

WEST ENTERPRISE CENTER, INC.
(DBA WEST BUSINESS DEVELOPMENT CENTER)
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2024

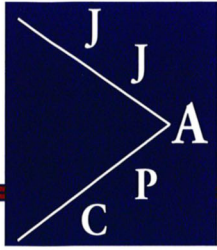


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West Enterprise Center, Inc.
Financial Statements
For the year ended September 30, 2024
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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

Board of Directors
West Enterprise Center, Inc.
Fort Bragg, California

Report on the Financial Statements

Opinion

We have audited the financial statements of West Enterprise Center, Inc. (a California nonprofit corporation) (the "Center"), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Center as of September 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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.

FINANCIAL STATEMENTS

West Enterprise Center, Inc.
Statement of Financial Position
September 30, 2024

ASSETS	<u>2024</u>
Assets:	
Cash and cash equivalents	\$ 264,834
Accounts receivable	34,675
Grants receivable	279,563
Prepaid expenses	1,318
Deposits	1,891
Total assets	<u><u>\$ 582,281</u></u>
 LIABILITIES AND NET ASSETS	
Liabilities:	
Accounts payable	\$ 34,181
Accrued liabilities	22,197
Accrued vacation	13,081
Unearned revenue	143,641
Deposits payable	100
Total liabilities	<u>216,772</u>
Net Assets:	
Without donor restrictions:	
Undesignated	<u>365,509</u>
Total net assets	<u>365,509</u>
Total liabilities and net assets	<u><u>\$ 582,281</u></u>

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

West Enterprise Center, Inc.
Statement of Activities
For the year ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Grant Income:			
Mendocino County	\$ 91,988	\$ -	\$ 91,988
Small Business Administration (SBA)	372,813	-	372,813
State GOBIZ	343,590	-	343,590
Foundation Grants	239,199	-	239,199
Charitable Contributions	53,336	-	53,336
Program fees for service	3,529	-	3,529
Interest income	367	-	367
Total revenue, support, and gains	<u>1,104,822</u>	<u>-</u>	<u>1,104,822</u>
Expenses and Losses			
Program services:			
Womens Business Center	322,430	-	322,430
Small Business Development Center	170,348	-	170,348
Rural Business Development	57,396	-	57,396
Centro Latino West	156,236	-	156,236
Start Up Mendocino	22,133	-	22,133
Community Economic Development	174,991	-	174,991
Total program expenses	<u>903,534</u>	<u>-</u>	<u>903,534</u>
Support services:			
Management and general	230,635	-	230,635
Fundraising	35,262	-	35,262
Total expenses and losses	<u>1,169,431</u>	<u>-</u>	<u>1,169,431</u>
Change in Net Assets	<u>(64,609)</u>	<u>-</u>	<u>(64,609)</u>
NET ASSETS (DEFICIT):			
Net Assets, Beginning of year	430,118	-	430,118
Net Assets, End of year	<u>\$ 365,509</u>	<u>\$ -</u>	<u>\$ 365,509</u>

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

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West Enterprise Center, Inc.
Statement of Functional Expenses
For the year ended September 30, 2024

	Program Services						Supporting Services			Total Expenses
	Womens Business Center	Small Business Development Center	Rural Business Development	Centro Latino West	Start Up Mendocino Programs	Community Economic Development	Total Program Expenses	Management and General	Fundraising	
Salaries and wages	\$ 173,114	\$ 76,491	29,404	\$ 104,853	\$ 5,969	\$ 90,150	\$ 479,981	\$ 53,603	\$ 29,930	\$ 563,514
Payroll taxes and benefits	25,713	10,700	3,991	16,671	842	12,872	70,789	13,983	5,332	90,104
Total personnel costs	198,827	87,191	33,395	121,524	6,811	103,022	550,770	67,586	35,262	653,618
Contract services	92,277	71,066	10,275	19,651	2,348	52,856	248,473	25,250	-	273,723
Facilities and equipment	12,253	6,900	772	4,910	514	8,782	34,131	16,203	-	50,334
Travel & meeting expenses	10,040	3,329	694	241	135	4,752	19,191	2,125	-	21,316
Supplies	910	631	-	93	812	2,883	5,329	-	-	5,329
Staff recruitment	-	-	-	-	-	937	937	373	-	1,310
Insurance - Liability, D and O	-	-	-	-	-	-	-	6,471	-	6,471
Membership/Dues/Misc Fees	950	-	-	-	-	-	950	1,395	-	2,345
Admin & General	-	-	100	-	-	-	100	105,304	-	105,404
Advertising expenses	3,166	234	-	576	-	-	3,976	-	-	3,976
Bank/Merchant services fees	-	-	-	-	-	-	-	45	-	45
Other costs	4,007	997	12,160	9,241	11,513	1,759	39,677	5,883	-	45,560
Total expenses	\$ 322,430	\$ 170,348	\$ 57,396	\$ 156,236	\$ 22,133	\$ 174,991	\$ 903,534	\$ 230,635	\$ 35,262	\$ 1,169,431
Percentages	27.6%	14.6%	4.9%	13.4%	1.9%	15.0%	77.3%	19.7%	3.0%	100.0%

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

West Enterprise Center, Inc.
Statement of Cash Flows
For the year ended September 30, 2024

	2024
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Grants	\$ 1,141,802
Receipts from Workshops, Community Events & Other Fees for Service	3,529
Receipts from charitable contributions	53,336
Payments to vendors for services and supplies	(512,239)
Payments to employees	(652,272)
Net cash provided by operating activities	34,156
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income received	367
Net increase in cash	34,523
CASH AND INVESTMENTS:	
Beginning of year	230,311
End of year	\$ 264,834
CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (decrease) in net assets	\$ (64,609)
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Investment income	(367)
Reduction in the carrying amount of right-of-use assets	19,697
Changes in operating assets and liabilities:	
Grants receivable	21,737
Accounts receivable	(23,577)
Prepaid expenses	5,435
Accounts payable	3,290
Accrued payroll	1,346
Unearned revenue	96,052
Other liabilities	(4,313)
Operating lease liability	(20,535)
Net cash provided (used) by operating activities	\$ 34,156
<i>Supplemental disclosures</i>	
Advertising	\$ 3,976

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

NOTES TO FINANCIAL STATEMENTS

West Enterprise Center, Inc.
Notes to Financial Statements
For the year ended September 30, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Enterprise Center, Inc. (Center), is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. It was established in April 1992 to foster the economic opportunities in Northern California, with particular emphasis on creating jobs and expanding the economic options for low-income persons.

Major Operating Program Description

The Center provides training and technical assistance to nascent entrepreneurs and micro to small business owners. Training consists of a range from basic business principles used in operating a business to specific topic areas in management, marketing, and financial management to assist business owners with stabilization or growth of their business. Business advising or consulting is provided by employees and contracted advisors who have additional expertise to assist clients. We work with economic developers and strategies within the community to increase economic opportunities for businesses. Seventy percent of our clients are of low to moderate income. We also serve, in particular, women and the Spanish speaking of our community.

Management and General – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Center's program strategy through the Executive Director; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Center; and, manage the financial and budgetary responsibilities of the Center.

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

A. Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in a checking account and a short-term savings account with Wells Fargo Bank.

Concentration of Credit and Market Risk

The Center maintains its cash balances in financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. The balance in excess of insured limits was approximately \$14,834 as of September 30, 2024.

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

	2024
Cash and investments - without donor restriction	<u>\$ 264,834</u>

West Enterprise Center, Inc.
Notes to Financial Statements, Continued
For the year ended September 30, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

B. Accounts Receivable

Accounts receivable are stated at unpaid balances with no allowance for doubtful accounts as all amounts are deemed collectible as they are payable through governmental entities.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position. Contract liabilities are reported as unearned revenue in the accompanying statements of financial position.

C. Donated Assets

Donated marketable securities, classified as restricted cash and investments, and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation utilizing standard indices and valuations for similar items purchased based upon the security or non-cash item.

D. Prepaid Expenses

Prepaid insurance and other costs are expensed ratably over their respective terms of agreement.

E. Property and Equipment and Depreciation

The Center records purchased furniture and equipment at cost and donated fixed assets at their fair market value on the date received. The capitalization policy of the Center is for items of \$5,000 or more. Furniture and equipment purchased in connection with restricted grant funds are expensed during the grant period as required by the funding terms and conditions. The funder retains a reversionary interest in assets purchased with their funds. As further discussed in Note E, furniture and equipment not purchased with grant funds are depreciated by the straight-line method over the estimated useful lives of the respective assets. As indicated in the Footnote № 4, all Center's assets were fully depreciated, and no additions or retirements were recorded.

F. Paid Time Off (PTO)

The Agency provides Paid Time Off (PTO), to employees without regard to the reason that the employee is taking time off. PTO will start accruing at the date of employment but may not be used until the ninety (90) day probationary period has been completed.

Maximum carry over to the next calendar year is 200 hours for employees with 3 years and under employment and 400 hours for employees with 3 years and over employment. Any PTO accrued over the maximum carry over will be cashed out in January following the year of the accrual and PTO will be cashed out on termination. The value of accumulated paid time off at September 30, 2024 was \$13,081 and is included in accrued liabilities in the accompanying statement of financial position.

West Enterprise Center, Inc.
Notes to Financial Statements, Continued
For the year ended September 30, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

G. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has no current designations.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There are currently no net assets with donor restrictions that were not met by the end of the fiscal year.

H. Revenue and Support and adoption of recent accounting guidance

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Update 2018-08, Not-for-profit Entities (Topic 958). This amendment is intended to clarify the scope and accounting guidance for contributions received and contributions made and eliminate diversity in practice in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. Distinguishing between contributions and exchange transactions determines which guidance is applied. For contributions, an entity should follow clarified guidance in Topic 958, whereas for exchange transactions, an entity should adopt the guidance in Topic 606. The Center adopted this new guidance for the year ended September 30, 2024 with no effect on net assets balances or classification.

West Enterprise Center, Inc.
Notes to Financial Statements, Continued
For the year ended September 30, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

I. Revenue and Support and adoption of recent accounting guidance

Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. These contributions and gifts are shown as restricted support and revenues if they are subject to time or donor restrictions. Restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both. However, temporarily restricted contributions and grants are reported as unrestricted support and revenues if the restriction is met in the same year that the contribution or grant is received.

Conditional contributions are not recorded as support and revenues until the conditions are met. Payments classified as exchange transactions (reciprocal transfers between two entities in which goods and services of equal value is exchanged) are not recorded as other support and revenue until allowable expenditures are incurred.

Concentration of Revenue Sources

During the year ended September 30, 2024, the Center had four major revenue sources that accounted for approximately 76% of the total revenue of the Center, the California Office of the Small Business Advocate (CalOSBA) accounted for approximately 30%, the U.S. Small Business Administration office accounted for approximately 21%, Foundation Grants accounted for approximately 15%, and the State EDD was about 10% of the total revenue.

U.S. Small Business Administration Grants

WBC & SBDC

West Center received both direct and subrecipient funding from the U.S. Small Business Administration office in the amount of \$232,269 for the implementation of relevant, timely, and strategic advising and training programs built around the needs of small business owners in Mendocino county, especially in underserved communities (i.e., woman of color, rural, Hispanic).

California Governor's Office of Business and Economic Development (GO-Biz)

Technical Assistance Program (SBDC TAP) (WBC TAP)

As subrecipients through Humboldt State University and Southwestern Community College District, West Center received two one-year grants totaling \$186,000 to provide one-on-one consulting and training to local small businesses.

Capital Infusion Program (SBDC CIP)

Through Humboldt State University, West Center received a \$21,000 one-year grant to help small businesses and entrepreneurs navigate the financing landscape and successfully access business funding.

WBC Enhanced (WBC EP)

Through Southwestern Community College District, West Center received a three-year grant that totals \$136,590. To provide relevant, timely, and strategic advising and training programs built around the needs of the underserved and marginalized community of small business owners, primarily women and Hispanic.

West Enterprise Center, Inc.
Notes to Financial Statements, Continued
For the year ended September 30, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Revenue and Support and adoption of recent accounting guidance, Continued

County of Mendocino

A total of \$91,988 was earned through services provided under several contracts with the County of Mendocino:

Community Development Block Grant (CDBG) Agreement
 Microenterprise Technical Assistant Program to provide counseling and technical assistance to low and moderate income small business owners.

The following table summarizes the revenue earned from grant contracts and agreements during the fiscal year ended September 30, 2024, from existing grant contracts and different sources:

Mendocino County	\$	91,988	8%
Small Business Administration (SBA)		232,269	21%
Dept of the Treasury/ State CalOSBA		12,259	1%
State CalOSBA		136,590	12%
Dept of Commerce		21,498	2%
State EDD		106,785	10%
State GOBIZ		207,000	19%
Foundation Grants		161,438	15%
Individual & Corporate Donations		53,336	5%
Program fees for service		81,290	7%
Interest		367	0%
	\$	<u>1,104,822</u>	100%

J. Donated Contributions and Services

Contributions are recognized when a donor makes a promise to give to the Center, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net position if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net position depending on the nature of the restrictions.

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, 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 by the Center. Many individuals volunteer their time and perform a variety of tasks that assist the Center in providing program services, administration and development. These services do not meet the criteria for recognition as contributed services as defined above.

West Enterprise Center, Inc.
Notes to Financial Statements, Continued
For the year ended September 30, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,
Continued

K. Income Taxes

The Center is a California not-for-profit corporation that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is classified by the Internal Revenue Service as other than a private foundation.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

M. Functional Allocation of Expenses

Costs of providing the Center's programs and other activities have been summarized in the Statements of Functional Expenses for the applicable year. During the year, such costs were accumulated into separate accounts as either direct for program services or direct management and administrative costs. Indirect costs were not allocated to the programs.

N. Cash Flow Information

The Center had no income tax expense and there were no non-cash financing transactions.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Financial assets at September 30, 2023:	
Cash and cash equivalents	\$ 264,834
Accounts receivable	314,238
Total financial assets	<u>579,072</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 579,072</u>

Concentration of Credit and Market Risk

Financial instruments that potentially expose the Center to concentrations of credit and market risk consist primarily of cash and cash equivalents in Wells Fargo, although amounts held are insured up to \$250,000.

Cash and investments are maintained at high quality financial institutions and credit exposure is limited at any one institution. Center has not experienced any losses on its cash and investments.

West Enterprise Center, Inc.
Notes to Financial Statements, Continued
For the year ended September 30, 2024

3. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

4. ACCOUNTS RECEIVABLE

Concentrations of receivables

Accounts receivable balances as of September 30, 2024, consisted of all receivables (aged up to greater than 90 days from their due date) with the following categorization:

	2024	
	Total	Percentage
SBA - WBC	\$ 129,432	41.2%
SBDC	49,933	15.9%
County of Mendocino	24,960	7.9%
USDA	33,474	10.7%
Others	76,439	24.3%
Total	<u>\$ 314,238</u>	<u>100.0%</u>

The concentrations consisted of the following:

- Federal – 10.7%
- State – 57.1%
- County – 7.9%
- Other entities – 24.3%

West Enterprise Center, Inc.
Notes to Financial Statements, Continued
For the year ended September 30, 2024

5. PROPERTY AND EQUIPMENT

All of the Center's assets were fully depreciated, and no additions or retirements were recorded.

6. ACCOUNTS PAYABLE

Concentrations of payables

Accounts payable at September 30, 2024, consisted of amounts with the following concentrations, in which an amount payable to Others exceeded 50% for September 30, 2024 of total payables and were diluted by amounts payable to other vendors and do not represent a specific concentration with any single vendor:

	2024	
	Total	Percentage
The Idea Cooperative	\$11,000	32.2%
Stornetta Fiscal Solutions Inc	6,090	17.8%
Others	17,091	50.0%
Total	<u>\$34,181</u>	<u>100.0%</u>

7. CONTRIBUTORY RETIREMENT PLAN

The Center maintains a simplified employee pension plan which allows participants to make investment contributions. Total cash contributions made by the Center to the Plan for the year ended September 30, 2024 were \$15,621.

8. LEASES

The Center previously leased an office under a two-year agreement that began on October 1, 2022. The lease included options to extend for two additional terms of two years each (the "Extended Term"), which were considered in the determination of the right-of-use assets and lease liabilities when deemed reasonably certain to be exercised.

During the fiscal year ended September 30, 2024, the Center paid off the remaining lease obligations in full and terminated the lease agreement effective September 30, 2024. The amortization recorded was \$19,697.

There were no operating lease assets or liabilities remaining as of September 30, 2024, and no future lease payments are due under this agreement.

9. CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the granters. The Center deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Center's management is of the opinion that the organization has complied with the terms of all grants.

West Enterprise Center, Inc.
Notes to Financial Statements, Continued
For the year ended September 30, 2024

10. UNEARNED REVENUE

Amounts recorded to unearned revenue in the amount of \$143,641 consisted of balances related to 2024 - 2025 sponsorships and programs, which have not yet occurred.

11. NEW ACCOUNTING PRONOUNCEMENTS

Effective July 1, 2023, the Company adopted provisions of Financial Accounting Standards Board (“FASB”) Accounting Standard Update (“ASU”) 2016-13, Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments* (“ASC 326”), on a modified retrospective basis, which did not result in a cumulative-effect adjustment to the opening balance of net assets to be recognized on the date of adoption. ASC 326 requires the measurement of all expected credit losses for financial assets held at the reporting date is based on historical experience, current conditions, and reasonable and supportable forecasts. This standard was adopted in the current fiscal year and did not have a significant impact on the Center’s financial statements.

12. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 12, 2025, which is the date the financial statements were available to be issued.