QUIXOTE CENTER, INC.

Financial Statements and Independent Auditor's Report

For the Year Ended June 30, 2022

LSWG

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Quixote Center, Inc.

Opinion

We have audited the accompanying financial statements of Quixote Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, 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 Quixote Center, Inc. as of June 30, 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 Quixote Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Quixote Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

LSWG, P.A.

Rockville, Maryland
September 29, 2022

QUIXOTE CENTER, INC.

Statement of Financial Position

June 30, 2022

Assets

Current Assets		
Cash and cash equivalents	$	728,024
Prepaid expenses		1,823
Total Current Assets		729,847
Property and Equipment - at Cost		
Equipment		14,722
Less: accumulated depreciation		(11,346)
Property and Equipment - Net		3,376
Other Assets		
Investments		57,942
Deposits		1,434
		59,376
Total Assets	$	792,599

Liabilities and Net Assets

Current Liabilities		
Accounts payable	$	3,982
Accrued paid time off		5,035
Deferred revenue		183,202
Total Current Liabilities		192,219
Long-term Liabilities		
Retirement liability		51,892
Total Liabilities		244,111
Net Assets		
Without donor restrictions		546,949
With donor restrictions		1,539
Total Net Assets		548,488
Total Liabilities and Net Assets	$	792,599

The accompanying notes are an integral part of this statement.

QUIXOTE CENTER, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions and grants	$ 97,692	$ 114,716	$ 212,408
PFE royalty income	10,520	-	10,520
Investment income	4,488	-	4,488
Miscellaneous income	466	2,500	2,966
Unrealized losses on investments	(17,226)	-	(17,226)
Total Support and Revenue	95,940	117,216	213,156
Net assets released from restrictions	140,375	(140,375)	-
Total Support and Revenue	236,315	(23,159)	213,156
Expenses			
Program Services			
Haiti Reborn	128,766	-	128,766
Quest for Peace	59,777	-	59,777
InAlienable	100,570	-	100,570
Other Programs	2,333	-	2,333
Total Program Services	291,446	-	291,446
Supporting Services			
Management and general	121,307	-	121,307
Fundraising	21,215	-	21,215
Total Supporting Services	142,522	-	142,522
Total Expenses	433,968	-	433,968
Change in Net Assets	(197,653)	(23,159)	(220,812)
Net Assets - Beginning of Year	744,602	24,698	769,300
Net Assets - End of Year	$ 546,949	$ 1,539	$ 548,488

The accompanying notes are an integral part of this statement.

QUIXOTE CENTER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services					Supporting Services		
	Haiti Reborn	Quest for Peace	InAlienable	Other Programs	Total	Management and General	Fundraising	Total
Personnel								
Salaries	$ 48,874	$ 38,589	$ 47,836	$ 1,098	$ 136,397	$ 70,632	$ 13,456	$ 220,485
Payroll taxes	3,757	2,950	3,671	81	10,459	5,449	1,025	16,933
Employee benefits	8,461	7,014	8,318	160	23,953	16,040	2,164	42,157
Total Personnel	61,092	48,553	59,825	1,339	170,809	92,121	16,645	279,575
Advertising	3,919	19	76	10	4,024	317	58	4,399
Bank fees	277	212	333	7	829	787	72	1,688
Contribution	20	3	13	201	237	353	10	600
Depreciation	-	-	-	-	-	1,825	-	1,825
Disbursements	48,900	-	16,046	-	64,946	-	-	64,946
Dues and subscriptions	90	56	652	153	951	152	30	1,133
Information technology	3,034	2,314	3,062	77	8,487	568	785	9,840
Insurance	1,093	892	1,076	-	3,061	(819)	271	2,513
Miscellaneous Expense	40	39	47	3	129	91	14	234
Office supplies	68	59	120	10	257	397	41	695
Payroll fees	239	203	244	6	692	366	62	1,120
Postage and shipping	1,976	2,147	1,811	10	5,944	2,193	980	9,117
Printing and publications	1,274	963	995	6	3,238	438	400	4,076
Professional fees	3,930	2,331	4,775	343	11,379	8,573	1,030	20,982
Rent	1,615	942	1,470	112	4,139	11,148	518	15,805
Repairs and maintenance	125	125	135	3	388	194	33	615
Telephone	589	498	620	16	1,723	953	163	2,839
Travel and meetings	485	421	9,270	37	10,213	1,650	103	11,966
Total Expenses	$ 128,766	$ 59,777	$ 100,570	$ 2,333	$ 291,446	$ 121,307	$ 21,215	$ 433,968

The accompanying notes are an integral part of this statement.

QUIXOTE CENTER, INC.
Statement of Cash Flows
For the Year Ended June 30, 2022

Increase (Decrease) In Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Changes in net assets	$ (220,812)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation expense	1,825
Unrealized losses on investments	17,226
Net change in current assets and liabilities	
Contributions receivable	94,128
Prepaid expenses	(30)
Accounts payable	1,922
Accrued paid time off	1,623
Retirement liability	2,167
Deferred revenue	183,202
Net Cash Provided by Operating Activities	81,251
Cash Flows from Investing Activities	
Reinvested interest and dividends	(4,303)
Purchase of equipment	(3,763)
Net Cash (Used in) Investing Activities	(8,066)
Net increase in cash and cash equivalents	73,185
Cash and Cash Equivalents - Beginning of Year	654,839
Cash and Cash Equivalents - End of Year	$ 728,024
Supplemental Information:	
Interest paid	$ -
Income taxes paid	$ -

The accompanying notes are an integral part of this statement.

Quixote Center, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2022

1. Nature of Business

Quixote Center, Inc. (the Center) is a non-profit Organization, incorporated in the State of Maryland. The Center empowers vulnerable families and communities to become the artisans of their own destiny through transforming oppressive systems and structures. Inspired by liberation theology and Catholic Social Teaching, we do this through sustainable development, advocacy, economic justice, environmental, and educational initiatives. Our current focus is on Nicaragua and Haiti, where we support programs to empower impoverished families and communities, and support for migrants in Mexico and Central America, where we work to mitigate the damage of U.S. immigration policies. Together with our partners, we dream of a world more justly loving.

The Center's major program activities are:

Haiti Reborn - Provide direct general operating support for grassroots initiatives including agricultural projects and disaster responses. Inform our network and the general public on matters related to Haiti from a non-interventionist and migration-positive perspective.

Quest for Peace – Support development projects in Nicaragua, with a particular emphasis on finance and construction of affordable housing. Inform members of our network and the general public about education and advocacy opportunities related to Nicaragua.

Bill Callahan Memorial Fund - Provide support to emerging social justice projects and activists.

InAlienable – Direct support for a network of migrant-serving and humanitarian organizations in Latin America with an emphasis on Central America and Mexico. Inform members of our network and the general public on matters related to migration from a transnational perspective.

Other Programs - Promotion of public awareness regarding social justice issues which are not included under the Center's primary programs.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, whereby revenue is recognized when earned and expenses when they are incurred.

2. Summary of Significant Accounting Policies (continued)

(b) Financial Statement Presentation

The Center adopted Financial Accounting Standards Board (FASB) Codification Standards. Under the Codification Standards, the Center is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(c) Cash and Cash Equivalents

The Center considers cash and cash equivalents to include all highly liquid cash and investments with a maturity of three months or less at acquisition.

(d) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Changes in fair value are recorded as unrealized gains and losses. Realized gains and losses are recorded upon the sale of the investments. These gains (losses) are included in the Statement of Activities and Changes in Net Assets.

(e) Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques. The allowance for uncollectible accounts is based on historical experience, an assessment of economic conditions and a review of subsequent collections. There were no contributions receivable at June 30, 2022.

2. Summary of Significant Accounting Policies (continued)

(f) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. The Center's policy is to capitalize expenditures for property and equipment in excess of $500. Depreciation is computed on the straight-line method using estimated useful lives, varying from three to ten years. Depreciation expense for June 30, 2022 was $1,825.

(g) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates primarily relate to unsettled transactions and events on the dates of the statements of financial position. Accordingly, actual results could differ from those estimates.

(h) Revenue Recognition

The Organization recognizes contributions and bequests 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.

3. Fair Market Value and Investments

Financial Accounting Standards Board (FASB) Codification Standards defines fair value, establishes a framework for measuring fair value, expands disclosures about fair value measurements and establishes a hierarchy for valuation inputs.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 - inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

3. Fair Market Value and Investments (continued)

- Level 2 - inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 - inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Investments consist of a mutual fund, which is stated at its readily determinable fair value. Investments at June 30, 2022 are all Level 1.

	Market Value	Cost
Mutual fund	$ 57,942	$ 49,759

4. Deferred Revenue

As part of the Center's efforts in Nicaragua, funds were disbursed in prior fiscal years for a revolving loan program to the Roncalli Institute. The Roncalli Institute was forced to shut down by the Nicaraguan government and rather than have the revolving loan fund balance on hand seized, they sent the remaining funds back to the Center. These funds are currently in a separate bank account opened by the Center and have been recorded as deferred revenue until such time as the Roncalli Institute is able to resume operations. The amount at June 30, 2022 was $183,202.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30, 2022:

Homes of Hope	$ 800
Mazatlan Project	739
Total	$ 1,539

6. Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Certain administrative costs including salaries, payroll taxes and employee benefits have been allocated among the programs and supporting services benefited based on estimated time and effort.

7. Concentrations

Credit Risk - Cash and cash equivalents held by the Center in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. At June 30, 2022, the Center has $336,564 of uninsured cash at one bank. Management believes the Center is not exposed to any significant credit risk related to cash and cash equivalents.

8. Income Taxes

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the year ended June 30, 2022, the Center has determined that no income tax is due for its activities. Accordingly, no provision for income tax has been recorded in the accompanying financial statements. The Center is not considered a private foundation.

The Center has adopted the recognition requirements for uncertain income tax positions as required by U.S. generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Center believes that the income tax filings will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Center's financial condition, results of operations, or cash flows. Accordingly, the Center has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at June 30, 2022.

The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Generally, the Center's tax returns remain open for federal income tax examination for three years from the date of filing.

9. Lease Commitments

A lease for office space was signed on February 18, 2021 for a term of 38 months. Monthly rent payments are $1,304 with a 3% annual increase. Rent expense including utilities, storage and property taxes for the year ended June 30, 2022 amounted to $15,805.

Future minimum operating lease payments are as follows for the fiscal years ended June 30:

2023	$ 16,279
2024	13,917
2025	-
2026	-
2027	-

10. Retirement Plan

The Center established a tax-deferred annuity retirement plan on January 1, 1991. The Plan is intended to be a qualified plan under Internal Revenue Code Section 403(b). All employees are eligible to participate in the Plan provided they meet the following requirements: age 18 and twelve months of service, with a minimum of 250 hours of service. For continued eligibility, each employee must work at least 1,000 hours during a plan year.

The Plan is funded by voluntary employee salary reduction agreements. At the beginning of each plan year, the Center makes a determination as to whether or not an employer contribution will be made for eligible employees. During the year ended June 30, 2022, the Center elected to contribute $6,164 to the Plan.

The Retirement Medical Benefit Policy inaugurated by the Board in 2008 entitles retired, full-time staff aged 65 or older with at least 20 years of service up to $2,400 per year, adjusted for inflation, for otherwise uncovered medical expenses, including insurance. The policy was amended during the year ended June 30, 2017 to increase the benefit to cover current insurance costs. There is currently one retiree who meets those qualifications. There are two ways the Center can pay this benefit to the retiree: on an on-going basis (as currently done through monthly reimbursements) or as a lump-sum payout. The estimated cost of a lump-sum payout at June 30, 2022 was $50,914 and is included in retirement liability in the Statement of Financial Position.

11. Liquidity and Availability of Financial Assets

The following table reflects the Center's financial assets as of June 30, 2022, reduced by amounts not available for general expenditures within one year.

Financial assets:	
Cash and cash equivalents	$ 728,024
Investments	57,942
Financial assets, at year-end	785,966
Less those unavailable for general expenditure within one year, due to:	
Purpose restrictions	(1,539)
Financial assets available to meet cash needs for general expenses within one year	$ 784,427

The Center has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

12. Subsequent Events

Management has evaluated subsequent events through September 29, 2022, the date that the financial statements were available to be issued. There were no significant events to report.