



# The Ability Experience

## Financial Report

September 30, 2023

# The Ability Experience

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## **Independent Auditors' Report**

To the Board of Directors of  
The Ability Experience  
Charlotte, North Carolina

### **Opinion**

We have audited the accompanying financial statements of The Ability Experience (a nonprofit organization), which comprise the statement of financial position as of September 30, 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 The Ability Experience as of September 30, 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.

### **Prior Period Financial Statements**

The financial statements of The Ability Experience as of September 30, 2022 were audited by other auditors, whose report dated June 22, 2023 expressed an unmodified opinion on those statements.

### **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 Ability Experience 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 Ability Experience'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 Ability Experience'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 Ability Experience 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.

*Brown, Edwards & Company, L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
August 15, 2024



# Financial Statements



# The Ability Experience

## Statements of Financial Position

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 380,091	\$ 384,200
Prepaid expenses	29,009	5,903
Accounts receivable	9,800	-
Investments:		
Without donor restrictions	1,492,165	1,383,944
With donor restrictions	1,741,299	1,615,327
Property and equipment, net	19,984	24,915
Deferred compensation plan	53,819	40,217
<b>Total assets</b>	<u>\$ 3,726,167</u>	<u>\$ 3,454,506</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 58,099	\$ 57,810
Accrued expenses	27,913	29,225
Deferred revenues	61,730	-
Deferred compensation plan liability	53,819	40,217
<b>Total liabilities</b>	<u>201,561</u>	<u>127,252</u>
Net assets		
Without donor restrictions	1,783,307	1,711,927
With donor restrictions	1,741,299	1,615,327
<b>Total net assets</b>	<u>3,524,606</u>	<u>3,327,254</u>
<b>Total liabilities and net assets</b>	<u>\$ 3,726,167</u>	<u>\$ 3,454,506</u>

# The Ability Experience

## Statements of Activities Year Ended September 30, 2023

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>						
Chapter fundraising	\$ 694,801	\$ -	\$ 694,801	\$ 595,288	\$ -	\$ 595,288
Event fundraising	833,015	-	833,015	1,077,544	-	1,077,544
Private contributions	372,509	-	372,509	558,671	37	558,708
In-kind contributions	205,861	-	205,861	150,712	-	150,712
Registration fees	62,398	-	62,398	16,093	-	16,093
Sales	5,495	-	5,495	9,426	-	9,426
Dividend and interest income, net of fees	33,878	51,612	85,490	41,933	94,958	136,891
Realized gains (losses) on investments	42,179	63,204	105,383	-	-	-
Unrealized gains (losses) on investments	23,491	11,156	34,647	(194,941)	(382,160)	(577,101)
Other income	1,338	-	1,338	151,992	-	151,992
	2,274,965	125,972	2,400,937	2,406,718	(287,165)	2,119,553
Net assets released from restrictions and reclassifications	-	-	-	35,273	(35,273)	(35,273)
Total revenues and gains	2,274,965	125,972	2,400,937	2,441,991	(322,438)	2,119,553
<b>EXPENSES</b>						
Program services:						
Chapter services	436,979	-	436,979	319,506	-	319,506
Grants and placements	45,335	-	45,335	31,143	-	31,143
Journey of Hope	860,608	-	860,608	625,095	-	625,095
Gear Up Florida	139,555	-	139,555	139,388	-	139,388
The Ability Experience Challenge	55,163	-	55,163	101,131	-	101,131
Supporting services:						
Administrative	384,790	-	384,790	293,087	-	293,087
Financial development	281,155	-	281,155	239,060	-	239,060
Total expenses	2,203,585	-	2,203,585	1,748,410	-	1,748,410
Change in net assets	71,380	125,972	197,352	693,581	(322,438)	371,143
<b>NET ASSETS</b>						
Beginning	1,711,927	1,615,327	3,327,254	1,018,346	1,937,765	2,956,111
Ending	\$ 1,783,307	\$ 1,741,299	\$ 3,524,606	\$ 1,711,927	\$ 1,615,327	\$ 3,327,254

The Notes to Financial Statements are an integral part of these statements.

## The Ability Experience

### Statements of Functional Expenses Year Ended September 30, 2023

	Chapter Services	Grants and Placements	Journey of Hope	Gear Up Florida	ABEX Challenge	Total	Administrative	Financial Development	Total	Total All Expenses
Salaries and wages	\$ 180,707	\$ -	\$ 245,071	\$ 33,497	\$ 4,330	\$ 463,605	\$ 216,801	\$ 180,975	\$ 397,776	\$ 861,381
Employee benefits	13,362	-	22,924	2,399	816	39,501	14,129	21,545	35,674	75,175
Payroll taxes	12,402	-	14,298	2,231	293	29,224	8,091	12,484	20,575	49,799
Professional fees	64,592	-	23,276	9,064	16,040	112,972	19,593	11,626	31,219	144,191
Supplies	8,026	-	27,977	12,099	12,148	60,250	1,412	3,348	4,760	65,010
Telephone	574	-	2,829	616	136	4,155	161	284	445	4,600
Postage and shipping	364	-	1,050	378	278	2,070	73	2,050	2,123	4,193
Occupancy	14,514	-	16,493	9,236	7,257	47,500	3,298	15,174	18,472	65,972
Non-capitalized equipment	3,804	-	22,302	3,058	385	29,549	55,384	936	56,320	85,869
Printing and publications	403	-	239	198	14	854	-	13,486	13,486	14,340
Travel	5,654	-	99,503	18,297	7,416	130,870	913	2,456	3,369	134,239
Lodging and meals	129	-	126,155	1,907	2,535	130,726	35	136	171	130,897
Student leadership events	5,382	-	35,370	3,324	1,900	45,976	5,216	12,988	18,204	64,180
Assistance to facilities/organizations	85,654	45,335	57,685	25,475	-	214,149	49,164	-	49,164	263,313
Professional development	1,055	-	820	106	21	2,002	420	1,937	2,357	4,359
Awards	3,695	-	7,034	2,483	-	13,212	203	594	797	14,009
Depreciation	1,262	-	2,207	757	630	4,856	315	1,136	1,451	6,307
Insurance	-	-	276	-	-	276	9,582	-	9,582	9,858
In-kind expenses	35,400	-	155,099	14,430	964	205,893	-	-	-	205,893
	<u>\$ 436,979</u>	<u>\$ 45,335</u>	<u>\$ 860,608</u>	<u>\$ 139,555</u>	<u>\$ 55,163</u>	<u>\$ 1,537,640</u>	<u>\$ 384,790</u>	<u>\$ 281,155</u>	<u>\$ 665,945</u>	<u>\$ 2,203,585</u>



## The Ability Experience

### Statements of Functional Expenses Year Ended September 30, 2022

	Chapter Services	Grants and Placements	Journey of Hope	Gear Up Florida	ABEX Challenge	Total	Administrative	Financial Development	Total	Total All Expenses
Salaries and wages	\$ 136,706	\$ -	\$ 185,398	\$ 25,341	\$ 3,276	\$ 350,721	\$ 164,012	\$ 136,909	\$ 300,921	\$ 651,642
Employee benefits	11,104	-	19,050	1,994	678	32,826	11,741	17,904	29,645	62,471
Payroll taxes	9,951	-	11,473	1,790	235	23,449	6,492	10,017	16,509	39,958
Professional fees	60,176	-	21,685	8,444	14,943	105,248	18,253	10,831	29,084	134,332
Supplies	8,261	-	28,795	12,453	12,503	62,012	1,453	3,446	4,899	66,911
Telephone	557	-	2,747	598	132	4,034	156	276	432	4,466
Postage and shipping	1,348	-	3,884	1,397	1,027	7,656	271	7,586	7,857	15,513
Occupancy	12,766	-	14,507	8,124	6,383	41,780	2,901	13,347	16,248	58,028
Non-capitalized equipment	2,773	-	16,258	2,229	281	21,541	40,374	682	41,056	62,597
Printing and publications	507	-	300	249	18	1,074	-	16,963	16,963	18,037
Travel	4,314	-	75,924	13,961	5,659	99,858	697	1,874	2,571	102,429
Lodging and meals	2,752	-	172,025	40,730	54,143	269,650	750	2,894	3,644	273,294
Student leadership events	3,357	-	25,387	2,386	1,364	32,494	3,744	9,322	13,066	45,560
Assistance to facilities/organizations	58,840	31,143	39,627	17,500	-	147,110	33,773	-	33,773	180,883
Professional development	3,224	-	2,505	325	65	6,119	1,283	5,920	7,203	13,322
Awards	2,021	-	3,847	1,358	-	7,226	111	325	436	7,662
Depreciation	849	-	1,485	509	424	3,267	212	764	976	4,243
Insurance	-	-	198	-	-	198	6,864	-	6,864	7,062
In-kind expenses	-	-	-	-	-	-	-	-	-	-
	<u>\$ 319,506</u>	<u>\$ 31,143</u>	<u>\$ 625,095</u>	<u>\$ 139,388</u>	<u>\$ 101,131</u>	<u>\$ 1,216,263</u>	<u>\$ 293,087</u>	<u>\$ 239,060</u>	<u>\$ 532,147</u>	<u>\$ 1,748,410</u>

# The Ability Experience

## Statements of Cash Flows Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 197,352	\$ 371,143
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-operating and noncash items:		
Depreciation	6,307	4,243
Net realized and unrealized losses (gains) on investments	(140,030)	577,101
Payroll protection program loan forgiven	-	(147,063)
Changes in operating assets and liabilities:		
Promises to give, net of discount	-	1,463
Employee retention credit receivable	-	131,647
Prepaid expenses	(23,106)	5,758
Accounts receivable	(9,800)	-
Deferred compensation plan	(13,602)	1,602
Accounts payable and accrued expenses	12,579	14,982
Deferred revenue	61,730	(4,968)
<b>Net cash provided by operating activities</b>	<u>91,430</u>	<u>955,908</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,376)	(15,675)
Purchase of investments	(4,351,279)	(2,656,852)
Proceeds from sales of investments	<u>4,257,116</u>	<u>1,789,624</u>
<b>Net cash used in investing activities</b>	<u>(95,539)</u>	<u>(882,903)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	(4,109)	73,005
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	<u>384,200</u>	<u>311,195</u>
Ending	<u><u>\$ 380,091</u></u>	<u><u>\$ 384,200</u></u>

# The Ability Experience

## Notes to Financial Statements

September 30, 2023

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### Note 1 – Organization and Nature of Business

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The Ability Experience, Inc. (the “Organization”) is a 501(c)(3) nonprofit organization that uses shared experiences to support people with disabilities and develop the men of Pi Kappa Phi into servant leaders. The Ability Experience was founded in 1977 as the national philanthropy of Pi Kappa Phi Fraternity with the purpose of instilling lifelong service in its members and enhancing the quality of life for people with disabilities. The Ability Experience has grown into a national nonprofit with numerous programs educating undergraduates, alumni, and communities about the abilities of people with disabilities while forging friendships between Pi Kappa Phi members and people with disabilities.

#### *Prior Period Financial Statements*

The financial statements of The Ability Experience as of September 30, 2022 were audited by other auditors, whose report dated June 22, 2023 expressed an unmodified opinion on those statements.

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### Note 2 – Summary of Significant Accounting Policies

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#### *Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

**Net assets without donor restrictions:** Net assets that are available for use in general operations and not subject to donor restrictions.

**Net assets with donor restrictions:** Net assets subject to donor restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other purpose specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period are classified as contributions without donor restrictions.

#### *Cash and Equivalents*

The Organization considers all highly liquid financial instruments with original maturity of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

#### *Restricted Cash and Cash Equivalents*

Cash and cash equivalents that are restricted as to withdrawal or use are included in restricted cash and cash equivalents.

# **The Ability Experience**

## **Notes to Financial Statements**

### **September 30, 2023**

#### ***Investments***

The Organization accounts for investments under FASB ASC 958, *Not-for-Profit Entities*. Under ASC 958, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Investment returns that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the investment returns are recognized.

#### ***Property and Equipment***

Property and equipment additions are carried at cost or, if donated, at the approximate fair value at the date of donation. All property and equipment contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets, ranging from three to ten years. Improvements to property and equipment that do not extend the useful life of the asset are expensed in the year incurred. When property and equipment are retired, the cost and related accumulated depreciation are removed from the accounts with any gain or loss recognized in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

#### ***Long-Lived Assets***

Cash or other assets whose use is restricted to acquire long-lived assets are recorded as restricted until the long-lived assets are placed in service. Once acquired, long-lived assets are recorded as net assets without donor restrictions unless otherwise disclosed.

#### ***Donated Materials, Services, and Use of Property***

Under FASB ASC 958, *Not-for-Profit Entities*, the Organization recognizes services requiring specialized skills such as those provided by accountants, attorneys, marketing consultants, and other professionals if the services would need to be purchased if not donated. The Journey of Hope and other team and special events receive donations of lodging, meals, vehicles and services. These donations are valued at estimated fair value. The amount of donated services recognized as revenues and expenses for the years ended September 30, 2023 and 2022 are \$205,861 and \$150,712, respectively.

#### ***Expense Allocation***

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### ***Financial Development***

Financial development expenses represent amounts incurred in raising additional funds for the Organization.

#### ***Contributions***

The Organization receives monthly donations from donors as a part of the 77 Society campaign which offers a steady source of revenue. The 77 Society has approximately 150 donors that have given approximately \$85,000 and \$63,700 for the years ended September 30, 2023 and 2022, respectively.

# The Ability Experience

## Notes to Financial Statements

### September 30, 2023

#### *Fair Value of Financial Instruments*

The Organization has estimated the fair value of its financial instruments using available market information and other valuation methodologies in accordance with ASC 820, *Fair Value Measurements and Disclosures*. The FASB Fair Value Measurement standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and expands disclosures about fair value measurements in an effort to make the measurement of fair value more consistent and comparable. Financial instruments, as defined in ASC Topic No. 825-10-50, *Fair Value of Financial Instruments*, consist of cash, accounts receivable, investments, accounts payable, and accrued expenses.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e., an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

- Level 1:** Quoted prices in active markets for identical securities.
- Level 2:** Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).
- Level 3:** Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The fair value of each class of financial instruments for which it is practicable to estimate the fair value were determined as follows:

Investments in domestic equities, international equities, fixed income securities, alternatives, and cash equivalents valued at the quoted net market value of shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### *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, 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.

#### *Income Taxes*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the *Internal Revenue Code*. Additionally, the Organization is not a private foundation pursuant to *Internal Revenue Code* Section 509(a)(1).

#### *Subsequent Events*

The Organization has analyzed its operations subsequent to September 30, 2023, through August 15, 2024, the date the financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

# The Ability Experience

## Notes to Financial Statements

September 30, 2023

### 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 balance sheet date comprise the following as of September 30:

	2023	2022
Cash	\$ 380,091	\$ 384,200
Investments	1,492,165	1,383,944
	<u>\$ 1,872,256</u>	<u>\$ 1,768,144</u>

### Note 4 – Concentrations

Management places cash and cash equivalents with high quality financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments. The Organization has not experienced any losses on the accounts.

### Note 5 – Investments

The Organization maintains investments in mutual funds and exchange-traded funds that invest in equity and debt securities. The Organization also invests in marketable equity securities. Investment income, realized gains, and losses, and unrealized gains and losses from these securities are allocated to the unrestricted and temporarily restricted funds based on each fund's percentage of ownership of total investment assets. Investments were comprised of the following, and classified within the fair value hierarchy, at September 30:

	2023			
	Total	Level 1	Level 2	Level 3
<b>Without donor restrictions:</b>				
Domestic equities	\$ 729,604	\$ 729,604	\$ -	\$ -
International equities	154,833	154,883	-	-
Fixed income	407,982	407,982	-	-
Alternatives	-	-	-	-
Cash and cash equivalents	199,746	199,746	-	-
	<u>\$ 1,492,165</u>	<u>\$ 1,492,165</u>	<u>\$ -</u>	<u>\$ -</u>
<b>With donor restrictions:</b>				
Domestic equities	\$ 805,100	\$ 805,100	\$ -	\$ -
International equities	89,920	89,920	-	-
Fixed income	683,172	683,172	-	-
Alternatives	99,700	99,700	-	-
Cash and cash equivalents	63,407	63,407	-	-
	<u>\$ 1,741,299</u>	<u>\$ 1,741,299</u>	<u>\$ -</u>	<u>\$ -</u>

# The Ability Experience

## Notes to Financial Statements

September 30, 2023

	2022			
	Total	Level 1	Level 2	Level 3
<b>Without donor restrictions:</b>				
Common stock and mutual funds	\$ 1,300,536	\$ 1,300,536	\$ -	\$ -
Exchange-traded funds	24,814	24,814	-	-
Bonds	58,594	58,594	-	-
Total	<u>\$ 1,383,944</u>	<u>\$ 1,383,944</u>	<u>\$ -</u>	<u>\$ -</u>
<b>With donor restrictions:</b>				
Common stock and mutual funds	\$ 1,478,444	\$ 1,478,444	\$ -	\$ -
Cash and cash equivalents	43,472	43,472	-	-
Bonds	93,411	93,411	-	-
Total	<u>\$ 1,615,327</u>	<u>\$ 1,615,327</u>	<u>\$ -</u>	<u>\$ -</u>

### Note 6 – Property and Equipment

Property and equipment consisted of the following at September 30:

	Useful Lives	2023	2022
Computer equipment and software	3 – 5 years	\$ 186,055	\$ 184,679
Office furniture and equipment	5 – 10 years	168,498	168,498
		354,553	353,177
Less accumulated depreciation		(334,569)	(328,262)
		<u>\$ 19,984</u>	<u>\$ 24,915</u>

### Note 7 – Restrictions on Net Assets

Net assets with donor restrictions include donor restricted funds to provide fellowships to be used as an incentive for camp counselors serving at summer programs for people with disabilities and the sustainability of the Journey of Hope program. Net assets with donor restrictions consist of the following as of September 30:

Purpose/Use Restriction	2023	2022
Journey of Hope Sustainability	\$ 1,714,012	\$ 1,588,040
Fellowship for Camp Counselors	27,287	27,287
	<u>\$ 1,741,299</u>	<u>\$ 1,615,327</u>

### Note 8 – Retirement Plans

The Organization offers its employees a 401(k) plan that currently provides for a maximum matching contribution of 4%. The Organization also has a deferred compensation plan for eligible senior management, as determined by the Board of Directors. Expense for these two retirement plans was \$24,995 and \$23,288 for the years ended September 30, 2023 and 2022, respectively.

**The Ability Experience**  
**Notes to Financial Statements**  
**September 30, 2023**

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**Note 9 – Related Party Transactions**

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The Organization has a signed shared services agreement with Pi Kappa Phi Fraternity, an affiliated organization, on an annual basis for shared resources, such as office equipment, personnel salaries, software charges, insurance costs and publication fees. The amounts charged to the Organization for shared services during the years ended September 30, 2023 and 2022 was approximately \$193,000 and \$174,000, respectively.

The Organization also incurs normal business expenses such as health insurance, telephone lines, postage, printing supplies, and bank fees. These fees are paid by Pi Kappa Phi Fraternity and reimbursed by the Organization on a monthly basis. The amount charged to the Organization for these expenses during the year ended September 30, 2023 and 2022 were approximately \$94,000 and \$69,000, respectively.

In addition to the verbal shared services agreement, The Ability Experience and Pi Kappa Phi Fraternity have a sublease for office space with a lease termination date of August 31, 2023. A portion of the shared service amounts listed above can be attributed to this sublease agreement. The sub-lease terms state the base rent of the office space will be recalculated annually, based on the usage of the office space by the Organization.

Rent expense for office space was \$65,973 and \$62,622, respectively, for the years ended September 30, 2023 and 2022. The amount due to Pi Kappa Phi Fraternity as of September 30, 2023 and 2022 was \$38,829 and \$16,554, respectively.

In 2013, The Ability Experience agreed to join the Pi Kappa Phi Foundation's Common Loyalty Fundraising campaign. In the written agreement, the Ability Experience would receive 10% of all unrestricted gifts. These funds will be/are deposited with and invested by Pi Kappa Phi Foundation. Annually, The Ability Experience is able to request these funds that fall within predetermined spending rules that clearly support the mission of the Organization.