QUIXOTE CENTER, INC.

Financial Statements and
Independent Auditor's Report

For the Year Ended
June 30, 2021

LSWG

CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS ADVISORS

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& BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors of
Quixote Center, Inc.

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, 2021, 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

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, 2021, 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.

LSWG, P.A.

September 24, 2021
Rockville, Maryland

QUIXOTE CENTER, INC.
Statement of Financial Position
June 30, 2021

Assets

Current Assets	
Cash and cash equivalents	$ 654,839
Contributions receivable	94,128
Prepaid expenses	1,793
Total Current Assets	750,760
Property and Equipment - at Cost	
Equipment	11,804
Less: accumulated depreciation	(10,366)
Property and Equipment - Net	1,438
Other Assets	
Investments	70,865
Deposits	1,434
	72,299
Total Assets	$ 824,497

Liabilities and Net Assets

Current Liabilities	
Accounts payable	$ 2,060
Accrued paid time off	3,412
Retirement liability	49,725
Total Current Liabilities	55,197
Net Assets	
Without donor restrictions	744,602
With donor restrictions	24,698
Total Net Assets	769,300
Total Liabilities and Net Assets	$ 824,497

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 89,983	$ 191,917	$ 281,900
Bequests	685,128	-	685,128
Miscellaneous income	807	-	807
Publications and product sales	1,670	-	1,670
Investment income	1,540	-	1,540
PFE royalty income	3,936	-	3,936
Government grant	41,838		41,838
Unrealized gains on investments	18,432	-	18,432
Total Support and Revenue	843,334	191,917	1,035,251
Net assets released from restrictions	167,219	(167,219)	-
Total Support and Revenue	1,010,553	24,698	1,035,251
Expenses			
Program Services			
Haiti Reborn	82,212	-	82,212
Quest for Peace	69,109	-	69,109
Bill Callahan Memorial Fund	1,375	-	1,375
InAlienable	54,533	-	54,533
Other Programs	11,574	-	11,574
Total Program Services	218,803	-	218,803
Supporting Services			
Management and general	125,540	-	125,540
Fundraising	35,937	-	35,937
Total Supporting Services	161,477	-	161,477
Total Expenses	380,280	-	380,280
Change in Net Assets	630,273	24,698	654,971
Net Assets - Beginning of Year	114,329	-	114,329
Net Assets - End of Year	$ 744,602	$ 24,698	$ 769,300

The accompanying notes are an integral part of this statement.

QUIXOTE CENTER, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services						Supporting Services		
	Haiti Reborn	Quest for Peace	Bill Callahan Memorial Fund	InAlienable	Other Programs	Total	Management and General	Fundraising	Total
Personnel									
Salaries	$ 22,384	$ 11,357	$ 684	$ 29,431	$ 6,064	$ 69,920	$ 67,895	$ 15,068	$ 152,883
Payroll taxes	1,646	918	230	2,353	490	5,637	6,177	1,203	13,017
Employee benefits	3,930	1,822	275	4,645	958	11,630	19,561	2,579	33,770
Total Personnel	27,960	14,097	1,189	36,429	7,512	87,187	93,633	18,850	199,670
Advertising	14	11	-	16	3	44	56	3,806	3,906
Bank fees	338	161	11	433	151	1,094	1,120	225	2,439
Disbursements	43,844	50,000	-	5,270	-	99,114	-	-	99,114
Dues and subscriptions	522	171	-	1,231	1,406	3,330	657	160	4,147
Depreciation	-	-	-	-	-	-	1,440	-	1,440
Information technology	1,539	831	32	2,241	440	5,083	5,579	1,010	11,672
Insurance	426	240	-	596	173	1,435	943	244	2,622
Office supplies	125	55	-	157	59	396	455	69	920
Payroll fees	252	126	3	286	72	739	758	143	1,640
Postage and shipping	1,303	64	1	424	116	1,908	2,426	2,290	6,624
Printing and publications	89	161	-	4	1	255	9	433	697
Professional fees	1,602	962	8	2,017	438	5,027	5,293	6,093	16,413
Rent	3,228	1,714	107	3,923	906	9,878	9,427	2,003	21,308
Repairs and maintenance	100	52	4	122	30	308	366	49	723
Telephone	450	242	17	592	129	1,430	1,546	316	3,292
Travel and meetings	287	154	-	599	99	1,139	1,359	161	2,659
Utilities	133	68	3	193	39	436	473	85	994
Total Expenses	$ 82,212	$ 69,109	$ 1,375	$ 54,533	$ 11,574	$ 218,803	$ 125,540	$ 35,937	$ 380,280

The accompanying notes are an integral part of this statement.

QUIXOTE CENTER, INC.
Statement of Cash Flows
For the Year Ended June 30, 2021

Increase (Decrease) In Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Changes in net assets	$ 654,971
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation expense	1,440
Unrealized gains on investments	(18,432)
Net change in current assets and liabilities	
Contributions receivable	(85,953)
Prepaid expenses	(1,793)
Deposits	1,066
Accounts payable	(3,663)
Accrued paid time off	(2,465)
Retirement liability	(2,223)
Net Cash Provided by Operating Activities	542,948
Cash Flows from Investing Activities	
Reinvested interest and dividends	(1,469)
Net Cash (Used in) Investing Activities	(1,469)
Cash Flows from Financing Activities	
Forgiveness of Paycheck Protection Program loan	(41,838)
Net Cash (Used in) Financing Activities	(41,838)
Net increase in cash and cash equivalents	499,641
Cash and Cash Equivalents - Beginning of Year	155,198
Cash and Cash Equivalents - End of Year	$ 654,839
Supplemental Information:	
Interest paid	$ -
Income taxes paid	$ -

The accompanying notes are an integral part of this statement.

1. Nature of Business

Quixote Center, Inc. (the Center) is a non-profit Organization, incorporated in the State of Maryland. The Center's activities focus upon religious and educational development and alleviating the plight of poor minorities. The Center produces and distributes publications and provides speakers in order to increase the public's awareness of social justice issues. The Center also acts as an intermediary for the donation of humanitarian aid supplies to the people of Nicaragua from the people of the United States. The Center's primary responsibilities in this area include arranging for the shipment of the donated supplies, including the related fundraising to cover shipment costs, overseeing the distribution of the supplies, and maintaining the proper records of shipments in order to comply with various United States and international requirements. The Center has also used public awareness advertisements in newspapers in an effort to educate a broad section of the United States population on social justice issues.

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. Management has determined that all contributions receivable are collectible at June 30, 2021.

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, 2021 was $1,440.

(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 it's readily determinable fair value. Investments at June 30, 2021 are all Level 1.

	Market Value	Cost
Mutual fund	$ 70,865	$ 45,456

4. Notes Payable

The Organization applied for and was approved a $41,838 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan was forgiven on January 19, 2021 and has been included in Government grant revenue on the Statement of Activities and Changes in Net Assets.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30, 2021:

Quest for Peace	$ 3,793
Franciscan Family Project	20,905
	$ 24,698

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, 2021, the Center has $319,577 of uninsured cash at one bank. Management believes the Center is not exposed to any significant credit risk related to cash and cash equivalents.

Sources of Revenue – One donor represents approximately 63% of total support and revenue for the year ended June 30, 2021. The implications of this concentration are recognized by management and the Board.

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, 2021, 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, 2021.

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

The Center leased office space under a lease agreement dated December 1, 2016 however, an updated lease agreement was signed in March 2019. The lease required monthly lease payments of $2,300 and expired February 28, 2021. The lease was not renewed.

A new office lease was signed on February 18, 2021 for a term of 38 months. Monthly rent payments are $1,304.

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

2022	$ 15,804
2023	16,279
2024	13,917
2025	-
2026	-

Rent expense including utilities, storage and property taxes for the year ended June 30, 2021 amounted to $21,308.

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 three 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, 2021, the Center elected to contribute $8,112 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, 2021 was $49,725 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, 2021, reduced by amounts not available for general expenditures within one year.

Finanical assets:		
Cash and cash equivalents	$	654,839
Contributions receivable		94,128
Investments		70,865
Financial assets, at year end		819,832
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions		(24,698)
Financial assets available to meet cash needs for general expenses within one year	$	795,134

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 24, 2021, the date that the financial statements were available to be issued. There were no significant events to report.