THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2020
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.

FINANCIAL STATEMENTS
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MOTSINGER CPA
TAX & ACCOUNTING LLC

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Dwayne Peaslee Technical Training Center Inc.

We have audited the accompanying financial statements of The Dwayne Peaslee Technical Training Center Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statement 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 State 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 The Dwayne Peaslee Technical Training Center Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Lawrence, Kansas
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THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current assets	
Cash and cash equivalents	$ 1,355,185
Investments	4,970
Accounts receivable	47,822
Prepaid Expenses	10,038
Total current assets	1,418,015
Property and equipment, net of Accumulated Depreciation	4,125,534
Other Assets	
Intangible assets, net of Accumulated Amortization	2,959
Deposits	252
Total other assets	3,211
TOTAL ASSETS	$ 5,546,760

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	$ 71,242
Current portion of long-term debt	229,135
Deferred Revenue	109,776
Accrued expenses	126,162
Total current liabilities	426,539
Long-Term Debt, net of current portion	1,118,597
Net assets	
Without Donor Restrictions	3,898,365
With Donor Restritions	103,259
Total net assets	4,001,624
TOTAL LIABILITIES AND NET ASSETS	$ 5,546,760

The accompanying notes are an integral part of the financial statements.

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
DECEMBER 31, 2020

Support and revenue	Without Donor Restrictions	With Donor Restrictions	Total
Grants and other income	$ 962,421	$ 210,598	$ 1,173,019
Contributions	25,709	-	25,709
In-kind contributions	288	-	288
Facility income	182,083	-	182,083
Investment income	1,539	-	1,539
Total revenues, gains and other support	1,172,040	210,598	1,382,638
Expenses			
Program services	598,074.97	210,598	808,673
Management and general	75,738.96	-	75,739
Fundraising	22,911.08	-	22,911
Gain (Loss) on sale of assets	(3,382)	-	(3,382)
Total expenses	693,343	210,598	903,941
Change in net assets	478,697	-	478,697
Prior year adjustment in net assets	(14,135)	42,425	28,290
Net assets, beginning of year	3,433,804	60,833	3,494,637
Net assets, end of year	$ 3,898,366	$ 103,258	$ 4,001,624

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2020

	Program Services	Mangement and general	Fundraising	TOTAL
Expenses:				
Salaries	$ 194,217	$ 5,654	22,222	$ 222,093
Payroll taxes	8,153	2,641	689	11,483
Other employee benefits	-	-	-	-
Management	-	-	-	-
Legal Fees	2,436	271	-	2,707
Accounting Fees	12,297	1,366	-	13,663
Office expenses	2,668	296	-	2,964
Occupancy	90,932	-	-	90,932
Travel	-	5	-	5
Advertising and Promotions	13,310	1,479	-	14,789
Interest	62,046	-	-	62,046
Depreciation	152,098	-	-	152,098
Insurance	11,190	2,802	-	13,992
Miscellaneous	4,486	-	-	4,486
Telephone and Internet	13,303	-	-	13,303
Assisted Tuition and Instructional Costs	203,692	-	-	203,692
Repairs and Maintenance	37,845	-	-	37,845
Dues, subscriptions, licenses	-	10,732	-	10,732
Bank service charges	-	3,974	-	3,974
Hospitality expense	-	135	-	135
Contract Labor	-	18,806	-	18,806
Bad Debt Expense	-	22,178	-	22,178
Amortization expense	-	5,400	-	5,400
Total expenses	$ 808,673	$ 75,739	$ 22,911	$ 907,323

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2019

Cash flows from operating activities	
Change in net assets	$ 478,697
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Accounts receivable	(11,386)
Depreciation and amortizatoin	177,157
In kind donation	(3,103)
Deferred Revenue	109,509
Increase (decrease) in liabilities	247,313
Net cash provided by operating activities	998,187
Cash flows from investing activities	
Change in investments	(25,183)
Cash flows from financing activities	
Increase (decrease) in notes payable	(29,043)
Net increase in cash and cash equivalents	943,961
Cash and cash equivalents, beginning of year	416,194
Cash and cash equivalents, ending of year	$ 1,360,155

The accompanying notes are an integral part of the financial statements.

Note 1 – Description of business an ownership

Organization and nature of operations
The Dwayne Peaslee Technical Training Center, Inc. (the Organization) was incorporated as a 501(c)(3) organization under the laws of the State of Kansas in 2014 as a catalyst for economic growth providing technical training to a diverse community of learners to meet the current and emerging needs of our communities and employers. The Company's office is located in Lawrence, Kansas.

Note 2 – Summary of significant accounting policies

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement presentation
The Organization follows generally accepted accounting principles for non-profit organizations and reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions which are reported as follows.

- Net assets without donor restrictions represent expendable funds available for operations which are not otherwise limited by donor restrictions.

- Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event before the Organization may spend the funds. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents
The Organization considers demand deposits to be cash equivalents.

Use of estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that will affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are valued at their estimated collectible amounts. The Organization uses estimates in computing the allowance for doubtful accounts. No interest accrues on past due receivables. Accounts are written off when deemed uncollectible. As of December 31, 2020, the amount of receivables considered doubtful was $22,178.

Support and revenues

The Organization receives funding from donations, various programs and city and county funding. Revenues from donations are recognized when earned. Certain state and city funding received by the Organization include grantor-imposed restrictions. The income for these funds is recognized as expenses are incurred. Funds received but not yet expended are reported as deferred revenue on the Statement of Financial Position.

Contributions

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increased in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with restrictions depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions. Contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization are recorded as net assets with restrictions – perpetual in nature. The Organization had net assets with temporary restrictions as of the year ended December 31, 2020 was $103,259.

Property and equipment

Property and equipment are recorded at cost and depreciated utilizing the straight-line method over the estimated useful life of the respective assets, generally ranging from five to forty years. Acquisitions of capital assets which cost more than $500 are capitalized. Assets which cost lesser amounts are treated as an expense in the period acquired. Depreciation recorded for the year ended December 31, 2020 was $152,098. Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

Beneficial interest in assets held by others

The Organization established a fund held by Douglas County Community Foundation (DCCF). The balance consists of the fund's allocation of the pooled investment account held by DCCF. The Organization records purchases or donations to the fund at the fair value on date of the respective purchase or donation, and recognizes the unrealized gain or loss resulting from the difference between cost and fair value in the statement of activities. Beneficial interest in assets with readily determinable fair values are stated at fair value in the Statement of Financial Position.

Fair value measurements – definition of hierarchy

The Organization has adopted the provisions of FASB ASC 820-10. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used in pricing the asset or liability developed based on market data obtained from sources independent of the Organization.

Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

> Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
>
> Level 2 – Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
>
> Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of the markets and other characteristics particular to the transaction. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement. Accordingly, the degree of judgement exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Organization's own assumptions are set to reflect those that the Organization believes market participants would use in pricing the asset or liability at the measurement date.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code as provided by a determination letter received from the Internal Revenue Service. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of an activity that are subject to tax on unrelated business income or excise or other taxes.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017.

Accordingly, the Organization has adopted this guidance as of October 1, 2018. Net assets previously known as unrestricted are now net assets without donor restrictions, and net assets previously known as temporarily restricted are now net assets with donor restrictions. The financial statements include a new disclosure about liquidity and availability of resources (Note 3).

Advertising

Advertising and marketing costs are charged to operations when incurred. There was $13,310 reported by the Organization for marketing costs for the year ended December 31, 2020.

Note 3 - Liquidity and availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the follow as of December 31, 2020:

	2020
Cash and cash equivalents	$ 1,355,185
Accounts receivable, net	47,822
	1,403,007
Less those generally unavailable for expenditures due to:	
Deferred revenue	109,776
	109,776
Fianancial assets available to meet cash needs for general expenditures within one year	
Total financial assets available within one year	$ 1,293,231

The Organization regularly monitors liquidity to meet its operating needs, commitments, and obligations, while striving to maximize the investments of its available funds. For purposes of analyzing resources available to meet general expenditures over the next 12 months, the Organization considers all expenditures related to its ongoing mission. The Organization anticipates collecting sufficient revenue from program revenue, grants, contracts, fees for service and other sources to cover general expenditures not covered by donor-restricted resources.

Note 4 – Cash and cash equivalents

The carrying amounts of the Organization's deposits were $1,355,185 as of December 31, 2020. The total of the bank balances was $1,354,219 as of December 31, 2020. The difference between the carrying amount and the bank balance was outstanding checks and deposits in transit. The Federal Deposit Insurance Corporation insures demand and interest-bearing accounts up to $250,000 per bank per account type. The Organization's operating and sweep account has $662,754 and is insured with Intrust Bank. The remainder of the money is in money market account at Emprise Bank and a renovation checking account at Intrust Bank. The Organization's demand deposit funds in the amount of $413,412 was not FDIC secured as of December 31, 2020.

Note 5 – Fair value disclosure

As discussed in Note 2, the Organization has a beneficial interest in the DCCF pooled investment fund. The investment policy governing the underlying investments is established by the Board of the Douglas County Community Foundation. These assets are measured at fair value on a recurring basis, and at December 31, 2020, are classified as Level 1 in the fair value hierarchy.

Unobservable inputs reflect DCCF's assumptions that the market participants would use in pricing the pooled investments, developed on the best information available in the circumstances, including assumptions about risk. Inputs may include market price information, volatility statistics, specific broad credit data, liquidity statistics, and other factors.

The following table presents assets measured at fair value on a recurring basis as of December 31, 2019:

	(Level 1)	(Level 2)	(Level 3)	Total
Mutual funds:				
Money Market	$ 4,970	$ -	$ -	$ 4,970
Beneficial interest in assets held by others	-	-	-	-
Total	4,970	-	-	4,970

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis for the year ended December 31, 2019:

Decemer 31, 2019	$ 3,686
Total dividend income and gains/losses	9
Contributions/additions	1,525
Fees	(250)
December 31, 2020	$ 4,970

Note 6 – Property and equipment

Property and Equipment are summarized by major classifications. As of December 31, 2020 the balances are as follows:

Building components and structure	$4,435,913
Land and land improvements	441,625
Machinery and equipment	112,614
Furniture	24,337
Less: accumlated depreciation	(888,955)
Net property and equipment	$4,125,534

Note 7 – Long-term debt

Note payable to Douglas County Kansas in the original amount of $143,294. Monthly payments f $1,320 which includes interest at 2.035% through June 2025.	$71,694

Note payable to City of Lawrence in the original amount of $143,294. Monthly payments of $1,321 which include interest at 2.035% through September 2025.		66,838
Note payable to Emprise Bank in the original amount of $1,437,400. Interest only payments are made eleven months out of the year. The twelfth payment is a principal payment of $200,000. Note is payable through 2025.		1,034,400
Note payable to Intrust Bank in the original amount of $150,000. Payment made January 2021 to bring balance to zero.		150,000
Note payable to Intrust Bank NA in the original amount of $21,800. The amount of the Paycheck Protection Program ("PPP") is expected to be forgiven.		21,800
	Total	$1,344,732
	Less current portion	229,135
		$1,115,597

Maturities of long-term debt as follows:

2021	229,111
2022	229,709
2023	230,319
2024	243,675
2025 and thereafter	182,783
	$1,115,597

Note 8 – Donated services

The Organization records the value of goods or services when there is an objective basis available to measure their value. Donated materials and services are reflected as in-kind in financial statements at their estimated values to the date of receipt. During the year ended December 31, 2020 the Organization recorded $288.

Note 9- Functional expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function and allocated on a reasonable basis that is consistently applied. These expenses are allocated based on estimates of time and effort and purpose of expenses.

Note 10 – Concentration of credit risk

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function and allocated on a reasonable basis that is consistently applied. These expenses are allocated based on estimates of time and effort and purpose of expenses.

Note 11 – Recent accounting pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenues from Contracts with Customers and has modified the standard thereafter. This standard replaces existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. ASU 2014-09 is effective for annual reporting periods in fiscal years that begin after December 15, 2019. It is management's responsibility to ensure proper adoption of ASU 2014-09.

In February 2016, FASB issued ASU 2016-02, Leases, which among other things, requires the recognition of lease assets and lease liabilities for operating leases on the statement of financial position for lessees, and the disclosure of key information about leasing arrangements. The standard is effective for fiscal years beginning after December 15, 2020. Early application is permitted. The standard will need to be applied retrospectively in the year adopted. It is management's responsibility to ensure appropriate adoption of ASU 2016-022.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Made. The guidance should assist entities in (1) evaluating whether transactions should be accounted for as contributions or as exchange transactions and (2) determining whether a contribution is conditional. The new standard is effective for fiscal years beginning after December 31, 2019, including interim periods within those fiscal years. It is management's responsibility to ensure appropriate adoption of ASU 2018-08.

Note 12 – Subsequent Events

As a result of the spread of the COVID-19 Coronavirus and the resulting stay-at-home orders issued by the state of Kansas, the state in which the Organization operates currently believes to have been negatively impacted by these restrictions. Due to uncertainties, no valuation allowance has been provided as any amount of loss cannot be reasonably estimated at this time and has not been recorded through DRAFT. The Organization received $21,800 on April 22, 2020 under the Paycheck Protection Program ("PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amount of up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintain its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

Note 13 – Management's Review

Subsequent events for management's review have been evaluated through DRAFT the date on which the financial statements will be available to be issued. The audit report date is the date the financial statements were available to be issued.