Financial Statements
June 30, 2024 and 2023

The Foster Alliance

Independent Auditor's Report

To the Board of Directors
The Foster Alliance
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Foster Alliance (the Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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 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.

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, which raise substantial doubt about the Organization's ability to continue as a going concern for 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 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 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, which 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.

Eide Bailly LLP

Phoenix, Arizona
November 21, 2024

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 3,827,142	$ 4,346,860
Promises to give	70,476	52,738
Inventory	1,741,567	1,400,781
Prepaid expenses and other assets	21,352	67,638
Total current assets	5,660,537	5,868,017
Property and Equipment, Net	3,454,852	3,131,798
Operating Lease Right of Use Asset	87,099	10,175
Investments	1,867,197	1,708,697
Total assets	$ 11,069,685	$ 10,718,687
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accounts payable	$ 36,873	$ 56,570
Current maturities of operating lease liability	47,286	2,260
Other accrued liabilities	72,500	60,959
Total current liabilities	156,659	119,789
Operating Lease Liability, Less Current Maturities	36,919	7,915
Total liabilities	193,578	127,704
Net Assets		
Without donor restrictions		
Undesignated	10,322,809	10,164,089
Designated by the Board for operating reserve	381,813	381,813
	10,704,622	10,545,902
With donor restrictions	171,485	45,081
Total net assets	10,876,107	10,590,983
Total liabilities and net assets	$ 11,069,685	$ 10,718,687

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
In-kind contributions	$ 1,957,794	$ 101,009	$ 2,058,803
Contributions	2,721,045	495,040	3,216,085
Merchandise sales, less cost of sales of $304	2,045	-	2,045
Net investment return	122,524	-	122,524
Interest income	138,131	-	138,131
Other	1,590	-	1,590
Total revenue, support, and gains before net assets released from restrictions	4,943,129	596,049	5,539,178
Net assets released from restrictions	469,645	(469,645)	-
Total revenue, support, and gains	5,412,774	126,404	5,539,178
Expenses			
Program services	4,172,881	-	4,172,881
Supporting services			
Management and general	555,679	-	555,679
Fundraising	525,494	-	525,494
Total supporting services expenses	1,081,173	-	1,081,173
Total expenses	5,254,054	-	5,254,054
Change in Net Assets	158,720	126,404	285,124
Net Assets, Beginning of Year	10,545,902	45,081	10,590,983
Net Assets, End of Year	$ 10,704,622	$ 171,485	$ 10,876,107

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
In-kind contributions	$ 2,279,393	$ -	$ 2,279,393
Contributions	2,534,697	386,796	2,921,493
Merchandise sales, less cost of sales of $4,181	1,377	-	1,377
Fundraising events	51,329	-	51,329
Net investment return	80,862	-	80,862
Other	31,386	-	31,386
Total revenue, support, and gains before net assets released from restrictions	4,979,044	386,796	5,365,840
Net assets released from restrictions	446,322	(446,322)	-
Total revenue, support, and gains	5,425,366	(59,526)	5,365,840
Expenses			
Program services	4,997,232	-	4,997,232
Supporting services			
Management and general	842,593	-	842,593
Fundraising	295,536	-	295,536
Total supporting services expenses	1,138,129	-	1,138,129
Total expenses	6,135,361	-	6,135,361
Change in Net Assets	(709,995)	(59,526)	(769,521)
Net Assets, Beginning of Year	11,255,897	104,607	11,360,504
Net Assets, End of Year	$ 10,545,902	$ 45,081	$ 10,590,983

	2024				
		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and Wages	$ 824,080	$ 216,682	$ 178,739	$ 395,421	$ 1,219,501
Payroll Taxes and Benefits	159,901	42,044	34,682	76,726	236,627
	983,981	258,726	213,421	472,147	1,456,128
Professional Fees	195,755	242,014	137,816	379,830	575,585
Holiday Toys and Supplies	95,361	-	-	-	95,361
Birthday Gifts and Packages	399,850	-	-	-	399,850
Assistance to Youth and Foster Families	2,019,479	-	-	-	2,019,479
Backpacks and School Supplies	202,409	-	-	-	202,409
Occupancy	81,807	2,918	1,619	4,537	86,344
Telephone and Internet	-	7,714	-	7,714	7,714
Bank and Credit Card Fees	-	-	74,541	74,541	74,541
Operating Expenses	49,490	17,294	9,606	26,900	76,390
Office Supplies	10,561	2,777	2,291	5,068	15,629
Insurance	8,778	4,789	1,904	6,693	15,471
Depreciation	108,188	6,890	5,049	11,939	120,127
Printing and Postage	102	1,824	22	1,846	1,948
Advertising, Marketing, and Promotions	-	-	79,225	79,225	79,225
Travel and Auto	17,120	-	-	-	17,120
Other Expense	-	10,733	-	10,733	10,733
Total expenses	$ 4,172,881	$ 555,679	$ 525,494	$ 1,081,173	$ 5,254,054

	2023				
		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Functional Expenses
Salaries and Wages	$ 682,194	$ 266,482	$ 117,252	$ 383,734	$ 1,065,928
Payroll Taxes and Benefits	133,940	52,320	23,024	75,344	209,284
	816,134	318,802	140,276	459,078	1,275,212
Professional Fees	-	356,254	49,638	405,892	405,892
Holiday Toys and Supplies	338,248	-	-	-	338,248
Birthday Gifts and Packages	641,617	-	-	-	641,617
Assistance to Youth and Foster Families	2,932,584	-	-	-	2,932,584
Backpacks and School Supplies	75,515	-	-	-	75,515
Occupancy	64,900	3,303	619	3,922	68,822
Telephone and Internet	-	5,966	-	5,966	5,966
Bank and Credit Card Fees	-	-	58,219	58,219	58,219
Office Supplies	-	22,227	-	22,227	22,227
Insurance	-	15,205	-	15,205	15,205
Depreciation	79,856	102,084	620	102,704	182,560
Printing and Postage	-	3,681	-	3,681	3,681
Advertising, Marketing, and Promotions	-	-	41,096	41,096	41,096
Travel and Auto	20,017	-	-	-	20,017
Other Expense	28,361	15,071	5,068	20,139	48,500
Total expenses	$ 4,997,232	$ 842,593	$ 295,536	$ 1,138,129	$ 6,135,361

	2024	2023
Operating Activities		
Change in net assets	$ 285,124	$ (769,521)
Adjustments to reconcile change in net assets to net cash (used for) from operating activities		
Depreciation	120,127	182,560
Realized and unrealized gain on investments	(82,944)	(29,772)
Contributed investments	(35,976)	(11,186)
In-kind contribution for property and equipment	(101,009)	-
Changes in operating assets and liabilities		
Promises to give	(17,738)	40,562
Inventory	(340,786)	803,704
Prepaid expenses and other assets	46,286	(18,787)
Accounts payable	(19,697)	31,672
Operating lease assets and liabilities	(2,894)	-
Other accrued liabilities	11,541	(36,842)
Net Cash (used for) from Operating Activities	(137,966)	192,390
Investing Activities		
Purchases of investments	(39,580)	(51,090)
Purchases of property and equipment	(342,172)	(180,679)
Net Cash used for Investing Activities	(381,752)	(231,769)
Net Change in Cash and Cash Equivalents	(519,718)	(39,379)
Cash and Cash Equivalents, Beginning of Year	4,346,860	4,386,239
Cash and Cash Equivalents, End of Year	$ 3,827,142	$ 4,346,860
Supplemental Disclosures of Non-Cash Investing Activities		
Contributed investments	$ 35,976	$ 11,186
In-kind contribution for property and equipment	$ 101,009	$ -

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Foster Alliance (the Organization) was established and incorporated in 1998 in the State of Arizona. The Organization's mission is to support the foster care community, providing essentials to benefit children in foster care. The Organization's programs include essential services (including beds, cribs, linens, clothes, shoes, hygiene items, diapers, and wipes), licensing and safety, footlockers, and birthday dreams. The Organization is the largest provider of essential service to foster children in the State of Arizona with the Organization serving more than 8,600 foster children and more than 5,000 foster care providers during the year ended June 30, 2024. Additionally, the Organization has a formal partnership memorandum of understanding with the Navaho Nation and Gila River Tribal Nation. The organization is funded through donations of inventory items and monetary contributions.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2024 and 2023, no allowance was considered necessary.

Unconditional promises to give as of June 30, 2024 and 2023 are estimated to be collected within one year.

Inventory

Inventory consists of donated and purchased items such as beds, linens, cribs, footlockers and life & safety items, clothes, diapers, wipes, toys, back to school items, and other essential items. The fair value of donated inventory items is determined using estimated retail or replacement values. Purchased inventory is stated at the lower of cost or net realizable value using a specific identification method.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

Right of Use Leased Assets and Liabilities

Right of use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right of use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right of use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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 designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

Revenue and Revenue Recognition

Revenue is recognized from sales of merchandise when the products are transferred. Merchandise sales are recognized at the time of purchase.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. No such promises to give were received during the year ended June 30, 2024. During the year ended June 30, 2023, the Organization received a conditional matching contribution not to exceed $50,000 in calendar years 2024. At June 30, 2024 and 2023, conditional contributions approximating $0 and $18,500, respectively, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

Fundraising revenues include funds raised from sponsorships for annual events as well as funds contributed on behalf of third parties that have chosen to host their own fundraising events to raise funds for the Organization. Contributions from these fundraising events are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

In-Kind Contributions

In-kind contributions include donated inventory and materials and property and equipment which are recorded at their respective estimated fair values of the goods received (Note 7). The Organization does not sell donated gifts-in-kind; however, the donated gifts-in-kind are used in delivering program services. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising, Marketing, and Promotions Costs

Advertising, marketing, and promotions costs are expensed as incurred and totaled $79,225 and $41,096 during the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and benefits, professional fees, occupancy, operating expenses, office supplies, insurance, and depreciation, which are allocated based on a square footage basis or time and effort basis.

Income Tax Status

The Organization is organized as an Arizona nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial Instruments and Credit Risk

Credit risk associated with promises to give are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Organization’s mission. Investments are made by diversified investment managers whose performance is monitored by the Organization. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. The Organization maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2024 and 2023, accounts exceeding the FDIC insured limit of $250,000 totaled approximately $34,000 and $130,000, respectively.

Note 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 statement of financial position date, comprise the following as of June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	$ 3,827,142	$ 4,346,860
Promises to give due within one year	70,476	52,738
Investments	1,867,197	1,708,697
Less board designated net assets	(381,813)	(381,813)
Less net assets with donor restrictions	(171,485)	(45,081)
Financial assets available to meet general expenditures within one year	$ 5,211,517	$ 5,681,401

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash, investments and current promises to give. The Organization structures its financial assets to be available to meet general expenditures, liabilities, and other obligations as they come due. The Organization manages its liquid resources by depositing excess cash in certificate of deposits and interest-bearing cash accounts. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization prepares and operates within an annual budget.

Note 3 - Investments and Fair Value Measurements

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset.

A significant portion of investment assets are classified within Level 1 because they comprise of fixed income and open-end equity securities and exchange traded funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis at June 30, 2024:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income	$ 1,126,769	$ 1,126,769	$ -	$ -
Equities	635,976	635,976	-	-
Exchange traded funds	102,126	102,126	-	-
Cash and money market funds (at cost)	2,326	-	-	-
Total	$ 1,867,197	$ 1,864,871	$ -	$ -

The following table presents assets measured at fair value on a recurring basis at June 30, 2023:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed income	$ 1,194,856	$ 1,194,856	$ -	$ -
Equities	439,947	439,947	-	-
Exchange traded funds	72,402	72,402	-	-
Cash and money market funds (at cost)	1,492	-	-	-
Total	$ 1,708,697	$ 1,707,205	$ -	$ -

Investment income and gains and losses consists of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Investment income	$ 45,262	$ 57,085
Realized and unrealized gains	82,944	29,772
Investment fees	(5,682)	(5,995)
	$ 122,524	$ 80,862

Note 4 - Property and Equipment

Property and equipment consisted of the following at June 30, 2024 and 2023:

	2024	2023
Land	$ 720,000	$ 720,000
Building	1,157,582	1,157,581
Building improvements	1,430,072	1,407,797
Furniture, fixtures, and equipment	103,276	100,622
Computer and office equipment	74,759	73,418
Vehicles	197,695	149,228
Software	101,651	284,578
Construction in progress	226,257	-
	4,011,292	3,893,224
Less accumulated depreciation	(556,440)	(761,426)
	$ 3,454,852	$ 3,131,798

During the year ended June 30, 2024, the Organization entered into various construction contracts that have future commitments of approximately $15,000. Costs incurred as of June 30, 2024 related to these contracts totaled approximately $55,500. Additionally, included in construction in progress is approximately $101,000 of in-kind property and equipment (Note 7).

Note 5 - Leases

The Organization leases equipment and a building at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2028. The Organization included in the determination of the right of use assets and lease liabilities any renewal option when the options are reasonably certain to be exercised. The Organization's operating leases provide for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay insurance and repairs.

The Organization elected to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for the short-term leases are recognized on a straight-line basis.

The Organization elected the practical expedient to not separate lease and non-lease components for its operating leases.

The following table summarizes the supplemental cash flow information for the years ended June 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 17,967	$ 1,935
Right of use assets obtained in exchange for lease liabilities		
Operating leases	$ 94,573	$ 11,819

Total operating lease costs for the years ended June 30, 2024 and 2023 was $18,616 and $1,935, respectively.

The following summarizes the weighted-average remaining lease terms and weighted-average discount for the years ended June 30, 2024 and 2023:

	2024	2023
Weighted-average remaining lease term in years		
Operating leases	1.93	4.25
Weighted-average discount rate		
Operating leases	3.06%	3.50%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2024.

Years Ending June 30,	Amount
2025	$ 49,203
2026	34,278
2027	2,580
2028	645
Total lease payments	86,706
Less interest	(2,501)
Present value of lease liabilities	$ 84,205

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2024	2023
Subject to Expenditure for Specified Purpose		
Technology integration	$ -	$ 5,000
Other	-	281
	-	5,281
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	70,476	39,800
In-kind contributions for property and equipment that are not restricted by donors, but which are unavailable for release until placed into service	101,009	-
	$ 171,485	$ 45,081

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2024	2023
Expiration of time restrictions	$ 39,800	$ 85,000
Satisfaction of purpose restrictions		
Back to school	24,445	30,059
Beds and bedding	106	-
Basic needs	70,345	210,710
Licensing and safety	27	6,307
Holiday toy drive	10,582	42,728
Birthday program	25,262	11,716
Footlocker	556	15,100
Apparel	-	8,700
Technology integration	84,003	-
Community hub	175,500	-
Other	39,019	36,002
	$ 469,645	$ 446,322

Note 7 - In-Kind Contributions

For the years ended June 30, 2024 and 2023, in-kind contributions recognized within the statements of activities included the following:

	2024	2023
Toys	$ 539,689	$ 679,386
Back to school supplies	189,283	117,243
License and safety	8,505	124
Birthday gifts and supplies	52,645	16,631
Bikes	30,215	30,493
Beds and bedding	20,678	215,379
Personal care items	91,492	125,958
Apparel	901,003	1,001,595
Comfort care items	18,312	31,335
Other basic needs	801	26,077
Other miscellaneous community support	105,171	35,172
Property and equipment	101,009	-
	$ 2,058,803	$ 2,279,393

All contributed items are valued at estimated retail or replacement cost for identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution, except for property and equipment, which is valued using current rates for similar construction services. A moving weighted-average approach is used to value certain items including bulk contributions of apparel. Contributed items are used in either program services and management and general services.

In-kind property and equipment is time restricted until placed into service and is not subject to any purpose restrictions. All other gifts-in-kind received during the years ended June 30, 2024 and 2023 were without donor restriction.

Note 8 - Employee Benefits

The Organization sponsors a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering substantially all full-time employees. The Plan provides that all eligible employees may voluntarily contribute a portion of their earnings to the Plan, up to the maximum contribution allowed by the IRS. Employer contributions are equal to the elective employee deferrals not to exceed the lesser of 3% of the employee’s compensation, plus 50% of elective employee deferrals in excess of 3%, but not to exceed 5% of the employee’s compensation. During the years ended June 30, 2024 and 2023, the Organization made matching contributions of $13,398 and $16,021, respectively, to the Plan.

Note 9 - Related Party Transactions

During the years ended June 30, 2024 and 2023, in-kind contributions totaling $14,313 and $34,290, respectively, were made on behalf of members of the Board of Directors.

During the years ended June 30, 2024 and 2023, contributions totaling $24,323 and $0, respectively, were made on behalf of members of the Board of Directors.

Note 10 - Litigations, Claims, and Disputes

The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. Management assesses the ultimate settlement of any litigations, claims, and disputes in process in determining whether a liability should be recorded, or a disclosure should be presented.

Note 11 - Subsequent Events

The Organization has evaluated subsequent events through November 21, 2024, the date the financial statements were available to be issued.

The Organization on August 26, 2024, entered into a definitive agreement with a tax-exempt nonprofit corporation serving foster children and their families in New Mexico. The agreement provides for the sharing of resources and coordination of services between the two organizations. The Organization has not yet determined the potential implications of the agreement to future financial statements.