
GLOBAL SCHOLARS
FINANCIAL STATEMENTS
JUNE 30, 2023

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Independent Auditors' Report

Board of Directors
Global Scholars
Olathe, Kansas

Opinion

We have audited the financial statements of Global Scholars, which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Scholars, as of June 30, 2023 and 2022, and the changes in its net assets and 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. 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 Global Scholars 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 Global Scholar's ability to continue as a going concern for one year after the date that the financial statements are available to be 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Global Scholar'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 Global Scholar'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.

RubinBrown LLP

October 25, 2023

GLOBAL SCHOLARS

STATEMENT OF FINANCIAL POSITION

	Assets	
	June 30,	
	2023	2022
Current Assets		
Cash and cash equivalents	\$ 1,681,545	\$ 1,393,814
Investments	187,208	187,365
Prepaid expenses	55,623	30,396
Total Current Assets	1,924,376	1,611,575
Noncurrent Assets		
Restricted cash - college allowance fund	17,911	16,454
Furniture and equipment, net	2,540	5,043
Historical artifact	71,175	71,175
Total Noncurrent Assets	91,626	92,672
Total Assets	\$ 2,016,002	\$ 1,704,247

Liabilities And Net Assets

Current Liabilities		
Accounts payable	\$ 21,060	\$ 10,737
Accrued expenses	34,103	39,951
Deferred revenue	5,986	4,565
Total Current Liabilities	61,149	55,253
Liability For College Allowance Fund	17,911	16,454
Net Assets		
With donor restrictions	436,532	79,407
Without donor restrictions:		
Net investment in equipment	2,540	5,043
Board designated	673,571	514,622
Undesignated	824,299	1,033,468
Total Net Assets	1,936,942	1,632,540
Total Liabilities And Net Assets	\$ 2,016,002	\$ 1,704,247

GLOBAL SCHOLARS

STATEMENT OF ACTIVITIES For The Years Ended June 30, 2023 And 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains And Other Support						
Contributions:						
Contributions and bequests	\$ 1,643,742	\$ 401,148	\$ 2,044,890	\$ 1,886,799	\$ 53,285	\$ 1,940,084
Contributed nonfinancial assets	1,722,338	—	1,722,338	2,142,491	—	2,142,491
Contributed securities	8,164	—	8,164	22,774	—	22,774
Society of Christian Scholars	7,729	—	7,729	9,914	—	9,914
Special events	—	—	—	8,310	—	8,310
Other	6,965	—	6,965	—	—	—
Investment return (loss)	27,537	9,262	36,799	(21,713)	—	(21,713)
Net assets released from restrictions	53,285	(53,285)	—	10,000	(10,000)	—
Total Revenues, Gains And Other Support	3,469,760	357,125	3,826,885	4,058,575	43,285	4,101,860
Expenses						
Program	3,014,273	—	3,014,273	3,344,773	—	3,344,773
Management and general	337,530	—	337,530	315,147	—	315,147
Fundraising	170,680	—	170,680	165,858	—	165,858
Total Expenses	3,522,483	—	3,522,483	3,825,778	—	3,825,778
Change In Net Assets Before Revenue From Governmental Programs	(52,723)	357,125	304,402	232,797	43,285	276,082
Revenue From Governmental Programs	—	—	—	162,400	—	162,400
Change In Net Assets	(52,723)	357,125	304,402	395,197	43,285	438,482
Net Assets - Beginning Of Year	1,553,133	79,407	1,632,540	1,157,936	36,122	1,194,058
Net Assets - End Of Year	\$ 1,500,410	\$ 436,532	\$ 1,936,942	\$ 1,553,133	\$ 79,407	\$ 1,632,540

GLOBAL SCHOLARS
STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ 304,402	\$ 438,482
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	2,503	1,139
Gain on extinguishment of PPP loan	—	(161,200)
In-kind contribution of historical artifact	—	(71,175)
Realized and unrealized losses (gains) on investments	(1,440)	24,067
Changes in assets and liabilities:		
Governmental program receivable	—	206,613
Prepaid expenses	(25,227)	(3,179)
Accounts payable	10,323	(1,183)
Accrued expenses and college allowance fund	(4,391)	(26,402)
Deferred revenue	1,421	(234)
Net Cash Provided By Operating Activities	287,591	406,928
Net Cash From Investing Activities		
Purchase of property and equipment	—	(4,675)
Purchase of investments	—	(162,684)
Proceeds from sale of investments	1,597	—
Net Cash Provided By (Used In) Investing Activities	1,597	(167,359)
Net Change In Cash And Cash Equivalents	289,188	239,569
Cash And Cash Equivalents - Beginning Of Year	1,410,268	1,170,699
Cash And Cash Equivalents - End Of Year	\$ 1,699,456	\$ 1,410,268
Cash And Cash Equivalents Are Included Within The Following Captions On The Statement Of Financial Position		
Cash and cash equivalents	\$ 1,681,545	\$ 1,393,814
Restricted cash - college allowance fund	17,911	16,454
Total Cash And Cash Equivalents Included Within The Statement Of Financial Position	\$ 1,699,456	\$ 1,410,268

GLOBAL SCHOLARS

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 And 2022

1. Organization

Global Scholars (the Organization) was formed in 1986 with a vision to start Departments of Christian Studies in public universities around the world. In subsequent years, the vision expanded as it became apparent that students in all academic disciplines need Christian professors who communicate the truth, goodness, and beauty of Christ. Global Scholars professors serve as teachers, researchers, and university administrators in a wide range of disciplines including math, ethics, engineering, management, business, natural sciences, law, education, and many other fields, all from a Christian perspective. As such, Global Scholars professors have many opportunities to have a redemptive influence among their students, colleagues, universities, and academic disciplines. Global Scholars is now in a new season of growth with the establishment of the Society of Christian Scholars, a global community of, by, and for missional Christian scholars. Global Scholars is committed to equipping Christian professors to serve Christ in secular universities worldwide through fifteen programs and services.

2. Significant Accounting Policies

Basis Of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis Of Presentation

Financial statement presentation follows the requirements of accounting principles generally accepted in the United States of America by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial flexibility. As a result, the Organization is required to report its financial position and activities according to the following two net asset categories:

Net Assets Without Donor Restrictions: This category includes net assets that are not subject to donor-imposed stipulations, as well as net assets designated by the Board for specific purposes.

Net Assets With Donor Restrictions: This category includes net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time.

Estimates And Assumptions

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 amounts reported in the financial statements and accompanying notes. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash And Cash Equivalents

The Organization considers all cash investments with original maturities less than three months from the date of purchase as cash equivalents. The Organization has money market funds included in cash equivalents that are reported at cost, which approximates fair value.

The Organization maintains its cash and cash equivalents in bank accounts that may, at times, exceed federally insured limits. The Organization has not experienced any losses in these accounts in the past, and management believes the Organization is not exposed to significant credit risks as they periodically evaluate the strength of the financial institutions in which it deposits funds.

Investments And Investment Return

Investments consist of exchange traded funds, common stocks and mutual funds which are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment return includes dividends, interest, realized and unrealized gains and losses on investments, net of related expenses.

Other investment return is reflected in the statement of activities without donor restrictions or net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions. All of the investment return of the Organization is included in net assets without donor restrictions.

Contributions And Support

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Contributions having donor stipulation, which are satisfied in the period the gift is received, are reported as revenue and net assets without donor restrictions.

Furniture And Equipment

Furniture and equipment is recorded at cost or, if donated, at estimated fair value at the date of gift. Donations are reported as support without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Expenditures for major renewals and betterments in excess of \$1,000 and that extend the useful life of assets are capitalized. Furniture and equipment are depreciated on the straight-line method over their estimated useful lives, ranging from three to seven years. Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$2,503 and \$1,139, respectively.

Functional Expenses

Expenses are charged to programs and support services on the basis of management's estimates. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Salaries and wages are allocated to program expense and support services based on job descriptions and responsibilities. Other expenses which benefit several programs are allocated on a pro rata basis to the programs they benefit. Management and general expenses include those expenses that are not directly identifiable with a specific function and do not represent direct conduct or direct supervision of a program, but provide for the overall support and direction of the Organization.

In-Kind Contributions

The Organization receives significant in-kind contributions of donated services by professors. Donated services are recognized as contributions 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 Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the fair value at the time of the donation for the donated services. Donated assets, including ancient artifacts, are valued based on the appraised amounts from independent third party appraisers.

Revenue From Governmental Programs

The Organization received a loan that was part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Organization used the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs and other qualified costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. The Organization considered the PPP loan to be debt, subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, *Debt*. The Organization did not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

The loan remained recorded as a liability until either (1) the loan was, in part or wholly, forgiven and the debtor had been legally released or (2) the debtor paid off the loan to the creditor. Once the loan was, in part or wholly, forgiven and legal release was received, the Organization reduced the liability by the amount forgiven and recorded a gain on extinguishment.

As noted in Note 12, the PPP loan was forgiven in the year ending June 30, 2022.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) as not-for-profit religious and educational organizations.

The Organization's tax returns for tax years 2019 and later remain subject to examination by taxing authorities.

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Notes To Financial Statements (Continued)

Reclassifications

Certain reclassifications have been made to the June 30, 2022 amounts to conform to the June 30, 2023 presentation. These reclassifications had no impact on the change in net assets or cash flows.

Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

3. Investments

Investments and unrealized appreciation or depreciation are as follows at June 30:

	2023		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Exchange traded funds	\$ 8,521	\$ 19,811	\$ 11,290
Common stocks	—	23,320	23,320
Mutual funds	165,292	144,077	(21,215)
	<u>\$ 173,813</u>	<u>\$ 187,208</u>	<u>\$ 13,395</u>

	2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Exchange traded funds	\$ 8,521	\$ 16,860	\$ 8,339
Common stocks	20,764	31,752	10,988
Mutual funds	157,672	138,753	(18,919)
	<u>\$ 186,957</u>	<u>\$ 187,365</u>	<u>\$ 408</u>

Investment return consisted of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 35,359	\$ 2,354
Realized loss	(11,547)	—
Unrealized gain (loss)	12,987	(24,067)
Total investment income (loss)	\$ 36,799	\$ (21,713)

4. Fair Value Measurements

The Organization follows an established 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 these rules are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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Notes To Financial Statements (*Continued*)

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Common Stocks and Exchange Traded Funds (ETFs)

Valued at the daily closing price reported on the active market on which the individual securities are traded.

Mutual Funds

Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

There have been no changes in the methodologies used at June 30, 2023 and 2022.

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Notes To Financial Statements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023 and 2022:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Exchange Traded Funds	\$ 19,811	\$ —	\$ —	\$ 19,811
Common stocks	23,320	—	—	23,320
Mutual funds	144,077	—	—	144,077
Total Assets At Fair Value	\$ 187,208	\$ —	\$ —	\$ 187,208

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Exchange Traded Funds	\$ 16,860	\$ —	\$ —	\$ 16,860
Common stocks	31,752	—	—	31,752
Mutual funds	138,753	—	—	138,753
Total Assets At Fair Value	\$ 187,365	\$ —	\$ —	\$ 187,365

5. Contributed Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets for the years ending June 30:

	2023	2022
Services	\$ 1,722,338	\$ 2,071,316
Ancient Torah	—	71,175
	\$ 1,722,338	\$ 2,142,491

During the year ending June 30, 2022, the Organization received a contributed ancient Torah, which is reflected in the ancient artifact asset and was included in in-kind contribution revenue. The Torah was valued by an independent third party appraiser with experience valuing similar ancient artifacts.

Contributed services relate to professors that contribute their time and are reported at current rates for similar professor positions based on the most recent American Association of University Professors Faculty Compensation Survey.

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Notes To Financial Statements (*Continued*)

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

6. Net Assets With Donor Restrictions

Net assets with donor restrictions subject to time and purpose restrictions are available for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
AIDS projects	\$ 2,067	\$ 2,067
Christian Religious Knowledge	24,055	24,055
Christian Scholars Foundation	410,410	—
Digital Library Resources	—	50,000
Scholar Activities in Africa	—	3,285
	<u>\$ 436,532</u>	<u>\$ 79,407</u>

7. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and are categorized as follows:

	<u>2023</u>	<u>2022</u>
Digital Library Resources	\$ 50,000	\$ —
African Scholars Conference	—	10,000
Scholar Activities in Africa	3,285	—
Total net assets released from restrictions	<u>\$ 53,285</u>	<u>\$ 10,000</u>

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Notes To Financial Statements (Continued)

8. Board Designated Net Assets

Board designated net assets are available for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
SubSahara Africa	\$ 167,751	\$ 132,811
Southeast Asia and related professors	64,464	37,416
Central Asia and related professors	8,328	3,060
China and related professors	38,601	37,881
Europe and related professors	377,843	289,713
Mideast	5,226	2,617
Mexico, South & Central America	5,200	4,966
Appointees/Special Projects	6,158	6,158
	<u>\$ 673,571</u>	<u>\$ 514,622</u>

9. Employee Benefits

The Organization has a retirement plan under IRC Section 403(b). The Plan covers all employees who meet certain service requirements. Annually the Organization will match employee contributions up to 5% of compensation, subject to IRC limitations. For the years ended June 30, 2023 and 2022, the Organization contributed \$40,693 and \$38,084, respectively, to the retirement plan.

The Organization has established a College Allowance Fund to assist in the education of children of overseas personnel. Eligible overseas personnel can contribute a portion of their salary, and the Organization will match up to 2% of compensation. For the years ended June 30, 2023 and 2022, the Organization contributed \$688 and \$613, respectively, to this College Allowance Fund. At June 30, 2023 and 2022, the fund had a balance of \$17,911 and \$16,454, respectively. The cash held in this fund is reserved for use in satisfying the offsetting liability for the fund.

10. Liquidity And Availability Of Resources

The Organization has a goal to maintain financial assets, which may consist of cash and short term investments, on hand to meet 90 days of budgeted operating expenses. The Organization will structure its financial assets to be available when needed for its general expenditures, payroll and tax liabilities and other obligations. The financial assets available to meet general expenditures over the next 12 months are \$767,912 as of June 30, 2023, as compared to current liabilities of \$61,149. As of June 30, 2022, the financial assets were \$987,150, as compared to current liabilities of \$55,253. Financial assets consist of cash, cash equivalents and investments.

11. Expenses Presented According To Functional Classifications

Expenses for the year ended June 30, 2023 are presented in the following table according to both functional and natural classifications:

	Program	Management And General	Fundraising	Total Expenses
Fellow services	\$ 1,745,686	\$ 82	\$ 356	\$ 1,746,124
Salaries, payroll taxes and benefits	912,394	281,495	143,677	1,337,566
Services	151,341	29,475	1,235	182,051
Grants	28,088	—	—	28,088
Insurance	195	6,249	—	6,444
Occupancy	18,795	2,862	760	22,417
Office expenses	20,605	7,350	5,751	33,706
Depreciation	2,503	—	—	2,503
Fundraising events	23	—	—	23
Information technology	11,160	3,599	5,599	20,358
Training and professional resources	29,491	2,477	11	31,979
Travel	93,992	3,941	13,291	111,224
Total expenses	\$ 3,014,273	\$ 337,530	\$ 170,680	\$ 3,522,483

GLOBAL SCHOLARS

Notes To Financial Statements (Continued)

Expenses for the year ended June 30, 2022 are presented in the following table according to both functional and natural classifications:

	Program	Management And General	Fundraising	Total Expenses
Fellow services	\$ 2,071,316	\$ —	\$ —	\$ 2,071,316
Salaries, payroll taxes and benefits	905,219	258,086	141,520	1,304,825
Services	137,254	28,497	1,888	167,639
Grants	82,582	86	—	82,668
Insurance	53	7,279	—	7,332
Occupancy	27,428	5,600	3,261	36,289
Office expenses	18,350	2,382	5,947	26,679
Depreciation	1,139	—	—	1,139
Fundraising events	—	295	3,970	4,265
Information technology	11,080	3,263	3,312	17,655
Training and professional resources	39,117	2,478	57	41,652
Travel	51,235	7,181	5,903	64,319
Total expenses	\$ 3,344,773	\$ 315,147	\$ 165,858	\$ 3,825,778

12. Paycheck Protection Program Loan

On January 26, 2021, the Organization received a PPP loan in the amount of \$161,200. The loan accrued interest at 1.0% with a five-year term with principal and interest payments deferred for the first six months following the measurement period. After that period, the loan and interest would be paid back over 18 months, if the loan was not forgiven under the terms of the PPP.

On October 22, 2021, the Organization received full forgiveness on the PPP loan from the SBA. The PPP loan and related accrued interest was reported as a gain on extinguishment and included in revenue from governmental programs in the statement of activities for the year ending June 30, 2022.