The Institute for Excellence in Education

Financial Statements

June 30, 2023 and 2022

YEO & YEO

BUSINESS SUCCESS PARTNERS

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Independent Auditors' Report

Management and the Board of Directors
The Institute for Excellence in Education
Mt. Pleasant, Michigan

Opinion

We have audited the accompanying financial statements of The Institute for Excellence in Education, which comprise the statement of financial position as of June 30, 2023, and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Institute for Excellence in Education as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Institute for Excellence in Education 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.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, The Institute for Excellence in Education changed its method of accounting for leases as required by the provisions of FASB Accounting Standards Updates relating to FASB ASC 842, *Leases*. Our opinion is not modified with respect to that matter.

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 Institute for Excellence in Education's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 The Institute for Excellence in Education'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 Institute for Excellence in Education'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.

Yeo & Yeo, P.C.

Alma, Michigan
August 23, 2023

The Institute for Excellence in Education
Statement of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash	**$ 1,407,221**	$ 1,207,746
Accounts receivable	**701,037**	558,677
Accounts receivable - related party		
Central Michigan University	**90,910**	90,910
The Center for Charter Schools	**24,200**	23,100
Inventory	**59,339**	67,058
Prepaid expenses	**214,103**	203,441
Total current assets	**2,496,810**	2,150,932
Property and equipment, net	**22,791**	24,680
Intangible assets, net	**3,541,640**	3,440,625
Goodwill, net	**-**	137,044
Right of use asset - operating lease, net	**274,890**	-
Total assets	**$ 6,336,131**	$ 5,753,281
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 224,313**	$ 221,742
Accrued liabilities	**416,564**	443,781
Compensated absences	**154,415**	158,371
Deferred revenue	**315,066**	132,442
Operating lease obligation, current portion	**64,818**	-
Total current liabilities	**1,175,176**	956,336
Operating lease obligation, net of current portion	**210,941**	-
Total liabilities	**1,386,117**	956,336
Net assets		
Without donor restrictions	**4,950,014**	4,796,945
Total liabilities and net assets	**$ 6,336,131**	$ 5,753,281

See Accompanying Notes to the Financial Statements

The Institute for Excellence in Education
Statement of Activities
For the Years Ended June 30, 2023 and 2022

	2023	2022
Operating revenue and other support		
State appropriation - related party		
Central Michigan University	**$ 500,000**	$ 500,000
Service revenue	**5,563,776**	5,822,721
Federal grants	**524,467**	930,282
Contributions	**804,187**	531,096
Book revenue, net of cost of goods sold	**2,463**	13,226
Other revenue	**19,298**	7,264
Interest income	**15,381**	1,567
Debt forgiveness	**-**	627,261
Loss on disposal of property, equipment, and intangible assets	**(408)**	(33)
Total operating revenue and other support	**7,429,164**	8,433,384
Expenses		
Program service	**6,394,632**	7,147,000
Management and general	**881,463**	854,615
Total expenses	**7,276,095**	8,001,615
Change in net assets	**153,069**	431,769
Net assets - beginning of period	**4,796,945**	4,365,176
Net assets - end of period	**$ 4,950,014**	$ 4,796,945

See Accompanying Notes to the Financial Statements

The Institute for Excellence in Education
Statement of Functional Expenses
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Program Service	**Management and General**	**Total**	Program Service	Management and General	Total
Compensation	**$ 2,935,510**	**$ 460,020**	**$ 3,395,530**	$ 3,357,800	$ 433,373	$ 3,791,173
Benefits	**583,944**	**134,331**	**718,275**	605,365	134,247	739,612
Payroll taxes	**211,186**	**35,377**	**246,563**	242,268	33,724	275,992
Occupancy	**64,747**	**11,390**	**76,137**	94,087	11,986	106,073
Cost of goods sold	**1,070**	**-**	**1,070**	2,110	-	2,110
Legal	**5,923**	**-**	**5,923**	9,741	-	9,741
Accounting	**-**	**19,526**	**19,526**	-	19,325	19,325
Services and fees	**670,135**	**110,683**	**780,818**	1,091,012	132,497	1,223,509
Supplies and other	**261,669**	**40,257**	**301,926**	273,481	41,334	314,815
Telephone	**29,952**	**5,269**	**35,221**	25,876	3,297	29,173
Marketing	**69,682**	**12,258**	**81,940**	59,473	7,577	67,050
Travel	**256,672**	**37,500**	**294,172**	191,662	22,885	214,547
Bad debt	**17,244**	**3,033**	**20,277**	1,476	188	1,664
Depreciation and amortization	**1,287,968**	**11,819**	**1,299,787**	1,194,759	14,182	1,208,941
Total expenses by function	**6,395,702**	**881,463**	**7,277,165**	7,149,110	854,615	8,003,725
Less expenses included in revenues in the statement of activities:						
Cost of goods sold	**(1,070)**	**-**	**(1,070)**	(2,110)	-	(2,110)
Total expenses included in the expenses section on the statement of activities	**$ 6,394,632**	**$ 881,463**	**$ 7,276,095**	$ 7,147,000	$ 854,615	$ 8,001,615

See Accompanying Notes to the Financial Statements

The Institute for Excellence in Education
Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 153,069	$ 431,769
Items not requiring cash		
Depreciation and amortization	1,299,787	1,208,941
Bad debt expense	20,277	1,664
Loss on disposal of property, equipment, and intangible assets	408	33
Debt forgiveness	-	(627,261)
Changes in operating assets and liabilities		
Accounts receivable	(162,637)	74,699
Accounts receivable - related party		
The Center for Charter Schools	(1,100)	(15,700)
Inventory	7,719	(6,822)
Prepaid expenses	(10,662)	(38,480)
Accounts payable	(115,439)	(54,922)
Accrued liabilities	(27,217)	86,401
Operating lease assets and liabilities	869	-
Compensated absences	(3,956)	(753)
Deferred revenue	182,624	10,851
Net cash provided by operating activities	1,343,742	1,070,420
Cash flows from investing activities		
Purchases of property and equipment	(10,957)	(22,071)
Purchases of intangible assets	(1,133,310)	(1,044,630)
Net cash used by investing activities	(1,144,267)	(1,066,701)
Net change in cash	199,475	3,719
Cash - beginning of period	1,207,746	1,204,027
Cash - end of period	$ 1,407,221	$ 1,207,746
Supplementary information		
Cash paid for interest	$ -	$ 1,110
Supplementary schedule of non-cash investing activities		
Intangible assets acquired through trade accounts payable	$ 118,010	$ 93,010
Building space leased through operating lease	$ 338,670	$ -

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Accounting Policies

The Institute for Excellence in Education ("Institute"), is a Michigan nonprofit corporation that has an affiliation with Central Michigan University through shared board governance.

The Institute is dedicated to inspiring hearts and minds and delivering world class programs, tools and services that help people win for kids. The Institute provides coaching, consulting, professional development, training, technical assistance, publications and software services to a variety of educational organizations across the nation.

Basis of Accounting

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

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) 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.

The Institute reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

The Institute maintains cash at financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. The actual bank balances amounted to $1,409,922 and were fully insured by the FDIC.

Accounts Receivable

Accounts receivable are stated at the outstanding principal balance adjusted for any charge-offs and the allowance for doubtful accounts. Management determines the allowance for doubtful accounts based on an evaluation of receivables, past and recent experience, current economic conditions, and other pertinent factors.

Inventory

Inventory, which consists of books and other media, is stated at the lower of cost or net realizable value, determined by the first-in, first-out (FIFO) method.

Property and Equipment
Property and equipment is stated at cost when purchased or fair value when donated. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. The Institute's capitalization policy is $1,000. Depreciation is computed using the straight-line method over the related assets' estimated useful lives, which are as follows.

Furniture	7 years
Equipment	3 – 10 years

Intangible Assets
Intangible assets are recorded at the cost to acquire the assets and are amortized over the defined life of the assets once the Institute has received the copyright on the assets. The defined life is between three and forty years.

Goodwill
The Institute purchased Corporate Computer, Inc. on February 29, 2012 for an amount in excess of the fair market value of its assets. This resulted in goodwill being recorded in the amount of $1,370,442. Each year management analyzes goodwill to make sure that it has not been impaired since goodwill is not amortized. Impairment losses, if any, are recorded in the year the impairment is determined. There was no impairment loss for the years ended June 30, 2023 and 2022. Goodwill is amortized over a life of ten years.

Leases
The Institute leases building space. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Finance leases are contracts that have characteristics that make them similar to the purchase of the underlying asset. Operating leases are contracts that allow for the use of the underlying asset but there is no ownership transfer at the end of the lease.

Right of use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Right of use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Institute's lease terms may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Institute has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Institute has applied the risk-free rate option to the building and office equipment classes of assets.

Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Institute has made the accounting policy election to combine lease and nonlease components to account for a single lease.

Revenue and Deferred Revenue Recognition
Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Advertising
The Institute expenses advertising costs the first time the advertising occurs. Advertising expense for the years ended June 30, 2023 and 2022 was $81,940 and $67,050, respectively.

Income Taxes
The Institute is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable state and local taxes. The organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The organization files information returns in the U.S. federal jurisdiction.

Functional Expenses
The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Compensation, benefits, payroll taxes, occupancy, services and fees, supplies and other, telephone, marketing, bad debt and inventory writedowns are allocated based on time and effort.

Concentrations
Central Michigan University passes through an annual appropriation from the State of Michigan to the Institute. The Institute continues developing new revenue streams so that the impact of the presence or absence of the appropriation would be minimized; however, if the appropriation were to be eliminated at this time, the impact would be material to the Institute. The appropriation was $500,000 for the years ended June 30, 2023 and 2022. Beginning July 1, 2023, it is expected that Central Michigan University will no longer provide this appropriation.

Date of Management's Review
Management has evaluated subsequent events through August 23, 2023, which is the date the financial statements were available to be issued.

Adoption of New Accounting Standards
The Institute adopted FASB Topic 842, *Leases,* as of the beginning of the year ended June 30, 2023. This has been adopted using the modified retrospective approach, which restates the balances as of the date of adoption. Since lease liabilities equal the related right to use assets, no change to beginning net assets was necessary.

The Institute elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Institute to carry forward the historical lease classification. In addition, the Institute elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in shortening the lease terms for certain existing leases and the useful lives of corresponding leasehold improvements as certain options to renew were not reasonably certain.

Note 2 - 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:

	2023	2022
Cash	**$ 1,407,221**	$ 1,207,746
Accounts receivable	**701,037**	558,677
Accounts receivable - related party	**115,110**	114,010
	$ 2,223,368	$ 1,880,433

The Institute does not have a policy in place to manage liquidity. Informally, management's goal is to maintain enough liquid assets to cover the following month's expenses. The Institute does have a $750,000 line of credit available to meet cash flow needs.

Note 3 - Conditional Promises to Give

The Institute has received conditional promises to give related to federal grants. Payment of the grants are contingent upon spending the funds for the designated allowable purpose and various compliance requirements in accordance with 2 CFR 200. The conditional contributions consisted of the following:

Condition / Grant Purpose	Total Contract / Grant Amount	Spent as of June 30, 2023	Conditional Contribution
The A-Game project - Advancing Great Authorizing and Modeling Excellence	$ 2,391,962	$ 416,203	$ 1,975,759

Note 4 - Revenue from Contracts with Customers

The following summarizes revenue from contracts from customers for the years ended June 30:

	2023	2022
Service revenue	**$ 5,563,776**	$ 5,822,721
Book revenue, net of cost of goods sold	**2,463**	13,226
	$ 5,566,239	$ 5,835,947

The following summarizes bad debt expense for the years ended June 30:

	2023	2022
Bad debt expense on receivables of contracts with customers	**$ 20,277**	$ 1,664

The following summarizes revenue from contracts with customers for the years ended June 30:

	2023	2022
Revenue earned at a point in time	**$ 2,091,529**	$ 2,406,787
Revenue earned over time	**3,474,710**	3,429,160
	$ 5,566,239	$ 5,835,947

Revenue earned over time consists of Epicenter hosting, FIM Mathematics, and coaching and consulting services. Epicenter hosting and FIM Mathematics provide the customer with access to a particular software over the course of a specified time period, typically one year. For coaching and consulting services, certain customers enter into a contract that grants monthly access to the Institute's leaders for coaching and consulting services. Payment terms vary depending on the payment requirements set forth in the contract. The performance obligations for these contracts are satisfied, and revenue is recognized, over the life of the agreement. The transaction price for Epicenter hosting is a flat rate per school. The transaction price for coaching and consulting services varies depending on the nature of services to be provided, and the size of the schools being serviced, and is calculated using the most likely value method. Adjustments made to revenue based on historical collection experience are considered variable consideration.

Revenue earned at a point in time consists of various services, including board services, coaching and consulting, seminars and trainings, and book sales. The payment terms vary depending on the type of service provided based on set fee schedules and individual contract terms. Performance obligations are considered to be satisfied when the particular service has been completed, or when goods have been delivered to the customer. The receivable is due upon completion of the service provided or upon delivery of goods. The transaction price varies depending on the type of service being provided or the particular product being purchased and is calculated using the most likely value method. Adjustments made to revenue based on historical collection experience are considered variable consideration.

The following summarizes contract assets and contract liabilities as of:

	July 1, 2021	June 30, 2022	June 30, 2023
Accounts receivable	$ 515,909	$ 511,019	$ 653,379
Accounts receivable - related party			
The Center for Charter Schools	7,400	23,100	24,200
Total contract assets	$ 523,309	$ 534,119	$ 677,579
Deferred revenue	$ 121,591	$ 132,442	$ 315,066

Note 5 - Property and Equipment

Property and equipment consists of the following:

	2023	2022
Furniture	**$ 93,840**	$ 93,840
Equipment	**116,794**	114,107
	210,634	207,947
Less: accumulated depreciation	**(187,843)**	(183,267)
Property and equipment, net	**$ 22,791**	$ 24,680
Depreciation expense	**$ 12,438**	$ 12,420

Note 6 - Intangible Assets and Goodwill

Intangible assets consist of the following:

	2023	2022
Board policies & administrative guidelines	**$ 151,473**	$ 151,473
CSBU book development	**8,035**	8,035
CSBU 2nd edition book development	**6,149**	6,149
The Seven Outs book development	**16,171**	16,171
Governing for Greatness book development	**10,000**	10,000
Virtual Board Policy Web page system	**138,074**	138,074
Board policies & administrative guidelines improvements	**55,431**	55,431
OBX	**56,875**	56,875
Websites	**29,300**	17,000
Epicenter	**9,732,776**	8,532,976
Board policy program	**21,890**	21,890
Other developed software and miscellaneous	**316,378**	316,378
Intangible asset in process	**233,341**	194,120
	10,775,893	9,524,572
Less accumulated amortization	**(7,234,253)**	(6,083,947)
Intangible assets, net	**$ 3,541,640**	$ 3,440,625

Epicenter is a web-based tool for schools, boards, authorizers, service providers, and associations. A 24/7/365 software system, Epicenter positions teams to view and share information, automate workflow and reporting, monitor compliance, make informed decisions, and demonstrate results.

The estimated future amortization expense is as follows:

Year Ending June 30,	
2024	$ 1,116,476
2025	981,950
2026	658,663
2027	369,528
2028	132,759
Thereafter	282,264
	$ 3,541,640

Goodwill consists of the following:

	2023	2022
Goodwill	**$ 1,370,442**	$ 1,370,442
Less: accumulated amortization	**(1,370,442)**	(1,233,398)
Goodwill, net	**$ -**	$ 137,044

Amortization expense is as follows:

	2023	2022
Intangible assets	**$ 1,150,305**	$ 1,059,477
Goodwill	**137,044**	137,044
Total amortization expense	**$ 1,287,349**	$ 1,196,521

Note 7 - Line of Credit

The Institute executed an agreement with the bank which provided for secured borrowings of up to $750,000 through October 5, 2023. The line of credit is secured by all assets of the Institute. The line of credit has a variable interest rate, calculated at a rate of 0.500 percentage points over the Wall Street Journal Prime Rate. For the years ended June 30, 2023 and 2022, the outstanding balance was $0.

Note 8 - Notes Payable

The Institute received a Paycheck Protection Program (PPP) Loan of $624,905 funded by the Federal government through the Small Business Administration during the year ended June 30, 2021. The PPP loan and any accrued interest are forgivable after twenty-four weeks as long as the borrower meets certain criteria. The loan proceeds must be used for eligible purposes, including payroll, health insurance, retirement plans, state and local taxes assessed on employee compensation, mortgage interest, rent, and utilities. The criteria also reduces loan forgiveness for certain reductions in salaries or reductions in FTEs.

Final forgiveness was determined by the SBA for the first PPP loan in February 2022. Accordingly, $627,261 of gain on extinguishment of debt has been realized in these financial statements for the year ended June 30, 2022.

Note 9 - Leases

The Institute leases building space under a long-term non-cancelable operating lease agreement. The lease expires in 2027 and provides two one-year renewal options. The Institute includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The Institute has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. The Institute elected to combine lease and non-lease components for building space leases.

Total lease costs for the year ended June 30, 2023 were $72,869. Cash paid for amounts included in the measurement of operating lease liabilities through operating cash flows for the year ended June 30, 2023 were $72,000.

For the year ended June 30, 2023, the weighted-average remaining lease term in years was 4.00 and the weight-average discount rate was 2.99% for operating leases.

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2023:

2024	$ 72,000
2025	72,000
2026	73,440
2027	74,904
Total lease payments	292,344
Less interest	(16,585)
Present value of lease liabilities	275,759
Less current portion	(64,818)
Long-term portion	$ 210,941

Note 10 - Compensated Absences

Employees may accrue a maximum of 30 days (240 hours) of vacation leave. Unused vacation time may be carried forward to the next fiscal year. Employees terminating employment for any reason who have given at least two weeks' notice, are entitled to payment for all accrued, unused vacation time, calculated on a pro rata basis not to exceed a maximum of 20 days (160 hours). The liability for compensated absences at June 30, 2023 and 2022 was $154,415 and $158,371, respectively.

Note 11 - Retirement Plan

The Institute maintains a deferred compensation plan qualified under Section 403(b) of the Internal Revenue Code. Under this plan, employees are permitted to contribute a percentage of gross compensation into the retirement plan up to a maximum determined by the Internal Revenue Code. The Institute contributes ten percent of compensation for eligible employees. Contributions to this plan were $276,158 and $304,973 for the years ended June 30, 2023 and 2022, respectively.

Note 12 - Related Party Transactions

CMU passed through State appropriations in the amount of $500,000 for the years ended June 30, 2023 and 2022. The outstanding receivable was $90,910 at June 30, 2023 and 2022.

The Institute provides services to The Center for Charter Schools at CMU (The Center). Services to The Center totaled $245,860 and $229,130 for the years ended June 30, 2023 and 2022, respectively. The outstanding receivable was $23,100 and $7,400 at June 30, 2023 and 2022, respectively.

Note 13 - Commitments and Contingencies

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the Institute expects such amounts, if any, to be immaterial.