3,936,035)	(9,994,501)	(16,360,986)
Net Assets - Beginning Of Year	47,158,292	13,027,455	51,780,230	64,807,685	111,965,977
Net Assets - End Of Year	\$ 40,791,807	\$ 6,968,989	\$ 47,844,195	\$ 54,813,184	\$ 95,604,991

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	
					Total
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 After 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 FUNCTIONAL EXPENSES

For The Year Ended August 31, 2022

Expenses	Program Services			Supporting Services		
	School	Professional Development	Total	Management And General	Fundraising	Total
			Program Services			
Salaries	\$ 2,515,569	\$ 304,968	\$ 2,820,537	\$ 676,776	\$ 356,544	\$ 3,853,857
Employee benefits	354,192	42,939	397,131	95,291	50,201	542,623
Payroll taxes	183,742	22,275	206,017	49,432	26,043	281,492
Total salaries and related expenses	3,053,503	370,182	3,423,685	821,499	432,788	4,677,972
Contract service payments	195,054	63,883	258,937	101,393	48,111	408,441
Costs of hearing aids	81,008	—	81,008	—	—	81,008
Miscellaneous	25,427	11,141	36,568	29,645	13,500	79,713
Occupancy	862,372	49,989	912,361	39,043	27,790	979,194
Office equipment, rental and supplies	16,009	2,173	18,182	8,042	2,756	28,980
Postage and shipping	1,431	10,030	11,461	5,541	3,277	20,279
Professional and consulting fees	—	—	—	38,653	—	38,653
Program expenses	126,461	738	127,199	16,393	5,831	149,423
Public relations/advertising	—	—	—	15,266	3,015	18,281
Publications	—	57,435	57,435	—	—	57,435
Staff training	25,008	1,400	26,408	3,161	432	30,001
Telephone	4,162	581	4,743	1,057	446	6,246
Total Expenses Before Depreciation And Amortization	4,390,435	567,552	4,957,987	1,079,693	537,946	6,575,626
Depreciation And Amortization	232,864	15,397	248,261	11,711	8,434	268,406
Total Expenses	\$ 4,623,299	\$ 582,949	\$ 5,206,248	\$ 1,091,404	\$ 546,380	\$ 6,844,032

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 CASH FLOWS

	For The Years Ended August 31,	
	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (16,360,986)	\$ 16,531,188
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	268,406	260,786
Contributions restricted for capital projects	(49,020)	(291,344)
Contributions restricted for endowment	(274,174)	(1,151,279)
Change in value of beneficial interests in perpetual trusts	1,466,587	(1,161,533)
Net realized gains on investments	(3,494,748)	(7,465,959)
Net unrealized (gains) losses on investments	17,645,203	(6,980,741)
Changes in assets and liabilities:		
Accounts receivable	25,034	(25,039)
Pledges receivable	(90,292)	25,769
Bequests receivable	1,111,618	(1,118,688)
Other assets	(6,257)	17,323
Accounts payable	(53,240)	51,752
Other accrued liabilities	(24,579)	(6,146)
Deferred revenue	(9,141)	5,728
Net Cash Provided By (Used In) Operating Activities	154,411	(1,308,183)
Cash Flows From Investing Activities		
Purchases of property and equipment	(96,736)	(220,864)
Purchases of investments	(35,733,468)	(37,892,449)
Proceeds from sale of investments	35,347,901	38,514,032
Net Cash Provided By (Used In) Investing Activities	(482,303)	400,719
Cash Flows From Financing Activities		
Proceeds from contributions restricted for capital projects	74,596	316,223
Proceeds from contributions restricted for endowment	237,156	1,190,145
Payments on Paycheck Protection Program loan	—	(775,900)
Net Cash Provided By Financing Activities	311,752	730,468
Net Decrease In Cash And Cash Equivalents	(16,140)	(176,996)
Cash And Cash Equivalents - Beginning Of Year	206,665	383,661
Cash And Cash Equivalents - End Of Year	\$ 190,525	\$ 206,665
Supplemental Disclosure Of Cash Flow Information		
Property and equipment acquisitions included in accounts payable	\$ —	\$ 23,140

CENTRAL INSTITUTE FOR THE DEAF

NOTES TO FINANCIAL STATEMENTS

August 31, 2022 And 2021

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, on-line courses, 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.

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.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (*Continued*)

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 (losses) after 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.

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, 2022, approximately \$53,000 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.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (*Continued*)

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 2022 or 2021.

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

During 2022, CID adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include assets (such as land, buildings and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services and unconditional promises of those assets. The adoption of ASU 2020-07 did not have an impact on the financial statements.

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 over the 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 are recognized over the time the service is provided, and sales revenues are recognized at the point in time when the products are delivered. 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 over the time the services are performed, and the product sales are recognized at a point in time when they 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, 2020	August 31, 2021	August 31, 2022
Tuition and fees	\$ 771	\$ 844	\$ 1,090
Family center services	11,044	12,732	13,627
Audiology services and sales	16,844	14,260	16,501
Professional development services and sales	22,311	29,766	18,178

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>2020</u>	<u>August 31,</u> <u>2021</u>	<u>August 31,</u> <u>2022</u>
Tuition and fees	\$ 9,529	\$ 17,330	\$ 5,108
Professional development services and sales	4,152	2,076	5,160

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 2021 balances have been reclassified, where appropriate, to conform with the 2022 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:

	2022			
	Capital	Operations And Programs	Endowment	Total
Less than one year	\$ —	\$ 105,783	\$ 39,400	\$ 145,183
One to five years	—	54,988	36,000	90,988
	—	160,771	75,400	236,171
Less: Unamortized discount	—	1,879	1,111	2,990
	\$ —	\$ 158,892	\$ 74,289	\$ 233,181

	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

During 2022 and 2021, discount rates ranging from 1.8% to 2.2% and 1.4% to 1.7%, respectively, were used to record pledges receivable at the present value of the future cash flows.

4. Investments

Investments by net asset class are summarized as follows:

	2022	2021
Without Donor Restrictions		
Undesignated	\$ 1,385,605	\$ 1,351,519
Designated for capital asset acquisition	276,400	76,000
Board-designated endowment (Note 10)	36,860,227	42,229,953
With Donor Restrictions		
Purpose and time restricted	1,989,169	1,500,628
Accumulated unspent earnings on endowment funds (Note 10)	4,820,928	11,432,651
Perpetual in nature (Notes 9 and 10)	41,256,348	43,762,814
	\$ 86,588,677	\$ 100,353,565

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (*Continued*)

Investment income consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 1,977,858	\$ 1,777,731
Investment expenses	(251,008)	(251,227)
Distributions from perpetual trusts	319,800	269,525
Realized gains on investments	3,494,748	7,465,959
Unrealized gains (losses) on investments	(17,645,203)	6,980,741
	<u>\$ (12,103,805)</u>	<u>\$ 16,242,729</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>2022</u>	<u>2021</u>
Investment income designated/appropriated for operations	\$ 3,759,031	\$ 3,695,871
Investment income (losses) after amount designated/appropriated for operations	(15,862,836)	12,546,858
	<u>\$ (12,103,805)</u>	<u>\$ 16,242,729</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.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

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. Typically, these investments are actively traded on a daily basis.

Level 2 Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly. These investments may be priced daily, but are not necessarily traded on a daily basis.

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.

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

	2022			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 2,136,879	\$ —	\$ —	\$ 2,136,879
Common stock	16,185,288	—	—	16,185,288
Exchange traded funds	7,513,884	—	—	7,513,884
Domestic mutual funds	27,354,155	—	—	27,354,155
International equity mutual funds	4,519,207	—	—	4,519,207
Fixed income mutual funds	8,735,702	—	—	8,735,702
Real estate mutual funds	1,216,630	—	—	1,216,630
Mortgage-backed securities	—	1,387,455	—	1,387,455
Corporate debt obligations	—	10,828,000	—	10,828,000
Treasury securities	3,539,964	—	—	3,539,964
Government agency securities	—	1,057,469	—	1,057,469
Asset-backed securities	—	231,730	—	231,730
Taxable municipal bonds	—	1,882,314	—	1,882,314
	<u>\$ 71,201,709</u>	<u>\$ 15,386,968</u>	<u>\$ —</u>	<u>\$ 86,588,677</u>
Beneficial interests in perpetual trusts	\$ —	\$ —	\$ 6,513,558	\$ 6,513,558

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements *(Continued)*

	2021			Total
	Level 1	Level 2	Level 3	
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
Real estate mutual funds	1,421,047	—	—	1,421,047
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
	\$ 81,176,884	\$ 19,176,681	\$ —	\$ 100,353,565
Beneficial interests in perpetual trusts	\$ —	\$ —	\$ 7,980,145	\$ 7,980,145

At August 31, 2022 and 2021, 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, and Taxable Municipal Bonds: 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.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

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, 2022 and 2021:

	Beneficial Interests In Perpetual Trusts
Balance - September 1, 2020	\$ 6,818,612
Change in value of beneficial interests in perpetual trusts	<u>1,161,533</u>
Balance - August 31, 2021	7,980,145
Change in value of beneficial interests in perpetual trusts	<u>(1,466,587)</u>
Balance - August 31, 2022	<u><u>\$ 6,513,558</u></u>

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 2022 and 2021, 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 \$6,513,558 and \$7,980,145 at August 31, 2022 and 2021, respectively. The change in value of perpetual trusts was an increase (decrease) of \$(1,466,587) and \$1,161,533 during 2022 and 2021, respectively.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

The beneficial interests in perpetual trusts by donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
General operations	\$ 957,725	\$ 1,180,813
School scholarships	2,791,598	3,351,226
School programs	1,051,755	1,312,694
Multiple purposes	1,712,480	2,135,412
	<u>\$ 6,513,558</u>	<u>\$ 7,980,145</u>

Distributions from perpetual trusts of \$319,800 and \$269,525 in 2022 and 2021, 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, 2022 and 2021 was \$1,511 and \$18,340, respectively, and is included in accounts receivable on the statement of financial position.

7. Property And Equipment

Property and equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 2,890,063	\$ 2,890,063
Furniture and fixtures	1,102,014	1,141,617
Equipment	660,058	668,121
	<u>4,652,135</u>	<u>4,699,801</u>
Less: Accumulated depreciation and amortization	<u>2,714,824</u>	<u>2,567,680</u>
	<u>\$ 1,937,311</u>	<u>\$ 2,132,121</u>

8. Debt

Line Of Credit

CID has a bank line of credit with maximum borrowings of \$1,500,000 at August 31, 2022 and 2021. 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, 2022 is 3.75%. Amounts outstanding on the line of credit are due in January 2023. Upon expiration, CID is expected to renew the line of credit under similar terms.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

No borrowings were made and no interest was incurred in 2022 or 2021. There were no outstanding borrowings under the line of credit at August 31, 2022 or 2021.

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.

9. Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
General operations	\$ 2,951,388	\$ 6,369,185
Capital additions	174,729	245,154
School programs	2,414,229	3,324,747
School scholarships	1,428,643	3,088,369
	<u>\$ 6,968,989</u>	<u>\$ 13,027,455</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>2022</u>	<u>2021</u>
General operations	\$ 910,607	\$ 916,211
Capital additions	73,596	152,780
School programs	947,878	759,569
School scholarships	1,020,317	969,024
	<u>\$ 2,952,398</u>	<u>\$ 2,797,584</u>

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (*Continued*)

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

	<u>2022</u>	<u>2021</u>
General operations	\$ 14,713,486	\$ 14,926,518
School programs	5,321,473	5,574,458
School scholarships	9,325,320	9,629,268
Multiple purposes	18,483,916	21,649,986
	<u>\$ 47,844,195</u>	<u>\$ 51,780,230</u>

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

	<u>2022</u>	<u>2021</u>
Investments (Note 4)	\$ 41,256,348	\$ 43,762,814
Pledges receivable (Note 3)	74,289	37,271
Beneficial interests in perpetual trusts (Note 6)	6,513,558	7,980,145
	<u>\$ 47,844,195</u>	<u>\$ 51,780,230</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.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

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.

Endowment Asset Composition By Type Of Fund As Of August 31, 2022:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Endowment Earnings	Perpetual In Nature	
Donor-restricted endowment funds	\$ —	\$ 4,820,928	\$ 41,256,348	\$ 46,077,276
Board-designated endowment funds	36,860,227	—	—	36,860,227
	<u>\$ 36,860,227</u>	<u>\$ 4,820,928</u>	<u>\$ 41,256,348</u>	<u>\$ 82,937,503</u>

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	42,229,953	—	—	42,229,953
	<u>\$ 42,229,953</u>	<u>\$ 11,432,651</u>	<u>\$ 43,762,814</u>	<u>\$ 97,425,418</u>

CENTRAL INSTITUTE FOR THE DEAFNotes To Financial Statements (*Continued*)**Changes In Endowment Assets For The Fiscal Year Ended August 31, 2022:**

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Endowment Earnings	Perpetual In Nature	
Endowment assets, beginning of year	\$ 42,229,953	\$ 11,432,651	\$ 43,762,814	\$ 97,425,418
Investment income (losses):				
Investment income	665,669	1,061,181	—	1,726,850
Net realized and unrealized losses	(5,690,774)	(5,716,059)	(2,743,622)	(14,150,455)
Total investment losses	(5,025,105)	(4,654,878)	(2,743,622)	(12,423,605)
Proceeds from endowment contributions	—	—	237,156	237,156
Bequests transferred to board-designated endowment	1,186,308	—	—	1,186,308
Transfers from board-designated endowment	(65,372)	—	—	(65,372)
Appropriations	(1,465,557)	(1,956,845)	—	(3,422,402)
Endowment assets, end of year	\$ 36,860,227	\$ 4,820,928	\$ 41,256,348	\$ 82,937,503

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	1,316,780	—	—	1,316,780
Appropriations	(1,502,084)	(1,942,602)	—	(3,444,686)
Endowment assets, end of year	\$ 42,229,953	\$ 11,432,651	\$ 43,762,814	\$ 97,425,418

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, 2022 or 2021.

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 had a defined contribution retirement plan, which covered all employees who had completed one year of service and who had attained the age of 21. After two years of service, participants began vesting at a rate of 20% per year. During 2022 and 2021, 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 \$128,683 and \$134,100 in 2022 and 2021, respectively.

Effective November 1, 2022, CID terminated its defined contribution retirement plan and adopted a 403(b) defined contribution plan. The 403(b) defined contribution plan will continue the 4% employer contribution with graded vesting and will add a 100% matching employer contribution of each participant's elective deferral, up to 2% of each participant's annual compensation with immediate vesting.

12. Related Party Transactions

During the years ended August 31, 2022 and 2021, CID received approximately \$928,000 and \$2,041,000, 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 for the years ended August 31, 2022 and 2021.

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.

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (Continued)

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

The expected minimum lease payments at August 31, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 509,765
2024	502,017
2025	228,540
	<u>\$ 1,240,322</u>

14. Concentrations Of Risk

At August 31, 2022, approximately \$208,000 or 88%, of pledges receivable is related to pledges from three donors. For the year ended August 31, 2022, approximately \$500,000 or 17%, of contribution revenue (including special events, United Way funding and bequests) was attributable to one donor.

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.

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 190,525	\$ 206,665
Accounts receivable, net	50,908	75,942
Pledges receivable, net	233,181	131,447
Investments	86,588,677	100,353,565
Bequest receivable	7,070	1,118,688
<u>Total financial assets</u>	<u>87,070,361</u>	<u>101,886,307</u>
Less amounts not available to be used within one year:		
Pledges receivable with donor restrictions	127,398	62,847
Investments with donor purpose restrictions	46,020,666	54,652,619
Investments designated by the Board for specific purposes	35,636,805	40,840,396
<u>Total financial assets not available to be used within one year</u>	<u>81,784,869</u>	<u>95,555,862</u>
<u>Financial assets available to meet cash needs for general expenditures within one year</u>	<u>\$ 5,285,492</u>	<u>\$ 6,330,445</u>

CENTRAL INSTITUTE FOR THE DEAF

Notes To Financial Statements (*Continued*)

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).

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.