

ACCEL AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

ACCEL AND SUBSIDIARIES

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **ACCEL and Subsidiaries** which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

We did not audit the financial statements of ACCEL International Saudi, Inc. for Education, a wholly owned subsidiary, which statements reflect total assets constituting 14 percent of consolidated total assets at June 30, 2023, and total revenues constituting 33 percent of consolidated total revenues for the year then ended. Those statements, which were prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities as issued by the International Accounting Standards Board, were audited by other auditors in accordance with International Standards on Auditing, whose report has been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of ACCEL International Saudi, Inc. for Education, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the amounts included for ACCEL International Saudi, Inc. for Education, prior to these conversion adjustments is based solely on the report of, and additional audit procedures to meet the relevant requirements of auditing standards generally accepted in the United States of America performed by, the other auditors. 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 consolidated financial statements are free of material misstatement.

In our opinion, based on our audit and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **ACCEL and Subsidiaries** as of June 30, 2023, and the changes in their net assets and their 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of **ACCEL and Subsidiaries** 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **ACCEL and Subsidiaries'** ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 **ACCEL and Subsidiaries'** 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **ACCEL and Subsidiaries'** 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.

CBIZ CPAs P.C.¹

August 16, 2024

¹ In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.

ACCEL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 5,504,249
Tuition, adult education and clinic receivables, net	2,746,665
Promises to give	1,147,056
Prepaid expenses and other current assets	578,485
Assets whose use is limited, current portion	<u>1,276,575</u>
TOTAL CURRENT ASSETS	11,253,030
INVESTMENTS	164,417
CASH RESTRICTED TO INVESTMENT IN PROPERTY AND EQUIPMENT	273,806
PROPERTY AND EQUIPMENT, net	16,041,308
ASSETS WHOSE USE IS LIMITED, net of current portion	1,072,565
OPERATING LEASE RIGHT-OF-USE ASSETS, net	3,850,266
DEFERRED TAX ASSET, net	25,757
DEPOSITS	<u>81,563</u>
TOTAL ASSETS	<u>\$ 32,762,712</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 164,869
Accrued expenses	2,936,937
Accrued payroll	1,313,230
Deferred revenue	8,982
Income tax payable	152,753
Current maturities of bonds payable	325,000
Current maturities of operating lease liabilities	<u>578,806</u>
TOTAL CURRENT LIABILITIES	5,480,577
BONDS PAYABLE, less current maturities	16,211,122
OPERATING LEASE LIABILITIES, less current maturities	3,536,062
EMPLOYEES' DEFINED BENEFIT OBLIGATION	<u>606,885</u>
TOTAL LIABILITIES	<u>25,834,646</u>
NET ASSETS	
Without donor restrictions	5,221,085
With donor restrictions	<u>1,706,981</u>
TOTAL NET ASSETS	<u>6,928,066</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 32,762,712</u>

See Notes to Consolidated Financial Statements

ACCEL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Tuition revenue			
Metro campus	\$ 8,391,973	\$ -	\$ 8,391,973
Tempe campus	2,856,556	-	2,856,556
Buckeye campus	639,178	-	639,178
Adult education programs	2,965,250	-	2,965,250
Ajyal Center	7,783,842	-	7,783,842
Clinic fees	2,313,421	-	2,313,421
Contributions and grants	8,924,625	810,956	9,735,581
In-kind contributions	696,092	-	696,092
Investment income	74,572	-	74,572
Other revenue	46,603	-	46,603
Net assets released from restrictions	<u>263,765</u>	<u>(263,765)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>34,955,877</u>	<u>547,191</u>	<u>35,503,068</u>
EXPENSES			
Program services:			
Metro campus	7,783,678	-	7,783,678
Tempe campus	3,192,268	-	3,192,268
Adult education programs	4,218,940	-	4,218,940
The BISTÅ Center	2,913,448	-	2,913,448
Ajyal Center	<u>6,733,154</u>	<u>-</u>	<u>6,733,154</u>
Total program services	<u>24,841,488</u>	<u>-</u>	<u>24,841,488</u>
Supporting services:			
Administrative	6,122,266	-	6,122,266
Fundraising	<u>1,353,782</u>	<u>-</u>	<u>1,353,782</u>
Total supporting services	<u>7,476,048</u>	<u>-</u>	<u>7,476,048</u>
TOTAL EXPENSES	<u>32,317,536</u>	<u>-</u>	<u>32,317,536</u>
OTHER INCOME	104,676	-	104,676
INCOME TAX EXPENSE	<u>(17,198)</u>	<u>-</u>	<u>(17,198)</u>
CHANGE IN NET ASSETS	<u>2,725,819</u>	<u>547,191</u>	<u>3,273,010</u>
NET ASSETS, BEGINNING OF YEAR	<u>2,495,266</u>	<u>1,159,790</u>	<u>3,655,056</u>
NET ASSETS, END OF YEAR	<u>\$ 5,221,085</u>	<u>\$ 1,706,981</u>	<u>\$ 6,928,066</u>

See Notes to Consolidated Financial Statements

ACCEL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services					Supporting Services			Total Expenses
	Metro Campus	Tempe Campus	Adult Education Programs	The BISTA Center	Ajjal Center	Total Program Services	Administrative	Fundraising	
Salaries	\$ 4,989,763	\$ 1,856,243	\$ 2,697,390	\$ 1,985,591	\$ 3,207,325	\$ 14,736,312	\$ 3,131,465	\$ 1,091,874	\$ 18,959,651
Payroll and other taxes	356,907	122,029	164,916	188,891	52,109	884,852	584,798	62,132	1,531,782
Other employee benefits	463,756	604,549	110,438	88,600	1,795,074	3,062,417	742,174	26,779	3,831,370
Total employee related expenses	5,810,426	2,582,821	2,972,744	2,263,082	5,054,508	18,683,581	4,458,437	1,180,785	24,322,803
Computer expense	22,531	12,031	16,304	56,477	72,810	180,153	82,749	16,245	279,147
Provision for credit losses	-	7,104	-	-	-	7,104	-	-	7,104
Depreciation expense	356,226	112,505	271,622	20,991	71,213	832,557	34,570	-	867,127
Dues and subscriptions	38,312	3,615	2,076	26,896	1,843	72,742	62,310	7,606	142,658
Education and seminars	9,959	3,900	2,210	9,862	48,546	74,477	6,848	3,752	85,077
Equipment leases	9,636	15,914	-	6,086	-	31,636	-	-	31,636
Publicity and marketing supplies	499	349	-	1,267	-	2,115	-	2,729	4,844
Insurance	98,510	36,561	23,212	19,134	91,830	269,247	14,320	-	283,567
Interest	522,365	174,122	83,249	85,010	6,448	871,194	40,556	-	911,750
Lunch program	85,810	12,700	-	-	51,568	150,078	-	-	150,078
Vocational supplies	5,646	4,797	23,764	-	32,917	67,124	-	-	67,124
Other expenses	32,434	21,647	24,907	7,340	59	86,387	47,251	15,366	149,004
Nursing and psychology	13,327	3,972	314	-	2,283	19,896	-	-	19,896
Office supplies	32,360	14,241	3,871	-	10,528	61,000	3,307	947	65,254
Contractors expense	-	-	-	44,819	80,187	125,006	44,409	-	169,415
Postage	2,078	470	-	41	1,331	3,920	137	438	4,495
Professional services	24,426	20,564	174,819	123,205	105,432	448,446	469,778	97,118	1,015,342
Rent	108,419	-	400,391	101,278	18,978	629,066	341,329	23,405	993,800
Repairs and maintenance	335,335	98,878	16,855	55,231	2,524	508,823	1,025	-	509,848
School and program supplies	47,441	9,560	53,761	17,691	71,280	199,733	-	-	199,733
Staff recognition	16,734	3,709	646	3,446	4,433	28,968	2,778	4,054	35,800
Telephone	29,168	9,098	13,437	26,846	1,782	80,331	59,198	987	140,516
Therapy	9,855	2,245	-	2,360	55,124	69,584	-	-	69,584
Transportation and travel	56,686	10,542	130,099	31,733	923,969	1,153,029	376,358	350	1,529,737
Utilities	115,495	30,923	4,659	10,653	23,561	185,291	3,951	-	189,242
Fundraising event expenses	-	-	-	-	-	-	72,955	-	72,955
TOTAL EXPENSES	\$ 7,783,678	\$ 3,192,268	\$ 4,218,940	\$ 2,913,448	\$ 6,733,154	\$ 24,841,488	\$ 6,122,266	\$ 1,353,782	\$ 32,317,536

See Notes to Consolidated Financial Statements

ACCEL AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 3,273,010
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	867,127
Loss on fixed asset disposal	607
Gain on lease termination	(105,283)
Provision for credit losses	7,104
Amortization of bond issuance costs	53,521
Amortization of operating lease right-of-use asset	587,373
Donated property and equipment	(149,277)
Contributions restricted to investment in property and equipment	(1,266,858)
Deferred taxes	(135,555)
Realized and unrealized gains on investments	(13,630)
Decrease (increase) in:	
Tuition, adult education and clinic receivables	(1,716,544)
Promises to give	268,167
Prepaid expenses and other current assets	(349,615)
Increase (decrease) in:	
Accounts payable	(42,799)
Accrued expenses	2,432,261
Accrued payroll	786,930
Deferred revenue	(600,461)
Income tax payable	(77,573)
Employees' defined benefit obligation	186,869
Operating lease liabilities	(516,937)
Net cash provided by operating activities	<u>3,488,437</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(3,553,660)
Change in deposits	(31,020)
Net cash used in investing activities	<u>(3,584,680)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of bonds	3,935,000
Principal payments on bonds	(255,000)
Payment of bond issuance costs	(547,843)
Payments on line of credit	(200,000)
Collection of contributions restricted to investment in property and equipment	729,708
Principal payments on long-term debt	(20,198)
Net cash provided by financing activities	<u>3,641,667</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	3,545,424
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>4,581,771</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 8,127,195</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	<u>\$ 769,430</u>
Cash paid for income taxes	<u>\$ 94,771</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES	
Purchase of property and equipment included in accounts payable	<u>\$ 8,500</u>
Transfer of property and equipment in satisfaction of promises to give	<u>\$ (8,500)</u>
Operating lease right-of-use asset obtained in exchange for new operating lease liabilities	<u>\$ 1,521,784</u>
Termination of operating right-of-use asset and operating lease liability associated with lease termination	<u>\$ 1,636,928</u>

See Notes to Consolidated Financial Statements

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(1) Organization's operations and summary of significant accounting policies

Nature of operations – ACCEL (the “Organization”) was incorporated in 1980 as LATCH School, Inc. In 2005, LATCH School, Inc. officially changed its name to ACCEL. ACCEL's mission is to provide exceptional educational, behavioral, therapeutic and vocational programs to individuals with cognitive, behavioral and physical challenges, to give them the necessary skills to learn, work and to live successfully with dignity and independence. ACCEL is accredited by the National Commission for Accreditation of Special Education Services. ACCEL contracts with over 40 Maricopa County school districts and serves over 300 special needs children and adults on six sites within Maricopa County in Arizona.

During the year ended June 30, 2014, ACCEL established the ACCEL Foundation (the “Foundation”) for the purpose of raising monies to fund programs that provide support and training to increase community awareness for both children and adults with special needs.

In February 2019, ACCEL purchased all outstanding shares of ACCEL Int'l., Inc. Prior to 2019, ACCEL Int'l., Inc. had no operations. ACCEL Int'l., Inc. is a Delaware corporation and was established to serve as the sole member of ACCEL International Saudi, Inc. for Education. In July 2019, ACCEL International, Inc. was incorporated in the state of Arizona and has had no operations.

In February 2019, ACCEL formed ACCEL International Saudi, Inc. for Education as a single shareholder limited liability company in accordance with the Companies Law issued by Royal Decree in the Kingdom of Saudi Arabia. ACCEL International Saudi, Inc. for Education's registration in the Kingdom of Saudi Arabia has a term of 99 years and can be dissolved by a resolution of the single shareholder. ACCEL International Saudi, Inc. for Education was established to operate special needs centers in the Kingdom of Saudi Arabia.

In July 2022, ACCEL formed ACCEL Educational Facilities Management – Sole Proprietorship LLC as a sole proprietorship limited liability company in accordance with the laws of the United Arab Emirates (“UAE”). ACCEL Educational Facilities Management – Sole Proprietorship LLC was established to operate special needs centers in the UAE. The sole member of the entity is the CEO of ACCEL. The entity was established to benefit ACCEL. ACCEL Educational Facilities Management – Sole Proprietorship LLC has had no operations.

ACCEL's major programs are as follows:

School programs (Metro Campus, Tempe Campus, Buckeye Campus, Freedom Campus) – ACCEL operates school programs located in the greater Phoenix area as well as satellite classrooms on Arizona public school district campuses. All programs incorporate innovative, individualized, evidenced based practices in applied behavior analysis and structured teaching. Students with a wide range of developmental abilities are taught using a functional life skills curriculum aligned with the Arizona Academic Standards in small sized classrooms with a low student to staff ratio, in addition to an extensive vocational program/transition curriculum, focusing on dignity, independence and community skills.

Adult education programs – The Adult Services program provides adults with functional disabilities, ages 18 and older, an opportunity to gain valuable employment skills through practical, “hands on” training experience in creative, enterprise-based businesses such as screen printing and managing a coffee shop, and in other activities that reinforce these skills. Adults receive lifelong training and education, affirming their self-worth and enabling them to fully participate in the workforce and community.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(1) **Organization's operations and summary of significant accounting policies (continued)**

The Bista Center – ACCEL Bista Center offers intensive behavioral services at local clinics, homes and community settings. The Bista Center implements evidence-based practices in Applied Behavior Analysis (“ABA”) Treatment. The Bista Center offers individualized ABA treatment packages based on initial and ongoing assessments. ABA treatment packages include assessments, development of individualized skill acquisition programs, problem behavior identification and reduction, parent and family training consultations, and social groups. The staff at Bista has experience in working with individuals with autism spectrum disorder, including those diagnosed with Asperger’s Syndrome and pervasive developmental disorder-not otherwise specified (“PDD-NOS”). The staff also specializes in working with children with other disabilities. Bista provides functional behavior assessments, academic assessments and speech services.

Ajyal Center – In April 2019, ACCEL International Saudi, Inc. for Education and the Saudi Arabian Oil Company (“Saudi Aramco”) entered into an operating agreement (“Saudi Agreement”) whereby ACCEL International Saudi, Inc. for Education is to assist in developing and operating the Ajyal Special Needs Center (“ASNC”) in the Kingdom of Saudi Arabia. Pursuant to the Saudi Agreement, the program is to include special education and support services, such as speech, occupational, physical, art, behavioral therapies, life skills, and assistive technology training, recreational programs including maker education, prevocational and vocational training therapies. Saudi Aramco is responsible for constructing, furnishing and maintaining the program premises.

The Saudi Agreement has an initial five-year term with the option of Saudi Aramco to extend the agreement for a subsequent five years prior to the expiration of the initial term. The Saudi Agreement includes a mobilization and funding plan which outlines key milestones to be reached in order for ACCEL International Saudi, Inc. for Education to receive funding from Saudi Aramco. In September 2019, ACCEL International Saudi, Inc. for Education commenced operations of the ASNC. During the year ended June 30, 2023, ACCEL International Saudi, Inc. for Education received contributions from Saudi Aramco of approximately \$1,000,000, pursuant to the Saudi Agreement payment schedule. Further, the Saudi Agreement calls for an annual contribution of \$1,000,000 in years four and five of operation (years ended June 30, 2023 and 2024) which the school can earn if the school meets certain milestones related to manpower expenditures, equipment and material, staff training, and other miscellaneous expenditures and requirements,

In February 2022, ACCEL International Saudi, Inc. for Education and Ma’arif for Education and Training, LLC (“Ma’arif”), an unrelated party, entered into an operation agreement (“Ma’arif Agreement”) whereby ACCEL International Saudi, Inc. for Education is to assist in developing and operating an Inclusive Education Program. The Inclusive Education Program which includes providing high quality and evidence-based services including diagnosis, early intervention, special education and therapeutic services to children, especially those with developmental or learning disabilities. Among the obligations of ACCEL International Saudi, Inc. for Education under the Ma’arif Agreement is the responsibility to design the services to be provided and provide all services, personnel, equipment and supplies to carry out the obligation of performing services pursuant to the Ma’arif Agreement. Ma’arif is responsible for making available a premises and furnishing it with standard school equipment pursuant to the Ma’arif Agreement.

The term of the Ma’arif Agreement commenced in fiscal 2022 and terminates five years from the commencement date. There is an option to extend the Ma’arif Agreement in five-year intervals. The initial term includes the funding by Ma’arif of an amount equal to three months of the agreed-upon budgeted costs as the initial funding. Revenue is recognized by ACCEL as actual costs are incurred each month, at which time an additional month of budgeted expenses is funded by Ma’arif, maintaining three months of budgeted costs being advanced funded at all times through the first two months of the Ma’arif Agreement. The prefunding structure ends at the end of the second year of the Ma’arif Agreement, at which time the funding changes to a cost plus 25% profit-based contract through its duration. ACCEL International Saudi, Inc. for Education recognized revenue of approximately \$3,069,000 for the year ended June 30, 2023.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(1) Organization's operations and summary of significant accounting policies (continued)

ACCEL International Saudi, Inc. for Education also receives payroll cost support from the Saudi Human Resources Development Fund, under the Saudi Ministry of Labor and Social Development, which is concerned with providing financial support to organizations that train and qualify citizens in the private sector. ACCEL International Saudi, Inc. for Education applied for and received government support under this initiative of approximately \$758,000 for the year ended June 30, 2023, which is included in contributions in the accompanying consolidated statement of activities and changes in net assets. The assistance is not conditional once approved and awarded.

Consolidated financial statements – ACCEL has an economic interest in and control over the Foundation and is the sole owner of the outstanding stock of ACCEL Int'l., Inc., which is the sole member of ACCEL International Saudi, Inc. for Education. Accordingly, the consolidated financial statements include the accounts of ACCEL, the Foundation, ACCEL Int'l., Inc. and ACCEL International Saudi, Inc. for Education (collectively referred to hereafter as the "Organization"). All significant inter-organization transactions and accounts have been eliminated in consolidation. The financial position and operations of ACCEL Int'l., Inc. and ACCEL International Saudi, Inc. for Education have been consolidated into and presented within the financial position and operations of ACCEL Int'l., Inc. in the accompanying consolidating statement of financial position and consolidating statement of activities and changes in net assets.

The Financial Accounting Standards Board ("FASB") sets generally accepted accounting principles in the United States of America ("GAAP") to ensure consistent reporting. References to GAAP are to the FASB Accounting Standards Codification ("ASC").

Basis of presentation – The accompanying consolidated financial statements are presented in accordance with FASB ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding their consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At June 30, 2023, the Organization has no donor restrictions which were perpetual in nature.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities and changes in net assets.

Management's use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(1) Organization's operations and summary of significant accounting policies (continued)

Cash and cash equivalents – Cash consists of cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at each financial institution are insured in limited amounts by the Federal Deposit Insurance Corporation.

In accordance with FASB Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230)*, the following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated statement of financial position that aggregate to the total of the same such amounts shown in the consolidated statement of cash flows:

Cash and cash equivalents	\$ 5,504,249
Cash restricted to investments in property and equipment	273,806
Cash related to assets whose use is limited	<u>2,349,140</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 8,127,195</u>

Receivables – Tuition, adult education and clinic fees receivables are carried at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on their assessment of the current status of individual balances. Management considers their historical collection experience, current conditions and reasonable supportable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. At June 30, 2023, management has established an allowance for credit losses of approximately \$47,000.

Promises to give – Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the promise to give is expected to be collected, the creditworthiness of the other parties, the Organization's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the promise to give's collectability. Amortization of any discount is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2023, promises to give are considered by management to be fully collectible, and accordingly, an allowance for uncollectible promises to give is not considered necessary. The balance of promises to give as of June 30, 2023 is primarily comprised of donated vehicles not yet received. Promises to give at June 30, 2023 are all due within one year.

Investments – The Organization accounts for their investments in accordance with FASB ASC 958-320, *Investments – Debt Securities*, and FASB ASC 958-321, *Investments – Equity Securities*. Under FASB ASC 958-320 and 958-321, ACCEL is required to report investments in equity and debt securities at fair value. The fair values of investments with readily determinable fair value are based on quoted market prices. Investments are classified as noncurrent in the accompanying consolidated statement of financial position based on management's intent.

Investment income, including realized and unrealized gains and losses, is reported as increases or decreases in net assets without donor restrictions, unless a donor restricts their use.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(1) Organization's operations and summary of significant accounting policies (continued)

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect account balances and the amounts reported in the accompanying consolidated financial statements.

Assets whose use is limited – Assets whose use is limited consists entirely of cash and cash equivalents held by the bond trustees in accordance with the Bond Agreements described in Note 5. Amounts required to meet long-term liabilities and expenses of the Organization have been classified as long-term assets in the accompanying consolidated statement of financial position.

Fair value measurements – FASB ASC 820, *Fair Value Measurement*, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring the use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values by requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs to the valuation methodology include unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable inputs for the asset or liability.

Property and equipment and related depreciation and amortization – Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at fair value at the date of gift to the Organization. Maintenance and repairs are charged to operations when incurred. Purchases of property and equipment in excess of \$5,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization accounts are relieved, and any gain or loss is included in operations. Depreciation and amortization is computed on a straight-line basis using the following estimated useful lives:

Buildings	10 - 20 years
Equipment	1 - 10 years
Leasehold improvements	10 - 30 years
Vehicles	4 - 7 years
Autism clinic software	3 - 5 years

Impairment of long-lived assets – The Organization accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant, and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. No impairment charges were recorded for the year ended June 30, 2023.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(1) Organization's operations and summary of significant accounting policies (continued)

Going concern – The Organization follows the guidance in ASC 205-40, *Presentation of Financial Statements – Going Concern*, which requires management to assess the Organization's ability to continue as a going concern and to provide related disclosure in certain circumstances. There were no conditions or events, when considered in the aggregate, that raise substantial doubt about ACCEL's ability to continue as a going concern within one year after the date the consolidated financial statements were issued.

Revenue recognition – The Organization derives its tuition revenues from providing educational instruction services under contracts with school districts and under contracts related to adult behavioral education with the Arizona Department of Economic Security, Division of Developmental Disabilities ("DES-DDD"). Tuition revenues are also derived from scholarships for approved students funded by local foundations and governmental agencies.

The Organization's revenues from clinic fees are generated through providing clinic services to individuals. The contractual relationships with individuals, in most cases, also involve a third-party payer (Medicaid or commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by (Medicaid) or negotiated with the third-party payers (commercial insurance companies). The Organization records revenue from clinic services based upon the agreed upon contracted rate for the specific services provided, net of explicit and implicit price concessions which represent the only form of variable consideration.

The Organization elected the practical expedient of expensing costs incurred to obtain a contract as the costs are generally immaterial and the amortization period would be for one year or less.

Tuition revenue is earned from contracts with school districts and through scholarships through performance obligations satisfied over time as the instruction services are provided over the course of each month to enrolled students, based on rates agreed to for the applicable school year with each specific school district. The period of performance in each school district contract aligns with the Organization's fiscal year. Tuition is recognized at the Ajyal campus in the same manner. Revenue generated through performance obligations satisfied over time totaled approximately \$19,672,000 for the year ended June 30, 2023.

Revenue from adult behavioral education contracts is generated through performance obligations satisfied at a point in time as the service is provided to enrolled adults. Clinic fee revenue from contracts with patients are funded by insurance providers and private pay contracts and is generated through performance obligations satisfied at a point in time as the service is rendered to the individual. Revenue generated through performance obligations satisfied at a point in time totaled approximately \$5,279,000 for the year ended June 30, 2023.

All of the Organization's contracts with customers include a single performance obligation to transfer the promised service, specifically to provide educational instruction services, to generate tuition revenue or to provide clinical services to generate clinic fee revenue. The Organization invoices for the services either during the month of service for school district contracts or at the time of service for all other contracts. Contract liabilities for the Organization would be comprised of tuition fees received in advance of the Organization satisfying the performance obligations. As of June 30, 2023 and 2022, the Organization had contract liabilities totaling approximately \$9,000 and \$609,000, respectively.

The Organization does not have any significant financing components as payment is generally received in a customary time frame for the customers. The contracts do not contain material amounts of variable consideration. At contract inception, the Organization evaluates the probability of collecting the transaction price based on the history of payment by the customer.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(1) Organization's operations and summary of significant accounting policies (continued)

There were no contract assets as of June 30, 2023 and 2022 for any contracts for which revenue is recognized under Topic 606. Accounts receivable related to such contracts were approximately \$2,747,000 and \$1,037,000 as of June 30, 2023 and 2022, respectively.

Contributions and grants – The Organization accounts for contributions and grants in accordance with FASB ASC Topic 958. The Organization evaluates grants and contributions for evidence of the transfer of commensurate value from the Organization to the grantor or resource provider. The transfer of commensurate value from the Organization to the grantor or resource provider may include instances when a) the goods or services provided by the Organization directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider, or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Organization. When such factors exist, the Organization accounts for the grants or contributions as exchange transactions under ASC 606, *Revenue from Contracts with Customers*, or other appropriate guidance. In the absence of these factors, the Organization accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from the Organization to the resource provider, the Organization evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Organization or the right of return to the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both the Organization and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Organization to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or a release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

The Organization recognizes amounts received from unconditional contributions at the time the Organization receives notification of the award. Contributions that include conditions imposed by the grantor or resource provider are recognized when those conditions are met by the Organization.

In accordance with FASB ASC 958-605, contributions received are recorded as contributions with donor restrictions or contributions without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions on the consolidated statement of activities and changes in net assets depending on the nature of the restriction. All contributions are considered to be available for use unless specifically restricted by the donor. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Restricted support, where restrictions are met in the same period as the donation is made, is shown as additions to net assets without donor restrictions.

Donated materials and services – The Organization presents contributed nonfinancial assets separately on the consolidated statement of activities and changes in net assets as in-kind contributions in accordance with Accounting Standards Update (“ASU”) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(1) Organization's operations and summary of significant accounting policies (continued)

ACCEL receives various in-kind contributions in the form of donated services, supplies, and other materials which are used in operations. ACCEL's in-kind contributions are primarily comprised of donated vehicles from governmental organizations. Donated materials are recorded at their estimated fair value as of the date of donation. In-kind contributions are valued using estimated prices of identical or similar services and products in the local retail markets (Level 2 inputs). Donated materials are reflected as contributions in the consolidated statement of activities and changes in net assets at their estimated fair values at the date of receipt. Donated services are recognized as contributions in accordance with FASB ASC 958-605 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When these conditions are met, the fair value of the donated services is reflected as contributions in the consolidated statement of activities and changes in net assets. No amounts have been reflected in the accompanying consolidated financial statements for certain donated volunteer services because they did not qualify for recording under the guidelines of FASB ASC 958-605.

Leases – The Organization reviews new leasing arrangements at inception to evaluate whether substantially all the economic benefits and rights to control the use of an asset are obtained. If the Organization determines that an arrangement qualifies as a lease, with a lease term of greater than one year, the Organization assesses whether the leased asset is an operating or financing lease. The Organization's lease portfolio is primarily related to office space, under various operating lease agreements.

The Organization records a lease right-of-use ("ROU") asset and lease liability as the present value of the future minimum lease payments (including fixed lease payments and certain qualifying index-based variable payments) over the reasonably certain lease term, beginning at the lease commencement date. The Organization has elected to use the risk-free rate as the discount rate for the purposes of determining the present value of the right-of-use asset and lease liabilities, as a practical expedient available to non-public business entities. The Organization uses the risk-free rate for all lease agreements. Certain adjustments to the Organization's lease ROU assets may be required for items such as initial direct costs paid or incentives received.

The Organization elected to not record operating lease right-of-use assets or operating lease liabilities for leases with an initial term of 12 months or less. The Organization elected the practical expedient not to separate lease components from non-lease components but, rather, to combine them into one single lease component, which is recognized over the expected term on a straight-line expense basis in occupancy costs.

The lease ROU assets and lease liabilities recognized did not include any renewal or termination options that were not yet reasonably certain to be exercised.

Functional expenses – The costs of providing the Organization's various programs and other activities have been reported on a functional basis in the accompanying consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to program and supporting services using appropriate allocation methods. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization and are allocated based on personnel or other appropriate indicators. For the year ended June 30, 2023, the Organization had no material allocations of expenses to more than one function.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(1) Organization's operations and summary of significant accounting policies (continued)

Financial instruments and credit risk – The Organization manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Additionally, the Organization's cash deposits totaling approximately \$1,919,000 at June 30, 2023 in a financial institution under the jurisdiction of the Kingdom of Saudi Arabia are not insured. To date, the Organization has not experienced losses in any of these accounts.

The Organization extends unsecured credit to school districts and to various payor sources for clinic clients. Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental or quasi-governmental agencies supportive of the Organization's mission. As of June 30, 2023, DES-DDD made up 18% and the Arizona Governors' Office of Youth, Faith and Family made up 11% of the receivable balance.

For the year ended June 30, 2023, approximately 9% of the consolidated revenue was received from Saudi Aramco and approximately 8% of consolidated revenue was received from DES-DDD.

Income tax status – ACCEL and the Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, therefore, there is no provision for income taxes. In addition, ACCEL and the Foundation qualify for the charitable contribution deduction under Section 170 of the Code and have been classified as organizations that are not private foundations. Income determined to be unrelated business taxable income would be taxable and accounted for under the asset and liability method.

ACCEL Int'l., Inc. is a domestic C-corporation that does not qualify as a tax-exempt organization under the Code. For ACCEL Int'l., Inc. income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the tax and financial reporting bases of the entity's assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in future years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced through the establishment of a valuation allowance, if, based upon available evidence, it is determined that it is more likely than not that the deferred tax assets will not be realized (see Note 7).

ACCEL International Saudi, Inc. for Education is a single shareholder limited liability company in the Kingdom of Saudi Arabia and in accordance with the tax code of Saudi Arabia meets the definition of a resident corporation. ACCEL International Saudi, Inc. for Education is subject to the Regulations of the General authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Income tax is provided on an estimated accruals basis and charged to the statement of comprehensive income. Income tax is computed on the adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared. A resident corporation is taxed on income arising in Saudi Arabia at a general corporate tax rate of 20%. Tax losses may be carried forward indefinitely for use against future years' taxable income, subject to a maximum offset of 25% of the annual taxable profits. ACCEL International Saudi, Inc. for Education earned net income for the year ended June 30, 2023.

ACCEL International Saudi, Inc. for Education is subject to value added tax. Expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(1) **Organization's operations and summary of significant accounting policies (continued)**

The Organization evaluates their uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings, and discussions with outside experts.

The Tax Cuts and Jobs Act of 2017 ("TCJA") contains a provision which subjects a U.S. parent of a foreign subsidiary to current U.S. tax on its global intangible low-taxed income ("GILTI"). The GILTI is required to be included in gross income each year, subject to exclusions and calculations pursuant to the Code. Under Section 118 of the Code, non-shareholder contributions to capital are excluded from corporate income, including GILTI, pursuant to specific conditions further described in the Code. For income tax purposes, the Organization has made an election to classify the contributions from Saudi Aramco as non-shareholder contributions to capital as management has concluded that the specific conditions to qualify for such treatment have been met. Under this classification, the Organization would have no tax liability associated with GILTI relative to the non-shareholder contributions to capital from Saudi Aramco since inception of ACCEL International Saudi, Inc. for Education. The Organization recognizes the financial statement benefit of such a position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The tax returns subjected to this position, fiscal periods ending June 30, 2019, 2020, 2021, 2022, and 2023 are subject to examination by the IRS for the three years after filing. Should an examination be conducted, and the position taken by management not be sustained, the impact could be material to the Organization's consolidated financial statements.

ACCEL and the Foundation's federal Returns of Organizations Exempt from Income Tax (Form 990 and 990T) for fiscal 2021, 2022 and 2023 are subject to examination by the IRS, generally for three years after they were filed. The tax returns for ACCEL Intl., Inc. for fiscal years 2021, 2022 and 2023 are subject to examination by the IRS, generally for three years after they are filed.

Foreign currency – The Organization's functional currency for operations of ACCEL International Saudi, Inc. for Education in the Kingdom of Saudi Arabia is the U.S. dollar. Monetary assets and liabilities are translated at exchange rates in effect at the end of the year. Transactions occurring during the year are translated at a rate in effect on the day of the transaction. Gains and losses from foreign currency transactions are included in current results of the Organization's operations and were not material for fiscal 2023.

Subsequent events – The Organization has evaluated subsequent events through August 16, 2024, which is the date the consolidated financial statements were available to be issued.

(2) **Investments**

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,255	\$ -	\$ -	\$ 3,255
Equity funds	100,473	-	-	100,473
Fixed income funds	46,986	-	-	46,986
Alternatives	13,703	-	-	13,703
Total investments at fair value	<u>\$ 164,417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,417</u>

The Organization has no other assets or liabilities measured at fair value other than at initial recognition.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(3) Property and equipment

Property and equipment consist of the following at June 30, 2023:

Land	\$ 3,144,540
Buildings	12,323,176
Equipment	1,758,001
Leasehold improvements	1,594,082
Vehicles	1,158,349
Clinic software	50,000
Construction in progress	<u>1,978,681</u>
Total cost	22,006,829
Less accumulated depreciation	<u>(5,965,521)</u>
Total property and equipment, net	<u>\$ 16,041,308</u>

Depreciation expense charged to operations was approximately \$867,000 for the year ended June 30, 2023.

In November 2022, ACCEL purchased the land and school facilities located at 5301 S. McClintock Drive, Tempe Arizona 85283 ("McClintock Building") for approximately \$3,265,000 with the proceeds from the Series 2022 Bonds (See Note 5). The McClintock building was previously leased and included on the consolidated statement of financial position as an operating lease right-of-use asset and operating lease liability. Upon completion of the McClintock building purchase, ACCEL reduced the operating lease right-of-use asset by approximately \$1,637,000 and operating lease liability by approximately \$1,742,000, which represented the estimated balance of the asset and liability associated with the operating lease in effect for the McClintock Building at the time of the purchase and recognized a gain on lease termination of approximately \$105,000.

At June 30, 2023, construction in progress consists primarily of renovations to the McClintock Building. The renovations are expected to be completed in fiscal 2024 and are being funded through the use of operating cash.

(4) Line of credit

The Organization had a line of credit with a borrowing capacity of \$1,000,000 and was collateralized by substantially all assets of the Organization. The borrowings bore interest at a variable rate equal to one month LIBOR plus 3.25% (4.86% at June 30, 2022). The line of credit matured in October 2021 and was renewed through January 27, 2022. In March 2022, the Organization and the lender entered into an amended and restated revolving line of credit agreement which extended the maturity date to April 27, 2022. On April 11, 2022, the line of credit was further extended to January 27, 2023. On January 6, 2023, the line of credit was further extended to April 27, 2023. On April 28, 2023, the Organization and the lender entered into an amended and restated revolving line of credit agreement which lessened the borrowing capacity of the Organization from \$1,000,000 to \$300,000 and extended the line of credit to June 30, 2023, and established a provision that the line of credit would be terminated if the Organization did not meet certain nonfinancial covenants by June 30, 2023. On June 30, 2023, the Organization was not in compliance with certain nonfinancial covenants and the line of credit was terminated. As of June 30, 2022 the Organization had an outstanding balance on the line of credit of \$200,000 which was fully repaid prior to the termination of the line of credit.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(5) Bonds payable

In August 2018, the Organization entered into an agreement with the Arizona Industrial Development Authority (the "Issuer") to issue Education Facility Revenue Bonds (ACCEL Schools Project), Series 2018A (the "Series 2018A Bonds") and Education Facility Revenue Bonds (ACCEL Schools Project), Taxable Series 2018B (the Series 2018B Bonds"), in the aggregate principal amount of \$14,730,000 (together, the "Series 2018 Bonds"), pursuant to an Indenture of Trust, dated as of August 1, 2018 (the "Indenture"), between the Issuer and UMB Bank, National Association, as trustee (the "Trustee"). The bonds were approved in two separate series: Series 2018A for \$14,205,000 and Series 2018B for \$525,000. The proceeds of the Series 2018 Bonds were used to make a loan to the Organization, pursuant to a Loan Agreement, dated as of August 1, 2018 (the "2018 Loan Agreement"), between the Organization and the Issuer, and used for purposes of: (i) refunding the outstanding 2014 bonds of The Industrial Development Authority of the Town of Florence, Inc., (ii) financing the \$9.4 million acquisition of the 10251 North 35th Avenue in Phoenix, Arizona 85051 building, including the repayment of debt outstanding on the former facility, (iii) funding the required reserve funds, and (iv) paying the costs incurred in connection with the authorization, issuance and sale of the Series 2018 Bonds.

The Series 2018 Bonds will be payable from the monies held for the payment thereof by the Trustee under the Indenture, including amounts held in a subaccount of the debt service reserve fund and other funds held by the Trustee and Loan Payments to be made by the Organization under the 2018 Loan Agreement. The Series 2018 Bonds are secured by an assignment and pledge of (i) amounts payable pursuant to the 2018 Loan Agreement (other than the Issuer's Unassigned Rights), (ii) the Deed of Trust, including an assignment of all rents, revenues and profits of the facilities in favor of the Trustee, as beneficiary, and the title company, as trustee thereunder, subject to certain Permitted Encumbrances, and (iii) certain funds created in the Indenture.

Principal of the Series 2018 Bonds will be paid on August 1 of each year, commencing August 1, 2019, and interest will be paid on February 1 and August 1, commencing February 1, 2019. The Series 2018 Bonds bear interest at fixed rates ranging from 4% to 5.25%, depending on the tranche, and mature through August 1, 2048. The Organization is required to fund the bond sinking funds with monthly debt service payments approximating \$81,000 through the maturity dates. At June 30, 2023 these sinking funds consists entirely of cash deposits and are classified as assets whose use is limited in the accompanying consolidated statement of financial position.

The Organization incurred approximately \$808,000 in bond issuance costs as part of the issuance of the Series 2018A and 2018B bonds, which have been capitalized and recorded as a reduction in the outstanding balance of the bonds in the accompanying consolidated statement of financial position. The capitalized bond issuance costs related to the issuance of the Series 2018A bonds are \$779,575 and are amortized over twenty-nine years which represents the term of the Series 2018A bonds. The capitalized bond issuance costs related to the issuance of the Series 2018B bonds are \$28,812 and are amortized over three years which represents the term of the Series 2018B bonds. As of June 30, 2023, the Organization has recorded approximately \$162,000 of accumulated amortization of the bond issuance costs. The unamortized bond issuance costs total approximately \$646,000 at June 30, 2023, with approximately \$26,000 of the costs to be amortized in fiscal 2024.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(5) Bonds payable (continued)

Annual principal payments on the Series 2018 Bonds are as follows:

<u>Years Ending June 30,</u>	
2024	\$ 265,000
2025	280,000
2026	295,000
2027	305,000
2028	320,000
Thereafter	<u>12,300,000</u>
Total	<u>\$ 13,765,000</u>

The Series 2018 Bonds contain certain annual financial and non-financial covenants.

In November 2022, the Organization entered into an agreement with the Arizona Industrial Development Authority of the City of Tempe, Arizona (the "Issuer") to issue Education Facility Revenue Bonds (ACCEL Project), Series 2022A (the "Series 2022A Bonds") and Education Facility Revenue Bonds (ACCEL Project), Taxable Series 2022B (the Series 2022B Bonds"), in the aggregate principal amount of \$3,935,000 (together, the "Series 2022 Bonds"), pursuant to an Indenture of Trust, dated as of November 1, 2022 (the "Indenture"), between the Issuer and UMB Bank, National Association, as trustee (the "Trustee"). The bonds were approved in two separate series: Series 2022A for \$3,640,000 and Series 2022B for \$295,000. The proceeds of the Series 2022 Bonds were used to make a loan to the Organization, pursuant to a Loan Agreement, dated as of November 1, 2022 (the "2022 Loan Agreement"), between the Organization and the Issuer, and used for purposes of: (i) financing the costs of acquisition, construction, improvement and equipping of the land and school facilities located at 5301 S. McClintock Drive, Tempe Arizona 85283 ("McClintock Building"), (ii) funding any required reserve funds, (iii) paying capitalized interest on all of portions of the Series 2022 Bonds, if any, and (iv) paying the costs incurred in connection with the authorization, issuance and sale of the Series 2022 Bonds.

The Series 2022 Bonds will be payable from the monies held for the payment thereof by the Trustee under the Indenture, including amounts held in a subaccount of the debt service reserve fund and other funds held by the Trustee and Loan Payments to be made by the Organization under the 2022 Loan Agreement. The Series 2022 Bonds are secured by an assignment and pledge of (i) amounts payable pursuant to the 2022 Loan Agreement (other than the Issuer's Unassigned Rights), (ii) the Deed of Trust, including an assignment of all rents, revenues and profits of the facilities in favor of the Trustee, as beneficiary, and the title company, as trustee thereunder, subject to certain Permitted Encumbrances, and (iii) certain funds created in the Indenture.

Principal of the Series 2022 Bonds will be paid on August 1 of each year, commencing August 1, 2023, and interest will be paid on February 1 and August 1, commencing February 1, 2023. The Series 2022A Bonds bear interest at a fixed rate of 6.5% and mature through August 1, 2048. The Series 2022B Bonds bear interest at a fixed rate of 7% and mature through August 1, 2027. The Organization is required to fund the bond sinking funds with monthly debt service payments approximating \$107,000 through the maturity dates. At June 30, 2023 these sinking funds consists entirely of cash deposits and are classified as assets whose use is limited in the accompanying consolidated statement of financial position.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(5) Bonds payable (continued)

The Organization incurred \$548,000 in bond issuance costs as part of the issuance of the Series 2022A and 2022B bonds, which have been capitalized and recorded as a reduction in the outstanding balance of the bonds in the accompanying consolidated statement of financial position. The capitalized bond issuance costs related to the issuance of the Series 2022A bonds are \$506,772 and are amortized over approximately twenty-six years which represents the term of the Series 2022A bonds. The capitalized bond issuance costs related to the issuance of the Series 2018B bonds are \$41,071 and are amortized over approximately five years which represents the term of the Series 2022B bonds. As of June 30, 2023, the Organization has recorded approximately \$18,000 of accumulated amortization of the bond issuance costs. The unamortized bond issuance costs total approximately \$530,000 at June 30, 2023, with approximately \$28,000 of the costs to be amortized in fiscal 2024.

Annual principal payments on the Series 2022 Bonds are as follows:

<u>Years Ending June 30,</u>	
2024	\$ 60,000
2025	65,000
2026	70,000
2027	75,000
2028	75,000
Thereafter	<u>3,590,000</u>
Total	<u>\$ 3,935,000</u>

The Series 2022 Bonds contain certain annual financial and non-financial covenants.

(6) Net assets with donor restrictions

As of June 30, 2023, net assets with donor restrictions consists of the following:

Classroom technology	\$ 26,737
Vocational program	3,201
Metro campus facilities	10,000
Health	244,906
Vehicles	<u>1,422,137</u>
	<u>\$ 1,706,981</u>

At June 30, 2023, net assets with donor restrictions are included within cash and cash equivalents and promises to give on the accompanying consolidated statement of financial position.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(6) Net assets with donor restrictions (continued)

For the year ended June 30, 2023, net assets released from donor restrictions consisted of the following:

Classroom technology	\$	51,239
Vocational program		13,945
East Campus Facilities		-
Kitchen equipment		1,085
Metro Campus Facilities		524
Health		79,079
Vehicles/Transportation		117,893
	\$	<u>263,765</u>

(7) Income taxes

ACCEL previously operated a retail store as an enterprise-based program. The store was closed in fiscal year 2017 and the remaining inventory was written off. The revenues and related expenses generated before the store's closure were not exempt from federal taxes under Section 511 of the Internal Revenue Code and applicable state taxes. At June 30, 2019, ACCEL had accumulated approximately \$650,000 of net operating loss carryforwards for tax purposes, which represented a deferred tax asset of approximately \$215,000 available to offset future unrelated business income tax. During the year ended June 30, 2019, ACCEL utilized a portion of the net operating loss carryforward to cover taxable income generated through certain provisions of the Tax Cuts and Jobs Act of 2017 ("TCJA"). ACCEL has fully reserved the deferred tax asset with a valuation allowance in the amount of \$154,082 as management has determined that it is not more likely than not that future taxable income will be sufficient for the realization of the net deferred tax asset as of June 30, 2023. The net operating loss carryforwards will begin to expire in the year 2034.

ACCEL International Saudi, Inc. for Education incurred taxable income during fiscal 2023 and has recognized a net deferred tax asset as of June 30, 2023.

Significant components of deferred tax assets (liabilities) of ACCEL International, Inc. for Education are as follows as of June 30, 2023:

Deferred income tax assets (liabilities):	
End of service benefits	\$ 37,374
Depreciation	(11,617)
Deferred revenue	-
Other	-
Total deferred income tax assets (liabilities)	<u>25,757</u>
Less valuation allowance	-
Net deferred tax asset	<u>\$ 25,757</u>

For the year ended June 30, 2023, ACCEL International Saudi, Inc. for Education reported current income tax expense of approximately \$153,000 and deferred income tax expense of approximately (\$136,000).

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(7) Income taxes (continued)

The current income tax provision is comprised of the following components:

Current income tax provision:

Net income	\$ 911
Current service costs for end of service benefits	270,892
Compensation-related deductible expenses	513,093
Depreciation expense deductions	13,264
End of services benefits paid	(37,420)
Other	<u>3,023</u>
Net income after adjustments	763,763
Adjust accumulated losses less than 25% of adjusted income	-
Taxable income	<u>763,763</u>
Current tax provision	<u>\$ 152,753</u>

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. When they exist, the realization of the deferred tax asset is dependent upon the Organization's ability to generate sufficient taxable income, including unrelated business taxable income in future periods.

(8) Operating leases

The Organization leases office equipment and office space under operating lease agreements with terms expiring in various years through June 2030. Most leases include one or more options to renew, with renewal terms that can extend the lease term from 1 to 15 years. The exercise of lease renewal options is at the Organization's sole discretion. Only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

The following is a table of the Organization's components of total lease costs for the year ended June 30, 2023:

Operating lease cost	\$ 587,373
Short-term lease cost	<u>103,291</u>
Total lease costs	<u>\$ 690,664</u>

The Organization used the risk-free rate for the leases included in the future commitments below in order to determine the present value of the ROU. The weighted average discount rate used by the Organization on all lease commitments is 1.73% and the weighted average remaining lease term as of June 30, 2023 is approximately 6.63 years. The operating cash flows paid to fulfill operating lease commitments were approximately \$598,000 for the year ended June 30, 2023.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(8) Operating leases (continued)

The Organization is committed under non-cancellable operating leases for the rental of facilities and land. Future minimum lease commitments for facilities under these leases with an initial term in excess of one year are as follows:

<u>Years Ending June 30,</u>	
2024	\$ 719,412
2025	908,663
2026	840,773
2027	853,813
2028	689,059
Thereafter	<u>346,162</u>
Total future lease payments	4,357,882
Less imputed interest	<u>(243,014)</u>
Total operating lease liabilities	<u>\$ 4,114,868</u>

(9) Retirement plans

Defined contribution plan – ACCEL sponsors a defined contribution 401(k) plan covering all eligible full-time employees. The assets of the plan are held in a separate trust established by the Organization. Contributions to the 401(k) plan are made by the participants to their individual accounts through payroll withholdings. Additionally, the plan provides for a discretionary employer contribution to be determined by the Board of Directors of the Organization each year. ACCEL did not contribute to the plan for the year ended June 30, 2023.

Employees' defined benefit obligations – ACCEL International Saudi, Inc. for Education operates a non-funded employees' end-of-service benefit plan, which is classified as a defined benefit obligation. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligations at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds or government bonds that have terms to maturity approximating to the estimated term of the defined benefit obligations.

The following is a reconciliation of present value of defined benefit obligations for the year ended June 30, 2023:

Present value of defined benefit obligations at July 1, 2022	\$ 420,016
Current service cost	258,050
Interest on defined benefit obligation	12,842
Benefits paid during the year	(37,420)
Actuarial losses	<u>(46,603)</u>
Present value of defined benefit obligations at June 30, 2023	<u>\$ 606,885</u>

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(9) Retirement plans (continued)

Actuarial valuations were performed by an independent qualified actuary using the projected unit credit method at June 30, 2023. Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in the Kingdom of Saudi Arabia. All movements in the employee defined benefit obligations are recognized in the consolidated statement of activities and changes in net assets. Actuarial losses or gains are not material.

Financial assumptions are based on market expectations as of the valuation date. The discount rate used in the valuation as of June 30, 2023 was 4.28% and is based on the annual bid yield of a government bond in the Kingdom of Saudi Arabia. Mortality rates used for active employees are based on the mortality table issued by the Institute of Actuaries of India for assured lives (IALM 2012-14). The assumed long-term rate of salary increase used in the valuation is 2.70%. The benefit obligations are covered by general assets of the Organization.

Contributions are made to a defined contribution benefit plan to the General Organization for Social Insurance in respect of its employees. The total amount expensed during the year in respect to this plan was approximately \$271,000.

(10) Risks and uncertainties

Periodically, the Organization is involved in litigation and claims arising in the normal course of operations. In the opinion of management and based on consultation with legal counsel, losses, if any, from these matters are covered by insurance or are immaterial.

In March 2021, ACCEL applied for and received a forgivable Paycheck Protection Program Loan 2 (“PPP2”) of \$2,000,000 as provided for under the Federal Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), and the loan was funded on March 18, 2021. ACCEL accounted of the PPP2 loan in accordance with FASB ASC 958-605 as a conditional contribution. As of June 30, 2021, ACCEL estimated that they had satisfied the conditions of the loan to qualify for partial forgiveness. As a result, approximately \$1,529,000 was recorded as contribution revenue for the year ended June 30, 2021. As of June 30, 2022, ACCEL estimated that they had satisfied the conditions of the loan such as to earn the remaining approximately \$471,000 and recorded contributions revenue. On February 10, 2023, ACCEL received confirmation from the Small Business Administration that the full amount of the PPP2 loan of \$2,000,000 was forgiven.

The CARES Act also provided an employee retention tax credit (“ERTC”) which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at \$10,000 of qualified wages through December 31, 2020. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 (collectively the Acts) expanded the availability of the credit and extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at \$7,500 per quarter. As a result of the changes to the credit, the maximum credit per employee increased from \$10,000 to \$21,000.

In October 2022, ACCEL filed for an ERTC of approximately \$4,492,000 under the criteria that ACCEL’s operations were fully or partially suspended due to government orders as a result of COVID-19 for certain quarters. The ERTC funding was received in June of 2023. ACCEL accounted for the credits by applying FASB ASC 958-605. Under this method, ACCEL records contribution revenue when the contribution is deemed to be unconditional, that is when there is no longer a measurable performance or other barrier and a right of return or release from obligation to pay the contribution. Management has determined that the conditions were met as of June 30, 2023. As a result, the ERTC funding has been included in contribution revenue in the accompanying consolidated statement of financial position.

ACCEL AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2023

(10) Risks and uncertainties (continued)

ACCEL's ERTC filings remain open for examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2027. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

(11) Liquidity and availability of resources

The Organization monitors its cash position on a weekly basis to ensure the fulfillment of all obligations and considers the funds necessary to maintain the Organization's operation within one year of the consolidated statement of financial position date with regular reviews of the budget to actual results. Planning for the following year's budget is created with this information. As part of the Organization's liquidity plan, excess cash is invested in investments and maintained in the Organization's cash accounts. As of June 30, 2023, the Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 5,504,249
Tuition, adult education and clinic receivables, net	2,746,665
Promises to give	1,147,056
Current portion of assets whose use is limited	<u>1,276,575</u>
Total current financial assets	10,674,545
Less current portion of assets whose use is limited	(1,276,575)
Less net assets related to above amounts with donor restrictions	<u>(1,422,604)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 7,975,366</u>

While the Organization's investments are classified as long-term in the accompanying consolidated statement of financial position based on management's intent, the investments could be readily liquidated without significant penalty to fund operating cash flow needs. Additionally, certain financial assets serve as collateral for the Bonds Payable (Note 5).

ADDITIONAL INFORMATION



INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of

ACCEL AND SUBSIDIARIES

We have audited the consolidated financial statements of **ACCEL and Subsidiaries** as of and for the year ended June 30, 2023, and our report thereon dated August 16, 2024 which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1-2. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The schedule of debt service coverage ratio on page 27 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. The consolidating statement of financial position and consolidating statement of activities and changes in net assets presented on pages 28 and 29 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with Section 8.05 of the Loan Agreement between ACCEL and the Arizona Industrial Development Authority, dated August 1, 2018 and Section 8.05 of the Loan Agreement between ACCEL and Industrial Development Authority of the City of Tempe, Arizona, dated November 1, 2022 and in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CBIZ CPAs P.C.¹

August 16, 2024

ACCEL AND SUBSIDIARIES

ADDITIONAL INFORMATION

SCHEDULE OF DEBT SERVICE COVERAGE RATIO

Year Ended June 30, 2023

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 2,725,819
DEPRECIATION AND AMORTIZATION EXPENSE	867,127
AMORTIZATION OF OPERATING LEASE RIGHT-OF-USE ASSET	587,373
INTEREST EXPENSE	911,750
INCOME TAX EXPENSE	<u>17,198</u>
NET PROJECT INCOME AVAILABLE FOR DEBT SERVICE	<u>\$ 5,109,267</u>
ACTUAL ANNUAL DEBT SERVICE (PRINCIPAL AND INTEREST PAID)	<u>\$ 1,209,760</u>
ACTUAL DEBT SERVICE COVERAGE RATIO	4.22
REQUIRED DEBT SERVICE COVERAGE RATIO GREATER THAN	1.10

ACCEL AND SUBSIDIARIES

ADDITIONAL INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

	<u>ACCEL</u>	<u>Foundation</u>	<u>International</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS					
Cash and cash equivalents	\$ 3,585,369	\$ 137	\$ 1,918,743	\$ -	\$ 5,504,249
Tuition, adult education and clinic receivables, net	2,239,515	-	507,150	-	2,746,665
Promises to give	1,147,056	-	-	-	1,147,056
Prepaid expenses and other current assets	71,680	-	1,898,751	(1,391,946)	578,485
Assets whose use is limited, current portion	<u>1,276,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,276,575</u>
TOTAL CURRENT ASSETS	8,320,195	137	4,324,644	(1,391,946)	11,253,030
INVESTMENTS	-	164,417	-	-	164,417
CASH RESTRICTED TO INVESTMENT IN PROPERTY AND EQUIPMENT	273,806	-	-	-	273,806
PROPERTY AND EQUIPMENT, net	15,875,028	-	166,280	-	16,041,308
ASSETS WHOSE USE IS LIMITED, net of current portion	1,072,565	-	-	-	1,072,565
DUE FROM AFFILIATE	62,552	-	-	(62,552)	-
OPERATING LEASE RIGHT-OF-USE ASSET, net	3,850,266	-	-	-	3,850,266
DEFERRED TAX ASSET, net	-	-	25,757	-	25,757
DEPOSITS	<u>81,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,563</u>
TOTAL ASSETS	<u>\$ 29,535,975</u>	<u>\$ 164,554</u>	<u>\$ 4,516,681</u>	<u>\$ (1,454,498)</u>	<u>\$ 32,762,712</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES					
Accounts payable	\$ 152,687	\$ -	\$ 12,182	\$ -	\$ 164,869
Accrued expenses	393,484	-	2,543,453	-	2,936,937
Accrued payroll	755,679	-	557,551	-	1,313,230
Deferred revenue	8,982	-	-	-	8,982
Income tax payable	-	-	152,753	-	152,753
Due to shareholder	-	-	62,552	(62,552)	-
Due to affiliate	1,391,946	-	-	(1,391,946)	-
Current maturities of bonds payable	325,000	-	-	-	325,000
Current maturities of operating lease liabilities	<u>578,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>578,806</u>
TOTAL CURRENT LIABILITIES	3,606,584	-	3,328,491	(1,454,498)	5,480,577
BONDS PAYABLE, less current maturities	16,211,122	-	-	-	16,211,122
OPERATING LEASE LIABILITIES, less current maturities	3,536,062	-	-	-	3,536,062
EMPLOYEES' DEFINED BENEFIT OBLIGATION	<u>-</u>	<u>-</u>	<u>606,885</u>	<u>-</u>	<u>606,885</u>
TOTAL LIABILITIES	23,353,768	-	3,935,376	(1,454,498)	25,834,646
NET ASSETS					
Without donor restrictions	4,475,226	164,554	581,305	-	5,221,085
With donor restrictions	<u>1,706,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,706,981</u>
TOTAL NET ASSETS	<u>6,182,207</u>	<u>164,554</u>	<u>581,305</u>	<u>-</u>	<u>6,928,066</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,535,975</u>	<u>\$ 164,554</u>	<u>\$ 4,516,681</u>	<u>\$ (1,454,498)</u>	<u>\$ 32,762,712</u>

ACCEL AND SUBSIDIARIES

ADDITIONAL INFORMATION

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2023

	<u>ACCEL</u>	<u>Foundation</u>	<u>International</u>	<u>Eliminations</u>	<u>Consolidated</u>
REVENUE AND SUPPORT					
Tuition revenue					
Metro campus	\$ 8,391,973	\$ -	\$ -	\$ -	\$ 8,391,973
Tempe campus	2,856,556	-	-	-	2,856,556
Buckeye campus	639,178	-	-	-	639,178
Adult education programs	2,965,250	-	-	-	2,965,250
Ajyal Center	600,000	-	7,783,842	(600,000)	7,783,842
Clinic fees	2,313,421	-	-	-	2,313,421
Contributions and grants	5,790,260	-	3,945,321	-	9,735,581
In-kind contributions	696,092	-	-	-	696,092
Investment income	60,805	13,767	-	-	74,572
Other revenue	-	-	46,603	-	46,603
TOTAL REVENUE AND SUPPORT	<u>24,313,535</u>	<u>13,767</u>	<u>11,775,766</u>	<u>(600,000)</u>	<u>35,503,068</u>
EXPENSES					
Program services:					
Metro campus	7,783,678	-	-	-	7,783,678
Tempe campus	3,192,268	-	-	-	3,192,268
Adult education programs	4,218,940	-	-	-	4,218,940
The BISTA Center	2,913,448	-	-	-	2,913,448
Ajyal Center	-	-	6,733,154	-	6,733,154
Total program services	<u>18,108,334</u>	<u>-</u>	<u>6,733,154</u>	<u>-</u>	<u>24,841,488</u>
Supporting Services:					
Administrative	1,727,172	-	4,995,094	(600,000)	6,122,266
Fundraising	1,353,782	-	-	-	1,353,782
Total supporting services	<u>3,080,954</u>	<u>-</u>	<u>4,995,094</u>	<u>(600,000)</u>	<u>7,476,048</u>
TOTAL EXPENSES	<u>21,189,288</u>	<u>-</u>	<u>11,728,248</u>	<u>(600,000)</u>	<u>32,317,536</u>
OTHER INCOME	104,676	-	-	-	104,676
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>(17,198)</u>	<u>-</u>	<u>(17,198)</u>
CHANGE IN NET ASSETS	<u>3,228,923</u>	<u>13,767</u>	<u>30,320</u>	<u>-</u>	<u>3,273,010</u>
NET ASSETS, BEGINNING OF YEAR	<u>2,953,284</u>	<u>150,787</u>	<u>550,985</u>	<u>-</u>	<u>3,655,056</u>
NET ASSETS, END OF YEAR	<u>\$ 6,182,207</u>	<u>\$ 164,554</u>	<u>\$ 581,305</u>	<u>\$ -</u>	<u>\$ 6,928,066</u>