

SOLIHTEN INSTITUTE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

SOLIHTEN INSTITUTE, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

December 4, 2023

INDEPENDENT AUDITORS' REPORT

Board of Directors
Solihten Institute, Inc.
Denver, Colorado

Opinion

We have audited the accompanying financial statements of **Solihten Institute, Inc.**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and 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 Solihten Institute, 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 Solihten Institute, 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 Solihten Institute, 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, including omissions, 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 Solihten Institute, 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 Solihten Institute, 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.

Report on Summarized Comparative Information

We previously audited Solihten Institute, Inc.'s 2021 financial statements, and have expressed an unmodified audit opinion on the audited financial statements in the report dated November 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor Roth and Company PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER COLORADO

SOLIHTEN INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 299,895	\$ 465,904
Certificates of deposit (Note 3)	2,146,810	-
Accounts receivable (Note 2)	22,556	17,129
Prepaid expenses	-	2,000
Property and equipment (Note 4)	<u>2,903</u>	<u>2,497</u>
Total assets	<u>\$ 2,472,164</u>	<u>\$ 487,530</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 8,309	\$ 860
Accrued payroll costs	7,952	8,683
Fiscal agent liability (Note 5)	<u>20,000</u>	<u>-</u>
Total liabilities	<u>36,261</u>	<u>9,543</u>
<u>Net assets</u>		
<u>Without donor restrictions</u>		
Undesignated	127,000	465,490
Board designated reserves (Note 6)	2,010,000	10,000
Net investment in fixed assets	<u>2,903</u>	<u>2,497</u>
	2,139,903	477,987
<u>With donor restrictions (Note 7)</u>	<u>296,000</u>	<u>-</u>
Total net assets	<u>2,435,903</u>	<u>477,987</u>
Total liabilities and net assets	<u>\$ 2,472,164</u>	<u>\$ 487,530</u>

The accompanying notes are an integral part of these financial statements

SOLIHTEN INSTITUTE, INC.
STATEMENT OF ACTIVITIES
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Foundations	\$ 2,000,000	\$ 301,000	\$ 2,301,000	\$ 85,000
Affiliation fees	243,733	-	243,733	248,449
Individual and board contributions	151,441	-	151,441	109,533
Telebehavioral health fees	53,730	-	53,730	55,033
Annual conference	8,556	-	8,556	420
New center development fees	5,810	-	5,810	3,250
Reimbursements	1,833	-	1,833	7,278
PPP loan forgiveness	-	-	-	109,700
Other	17,757	-	17,757	(1,947)
Net assets released from restrictions (Note 8)	5,000	(5,000)	-	-
Total revenue and other support	<u>2,487,860</u>	<u>296,000</u>	<u>2,783,860</u>	<u>616,716</u>
<u>Expense</u>				
Program services	584,074	-	584,074	549,307
Supporting services				
Management and general	191,279	-	191,279	165,456
Fund-raising	50,591	-	50,591	81,796
Total expense	<u>825,944</u>	<u>-</u>	<u>825,944</u>	<u>796,559</u>
Change in net assets	1,661,916	296,000	1,957,916	(179,843)
Net assets, beginning of year	<u>477,987</u>	<u>-</u>	<u>477,987</u>	<u>657,830</u>
Net assets, end of year	<u>\$ 2,139,903</u>	<u>\$ 296,000</u>	<u>\$ 2,435,903</u>	<u>\$ 477,987</u>

The accompanying notes are an integral part of these financial statements

SOLIHTEN INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021	
	Program Services	Manage- ment and General	Fund- raising	Total	Total
Salaries	\$ 363,978	\$ 126,602	\$ 36,925	\$ 527,505	\$ 576,047
Payroll taxes and benefits	42,375	14,740	4,299	61,414	62,479
Website and technology	33,206	11,551	3,369	48,126	45,908
Annual conference	36,429	-	-	36,429	4,030
Travel	15,632	5,435	1,588	22,655	8,767
Contract supervision	19,923	-	-	19,923	16,125
Promotion/advertising	17,438	-	-	17,438	3,660
Accounting	-	17,045	-	17,045	16,157
Consulting	8,558	2,977	868	12,403	2,466
Board expense	7,702	2,680	781	11,163	(802)
Insurance	5,442	1,893	552	7,887	7,038
Training events	7,062	-	-	7,062	7,975
IT support	3,754	1,305	381	5,440	6,519
Rent	3,720	1,294	377	5,391	14,869
Telephone	3,687	1,282	374	5,343	7,117
Bad debt	5,123	-	-	5,123	4,581
Supplies	2,612	909	265	3,786	2,139
License/dues/fees	2,175	758	221	3,154	4,961
Meetings	2,013	700	204	2,917	1,744
Professional development	1,453	506	147	2,106	1,019
Bank charges	-	1,037	-	1,037	577
Meals and entertainment	409	142	42	593	224
All other	377	131	38	546	1,874
	583,068	190,987	50,431	824,486	795,474
Depreciation	1,006	292	160	1,458	1,085
Total	<u>\$ 584,074</u>	<u>\$ 191,279</u>	<u>\$ 50,591</u>	<u>\$ 825,944</u>	<u>\$ 796,559</u>

The accompanying notes are an integral part of these financial statements

SOLIHTEN INSTITUTE, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022	2021
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 1,957,916	\$ (179,843)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Paycheck Protection Program loan forgiveness	-	(109,700)
Depreciation	1,458	1,085
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(5,427)	(5,455)
(Increase)decrease in prepaid expenses	2,000	(700)
Increase(decrease) in accounts payable	7,449	720
Increase(decrease) in accrued payroll costs	(731)	(4,041)
Increase(decrease) in deferred revenue	20,000	-
Net cash provided(used) by operating activities	1,982,665	(297,934)
<u>Cash flows from investing activities</u>		
Purchase of certificates of deposit	(2,195,002)	-
Withdrawal from certificates of deposit	50,000	-
(Reinvestment) of investment income	(1,808)	-
(Purchase) of fixed assets	(1,864)	(1,858)
Net cash provided(used) by investing activities	(2,148,674)	(1,858)
<u>Cash flows from financing activities</u>		
Proceeds from Paycheck Protection Program loan payable	-	109,700
Net cash provided(used) by financing activities	-	109,700
Net increase(decrease) in cash and cash equivalents	(166,009)	(190,092)
Cash and cash equivalents, beginning of year	465,904	655,996
Cash and cash equivalents, end of year	\$ 299,895	\$ 465,904

The accompanying notes are an integral part of these financial statements

SOLIHTEN INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - NATURE OF ACTIVITIES

Solihten Institute, Inc. (Organization) is a not-for-profit organization established in 1979. The international office is currently located in Denver, Colorado. The Organization provides an association of professional counseling centers (the Centers) located throughout the United States with administrative and financial consultation, accreditation, management resources, educational events, leadership development, new program development, national representation, and research and development. It also offers consultation to groups interested in starting new centers. The Organization's mission is to help affiliated Centers provide team-oriented, cost-efficient counseling, education, and consultation with emphasis on the interrelatedness of mind, body, spirit, and community. During 2018, the Samaritan Institute, Inc. filed a DBA named Solihten Institute, Inc. with the Secretary of State of Colorado. The Organization's primary source of revenue is derived from affiliation fees received from the Centers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Organization, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 the Organization's management and the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Accounts Receivable

The Organization bills for monthly affiliation fees. No allowance for doubtful accounts has been established. The Organization believes all accounts will be collected.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment of \$1,000 or more. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended December 31, 2022, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Salaries, payroll taxes & benefits, website, furniture and equipment, insurance, postage, rent, travel, supplies, telephone, licenses and dues, professional services, IT support, meetings, consulting and other are allocated by time and effort.

9. Fair Value Measurements

The Organization is subject to the provisions of the *Fair Value Measurements and Disclosures* accounting standard. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

10. Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

11. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

12. Subsequent Events

Management has evaluated subsequent events through December 4, 2023, the date the financial statements are available to be issued.

NOTE 3 - CERTIFICATES OF DEPOSIT

Investments consist of various certificate of deposits (Level 2), which mature in periods from 1-15 months. The cost of this investment approximates fair value.

NOTE 4 - PROPERTY AND EQUIPMENT

At year-end, property and equipment consisted of:

<u>Description</u>	<u>Amount</u>
Office equipment	\$ 18,086
Website	4,241
Furniture and fixtures	<u>1,235</u>
Total	23,562
Less: accumulated depreciation	<u>(20,659)</u>
Net property and equipment	<u>\$ 2,903</u>

Depreciation expense for the year was \$1,458.

NOTE 5 - FISCAL AGENT LIABILITY

The Organization received \$20,000 to be distributed to a member center. The funds were distributed during 2023.

NOTE 6 - BOARD DESIGNATED RESERVES

The Organization has designated funds received from a large contribution during 2022. The Board of Directors designated \$1,500,000 toward the Capacity Campaign and \$500,000 toward the 2023 operating budget.

The Organization has set aside \$10,000 for future unemployment claims as the Organization does not participate in the State of Colorado's unemployment insurance pool.

NOTE 7 - DONOR RESTRICTED NET ASSETS

Donor restricted net assets consists of:

<u>Description</u>	<u>Amount</u>
Innovation fund	<u>\$ 296,000</u>

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor restrictions by satisfying the restricted program purposes:

<u>Description</u>	<u>Amount</u>
Innovation fund	<u>\$ 5,000</u>

NOTE 9 - PENSION PLAN

The Organization has a retirement plan (the Plan) under the Internal Revenue Service Code section 403(b) that covers substantially all full-time employees and part-time employees working more than 30 hours per week. The Organization matches employee contributions up to 3% of compensation. During the year, the Organization's total benefit plan expense amounted to \$14,534.

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2022:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 299,895
Certificates of deposit	2,146,810
Accounts receivable	<u>22,556</u>
Total financial assets	2,469,261
less amounts not available for general expenditures within one year due to:	
Donor restricted net assets - Innovation fund	(296,000)
Board designated reserves	<u>(1,510,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 663,261</u>

The Organization's goal is generally to maintain financial assets to meet 180 days of operating expenses, which would approximate \$400,000. A portion of board designated net assets could be considered available for operations.

NOTE 11 - CONCENTRATION OF FUNDING SOURCE

For the year ended December 31, 2022, 72% of total revenues and other support were received from one individual/trust contribution.