



# Gorfine Schiller Gardyn

Certified Public Accountants and Consultants



**INTERNATIONAL CRITICAL  
INCIDENT STRESS  
FOUNDATION, INC.**

FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

**INTERNATIONAL CRITICAL INCIDENT STRESS FOUNDATION, INC.**  
**TABLE OF CONTENTS**  
*December 31, 2023 and 2022*

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	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITORS' REPORT</b>	3
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	6
Statements of Activities	7
Statements of Cash Flows	8
Statement of Functional Expenses	9
Notes to Financial Statements	10



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## INDEPENDENT AUDITORS' REPORT

### **Board of Directors**

**International Critical Incident Stress Foundation, Inc.**

**Ellicott City, Maryland**

### ***Opinion***

We have audited the financial statements of International Critical Incident Stress Foundation, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended and the related statement of functional expenses for the year ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of International Critical Incident Stress Foundation, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits 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 Financial Statements section of our report. We are required to be independent of International Critical Incident Stress Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about International Critical Incident Stress Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of International Critical Incident Stress Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about International Critical Incident Stress Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

### **Report on Summarized Comparative Information**

We have previously audited International Critical Incident Stress Foundation, Inc.'s statement of functional expenses for the year ended December 31, 2022, and we expressed an unmodified audit opinion on the statement of functional expenses in our report dated May 30, 2023. In our opinion, the summarized comparative information presented in the statement of functional expenses for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Morino, Schiller & Gaudin, P.A.*

September 6, 2024

Owings Mills, Maryland

**INTERNATIONAL CRITICAL INCIDENT STRESS FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
*December 31, 2023 and 2022*

<b><u>ASSETS</u></b>		
	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,170,610	\$ 1,347,385
Accounts receivable and accrued revenue, net of allowance for credit losses of \$5,000 for 2023 and 2022	248,164	217,040
Employee retention tax credits receivable	79,165	-
Inventory	9,511	7,182
Prepaid expenses	49,074	44,326
Deposits	4,792	4,792
Property and equipment, net	1,433	4,723
Cash - deferred compensation plan	312,241	282,878
<b>Total current assets</b>	<b>1,874,990</b>	<b>1,908,326</b>
<b>OTHER ASSETS</b>		
Operating lease ROU, net of accumulated amortization	87,774	81,555
<b>TOTAL ASSETS</b>	<b>\$ 1,962,764</b>	<b>\$ 1,989,881</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 145,545	\$ 114,867
Accrued salaries and wages	28,887	26,514
Accrued vacation and sick leave	129,831	86,258
Deferred revenue	307,416	261,580
Deferred compensation	312,241	282,878
Operating lease liability - current portion	29,306	76,276
<b>Total current liabilities</b>	<b>953,226</b>	<b>848,373</b>
<b>LONG-TERM LIABILITIES</b>		
Operating lease liability - net of current portion	59,561	6,372
<b>NET ASSETS</b>	<b>949,977</b>	<b>1,135,136</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,962,764</b>	<b>\$ 1,989,881</b>

*The accompanying notes are an integral part of these financial statements.*

**INTERNATIONAL CRITICAL INCIDENT STRESS FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
*For the Years Ended December 31, 2023 and 2022*

	<u>2023</u>	<u>2022</u>
<b>REVENUE AND SUPPORT</b>		
Publication sales	\$ 940,539	\$ 854,318
Speakers' bureau	695,295	655,210
Virtual trainings	540,997	503,812
Online trainings	194,880	205,614
Membership dues	186,911	182,557
Approved instructor program	166,463	178,057
Public bookstore	54,326	50,427
Royalties	8,066	12,129
Other income	3,130	3,775
Employee retention tax credits	79,165	-
AIC (Approved Instructor Candidate) program	106,100	142,875
Contributions	3,244	25,045
Interest income	14,949	165
World Congress	<u>285,105</u>	<u>-</u>
<b>Total revenue and support</b>	<u>3,279,170</u>	<u>2,813,984</u>
<b>EXPENSES</b>		
<b>Program services</b>		
Education and training	2,526,349	1,758,089
Outreach and consultation	204,211	169,492
Membership services	<u>81,084</u>	<u>62,813</u>
<b>Total program services</b>	<u>2,811,645</u>	<u>1,990,395</u>
<b>Support services</b>		
Management and general	517,829	417,129
Development	<u>134,855</u>	<u>116,375</u>
<b>Total support services</b>	<u>652,684</u>	<u>533,504</u>
<b>Total expenses</b>	<u>3,464,329</u>	<u>2,523,899</u>
<b>CHANGES IN NET ASSETS</b>	(185,159)	290,085
<b>NET ASSETS - Beginning of year</b>	<u>1,135,136</u>	<u>845,051</u>
<b>NET ASSETS - End of year</b>	<u>\$ 949,977</u>	<u>\$ 1,135,136</u>

*The accompanying notes are an integral part of these financial statements.*

**INTERNATIONAL CRITICAL INCIDENT STRESS FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
*For the Years Ended December 31, 2023 and 2022*

	<u>2023</u>	<u>2022</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash received from training activities and publication sales	\$ 2,998,009	\$ 2,569,730
Cash received from dues income	198,697	180,608
Donations received	3,244	25,045
Interest received	14,949	165
Cash paid for salaries, wages and related expenses	(1,521,184)	(1,373,396)
Cash paid to suppliers and vendors	<u>(1,841,127)</u>	<u>(1,168,840)</u>
 Net cash (used in) provided by operating activities	 <u>(147,412)</u>	 <u>233,312</u>
 <b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	 (147,412)	 233,312
 <b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	 <u>1,630,263</u>	 <u>1,396,951</u>
 <b>CASH AND CASH EQUIVALENTS - End of year</b>	 <u><u>\$ 1,482,851</u></u>	 <u><u>\$ 1,630,263</u></u>

*The accompanying notes are an integral part of these financial statements.*

**For the Year Ended December 31, 2023 (With Comparative Totals for 2022)**

**Total expenses**

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**INTERNATIONAL CRITICAL INCIDENT STRESS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2023 and 2022*

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**NOTE A – NATURE OF ACTIVITIES**

The International Critical Incident Stress Foundation, Inc. (ICISF) was incorporated on February 13, 1990 to provide support for emergency services personnel experiencing critical incident stress from workplace trauma. Programs and curriculum were designed to improve the knowledge and practical skill sets of personnel and to provide critical incident stress management (CISM) teams and individuals with consultation and support services in the field of stress crisis intervention. This is done through membership services, education and training, outreach and consultation.

The vision of the International Critical Incident Stress Foundation, Inc. (ICISF) promotes a world where people have access to Critical Incident Stress Management programs and services.

The mission of ICISF is to be the leader in providing education, training, consultation, and support services in comprehensive crisis intervention and disaster behavioral health services to emergency responders, and other professions, organizations and communities worldwide.

**Value Statement**

ICISF shall remain devoted to the vision and mission in a manner that demonstrates commitment to ethically sound practices. While ICISF must remain fiscally responsible and stable, the strategic focus shall be upon proactive mission delivery.

**Our Goals:**

We have essential goals to support the vision, carry out the mission and focus upon the primary objective. Those goals are listed below but not in order of priority. The goals merit annual review and update.

- 1) Enhance international activity and support.
- 2) Disseminate information.
- 3) Maintain financial stability, expansion, and accountability.
- 4) Expand the networking of people and organizations; promote missions of like-minded partners.
- 5) Create updated and improved educational programs.
- 6) Ensure succession of key personnel.

A small number of full-time employees, a few part time employees, and hundreds of independent non-employee faculty and instructors carry out the work of ICISF throughout the world. The services include more than 50 programs of education and training, support for CISM teams, consultation for people who need CISM, and a membership program.

## **NOTE A – NATURE OF ACTIVITIES – Continued**

### **Education and Training:**

- Development and presentation of education and training programs in the areas of individual and group critical incident stress management and post trauma syndromes, individual and group peer support / crisis intervention techniques, workplace trauma, psychotraumatology, disabling stress, disaster psychology, crisis intervention, individual and organizational resiliency, crisis management, crisis leadership and strategic planning
- Regional trainings offering an array of training courses and programs have greatly decreased and may no longer be an effective delivery mechanism
- National / international speakers' bureau
- Approved Instructor Programs (AI) (training instructors to teach the courses) and training manuals for ICISF core and elective curriculum
- Publishing of Course Manuals for curriculum in Crisis Intervention and Management
- Approved Instructor assistance, revision of curriculum format and the future implementation of AI mentor program
- Certificate of Specialized Training Program (COST), a program of multiple courses resulting in a certificate of advanced training
- Management of biannual World Congress on Stress, Trauma and Coping
- Online training and webinars
- Administration of an exam that enables people to receive a Certification in Critical Incident Stress Management that is endorsed by the University of Maryland Baltimore County

### **Locally:**

- ICISF received annual grant funding from BGE (2016 – 2022). This grant provided free critical incident stress management training to individuals within the BGE service area. ICISF has been able to train over 350 individuals in critical incident stress management to assist their peers and community under this program.

### **Outreach and Consultation:**

- Coordination services for over three hundred current trained active registered CISM teams in fourteen nations in addition to member resources in thirty-eight nations of varied networks and configurations
- Critical Incident Stress (CIS) clearinghouse, which handles thousands of requests for CIS information yearly (emergent, urgent, routine in nature and website visits)

## **NOTE A – NATURE OF ACTIVITIES – Continued**

Partnerships with allied agencies and organizations in disaster response and crises intervention

- One on one consultation with individuals, organizations, and agencies in comprehensive crisis intervention
- ICISF staff provides consultation for the Maryland Institute for Emergency Medical Services Systems to support their work in the field of peer support and CISM
- *Crisis, Stress, and Human Resilience: An International Journal* (The Journal) is a multidisciplinary, quarterly, online, open access journal. The Journal strives to publish cutting edge papers which will further effective practice, program development, research, and general understanding, as well as innovative and even well-supported speculative thinking
- Current strategic partners can be found on our website: <https://icisf.org/strategic-partners/>

### **Membership Benefits and Services:**

- Each member will have available to them these DIGITAL items in their member account: Membership Certificate, ICISF Wallet Card and Membership Benefits (Can download and print directly from membership account)
- Members receive discounts on ICISF apparel and merchandise on our member company store (*discounted prices are reflected on Member-Only Store*)
- Members have access to quarterly *LifeNet* Newsletter via the website including previous issues
- Members will have access to our **Standard Operating Procedures & Guidelines** samples from national, international and government organizations and agencies
- Members are eligible for a **15% discount** off registration rates on all ICISF Virtual Trainings, Online Courses and the World Congress.
- Members receive discounts to our **Crisis Resource Library**, your digital CISM/Resiliency Resource
- Members may receive emails from the ICISF Team about important membership updates
- Enterprise Rent-A-Car Corporate Code for **discounted pricing for business or personal use**
- **Discounted PTSD911 Film & Digital Educational Toolkit**, which provides mental health and wellness resources, training, and ideas for first responder agencies
- **When available**, individuals are eligible to apply for scholarships to ICISF Live Training, Online Courses and the World Congress (*Refer to the Academy of Crisis Intervention Scholarship Fund page for additional information*)

## **NOTE A – NATURE OF ACTIVITIES – Continued**

### **Future Actions:**

- Program Excellence – develop an action plan for the product improvement to include new editions of course manuals and electronic manuals
- Create a course update plan and new course plan
- Enhance the quality of ICISF Operations
- Online Course Development & management
- CISM Team Support – develop a quality assurance program that features monitoring approved instructor and faculty conduct and performance
- Continue to expand the live remote “virtual” training and presentations as an alternative to “in-person” training
- Create a custom software for approved instructor management and all training
- Create additional partnerships and relationships with like-minded-organizations
- Updated courses of instruction
- Marketing strategies including social media, website and outreach.
- Enhancement of membership services
- Further evolution of the remote-working model
- New approaches to the World Congress and regional trainings and outreach

During the 2023 fiscal year, ICISF reinvested surplus funds from prior years into two significant projects aimed at enhancing the organization's resources and offerings. These projects included documenting the history of ICISF and upgrading videos for ICISF teaching programs for our faculty and instructors which reduced our change in net assets for 2023.

### **Documenting the History of ICISF**

The first project focused on documenting the rich history of ICISF. This initiative aimed to preserve and highlight the foundation's journey, achievements, and the impact it has made since its inception. By creating a comprehensive historical record, ICISF ensured that the legacy and contributions of the organization and its members are recognized and remembered for future generations.

## **NOTE A – NATURE OF ACTIVITIES – Continued**

### **Upgrading Videos for Teaching Programs**

The second project involved upgrading the video materials used in ICISF's teaching programs. Recognizing the importance of high-quality educational resources, ICISF allocated funds to improve the video content utilized by faculty and instructors. These upgrades included enhancements in video production quality, updated content to reflect the latest research and practices, and the incorporation of new technologies to make the learning experience more engaging and effective. By investing in these improvements, ICISF aimed to provide a superior learning experience for participants, thereby strengthening the foundation's educational programs and supporting the professional development of those involved in critical incident stress management.

Overall, these reinvestments reflect ICISF's commitment to continual improvement and excellence in its mission to support those involved in critical incident stress management.

## **NOTE B – SIGNIFICANT ACCOUNTING POLICIES**

### **1. Basis of Accounting**

ICISF prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

### **2. Use of Estimates**

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **3. Cash and Cash Equivalents**

For financial reporting purposes, ICISF considers certificates of deposit and all other highly liquid investments available for current use to be cash equivalents.

### **4. Accounts Receivable**

ICISF uses the allowance for credit losses method to account for uncollectible accounts receivable.

### **5. Inventory**

Inventories include printed books and other course materials, and are valued at the lower of cost or market. Cost is determined by using the first-in, first-out method.

## **NOTE B – SIGNIFICANT ACCOUNTING POLICIES – Continued**

### **6. Property and Equipment**

Property and equipment are stated at cost. Purchases and improvements which prolong the useful life of an asset are capitalized, while expenditures for small items less than \$3,000, maintenance, and repairs are expensed as incurred.

Depreciation is computed using the straight-line method. Furniture and equipment are depreciated over estimated useful lives of 5-7 years, and leasehold improvements are depreciated over the lesser of the useful life or the remaining lease term.

### **7. Revenue from Contracts with Customers**

Revenue from contracts with customers is recognized as follows:

**Publication Sales** – The performance obligation is the delivery of the publication, and is satisfied when title and control of the publication are transferred to the customer. This typically occurs when the publication is shipped. Shipping and handling activities are treated as activities to fulfill the promise to transfer the publication, and not as separate performance obligations.

**Training Events** – The performance obligation is the provision of the training services, and are satisfied over time since the customer simultaneously receives and consumes the benefits as the training event takes place. Typically training events take place over a short period and revenue is recognized when the event is complete.

**Membership Dues** – The performance obligation is the making available of various member benefits (newsletter, access to consultative services, and training discounts). The performance obligation is considered to be satisfied over the time since the members simultaneously receive and consume the benefits. Dues revenue is recognized in proportion of the time elapsed to the total membership period.

Payments received in advance of revenue recognition are reported as deferred revenues in the statements of financial position.

### **8. Contributions**

Contribution revenue is recognized when received, or, if a promise to give, when the unconditional promise is received, or if conditional, when the condition is met.

### **9. Functional Expenses**

The costs of providing program and management activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain costs have been allocated among the programs and supporting services benefited. Occupancy, depreciation, and repairs and maintenance are allocated based on estimated square footage. Salaries, payroll taxes and employee benefits are allocated based on estimates of time and effort. Other expenses are allocated based on estimates of actual use.

## **NOTE B – SIGNIFICANT ACCOUNTING POLICIES – Continued**

### **10. Advertising**

Advertising costs are charged to operations when incurred. Advertising costs for the years ended December 31, 2023 and 2022 were \$33,827 and \$18,013, respectively.

### **11. Leases**

ICISF leases the building through an operating lease. Right-of-use (ROU) assets and liabilities are initially recognized at the present value of the future lease payments discounted using a risk free interest rate. ICISF elected the practical expedient to use a risk free rate to discount the future payments in calculating the ROU liabilities and assets. Payments on operating lease liabilities are applied to principal and rent expense to reflect the remaining value of discounted future cash flows. Operating ROU assets are amortized in an amount calculated to recognize rent expense on a straight line basis.

### **12. Income Taxes**

ICISF is a nonprofit organization, exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code, and contributions to it are tax deductible within the limitations prescribed by the Code. ICISF has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a)(1) of the Code.

ICISF follows the provisions of the Financial Accounting Standards Codification, *Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities*. This topic requires ICISF to recognize or disclose any tax positions that would result in unrecognized tax benefits. ICISF has no positions that would require disclosure or recognition under the topic.

### **13. Change in Accounting Principle**

Effective January 1, 2023, the Companies adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses*. The new standard introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance the Financial Accounting Standards Board has issued several updates to the original ASU. Adoption of the standard did not result in any adjustments to ICISF's financial statements.

### **14. Subsequent Events**

In preparing these financial statements, International Critical Incident Stress Foundation, Inc. has evaluated events and transactions for potential recognition or disclosure through September 6, 2024 the date the financial statements were available to be issued.

### **NOTE C – ACCOUNTS RECEIVABLE**

Accounts receivable are comprised mainly of billings for educational program fees and workbooks. Based on a review of the accounts receivable listing, management has established an allowance for credit losses of \$5,000 as of December 31, 2023 and 2022.

### **NOTE D – LIQUIDITY**

ICISF's financial assets available within one year of the date of the statements of financial position for general expenditures includes:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,170,610	\$ 1,347,385
Accounts receivable, net	<u>248,164</u>	<u>217,040</u>
<b>Total liquid assets</b>	<b><u>\$ 1,418,774</u></b>	<b><u>\$ 1,564,425</u></b>

None of these financial assets are subject to specific donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. See Note H regarding net assets subject to donor restriction. ICISF has a goal to maintain financial assets, which consist of cash and cash equivalents and accounts receivable, to meet both normal operating expenses and unanticipated capital needs. ICISF has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. ICISF holds cash at various banks to mitigate the risk of uninsured deposits, see Note K.

### **NOTE E – CONTRACT ASSETS AND LIABILITIES**

The balances of receivables, contract assets, and contract liabilities from contracts with customers are as follows as of December 31,:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Receivables	<u>\$ 248,164</u>	<u>\$ 217,040</u>	<u>\$ 176,813</u>
Contract liabilities:			
Deferred dues	\$ 166,697	\$ 154,911	\$ 156,860
Deferred instructor renewal fees	26,381	18,523	11,703
Deferred conference credits	56,224	46,043	36,122
Deferred conference and training fees	<u>58,114</u>	<u>42,103</u>	<u>55,104</u>
<b>Total contract liabilities</b>	<b><u>\$ 307,416</u></b>	<b><u>\$ 261,580</u></b>	<b><u>\$ 259,789</u></b>

Revenue from contracts with customers total \$3,194,616 and \$2,772,870 for the years ended December 31, 2023 and 2022, respectively and includes publication sales, training events, and membership dues revenue.



## **NOTE F – PROPERTY AND EQUIPMENT**

At December 31, 2023 and 2022, property and equipment consisted of the following:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 18,692	\$ 18,692
Office equipment and furniture	<u>33,867</u>	<u>37,633</u>
	52,559	56,325
Less: accumulated depreciation	<u>(51,126)</u>	<u>(51,602)</u>
<b>Property and equipment, net</b>	<b><u>\$ 1,433</u></b>	<b><u>\$ 4,723</u></b>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$3,108 and \$4,243, respectively.

## **NOTE G – RELATED PARTY TRANSACTIONS**

ICISF entered into a licensing agreement with two of the Organization's founders, who are also employees. The agreement requires ICISF to pay royalties to the founders for the use of licensed material sold and may be terminated by the founders for non-payment of royalties due. If the agreement were to be terminated, ICISF will be obligated to continue to pay royalties for as long as they continue to use the licensed materials. The agreement provides for automatic one-year renewals each year unless the parties agree otherwise. Royalties are calculated on a calendar year basis, and are paid on a quarterly basis, less returns and credits. Royalties are due within thirty days of each quarter end. Royalties will be split between both founders at an agreed upon percentage.

Royalty expense was \$191,999 and \$125,498 for the years ended December 31, 2023 and 2022. Royalties payable were \$46,876 and \$37,247 for the years ended December 31, 2023 and 2022, respectively.

ICISF purchases books and other items for resale from a company owned by one of the Organization's founders. Purchases from this company were \$27,956 and \$11,050 for the years ended December 31, 2023 and 2022, respectively.

ICISF has a few board members who are also paid as instructors. Total instructor fees paid to these members were \$46,750 and \$43,250 for the years ended December 31, 2023 and 2022, respectively.

## **NOTE H – NET ASSETS WITH DONOR RESTRICTIONS**

Included in net assets on the statements of financial position, ICISF has net assets with donor restrictions of \$10,978 and \$33,334 as of December 31, 2023 and 2022, respectively, restricted for scholarships. The restriction will be released when the scholarship is granted.

## **NOTE I – LEASE AGREEMENTS**

ICISF leases office space through a lease which expired in January 2024, included in the Right-of-Use (ROU) asset and lease liability. The base rent was \$5,774 per month starting February 2019, with 2.5% increases each year thereafter. During the year, ICISF signed an agreement to extend the lease for an additional 3 years and downsize the space leased. Monthly rent per the extension terms are as follows: \$2,350 February 1, 2024 through January 31, 2025, \$2,444 February 1, 2025 through January 31, 2026 and \$2,542 February 1, 2026 through January 31, 2027. Rent expense for office space was \$75,427 and \$75,559, for the years ended December 31, 2023 and 2022, respectively. Future minimum lease payments are as follows for the office lease for the years ending December 31:

	2024	\$ 32,224
	2025	29,234
	2026	30,403
	2027	<u>2,542</u>
Total payments		94,403
Less: present value discount		(5,536)
Less: operating lease liability - current portion		<u>(29,306)</u>
Operating lease liability - net of current portion		<u>\$ 59,561</u>

## **NOTE J – RETIREMENT PLANS**

ICISF has instituted a Savings Incentive Match Plan for employees of small employers (SIMPLE). The plan covers all employees who are expected to receive compensation of at least \$5,000 for the calendar year and received compensation of at least \$5,000 in the previous two calendar years. Beginning in 2019, ICISF contributed an amount equal to each employee's individual contribution to the plan, not to exceed 3% of the employee's eligible compensation for the calendar year. For the years ended December 31, 2023 and 2022, ICISF made matching contributions of \$29,729 and \$27,729 to the SIMPLE plan, respectively.

ICISF has instituted a deferred compensation plan for one employee under section 457(b) of the Internal Revenue Code. ICISF will make a contribution of \$50 per month to the plan. For the years ended December 31, 2023 and 2022, ICISF made contributions of \$600 to the plan. The employee also makes contributions to and withdrawals from the plan. The assets are invested in ICISF's name and, accordingly, a deferred compensation liability of equal amount is recorded on the statements of financial position. For the years ended December 31, 2023 and 2022, the deferred compensation asset and corresponding liability account balances were \$312,241 and \$282,878, respectively.

## **NOTE K – CONCENTRATION OF CREDIT RISK**

ICISF maintains its cash in commercial banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At December 31, 2023, there was approximately \$35,000 in uninsured deposits. ICISF has not experienced any loss in these accounts and does not believe it is exposed to any significant credit risk on its cash balances.

**NOTE L – RECONCILIATION OF CASH AND CASH EQUIVALENTS**

The following table provides a reconciliation of amounts reported within the statements of financial position to the total cash and cash equivalents as reported within the statements of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,170,610	\$ 1,347,385
Cash - deferred compensation plan	<u>312,241</u>	<u>282,878</u>
Total cash and cash equivalents	<u>\$ 1,482,851</u>	<u>\$ 1,630,263</u>

**NOTE M – TAX CREDITS**

During the year ended December 31, 2023, ICISF determined that during calendar year 2020 ICISF met certain conditions to apply for and claim tax credits in accordance with Families First Coronavirus Response Act and the Employee Retention Tax Credit. The amounts claimed by ICISF totaled \$79,165 and was recognized as revenue during the year ended December 31, 2023. As of December 31, 2023, the amount was included in employee retention tax credits receivable.