



**AUDITED
FINANCIAL STATEMENTS**

MAY 31, 2023 AND 2022

LAKE ERIE INK:
A WRITING SPACE FOR
YOUTH, INC.

INDEX

MAY 31, 2023

(With Summarized Comparative Financial Information for
the Year Ended May 31, 2022)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lake Erie Ink

Opinion

We have audited the accompanying financial statements of Lake Erie Ink, which comprise the statement of financial position as of May 31, 2023, 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 Lake Erie Ink as of May 31, 2023 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 Lake Erie Ink 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 opinion.

Responsibilities of Management 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 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 Lake Erie Ink'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 Lake Erie Ink'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, on our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake Erie Ink'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 matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Lake Erie Ink's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cleveland, Ohio
October 25, 2023

H•J
Certified Public Accountants

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

STATEMENTS OF FINANCIAL POSITION

MAY 31, 2023

(WITH SUMMARIZED COMPARABLE TOTALS FOR 2022)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2023	2022
ASSETS				
Cash and Cash Equivalents	\$ 88,976	\$ 30,340	\$ 119,316	\$ 198,311
Contributions Receivable	5,109	13,919	19,028	18,269
Accounts Receivable	28,669	-	28,669	7,611
Prepaid Expenses	3,307	-	3,307	4,546
Security Deposit	908	-	908	-
Total Current Assets	<u>126,969</u>	<u>44,259</u>	<u>171,228</u>	<u>228,737</u>
Right-of-Use Asset	<u>21,086</u>	<u>-</u>	<u>21,086</u>	<u>-</u>
Total Assets	<u>\$ 148,055</u>	<u>\$ 44,259</u>	<u>\$ 192,314</u>	<u>\$ 228,737</u>
LIABILITIES				
Accounts Payable	\$ 6,455	\$ -	\$ 6,455	\$ 5,088
Deferred Revenue	4,600	-	4,600	4,035
Current Portion of Lease Liability	<u>19,428</u>	<u>-</u>	<u>19,428</u>	<u>-</u>
Total Current Liabilities	30,483	-	30,483	9,123
Lease Liability, Net of Current Portion	<u>1,658</u>	<u>-</u>	<u>1,658</u>	<u>-</u>
Total Liabilities	32,141	-	32,141	9,123
NET ASSETS				
NET ASSETS				
Without Donor Restrictions	115,914	-	115,914	165,194
With Donor Restrictions	<u>-</u>	<u>44,259</u>	<u>44,259</u>	<u>54,420</u>
Total Net Assets	<u>115,914</u>	<u>44,259</u>	<u>160,173</u>	<u>219,614</u>
Total Net Assets and Liabilities	<u>\$ 148,055</u>	<u>\$ 44,259</u>	<u>\$ 192,314</u>	<u>\$ 228,737</u>

See accompanying notes.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

STATEMENTS OF ACTIVITIES

YEAR ENDED MAY 31, 2023
(WITH SUMMARIZED COMPARABLE TOTALS FOR 2022)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2023	2022
PUBLIC SUPPORT AND REVENUE				
PUBLIC SUPPORT				
Foundations	\$ 93,410	\$ 30,340	\$ 123,750	\$ 131,165
Governmental	63,149	37,144	100,293	53,969
Individuals and Organizations	63,229	-	63,229	74,482
Special Events, Net	7,940	-	7,940	5,551
Net Assets Released from Restrictions	77,645	(77,645)	-	-
	<u>305,373</u>	<u>(10,161)</u>	<u>295,212</u>	<u>265,167</u>
TOTAL PUBLIC SUPPORT				
REVENUE				
Program Income	215,073	-	215,073	131,105
Investment Income and Other	105	-	105	175
	<u>215,178</u>	<u>-</u>	<u>215,178</u>	<u>131,280</u>
TOTAL REVENUE				
TOTAL PUBLIC SUPPORT AND REVENUE	520,551	(10,161)	510,390	396,447
EXPENSES				
Program Expenses	483,679	-	483,679	361,360
Management and General	25,002	-	25,002	24,112
Fundraising	61,150	-	61,150	35,904
	<u>569,831</u>	<u>-</u>	<u>569,831</u>	<u>421,376</u>
CHANGE IN NET ASSETS	(49,280)	(10,161)	(59,441)	(24,929)
NET ASSETS – Beginning	<u>165,194</u>	<u>54,420</u>	<u>219,614</u>	<u>244,543</u>
NET ASSETS – Ending	<u>\$ 115,914</u>	<u>\$ 44,259</u>	<u>\$ 160,173</u>	<u>\$ 219,614</u>

See accompanying notes.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED MAY 31, 2023
(WITH SUMMARIZED COMPARABLE TOTALS FOR 2022)

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	2023	2022
EXPENSES					
Compensation	\$ 252,221	\$ 9,479	\$ 47,509	\$ 309,209	\$ 239,254
Fringe Benefits	27,730	1,042	5,223	33,995	21,011
Payroll Taxes	21,602	812	4,069	26,483	17,109
	<u>301,553</u>	<u>11,333</u>	<u>56,801</u>	<u>369,687</u>	<u>277,374</u>
Contracted Teachers	107,991	-	-	107,991	79,596
Professional Fees	13,549	11,362	-	24,911	15,317
Direct Program Expenses	17,221	-	-	17,221	12,603
Rent and Utilities	13,058	272	272	13,602	12,219
Marketing and Advertising	7,047	-	-	7,047	3,079
Technology	4,547	170	950	5,667	5,716
Printing and Copying	3,777	138	691	4,606	1,374
Travel and Meetings	4,437	-	-	4,437	588
Office Expenses	2,852	104	523	3,479	4,060
Staff Development	2,794	310	-	3,104	1,954
Insurance	1,493	1,220	-	2,713	2,539
Postage and Shipping	1,596	58	292	1,946	1,331
Fundraising Expense	-	-	1,120	1,120	420
Communications	959	35	176	1,170	1,160
Dues and Subscriptions	805	-	325	1,130	2,046
	<u>805</u>	<u>-</u>	<u>325</u>	<u>1,130</u>	<u>2,046</u>
Total Expenses	<u>\$ 483,679</u>	<u>\$ 25,002</u>	<u>\$ 61,150</u>	<u>\$ 569,831</u>	<u>\$ 421,376</u>

See accompanying notes.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

STATEMENTS OF CASH FLOWS

YEAR ENDED MAY 31, 2023
(WITH SUMMARIZED COMPARABLE TOTALS FOR 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (59,441)	\$ (24,929)
Adjustments to Reconcile Changes in Net Assets to Cash Used by Operating Activities:		
Amortization of Right-of-Use Asset	7,847	-
Impact on Cash from Changes in:		
Accounts Receivable	(759)	18,199
Contributions Receivable	(21,058)	2,834
Prepaid Expenses	1,239	(3,061)
Accounts Payable	1,367	(337)
Deferred Revenue	565	425
Lease Liability	(7,847)	-
	(78,087)	(6,869)
Cash Used by Operating Activities	(78,087)	(6,869)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Security Deposit	(908)	-
	(908)	-
Cash Used by Investing Activities	(908)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(78,995)	(6,869)
CASH AND CASH EQUIVALENTS – Beginning	198,311	205,180
CASH AND CASH EQUIVALENTS – Ending	\$ 119,316	\$ 198,311

See accompanying notes.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2023 AND 2022

1. NATURE OF ORGANIZATION

Lake Erie Ink: A Writing Space for Youth, Inc. ("LEI") is a not-for-profit 501(c)(3) that provides creative expression opportunities and academic support to youth in the Greater Cleveland community.

At Lake Erie Ink, youth:

- Grow as students and citizens in an emotionally safe environment where they develop strong relationships with peers and adults in their community
- Become more confident participants in the community as they discover their voices, share their ideas, and listen to and gain inspiration from each other
- Develop life skills and critical thinking capacity through collaborative project-based learning
- Connect with and contribute to their community by writing and "publishing" their creative work for an audience of peers and community

In addition to creating a climate and structure in which youth can express their ideas and tell their stories, LEI supports students by offering after school homework assistance in one-on-one and small group formats. LEI also supports teachers in our public schools by collaborating with them to design writing projects that meet and exceed state standards in order to encourage true writing mastery—projects that will culminate in publication, with the help of volunteers as writing coaches/editors. LEI is a member of the International Alliance of Youth Writing Centers.

Services provided by LEI include the following core programs:

Evening Ink Teen Program

Weekly writing workshops for teens in grades 6-12, that focus on a range of topics and in various genres including: fiction, journalism, poetry, and personal essays in preparation for college and after high school career opportunities. Monthly Open Mic Nights where teen writers have the opportunity to share their work with a supportive audience of peers.

Weekend Ink

Monthly weekend workshops for all ages that explore creative writing in all genres, including: Poetry, Play writing, Comics and graphic stories, and a range of fiction, (realistic, science fiction and fantasy, adventure, and historical). Guest artists and writers participate by sharing their expertise with the kids.

The Ink Spot Afterschool Programs

Three locations at two elementary and one middle school in the community. We offer homework help and creative writing opportunities for 3-6, Monday through Thursday, from 3:00 p.m. - 5:30 p.m. Staff and volunteers support students with literacy and other academic subjects. Youth participate in a range of creative youth development projects, such as comics, poetry, playwriting and more.

Summer Ink Creative Camps for Youth in Grades 2-12

LEI offers 8 weeks of creative expression camps to youth in grades 3-12. Session topics include, Comics and graphic storytelling, Puppetry, Community Connections, Writing in 3-D, playwriting and Creative nonfiction. All camps are designed to provide an engaging and enriching experience that connects youth to their peers and their community through writing.

School and Community Programs

LEI staff works with teachers and other youth serving professionals to design writing projects that meet the needs of the teacher and students both academically and developmentally and are aligned with State standards. Projects may be thematic (for example: bullying and empathy) or genre based (for example: tall tales, poetry, personal essays, or play writing). School programs also include elementary school field trips to our center for on-site project-based creative writing experiences. LEI offers an indelible experience in creative writing and bookmaking to public school primary grade students. Projects typically culminate in a quality publication and/or presentation. These programs have a fee but we work with schools and organization who cannot pay to find other sources of funding.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of LEI have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

LEI classifies its net assets and revenues, expenses, gains and losses on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of LEI and changes therein are classified as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of LEI. LEI's board may designate assets without restrictions for specific operational purposes from time to time.

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 LEI 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.

SUMMARIZED FINANCIAL INFORMATION

The financial statements and notes to 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with LEI's financial statements for the year ended May 31, 2022, from which the summarized information was derived.

Certain amounts in the prior-year summarized comparative information have been reclassified to be consistent with the presentation in the current-year financial statements. These classifications had no impact on changes in net assets as previously presented.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS/CONCENTRATION OF RISK

Cash accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for all combined deposits at the same bank. LEI was fully insured at May 31, 2023. LEI has not experienced losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

Primarily all of LEI's revenues and receivables are from foundations, businesses and individuals located in northeastern Ohio.

RECEIVABLES AND CREDIT POLICIES

Receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Management evaluated receivables as of May 31, 2023 and has determined that an allowance for doubtful accounts is immaterial to these financial statements.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2023 AND 2022

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). LEI groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

These levels are:

- | | |
|---------|--|
| Level 1 | Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date. |
| Level 2 | Other observable inputs, either directly or indirectly, including: <ul style="list-style-type: none"> • Quoted prices for similar assets/liabilities in active markets; • Quoted prices for identical or similar assets in non-active markets; • Inputs other than quoted prices that are observable for the asset/liability; and, • Inputs that are derived principally from or corroborated by other observable market data. |
| Level 3 | Unobservable inputs that cannot be corroborated by observable market data. |

The fair value hierarchy also requires an entity to maximize the use of observable inputs and maximize the use of observable inputs when measuring fair value, which is LEI's policy. For the years ended May 31, 2023 and 2022, the application of valuation techniques applied to similar assets and liabilities has been consistent.

FIXED ASSETS

LEI capitalizes costs exceeding \$5,000 for personal property purchases and \$10,000 for real property additions and improvements that extend the useful life of assets. Expenditures for routine repairs and maintenance are charged to operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets that range from three to forty years. There was no depreciation expense in 2023 and 2022 as LEI had no capitalized fixed assets.

Repairs and maintenance, which are not considered betterments and do not extend the useful life of property, are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in income.

DEFERRED REVENUE

Deferred revenue consists of registration payments received in advance of the ensuing summer camp and other programs. Such amounts are recorded as revenue when these services are performed.

REVENUE AND REVENUE RECOGNITION

Unconditional donor promises to give are reported at fair value at the date that there is sufficient verifiable evidence documenting that a promise was made by the donor and received by LEI. The gifts are reported as either net assets without donor restriction or net assets with donor restriction if they are received with donor stipulations that sufficiently limit the use of the donated assets. When a donor restriction expires, through the passage of time or when the purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and are reported on the statement of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2023 AND 2022

Revenue from fees for services is earned as services are provided and is reported at an estimated net realizable amount due from individuals, schools, and others for services rendered.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restriction; otherwise, the contributions are recorded as net assets without donor restriction. LEI recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributed income of cash or other assets that must be used to acquire long-lived assets are recorded as contributions with donor restrictions and grants until the assets are acquired and placed in service.

Gains and losses on investments are reported as increases or decreases to net assets without donor restrictions unless their use is restricted by donor-imposed stipulation or by state law.

LEI records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

LEI recognizes in-kind services in accordance with applicable accounting standards if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

In addition, LEI receives services from volunteers who give significant amounts of their time to LEI's programs, fundraising campaigns, and management. No amounts have been reflected for these types of donated services as they do not meet the criteria for recognition.

FUNCTIONAL EXPENSE ALLOCATIONS

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses reflects the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation amount the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

INCOME TAXES

LEI is exempt from the payment of federal and local income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation. LEI currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

ADVERTISING COSTS

Advertising costs are expensed as incurred.

LEASE ACCOUNTING

LEI, as lessee, recognizes right-of-use assets and lease obligations on LEI's statement of financial position. As of the commencement date of a lease, a lease liability and corresponding right-of-use asset is recorded on LEI's statement of financial position at the present value of future minimum lease payments for operating leases. In accordance with ASC 842 for private companies and nonprofit organizations, LEI elected the practical expedient which allows it to use an incremental borrowing rate to discount future lease payments. LEI elected the short-term lease exception policy which permits leases with an initial term of twelve months or less to be recognized as lease expense as incurred. Additionally, any leases determined by management to be inconsequential are expensed when paid.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2023 AND 2022

LEI applies judgement in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. The classification criteria is based on whether the lease has a purchase option or a transfer of ownership at the end of the lease. Additionally, the lease classification criteria is based on estimates of the fair value of the leased asset, minimum lease payments, effective costs of funds, economic life of the asset, and certain other terms in the lease agreements.

LEI determines the lease term as the non-cancellable term of the lease, which may include options to extend the lease when it is reasonably certain that LEI will exercise that option. The lease term is used in determining the classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

For operating leases, LEI recognizes lease expense on a straight-line basis based on payments for minimum rent due over the life of the lease plus any variable rent payments.

3. NET ASSETS WITH DONOR RESTRICTIONS

At May 31, net assets with donor restrictions were as follows:

	2023			
	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Subsequent Period Operations	\$ 54,420	\$ 52,144	\$ (77,645)	\$ 28,919
Finding Joy Program	-	7,940	-	7,940
Summer Intern	-	7,400	-	7,400
	\$ 54,420	\$ 67,484	\$ (77,645)	\$ 44,259
	2022			
	BEGINNING NET ASSETS WITH DONOR RESTRICTIONS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS WITH DONOR RESTRICTIONS
Subsequent Period Operations	\$ 35,038	\$ 81,339	\$ (61,957)	\$ 54,420
Ink Spot - Coventry	3,000	3,000	(6,000)	-
Inside Out - Queer Creators	5,000	-	(5,000)	-
Off-Site Programming	1,000	2,000	(3,000)	-
	\$ 44,038	\$ 86,339	\$ (75,957)	\$ 54,420

4. SPECIAL EVENTS

LEI conducts special fundraising events for which revenue and expenses are as follows:

	2023	2022
Revenue	\$ 9,814	\$ 6,124
Direct Donor Benefits	(1,874)	(573)
	\$ 7,940	\$ 5,551

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2023 AND 2022

5. COMMITMENTS

LEI leased its facility with Cleveland Heights-University Heights Public Library on a month-to-month basis through December 31, 2022. Effective January 1, 2023, LEI secured an 18-month operating lease for its facility through June 30, 2024 requiring monthly payments of \$1,658. Rent expense for the facility amounts to approximately \$14,000 (2023) and \$13,000 (2022).

The lease cost and right-of-use assets under operating leases consisted of the following at May 31, 2023:

Operating Lease Cost	\$	8,289
Right-of-Use Asset under Operating Lease:		
Operating Lease	\$	28,933
Less: Accumulated Amortization		<u>(7,847)</u>
	\$	<u>21,086</u>
Cash Paid for Amounts Included in the Measurement of Liabilities:		
Operating Cash Flows	\$	8,289
Weighted Average Remaining Lease Term		1 year
Weighted Average Discount Rate		4.4%
Future Minimum Lease Payments are as follows:		
2024	\$	19,894
2025		<u>1,658</u>
Total Minimum Lease Payments		21,552
Less: Imputed Interest		<u>(466)</u>
Present Value of Future Lease Payments		21,086
Less: Current Maturities of Lease Obligation		<u>(19,428)</u>
Long-Term Lease Obligation	\$	<u>1,658</u>

For the year ended May 31, 2022, in accordance with U.S. GAAP under ASC 840, LEI recorded its lease expense by using the straight line method over the life of the lease.

**LAKE ERIE INK: A WRITING
SPACE FOR YOUTH, INC.**

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 2023 AND 2022

6. AVAILABILITY AND LIQUIDITY

As of May 31, the following represents LEI's financial assets available to meet general expenditures over the next twelve months:

	2023	2022
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 119,316	\$ 198,311
Grants and Contributions Receivable	19,028	18,269
Accounts Receivable	28,669	7,611
Total Financial Assets	167,013	224,191
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash and Cash Equivalents	(15,340)	(40,501)
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	\$ 151,673	\$ 183,690

Financial assets are considered available unavailable when illiquid, not convertible to cash within one year, or restricted by donors either for long-term purposes or for use in a certain time period. LEI has certain donor-restricted net assets that are available for general expenditures within one year of May 31, 2023, because restrictions on the net assets are expected to be met by conducting normal activities of its programs in the coming year. LEI is substantially supported by government grants, general contributions, and special event fundraisers. LEI manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due.

7. SUBSEQUENT EVENTS

In preparing these financial statements, the LEI has evaluated events and transactions for potential recognition or disclosure through October 25, 2023, the date the financial statements were available to be issued.