

**THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.

FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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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, 2021, 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, 2021, 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.

*Angela R. Motsinger, CPA, MBA*

Angela R Motsinger, CPA, MBA  
Motsinger CPA Tax & Accounting LLC  
Lawrence, Kansas  
May 10, 2022

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 1,293,943
Investments	5,020
Accounts receivable	112,830
Grants receivable	8,000
Prepaid Expenses	<u>8,012</u>
<i>Total current assets</i>	1,427,805

<b>Property and equipment, net</b>	3,957,646
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**Other Assets**

Intangible assets, net	<u>4,229</u>
<i>Total other assets</i>	4,229

<i>Total assets</i>	<u>\$ 5,389,680</u>
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**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts payable	\$ 60,260
Current portion of long-term debt	229,709
Deferred revenue	95,726
Accrued expenses	<u>7,374</u>
<i>Total current liabilities</i>	393,069

<b>Long-Term Debt, net of current portion</b>	717,088
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**Net assets**

Unrestricted	4,268,668
Temporarily restricted	<u>10,855</u>
<i>Total net assets</i>	<u>4,279,523</u>

<i>Total liabilities and net assets</i>	<u>\$ 5,389,680</u>
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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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Grants and other income	\$ 736,317	\$ 10,855	\$ 747,172
Contributions	576,795	-	576,795
In-kind contributions	3,103	-	3,103
Facility income	154,718	-	154,718
Investment income	1,160	-	1,160
<i>Total revenues, gains and other support</i>	<u>1,472,093</u>	<u>10,855</u>	<u>1,482,948</u>
<b>Expenses</b>			
Program services	1,071,724	-	1,071,724
Management and general	78,640	-	78,640
Fundraising	-	-	-
<i>Total expenses</i>	<u>1,150,364</u>	<u>-</u>	<u>1,150,364</u>
<b>Change in net assets</b>	321,729	10,855	332,584
<b>Net assets, beginning of year</b>	4,001,624	-	4,001,624
<b>Previous period adjustment</b>	<u>(54,685)</u>	<u>-</u>	<u>(54,685)</u>
<b>Net assets, end of year</b>	<u>\$ 4,268,668</u>	<u>\$ 10,855</u>	<u>\$ 4,279,523</u>

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

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2021

	<u>Program Services</u>	<u>Mangement and general</u>	<u>Fundraising</u>	<u>TOTAL</u>
<b>Expenses:</b>				
Salaries	\$ 311,493	\$ 34,610	\$ -	\$ 346,103
Payroll taxes	30,291	3,366	-	33,657
Other employee benefits	3,813	424	-	4,237
Instructional costs	324,360	-	-	324,360
Legal Fees	130	14	-	144
Accounting Fees	12,897	2,276	-	15,173
Office expenses	1,215	12	-	1,227
Occupancy	130,335	-	-	130,335
Business licenses and permits	-	11,742	-	11,742
Advertising and Promotions	13,723	-	-	13,723
Interest	36,650	-	-	36,650
Depreciation	152,373	16,930	-	169,303
Insurance	10,257	2,564	-	12,821
Miscellaneous	1,242	-	-	1,242
Telephone and Internet	12,787	-	-	12,787
Repairs and Maintenance	27,978	-	-	27,978
Dues and subscriptions	771	-	-	771
Bank service charges	-	5,882	-	5,882
Hospitality expense	-	820	-	820
Amortization expense	<u>1,409</u>	<u>-</u>	<u>-</u>	<u>1,409</u>
 Total expenses	 <u>\$ 1,071,724</u>	 <u>\$ 78,640</u>	 <u>\$ -</u>	 <u>\$ 1,150,364</u>

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

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.  
STATEMENT OF CASH FLOWS  
DECEMBER 31, 2021

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 332,584
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Accounts receivable	73,010
Depreciation and amortization	170,713
In kind donation	-
Increase (decrease) in liabilities	<u>(378,041)</u>
<i>Net cash provided by operating activities</i>	198,266
<b>Cash flows from investing activities</b>	
Change in investments	<u>50</u>
<b>Cash flows from financing activities</b>	
Increase (decrease) in notes payable	(264,528)
<b>Net increase in cash and cash equivalents</b>	(66,212)
<b>Cash and cash equivalents, beginning of year</b>	<u>1,360,155</u>
<b>Cash and cash equivalents, ending of year</b>	<u>\$ 1,293,943</u>

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

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

**Note 1 – Description of business and ownership**

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 those 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, 2021, the amount of receivables considered doubtful was zero.



THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

**Support and revenues**

The Organization receives funding from donations, various programs and grants. Revenues from donations are recognized when earned. Certain funds received by the Organization include grantor-imposed restrictions. The income for these funds is recognized as expenses are incurred. Grant funds received but not yet expended are reported as deferred grant 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 donor with temporary restrictions as of the year ended December 31, 2021, was \$10,855.

**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. Depreciation recorded for the year ended December 31, 2021, was \$169,303. Maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

**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, 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 the fiscal years beginning after December 15, 2017.

Accordingly, the Organization has adopted this guidance. Net assets previously known as unrestricted are now net assets without donor restrictions, and net assets previously known as temporarily restricted are not net assets with donor restrictions. The financial statements include a new disclosure about liquidity and availability of resources.

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

**Advertising**

Advertising and marketing costs are charged to operations when incurred. There was \$13,723 reported by the Organization for marketing costs for the year ended December 31, 2021.

**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, 2021:

Cash and cash equivalents	\$ 1,293,943
Receivables, net	<u>120,830</u>
	1,414,773
Less those generally unavailable for expenditures due to:	
Deferred grant revenue	<u>95,726</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 1,319,047</u></u>

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 5 – Cash and cash equivalents**

The carrying amounts of the Organization’s deposits were \$1,293,943 as of December 31, 2021. The total of the bank balances was \$1,069,684 as of December 31, 2021. 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.

**Recently adopted accounting guidance**

In May 2014, FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which provides a robust framework for addressing revenue recognition issues and replaces most of the existing revenue recognition guidance including industry-specific guidance, in current U.S. GAAP. The standard is effective for nonpublic entities for periods beginning after December 15, 2018. Accordingly, the Organization has adopted this guidance as of January 1, 2019. The Organization has analyzed the provisions of the FASB’s ASC Topic 606, Revenue from Contracts with Customers, and has concluded that no material changes are necessary to conform with the new standard.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Made. The guidance assists entities in (1) evaluating whether transactions should be accounted for as contributions or exchange transactions and (2) determining whether a

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

contribution is conditional. The standard is effective for fiscal years beginning after December 31, 2018. Accordingly, the Organization has adopted this guidance as of January 1, 2019.

**Functional expenses**

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and activities benefited as depicted in the Statement of Functional Expenses.

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values based on quoted prices in active markets in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

**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 investments in securities at the fair value on date of purchase or donation and recognizes the unrealized gain or loss resulting from the difference between cost and fair value in the statement of activities. Investments with readily determinable fair values are stated at fair value in the statement of financial position.

**Fair value measurements – definition and hierarchy**

The Organization 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.

In determining fair value, the Organization uses various valuation approaches. FASB AS 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 when available. Observable 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 observable 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.

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 markets and other characteristics particular to the transaction. To the extent that 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.

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.  
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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 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 as the measurement date.

**Note 3 – Property and equipment**

Property and Equipment include the following as of December 31, 2021:

Building components and structure	\$ 4,284,971
Land and land improvements	630,245
Machine and equipment	112,084
Furniture	24,337
Less: accumulated depreciation	<u>(1,093,991)</u>
Net property and equipment	<u><u>\$ 3,957,646</u></u>

**Note 4 – Investments**

Investments held by the Organization consist of the following as of December 31, 2021:

	<u>Fair Value</u>
Mutual funds	\$ 5,020

Following is a summary of investment returns for the year ended December 31, 2021, and is included in investment income in the Statement of Activities:

Interest and dividends	\$ 1,161
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**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, 2021, are classified as Level 1 in the fair value hierarchy, respectively.

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 DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

The following table presents assets measured at fair value on a recurring basis as of December 31, 2021:

	(Level 1)	(Level 2)	(Level 3)	Total
Mutual funds:				
Money Market	\$ 5,020	\$ -	\$ -	\$ 5,020
Beneficial interest in assets held by others total	\$ 5,020	\$ -	\$ -	\$ 5,020

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, 2021:

December 31, 2020	\$ 4,970
Contributions / additions	50
December 31, 2021	\$ 5,020

**Note 6 – Long Term Debt**

Long-term debt consists of the following:

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 January 2025	\$ 837,400
Note payable to Douglas County, Kansas in the original amount of \$143,294. Interest is 2.035% and the note is payable through September 2025.	57,171
Note payable to the city of Lawrence Kansas in the original amount of \$143,294. Interest is 2.035% and the note is payable through June 2025.	52,226
	\$ 946,797
Less: Current portion	(229,709)
	\$ 717,088

THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

**Note 6 – Long Term Debt (continued)**

Maturities of long-term debt as follows:

2022	229,709
2023	230,318
2024	230,941
2025 and thereafter	<u>257,057</u>
	\$ 948,025

**Note X – Pending accounting pronouncements**

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 2016-02.

**Note 7 – Subsequent events**

Subsequent events for management’s review have been evaluated through May 10, 2022, the date on which the financial statements were available to be issued. The audit report date is the date the financial statements were available to be issued.