

SANS SOUCI, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

CPAs / ADVISORS



SANS SOUCI, INC.

TABLE OF CONTENTS DECEMBER 31, 2025 AND 2024

	Page
Report of Independent Auditors.....	1
 Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows	8
Notes to Financial Statements.....	9



SOUTHERN INDIANA OFFICES

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Sans Souci, Inc.
Columbus, Indiana

Qualified Opinion

We have audited the accompanying financial statements of Sans Souci, Inc.. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, 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 Qualified Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

As discussed in Note 1, the Organization recognizes the contribution when the donated inventory is sold. In our opinion, accounting principles generally accepted in the United States of America require that donated inventory be recorded at fair value when received. The effect of this departure from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows has not been determined.

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

Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

Blue & Co., LLC

Seymour, Indiana

July 9, 2026

SANS SOUCI, INC.**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024****ASSETS**

	2025	2024
Cash	\$ 593,476	\$ 504,476
Property and equipment, net	122,381	123,633
Right-of-use assets under operating leases	775,213	208,690
Other assets	3,237	4,449
Restricted cash	52,567	80,302
	<u>\$ 1,546,874</u>	<u>\$ 921,550</u>

LIABILITIES AND NET ASSETS**Liabilities**

Accounts payable	\$ 11,517	\$ 377
Payroll taxes payable	-0-	1,650
Sales tax payable	7,608	6,509
Other payables and accrued expenses	2,857	5,614
Operating lease liabilities	775,572	215,319
Total liabilities	<u>797,554</u>	<u>229,469</u>

Net assets

Without donor restrictions:		
Undesignated	686,753	601,779
Board designated - operating reserve	10,000	10,000
Total unrestricted net assets	<u>696,753</u>	<u>611,779</u>
With donor restrictions	52,567	80,302
Total net assets	<u>749,320</u>	<u>692,081</u>
	<u>\$ 1,546,874</u>	<u>\$ 921,550</u>

See accompanying notes to financial statements.

SANS SOUCI, INC.

STATEMENTS OF ACTIVITIES YEAR ENDED DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Retail sales of donated merchandise	\$ 1,207,492	\$ -0-	\$ 1,207,492	\$ 1,084,537
United Way	117,450	-0-	117,450	135,000
Contributions and grants	78,580	38,567	117,147	143,515
Special events	5,141	-0-	5,141	4,064
Other income	49,000	-0-	49,000	50,097
Net assets released from restrictions	<u>66,302</u>	<u>(66,302)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	1,523,965	(27,735)	1,496,230	1,417,213
Expenses				
Program	1,211,562	-0-	1,211,562	1,134,834
General and administrative	135,347	-0-	135,347	146,347
Fundraising	<u>92,082</u>	<u>-0-</u>	<u>92,082</u>	<u>84,982</u>
Total expenses	<u>1,438,991</u>	<u>-0-</u>	<u>1,438,991</u>	<u>1,366,163</u>
Change in net assets	84,974	(27,735)	57,239	51,050
Net assets, beginning of year	<u>611,779</u>	<u>80,302</u>	<u>692,081</u>	<u>641,031</u>
Net assets, end of year	<u>\$ 696,753</u>	<u>\$ 52,567</u>	<u>\$ 749,320</u>	<u>\$ 692,081</u>

See accompanying notes to financial statements.

SANS SOUCI, INC.

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Retail sales of donated merchandise	\$ 1,084,537	\$ -0-	\$ 1,084,537
United Way	135,000	-0-	135,000
Contributions and grants	36,572	106,943	143,515
Special events	4,064	-0-	4,064
Other income	50,097	-0-	50,097
Net assets released from restrictions	112,534	(112,534)	-0-
Total support and revenues	1,422,804	(5,591)	1,417,213
Expenses			
Program	1,134,834	-0-	1,134,834
General and administrative	146,347	-0-	146,347
Fundraising	84,982	-0-	84,982
Total expenses	1,366,163	-0-	1,366,163
Change in net assets	56,641	(5,591)	51,050
Net assets, beginning of year	555,138	85,893	641,031
Net assets, end of year	<u>\$ 611,779</u>	<u>\$ 80,302</u>	<u>\$ 692,081</u>

See accompanying notes to financial statements.

SANS SOUCI, INC.

STATEMENTS OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	2025						2024
	Program						
	Low Cost and Free Assistance	Employee Development	Total Program	General and Administrative	Fundraising	Total	Total
Advertising	\$ 3,192	\$ -0-	\$ 3,192	\$ -0-	\$ 7,106	\$ 10,298	\$ 7,458
Commission for online auction	-0-	-0-	-0-	-0-	9,029	9,029	9,356
Consulting	-0-	-0-	-0-	-0-	-0-	-0-	7,619
Credit card fees	17,375	-0-	17,375	-0-	1,931	19,306	20,155
Depreciation	24,751	544	25,295	1,904	-0-	27,199	18,475
Equipment lease and storage	8,854	-0-	8,854	-0-	-0-	8,854	4,229
Insurance	22,059	-0-	22,059	2,527	-0-	24,586	20,254
Meetings, travel and training	2,393	2,991	5,384	598	-0-	5,982	3,707
Minor equipment and repairs	7,225	-0-	7,225	-0-	-0-	7,225	19,972
Miscellaneous	18,599	-0-	18,599	-0-	-0-	18,599	7,980
Occupancy	34,203	-0-	34,203	698	-0-	34,901	26,046
Payroll taxes and employee benefits	66,802	5,357	72,159	6,818	5,923	84,900	79,960
Professional fees	10,805	-0-	10,805	25,856	-0-	36,661	39,312
Rent	111,375	2,448	113,823	8,567	-0-	122,390	126,794
Salaries and wages	768,025	61,587	829,612	78,387	68,093	976,092	938,644
Staff appreciation	-0-	-0-	-0-	6,503	-0-	6,503	8,308
Supplies	35,590	-0-	35,590	3,489	-0-	39,079	18,102
Vehicle	7,387	-0-	7,387	-0-	-0-	7,387	9,792
	<u>\$ 1,138,635</u>	<u>\$ 72,927</u>	<u>\$ 1,211,562</u>	<u>\$ 135,347</u>	<u>\$ 92,082</u>	<u>\$ 1,438,991</u>	<u>\$ 1,366,163</u>

See accompanying notes to financial statements.

SANS SOUCI, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2024

	Program			General and	Fundraising	Total
	Low Cost and Free Assistance	Employee Development	Total Program	Administrative		
Advertising	\$ 3,878	\$ -0-	\$ 3,878	\$ -0-	\$ 3,580	\$ 7,458
Commission for online auction	-0-	-0-	-0-	-0-	9,356	9,356
Consulting	-0-	-0-	-0-	7,619	-0-	7,619
Credit card fees	18,140	-0-	18,140	-0-	2,015	20,155
Depreciation	16,812	370	17,182	1,293	-0-	18,475
Equipment lease and storage	4,229	-0-	4,229	-0-	-0-	4,229
Insurance	20,166	-0-	20,166	88	-0-	20,254
Meetings, travel and training	1,483	1,854	3,337	370	-0-	3,707
Minor equipment and repairs	19,972	-0-	19,972	-0-	-0-	19,972
Miscellaneous	7,980	-0-	7,980	-0-	-0-	7,980
Occupancy	25,525	-0-	25,525	521	-0-	26,046
Payroll taxes and employee benefits	62,306	5,366	67,672	6,791	5,497	79,960
Professional fees	10,544	-0-	10,544	28,768	-0-	39,312
Rent	115,382	2,536	117,918	8,876	-0-	126,794
Salaries and wages	731,402	62,993	794,395	79,715	64,534	938,644
Staff appreciation	-0-	-0-	-0-	8,308	-0-	8,308
Supplies	14,104	-0-	14,104	3,998	-0-	18,102
Vehicle	9,792	-0-	9,792	-0-	-0-	9,792
	<u>\$ 1,061,715</u>	<u>\$ 73,119</u>	<u>\$ 1,134,834</u>	<u>\$ 146,347</u>	<u>\$ 84,982</u>	<u>\$ 1,366,163</u>

See accompanying notes to financial statements.

SANS SOUCI, INC.**STATEMENTS OF CASH FLOWS**
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating activities		
Change in net assets	\$ 57,239	\$ 51,050
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	27,199	18,475
Changes in assets and liabilities:		
Other assets	1,212	(1,357)
Right-of-use asset under operating lease	(566,523)	124,201
Accounts payable	11,140	(14,988)
Payroll taxes payable	(1,650)	-0-
Sales tax payable	1,099	625
Other payables and accrued expenses	(2,757)	(2,225)
Operating lease liabilities	560,253	(121,251)
Net cash flows from operating activities	87,212	54,530
Investing activities		
Purchases of property and equipment	(25,947)	(83,705)
Net cash flows from investing activities	(25,947)	(83,705)
Net change in cash	61,265	(29,175)
Cash and restricted cash, beginning of year	584,778	613,953
Cash and restricted cash, end of year	<u>\$ 646,043</u>	<u>\$ 584,778</u>

See accompanying notes to financial statements.

SANS SOUCI, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Sans Souci, Inc. (the "Organization") is a not-for-profit organization providing services and programs for disadvantaged persons in Columbus, Indiana. Sales of donated merchandise provide individuals with low-cost clothing and supplies.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues, and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis, except that donated inventory is not recorded at fair value when received but recognized as revenue when the donated inventory is sold. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

Undesignated – used to fund current operations of the Organization

Board Designated – the Organization's board of directors has designated certain amounts as an operating reserve and for future capital, equipment and improvement expenditures

Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions.

Cash and Restricted Cash

Cash consists of cash held in checking and money market accounts. Restricted cash includes monies received from donors for a specified purpose. Management believes the Organization is not exposed to any significant credit risk on cash.

SANS SOUCI, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

The following table provides a reconciliation of cash and restricted cash reported within the Statements of Financial Position that sum to the total of the same such amounts shown in the Statements of Cash Flows:

	2025	2024
Cash	\$ 593,476	\$ 504,476
Restricted Cash	<u>52,567</u>	<u>80,302</u>
	<u>\$ 646,043</u>	<u>\$ 584,778</u>

Property and Equipment

Property and equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the date of donation. Costs of ordinary maintenance and repairs are expensed as incurred.

The property and equipment of the Organization are being depreciated over their estimated useful lives ranging from five to fifteen years using the straight-line method.

Support and Revenue Recognition

Contributions, which include unconditional promises to give (contributions receivable), are recognized as support in the period the contribution is received or the promise is made. Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions received with donor-imposed restrictions are reported as restricted support and increase net assets with donor restrictions.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

All other support and revenue is recorded when earned.

No value has been assigned to merchandise donated for sale or for time donated by members; as such, these items have not been reflected in the financial statements. Retail sales of donated merchandise are recognized at a point in time as the related goods are sold and transferred to customers.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SANS SOUCI, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function and require allocation on a reasonable basis that is consistently applied. These expenses include advertising, depreciation, meetings and transportation, occupancy, rent, salaries and wages, payroll taxes and employee benefits, which are allocated on the basis of estimates of time, effort, and usage. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

The Organization is exempt from taxation as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the statement of financial position date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued, which is July 9, 2026

SANS SOUCI, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

2. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2025 and 2024, is as follows:

	2025	2024
Building improvements	\$ 138,893	\$ 138,893
Equipment	278,029	252,082
	416,922	390,975
Less accumulated depreciation	(294,541)	(267,342)
	<u>\$ 122,381</u>	<u>\$ 123,633</u>

Depreciation expense was \$27,199 and \$18,475 for the years ended December 31, 2025 and 2024, respectively.

3. LEASES

The Organization recognizes right-of-use (ROU) assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The Organization has operating leases for buildings and trash receptacles. Leasing arrangements required fixed payments and also include an amount that is probable will be owed under residual value guarantees, if applicable. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively. The Organization's lease agreements do not contain any material restrictive covenants. The leases have remaining terms ranging from 2.5 years to almost 5 years.

The Organization's ROU assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. The Organization utilizes a risk-free interest rate commensurate to the lease terms as the discount rates for its leases unless the Organization can specifically determine the lessor's implicit rate. Certain lease contracts contain non-lease components such as maintenance and utilities. The Organization has made a policy election to not separate the lease and non-lease components, and thus recognize a single lease component for all of its right-of-use assets and lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives, if any.

SANS SOUCI, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term. The majority of the Organization's short-term leases relate to storage facilities that are leased on an as needed basis. These leases generally have terms of 30 days or less and may be cancelled at any time.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, the Organization assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgment.

The components of the Organization's lease cost (included in equipment lease and storage, occupancy, and rent on Statements of Functional Expenses) for the year ended December 31, 2025 and 2024 is as follows:

	2025	2024
Operating lease cost	\$ 138,811	\$ 135,115
Variable lease cost	3,367	7,366
Short-term lease cost	8,854	4,229
Total lease expense	<u>\$ 151,032</u>	<u>\$ 146,710</u>

Some of the lease agreements include rental payments based on a proration of property taxes, building insurance, and common area maintenance expenses (NNN) incurred during the year by the lessor. Lease liabilities are not remeasured as a result of changes in NNN; instead, changes in NNN are treated as variable lease payments and are excluded from the measurement of the ROU asset and liability. These payments are recognized in the period in which the related obligation was incurred.

SANS SOUCI, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

The Organization's right-of-use assets and lease liabilities and other disclosures as of and for the year ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Right-of-use assets		
Operating lease asset	\$ 775,213	\$ 208,690
Lease liabilities		
Operating lease liabilities	\$ 775,572	\$ 215,319
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	\$ 140,075	\$ 132,165
Right-of-use assets obtained in exchange for new operating lease liabilities:	\$ 807,370	\$ -0-
Weighted average remaining lease term (years)	4.71	2.87
Weighted average discount rate	3.68%	3.88%

Future payments of operating lease liabilities are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 181,159
2027	181,759
2028	177,283
2029	166,817
2030	<u>139,014</u>
Total lease payments	846,032
Less interest	<u>(70,460)</u>
Present value of lease liabilities	<u>\$ 775,572</u>

SANS SOUCI, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or programs at December 31, 2025 and 2024:

	2025	2024
Scholarships	\$ 12,093	\$ 11,268
Employee development	32,806	33,632
Equipment	3,100	8,478
Communications	-0-	8,885
Transportation	-0-	13,394
Employee assistance	4,568	4,645
	<u>\$ 52,567</u>	<u>\$ 80,302</u>

5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions due to satisfaction of purpose restrictions during the years ended December 31, 2025 and 2024:

	2025	2024
Scholarships	\$ 426	\$ 726
Employee development	26,034	8,438
Equipment	15,486	100,027
Operations	-0-	3,000
Communications	8,885	-0-
Transportation	13,394	-0-
Employee assistance	2,077	343
	<u>\$ 66,302</u>	<u>\$ 112,534</u>

SANS SOUCI, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

6. LIQUIDITY AND AVAILABILITY

Financial assets of \$593,476 and \$504,476, as of December 31, 2025 and 2024, respectively, are available within one year of the Statement of Financial Position date to meet cash needs for general expenditures consisting solely of cash that is not subject to donor or other contractual restrictions. The Organization has a goal to maintain cash on hand to meet three months of operating expenses, which are, on average, approximately \$350,000.

The Organization also receives a substantial amount of donated clothing and household goods that they sell to support programs and operations. Proceeds from this donated merchandise have traditionally been in excess of \$500,000 annually.

7. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these accounts.