

**The Foster Alliance**  
**Financial Statements**  
**And**  
**Independent Auditor's Report**  
**For the Fiscal Year Ended June 30, 2025**

**❖ Snyder & Brown, CPAs, PLLC**

**The Foster Alliance  
June 30, 2025  
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## **Independent Auditor's Report**

To the Board of Directors  
The Foster Alliance  
Phoenix, Arizona

### **Opinion**

We have audited the accompanying financial statements of The Foster Alliance (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foster Alliance as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Foster Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Foster Alliance'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 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 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 Foster Alliance'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 Foster Alliance'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.

*Snyder & Brown CPAs, PLLC*

Snyder & Brown, CPAs, PLLC  
Tempe, Arizona  
November 20, 2025

**The Foster Alliance**  
**Statement of Financial Position**  
**June 30, 2025**

<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 3,256,550
Promises to give	121,000
Inventory	1,650,728
Prepaid expenses	24,918
Total current assets	5,053,196
Property and equipment, net	3,913,456
Investments	2,054,633
Operating lease right of use asset	37,707
Total assets	\$11,058,992
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable	\$ 70,886
Accrued expenses	73,589
Current maturities of operating lease liabilities	33,768
Total current liabilities	178,243
Operating lease liabilities, less current maturities	3,151
Total liabilities	181,394
Net Assets	
Without donor restrictions	
Undesignated	10,367,030
Board designated	381,813
Total without donor restrictions	10,748,843
With donor restrictions	128,755
Total net assets	10,877,598
Total liabilities and net assets	\$11,058,992

See accompanying notes to financial statements.

**The Foster Alliance  
Statement of Activities  
For the Fiscal Year Ended June 30, 2025**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Support</b>			
Contributions	\$ 3,137,564	\$ 128,755	\$ 3,266,319
In-kind contributions	2,116,456	-	2,116,456
Net investment return	186,316	-	186,316
Interest income	114,145	-	114,145
Other	682	-	682
Net assets released from restrictions	171,485	(171,485)	-
Total revenue, support and reclassifications	<u>5,726,648</u>	<u>(42,730)</u>	<u>5,683,918</u>
<b>Expenses</b>			
Program services	4,393,042	-	4,393,042
Supporting activities:			
Management and general	648,117	-	648,117
Fundraising	641,268	-	641,268
Total expenses	<u>5,682,427</u>	<u>-</u>	<u>5,682,427</u>
<b>Change in net assets</b>	44,221	(42,730)	1,491
<b>Net assets, beginning of year</b>	<u>10,704,622</u>	<u>171,485</u>	<u>10,876,107</u>
<b>Net assets, end of year</b>	<u><u>\$ 10,748,843</u></u>	<u><u>\$ 128,755</u></u>	<u><u>\$ 10,877,598</u></u>

See accompanying notes to financial statements.

**The Foster Alliance**  
**Statement of Functional Expenses**  
**For the Fiscal Year Ended June 30, 2025**

	<b>Program Services</b>	<b>Support Services</b>		<b>Total</b>
		<b>Management and General</b>	<b>Fundraising</b>	
<b>Expenses</b>				
Salaries and wages	\$ 875,257	\$ 236,181	\$ 277,860	\$ 1,389,298
Employee related costs	155,383	41,929	49,327	246,639
Total salary and related costs	<u>1,030,640</u>	<u>278,110</u>	<u>327,187</u>	<u>1,635,937</u>
Assistance to Youth & Foster Familie	1,358,774	-	-	1,358,774
Birthday & Holiday Gifts & Supplies	1,201,996	-	-	1,201,996
Professional Fees	120,877	286,778	168,704	576,359
Backpacks and School Supplies	159,108	-	-	159,108
Advertising, Marketing, and Promotio	74,467	31,005	43,689	149,161
Occupancy	113,161	5,760	1,081	120,002
Office Supplies	76,867	20,196	22,576	119,639
Bank and Credit Card Fees	-	-	76,344	76,344
Insurance	29,146	4,525	278	33,949
Travel and Auto	16,815	-	-	16,815
Telephone and Internet	-	10,042	-	10,042
Printing and Postage	-	4,228	-	4,228
Depreciation	146,681	7,465	1,400	155,546
Other Expenses	64,510	8	9	64,527
Total expenses	<u>\$4,393,042</u>	<u>\$ 648,117</u>	<u>\$ 641,268</u>	<u>\$5,682,427</u>

See accompanying notes to financial statements.

**The Foster Alliance**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2025**

**Cash Flows from Operating Activities**

Change in net assets	\$ 1,491
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	155,546
Amortization of operating leases ROU assets	49,392
Net unrealized/realized (gain) on investments	(112,086)
In-kind contribution for property and equipment	(247,123)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Promises to give	(50,524)
Inventory	90,839
Prepaid expenses	(3,566)
Increase (decrease) in:	
Accounts payable	34,013
Accrued expenses	1,089
Operating lease liability	(47,286)
Net cash provided (used) by operating activities	<u>(128,215)</u>

**Cash Flows from Investing Activities**

Sale of investments	435,710
Purchases on investments	(511,060)
Purchase of property, plant and equipment	(367,027)
Net cash provided (used) by investing activities	<u>(442,377)</u>

Net change in cash and cash equivalents (570,592)

Cash and cash equivalents, beginning of year 3,827,142

Cash and cash equivalents, end of year \$ 3,256,550

**Supplemental Disclosures of Non-Cash Investing Activities**

In-kind contribution for property and equipment \$ 247,123

See accompanying notes to financial statements.

**The Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 1 - Description of Organization and Summary of Significant Accounting Policies**

**Description of 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 8,400 foster children and more than 3,000 foster care providers during the year ended June 30, 2025. Additionally, the Organization has a formal partnership memorandum of understanding with the Navajo Nation and Gila River Tribal Nation. The organization is funded through donations of inventory items and monetary contributions.

In August 2024, The Foster Alliance (the Organization) combined business services with New Mexico Friends of Foster Children. These two non-profits were found to be aligned in mission, core values, philosophy, programming, and now possess shared goals to significantly increase capacity to serve families and youth within the foster community in New Mexico, while also maintaining and growing services throughout Arizona. The combined efforts will focus on ensuring that the needs of the foster community of New Mexico and Arizona, both today and in the future, are met.

**Basis of Presentation and Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payable and other assets and liabilities.

**Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, 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 statement of activities. Conditional promises to give are not recognized as support until the conditions are substantially met.

Unconditional promises to give are stated at unpaid balances, net of discounts, less an allowance for doubtful accounts, as deemed necessary. The allowance is based on experience, knowledge of the donors, the industry, and other circumstances which may affect the ability of donors to meet their obligations. Promises to give are written off when deemed uncollectible. At June 30, 2025, no allowance was considered necessary.

**The Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 1 - Description of Organization and Summary of Significant Accounting Policies**  
**(continued)**

Unconditional promises to give as of June 30, 2025 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.

**Investments**

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

**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 and amortization are 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 statement 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 year ended June 30, 2025.

**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.

**The Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 1 - Description of Organization and Summary of Significant Accounting Policies**  
**(continued)**

**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, a portion to be board-designated net assets.

*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 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 statement 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 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, 2025.

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.

**The Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 1 - Description of Organization and Summary of Significant Accounting Policies (continued)**

**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 8). 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 \$149,161 during the year ended June 30, 2025.

**Financial Instruments and Concentrations of 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) and the National Credit Union Administrations (NCUA) up to \$250,000 per depositor, per insured bank, for each account ownership category. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. As of June 30, 2025, accounts exceeding the insured limits of \$250,000 totaled approximately \$55,216.

**Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents 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, office supplies, insurance and depreciation, which are allocated on a square footage basis or time and effort basis.

**The Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 1 - Description of Organization and Summary of Significant Accounting Policies**  
**(continued)**

**Income Taxes**

The Organization is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). 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 has determined 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.

The Organization 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.

**Use of 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.

**Date of Management's Review**

In preparing these financial statements, Management has evaluated events and transactions for potential recognition or disclosure through November 20, 2025, the date the financial statements were available for issuance.

**Note 2 – Availability and Liquidity**

The following represents the Organization's financial assets available to meet general expenditures within one year at June 30:

Cash and cash equivalents	\$3,256,550
Promises to give due within one year	121,000
Investments	2,054,633
Less board designated net assets	(381,813)
Less net assets with donor-imposed restrictions	<u>(128,755)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$4,921,615</u></u>

**The Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 2 - Availability and Liquidity (continued)**

The Organization manages its exposure to liquidity risk by regularly monitoring the liquidity required to meet its operating needs and other contractual commitments. The Organization prepares an annual budget to manage liquidity and to determine general expenditures over the next 12 months and anticipates collecting revenue sufficient to cover general expenditures during that period. General expenditures include administrative, general expenses, and fundraising expenses to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year. Promises to give less the contributions that cannot be used within one year are considered liquid. The investment balance is invested in liquid investments and is part of the board designated net assets balance and can be made available for general expenditure upon board approval.

**Note 3 – Fair Value Measurements and Disclosures**

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 Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 3 – Fair Value Measurements and Disclosures (continued)**

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, 2025:

	<b>Total</b>	<b>Fair Value Measurements at Report Date Using</b>		
		<b>Quoted Prices in Active Markets For Identical Observable Assets (Level 1)</b>	<b>Other Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Fixed income	\$ 1,144,507	\$ 1,144,507	\$ -	\$ -
Equities	759,237	759,237	-	-
Exchange Traded Funds	111,561	111,561	-	-
Cash and money market funds	39,328	39,328	-	-
<b>Total Investments</b>	<b>\$ 2,054,633</b>	<b>\$ 2,054,633</b>	<b>\$ -</b>	<b>\$ -</b>

Investment income and gains and losses consists of the following for the year ended June 30, 2025:

Investment income	\$ 80,595
Net realized and unrealized gains and losses	112,086
Investment fees	(6,365)
<b>Net investment return</b>	<b>\$ 186,316</b>

**Note 4 – Property and Equipment**

Property and equipment consisted of the following at June 30, 2025:

Land	\$ 720,000
Building	1,157,582
Building improvements	2,212,455
Furniture, fixtures, and equipment	132,912
Computer and office equipment	103,147
Vehicles	197,695
Software	101,651
	<u>4,625,442</u>
Accumulated depreciation	<u>(711,986)</u>
<b>Property and equipment, net</b>	<b>\$3,913,456</b>

Depreciation expense for the fiscal year ending June 30, 2025 was \$155,546.

**The Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 5 – Leases**

The Organization has entered into a lease agreement for a building through February 2026 with monthly payments through the end of the lease term of approximately \$4,000. The Organization has also entered into an equipment lease agreement through September 2027 with monthly payments through the end of the lease term of \$215.

The Organization elected to use the risk-free rate of between 3% and 3.5% determined by 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 future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2025:

Years Ending June 30,	Amount
2026	\$ 34,278
2027	2,580
2028	645
Total lease payments	37,503
Less interest	(584)
Present value of lease liabilities	\$ 36,919
Right-of-use assets	\$ 106,392
Less accumulated amortization	(68,685)
Right-of-use assets, net	\$ 37,707

**Note 6 – Board-Designated Fund**

The board of directors of the Organization have designated a portion of the net assets without donor restrictions as reserves to be used at the discretion of the board of directors. As of June 30, 2025, the balance of the board-designated fund was \$381,813.

**The Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 7 – Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2025:

Subject to Expenditure for Specified Purpose:	
Northern Arizona expansion	\$ 46,986
New Mexico mobile unit	40,000
New Mexico essential services	18,944
Lambert endowment	14,200
Scholarship	2,000
Bright Future Fund	2,046
New Mexico Children's Foundation	2,000
Back to school supplies	2,500
Other	79
Total net assets with donor restrictions	<u>\$ 128,755</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows during the fiscal year ended June 30, 2025:

Expiration of time restrictions	\$ 70,476
Satisfaction of purpose restrictions Construction	<u>101,009</u>
Total restrictions released	<u>\$ 171,485</u>

**The Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 8 – Donated Goods and Services**

Donated goods and services are as follows during the fiscal year ended June 30, 2025:

Description	Amount	Donor Restriction	Program Type	Valuation Techniques and Inputs
Toys	\$ 571,186	None	Program	Donor advised value if given, otherwise thrift value
Back to school supplies	163,625	None	Program	Donor advised value if given, otherwise thrift value
License and safety	3,516	None	Program	Donor advised value if given, otherwise thrift value
Birthday gifts and supplies	25,472	None	Program	Gift cards: Ultimate value received; all other goods: donor advised value if given, otherwise thrift value
Bikes	104,448	None	Program	Donor advised value if given, otherwise thrift value
Beds and bedding	64,906	None	Program	Donor advised value if given, otherwise thrift value
Personal care items	143,344	None	Program	Donor advised value if given, otherwise thrift value
Apparel	697,101	None	Program	Donor advised value if given, otherwise thrift value
Comfort care items	16,206	None	Program	Donor advised value if given, otherwise thrift value
Other basic needs	65,618	None	Program	Donor advised value if given, otherwise thrift value
Other	13,911	None	Program	Donor advised value if given, otherwise thrift value
Property & Equipment	247,123	Time	Program	Donor advised value
Total	<u>\$ 2,116,456</u>			

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, 2025 were without donor restriction.

**Note 9 – 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. Management is unaware of any outstanding or potential liltigation.

**The Foster Alliance**  
**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note 10 – Retirement Plan**

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, 2025 the Organization made matching contributions of \$30,833 to the Plan.