

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

Financial Statements with Independent Auditor's Report  
For the year ended December 31, 2022

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

Financial Statements with Independent Auditor's Report  
For the year ended December 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

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, 2022, and the related statements of activities and changes in net assets, statement of functional expenses, cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Dwayne Peaslee Technical Training Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Dwayne Peaslee Technical Training Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Dwayne Peaslee Technical Training Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Dwayne Peaslee Technical Training Center, Inc.'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.

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THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.

Statement of Financial Position

December 31, 2022

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ASSETS

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**Current Assets**

Cash and Cash Equivalents	\$ 1,529,452
Accounts Receivable, Net	18,265
Other Receivables	17,066
Prepaid Expenses	7,988
<i>Total Current Assets</i>	<u>1,572,771</u>

**Property and Equipment, Net**

3,853,160

**Other Assets**

Beneficial Interest in Assets Held by Others	6,021
Intangible Assets, Net	2,819
<i>Total Other Assets</i>	<u>8,840</u>

**Total Assets**

\$ 5,434,771

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LIABILITIES AND NET ASSETS

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**Current Liabilities**

Accrued Expenses	\$ 8,409
Deferred Revenue	176,799
Current Portion of Long-Term Debt	230,319
<i>Total Current Liabilities</i>	<u>415,527</u>

**Long-Term Debt, Net of Current Portion**

487,999

**Net Assets**

Without Donor Restrictions	4,478,399
With Donor Restrictions	52,846
<i>Total Net Assets</i>	<u>4,531,245</u>

**Total Liabilities and Net Assets**

\$ 5,434,771

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

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

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>Revenues and Other Support</b>			
Grants and Other Income	\$ 1,153,925	\$ 41,990	\$ 1,195,915
Contributions	27,350	-	27,350
In Kind Donations	745	-	745
Facility Income	280,123	-	280,123
Investment Income	<u>3,943</u>	<u>-</u>	<u>3,943</u>
<i>Total Revenues and Other Support</i>	<u>1,466,086</u>	<u>41,990</u>	<u>1,508,076</u>
<b>Expenses</b>			
Program Services	1,060,807	-	1,060,807
Management and General	185,637	-	185,637
Fundraising	<u>66,194</u>	<u>-</u>	<u>66,194</u>
<i>Total Expenses</i>	<u>1,312,638</u>	<u>-</u>	<u>1,312,638</u>
<b>Change in Net Assets</b>	153,448	41,990	195,438
<b>Net Assets - Beginning of Year</b>	<u>4,324,951</u>	<u>10,856</u>	<u>4,335,807</u>
<b>Net Assets - End of Year</b>	<u>\$ 4,478,399</u>	<u>\$ 52,846</u>	<u>\$ 4,531,245</u>

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

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

Statement of Functional Expenses  
For the year ended December 31, 2022

	Support Services			Total
	Program Services	General and Administrative	Fundraising	
<b>Salaries and Related Expenses</b>				
Payroll Expenses	\$ 447,719	\$ 127,920	\$ 63,960	\$ 639,599
Payroll Taxes	26,430	8,562	2,234	37,226
Workers Compensation	2,282	572	-	2,854
<i>Total Salaries and Related Expenses</i>	476,447	137,054	66,194	679,695
<b>Other Expenses</b>				
Accounting Fees	14,000	1,555	-	15,555
Advertising and Promotions	13,606	1,512	-	15,118
Amortization	-	1,409	-	1,409
Assisted Tuition and Instructional Costs	149,192	-	-	149,192
Miscellaneous	946	-	-	946
Bad Debt Expense	-	9,420	-	9,420
Bank and Financial Fees	-	6,974	-	6,974
Business Licenses and Permits	-	19,075	-	19,075
Depreciation	169,303	-	-	169,303
Dues and Subscriptions	-	1,709	-	1,709
Hospitality	-	2,618	-	2,618
Insurance	9,744	2,441	-	12,185
Repairs and Maintenance	29,938	-	-	29,938
Interest	31,018	-	-	31,018
Professional Fees (including Legal)	6,738	749	-	7,487
Occupancy	144,635	-	-	144,635
Office	3,212	356	-	3,568
Travel	-	765	-	765
Telephone and Internet	12,028	-	-	12,028
<i>Total Other Expenses</i>	584,360	48,583	-	632,943
<b>Total Expenses</b>	\$ 1,060,807	\$ 185,637	\$ 66,194	\$ 1,312,638

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

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

Statement of Cash Flows

For the Year Ended December 31, 2022

**Cash Flows From Operating Activities**

Change in Net Assets	\$	195,438
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation		169,303
Amortization		1,409
(Increase) Decrease in		
Accounts Receivable		35,363
Other Receivables		48,811
Prepaid Expenses		24
Beneficial Interest in Assets Held by Others		(1,001)
Increase (Decrease) in		
Accounts Payable		(60,407)
Accrued Expenses		1,645
Deferred Revenue		117,583
<i>Net Cash Provided by Operating Activities</i>		<u>508,168</u>

**Cash Flows From Investing Activities**

Purchase of Property and Equipment		<u>(40,775)</u>
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**Cash Flows From Financing Activities**

Increase (Decrease) in Notes Payable		<u>(231,884)</u>
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**Net Increase (Decrease) in Cash**

235,509

**Cash and Cash Equivalents, Beginning of Year**

1,293,943

**Cash and Cash Equivalents, End of Year**

\$ 1,529,452

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



# THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.

Notes to Financial Statements

December 31, 2022

## NOTE 1 – 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 Organization's office is located in Lawrence, Kansas.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING

### Method of Accounting

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

### Basis of Presentation

The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and with donor restrictions. In addition, the Organization is required to present a statement of cash flows.

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.
- *Net Assets with Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.
- Donor-restricted contributions whose restrictions are met within the same year as received are reported as net assets without donor restrictions in the accompanying financial statements.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

### Cash

For purposes of the statement of cash flows, cash consists of checking accounts and demand deposits.

### Accounts Receivable

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, 2022, the amount of receivables considered doubtful was \$9,420. Accounts receivable as of December 31, 2022, was \$18,265.

### Property, Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Absent explicit donor stipulations regarding how long these donated assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service. The Organization

## THE DWAYNE PEASLEE TECHNICAL TRAINING CENTER, INC.

### Notes to Financial Statements

December 31, 2022

capitalizes assets with a cost greater than \$1,000 and a useful life of more than one year. Property and equipment are depreciated using the straight-line method over the estimated useful life of 5 to 40 years. Depreciation expense for the year ended December 31, 2022, was \$169,303.

#### **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 the 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 statements of activities and changes in net assets. Beneficial interest in assets with readily determinable fair values are stated at fair value in the statements of financial position.

#### **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. Further, the Organization has been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to the Organization qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization did not have any material unrelated business income for the year ended December 31, 2022.

Accounting standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. There was no affect on the financial statements as a result of adopting these standards as the Organization believes it does not have any material uncertain tax positions reflected in its financial statements. Tax years that remain subject to examination in the Organization's major jurisdictions are for the years ended December 31, 2022, 2021 and 2020.

#### **Support and Revenues**

The Organization receives funding from donations, various programs, and the county and city. 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 revenue on the Statement of Financial Position. Deferred revenue as of December 31, 2022, was \$176,799.

#### **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 increases 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 restrictions as of the year ended December 31, 2022, was \$52,846.

#### **Revenue Recognition from Contracts with Customers**

The Organization accounts for revenue from contracts with customers under ASC 606 guidance and is included in program revenue on the statements of activities and changes in net assets. Its program revenue is generated substantially from contributions, instructional income, and the county and city. The Organization analyzed the provisions of ASC 606, *Revenue from Contracts with Customers*, and has concluded that no changes were necessary to conform with the new standard. The timing of revenue recognition was not affected by the new standard. Revenues are recognized as services are performed and the related performance obligation has been satisfied. Payment is typically received upon completion of the service.

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

Notes to Financial Statements

December 31, 2022

**Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable 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.

**Advertising**

The Organization expenses advertising costs as they are incurred. Advertising expense for the year ending December 31, 2022, was \$15,118.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash & cash equivalents	\$1,529,452
Account receivables, net	<u>18,265</u>
	<u>1,547,717</u>
Less those generally unavailable for expenditures due to:	
Deferred grant revenue	<u>(176,799)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,370,918</u>

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 4 – CASH**

The carrying amounts of the Organization's deposits were \$1,529,452 as of December 31, 2022. The total of the bank balances were \$1,636,104 as of December 31, 2022. 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. The Organization's demand deposit funds in the amount of \$183.840 were not FDIC secured as of December 31, 2022.

**NOTE 5 – FAIR VALUE MEASUREMENTS**

Accounting guidance establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described below.

Level 1	Quoted prices in active markets for identical assets or liabilities.
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable market data for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

Notes to Financial Statements

December 31, 2022

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis. There have been no changes in methodologies at December 31, 2022.

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, 2022 are classified as Level 1 in the fair value hierarchy.

The following table presents assets measured at fair value by classification with the fair value hierarchy as of December 31, 2022:

	(Level 1)	(Level 2)	(Level 3)	(Level 4)
Mutual funds:				
Money market	\$6,021	\$ -	\$ -	\$6,021
Beneficial interest in assets held by others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$6,021</u>	<u>-</u>	<u>-</u>	<u>\$6,021</u>

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, 2022:

December 31, 2021	\$ 5,020
Total dividend income and gains/losses	1
Contributions/ additions	1,250
Fees	<u>(250)</u>
December 31, 2022	<u>\$6,021</u>

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

Notes to Financial Statements

December 31, 2022

**NOTE 6: PROPERTY AND EQUIPMENT**

Property and Equipment include the following as of December 31, 2022:

Building components and structure	4,524,928
Land and land improvements	455,125
Machinery and equipment	111,125
Furniture	<u>25,275</u>
	5,116,453
Less: accumulated depreciation	<u>(1,263,293)</u>
Net property and equipment	<u>\$3,853,160</u>

**NOTE 7: LONG-TERM DEBT**

Long-term debt consists of the following:

Note payable to Douglas County Kansas in the original amount of \$143,294. Monthly payments of \$1,321 which includes interest at 2.035% through October 2025	\$42,351
Note payable to City of Lawrence in the original amount of \$143,294. Monthly payments of \$1,320 which include interest at 2.035% through June 2025.	38,567
Note payable to Emprise Bank in the original amount of \$1,347,400. Interest only payments are made eleven months out of the year. The twelfth payment is a principal payment of \$200,000. The interest rate is 4.350%. The loan is payable through 2026.	<u>637,400</u>
Total	718,318
Less: current position of long-term debt	<u>(230,319)</u>
	<u>\$487,999</u>

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

Notes to Financial Statements

December 31, 2022

Maturities of long-term debt are as follows:

2023	230,318
2024	230,941
2025	219,657
2025	<u>40,194</u>
	<u>\$721,110</u>

**NOTE 8 – PENDING PRONCEMENTS**

In February 2016, FASB issued ASU 2016-02, “Leases” (Topic 842). The core principle of the new lease standard is that leases should recognize assets and liabilities arising from all leases, except for leases with a lease term of 12 months or less. The guidance will be effective for the Organization’s year ended December 31, 2023, 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. It is management’s responsibility to ensure appropriate adoption of ASU 2016-02.

**NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through *draft*, the date which the financial statements were available to be issued.