# THE MENTORING ALLIANCE

Financial Statements
With Independent Auditors' Report

June 30, 2024

CAPINCROUSE LLP

# THE MENTORING ALLIANCE

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors
The Mentoring Alliance
Tyler, Texas

***Opinion***

We have audited the accompanying financial statements of The Mentoring Alliance, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Mentoring Alliance as of June 30, 2024, and the changes in its 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 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 The Mentoring Alliance 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.

***Emphasis of Matter***

As discussed in Note 12, certain amounts in the financial statements as of June 30, 2023, were restated. As part of our audit of the June 30, 2024, financial statements, we also audited the adjustments described in Note 12 that were applied to restate balances as of June 30, 2023. In our opinion, these adjustments are appropriate and have been properly applied.

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

5605 N. MacArthur Boulevard, Suite 210
Irving, TX 75038
505.50.CAPIN
capincrouse.com

Board of Directors
The Mentoring Alliance
Tyler, Texas

***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 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 Mentoring 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 Mentoring 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.

Capin Crouse LLP

Irving, Texas
January 22, 2025

# THE MENTORING ALLIANCE

## Statement of Financial Position

June 30, 2024

| | | |
|---|---|---|
| ASSETS: | | |
| Cash and cash equivalents | $ | 2,612,238 |
| Prepaid expenses and other assets | | 11,400 |
| Investments for board-designated endowment fund | | 3,424,323 |
| Right-of-use asset operating lease | | 258,975 |
| Property and equipment–net | | 3,695,978 |
| Total Assets | $ | 10,002,914 |
| LIABILITIES AND NET ASSETS: | | |
| Liabilities: | | |
| Accounts payable | $ | 349,843 |
| Deferred revenue | | 147,807 |
| Operating lease liability | | 258,975 |
| Total liabilities | | 756,625 |
| Net assets: | | |
| Net assets without donor restrictions | | 9,046,289 |
| Net assets with donor restrictions | | 200,000 |
| Total net assets | | 9,246,289 |
| Total Liabilities and Net Assets | $ | 10,002,914 |

See notes to financial statements

# THE MENTORING ALLIANCE

## Statement of Activities

Year Ended June 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| SUPPORT AND REVENUE: | | | |
| Contributions | $ 3,776,026 | $ 364,300 | $ 4,140,326 |
| Grant revenue | 1,624,588 | - | 1,624,588 |
| Mentoring Alliance After School | 1,744,289 | - | 1,744,289 |
| Mentoring Alliance Summer Camps | 674,463 | - | 674,463 |
| Other revenue | 590,364 | - | 590,364 |
| Total Support and Revenue | 8,409,730 | 364,300 | 8,774,030 |
| NET ASSETS RELEASED: | | | |
| Satisfaction of purpose restrictions | 386,232 | (386,232) | - |
| EXPENSES: | | | |
| Program expenses | 7,183,192 | - | 7,183,192 |
| Supporting activities: | | | |
| General and administrative | 768,531 | - | 768,531 |
| Development and fundraising | 1,895,617 | - | 1,895,617 |
| Total Expenses | 9,847,340 | - | 9,847,340 |
| Change in Net Assets | (1,051,378) | (21,932) | (1,073,310) |
| Net Assets, Beginning of Year, as previously stated | 9,615,859 | 221,932 | 9,837,791 |
| Prior Period Adjustment, Note 11 | 481,808 | - | 481,808 |
| Net Assets, Beginning of Year, as restated | 10,097,667 | 221,932 | 10,319,599 |
| Net Assets, End of Year | $ 9,046,289 | $ 200,000 | $ 9,246,289 |

See notes to financial statements

# THE MENTORING ALLIANCE

## Statement of Functional Expenses

Year Ended June 30, 2024

| | Program Services | | | | Supporting Services | | |
|---|---|---|---|---|---|---|---|
| | After School | Summer Camp | Mentor Connect | Total Program Services | General and Administrative | Development and Fundraising | Total |
| Payroll expenses | $ 2,660,080 | $ 1,837,458 | $ 689,590 | $ 5,187,128 | $ 464,820 | $ 579,581 | $ 6,231,529 |
| Special event | - | - | - | - | - | 917,793 | 917,793 |
| Supplies | 222,185 | 493,942 | 62,396 | 778,523 | 19,391 | 25,592 | 823,506 |
| Office expenses | 174,352 | 101,705 | 14,529 | 290,586 | 39,955 | 32,691 | 363,232 |
| Facilities, maintenance, and small equipment | 108,451 | 66,763 | 27,792 | 203,006 | 91,714 | - | 294,720 |
| Marketing | 11,369 | 28,356 | 14,578 | 54,303 | - | 226,616 | 280,919 |
| Miscellaneous | 91,767 | 86,312 | 71,739 | 249,818 | 5,227 | 6,149 | 261,194 |
| Depreciation | 59,117 | 34,572 | 16,421 | 110,110 | 24,032 | - | 134,142 |
| Travel and meals | 72,658 | 68,870 | 11,328 | 152,856 | 14,049 | 23,382 | 190,287 |
| Professional fees | 17,255 | 18,129 | 8,081 | 43,465 | 71,185 | 50,220 | 164,870 |
| Insurance | 41,163 | 24,012 | 11,434 | 76,609 | 37,733 | - | 114,342 |
| Bank and credit card fees | 24,257 | 12,531 | - | 36,788 | 425 | 33,593 | 70,806 |
| | $ 3,482,654 | $ 2,772,650 | $ 927,888 | $ 7,183,192 | $ 768,531 | $ 1,895,617 | $ 9,847,340 |

See notes to financial statements

# THE MENTORING ALLIANCE

## Statement of Cash Flows

Year Ended June 30, 2024

| | | |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | $ | (1,073,310) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | | 134,142 |
| Net realized and unrealized gains | | (264,445) |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses and other assets | | 457,995 |
| Accounts payable and accrued expenses | | 110,929 |
| Net Cash Used by Operating Activities | | (634,689) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | | (129,660) |
| Purchases of investments | | (65,548) |
| Net Cash Used by Investing Activities | | (195,208) |
| Net Change in Cash and Cash Equivalents | | (829,897) |
| Cash and Cash Equivalents, Beginning of Year | | 3,442,135 |
| Cash and Cash Equivalents, End of Year | $ | 2,612,238 |
| SUPPLEMENTAL DISCLOSURE: | | |
| Right-of-use assets obtain in exchange for operating lease liabilities | $ | 293,636 |

See notes to financial statements

# THE MENTORING ALLIANCE

**Notes to Financial Statements**

June 30, 2024

1. <u>NATURE OF ORGANIZATION:</u>

The Mentoring Alliance (the Organization), is a Texas nonprofit corporation. The Organization's mission is to mobilize godly people into the lives of kids and families, and to provide tangible help and eternal hope.

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Texas law. The Organization is further classified as a public charity and not as a private foundation for federal tax purposes. The Organization's primary sources of revenue are contributions from donors and program revenue.

2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:</u>

The Organization maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting periods. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and short-term, highly liquid investments with an original maturity term of three months or less. The balances, at times, may exceed federally insured limits. At June 30, 2024, the Organization's cash balances exceeded federally insured limits by approximately $1,396,000.

INVESTMENTS

The Organization reports investments at fair value in the statement of financial position. Gains and losses are included in the statement of activities in the period incurred and are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

Investments of the Organization are managed by the East Texas Communities Foundation (the Foundation), a separate nonprofit organization. The Foundation provides managed pools for investors. The Organization has elected to allocate 100% of their investment to the Endowed Moderate Active Pool. This a fund of funds, made up primarily of domestic and non-US equity, domestic bonds, and some alternative funds. The methodologies for determining fair value are described in Note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIES

Right-of-use asset represents the Organization's right to use the underlying asset for the lease term. Right-of-use assets and related liabilities are recognized at commencement date based on the net present value of lease payments over the lease term discounted using a risk-free rate. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The additional lease disclosures can be found in Note 4.

PROPERTY AND EQUIPMENT–NET

Property and equipment are recorded at cost, if purchased, or fair value on the date of donation, if donated. Purchases of property and equipment valued at $5,000 or more are capitalized. Depreciation is provided over the estimated useful life of each respective assets on a straight-line basis, which ranges from 3 to 40 years. Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful lives of the improvements.

DEFERRED REVENUE

The Organization’s deferred revenue consists of revenue for summer camps and after school care for which cash has been received but not earned. Deferred revenues were $147,807 as of June 30, 2024.

Recognition of deferred revenue and deposits for fees are as follows:

| | | |
|---|---|---|
| Deposits and deferred fees for services June 30, 2022 | $ | 40,498 |
| Less revenue recognized in the year ended June 30, 2023 | | (40,498) |
| Collections for future programs and services | | 320,343 |
| Deposits and deferred fees for services, June 30, 2023 | | 320,343 |
| Less revenue recognized in the year ended June 30, 2024 | | (320,343) |
| Collections for future programs and services | | 147,807 |
| Deposits and deferred fees for services, June 30, 2024 | $ | 147,807 |

CLASSES OF NET ASSETS

The net assets are reported in the following classes:

*Net assets without donor restrictions* are those resources not subject to donor-imposed restrictions available for operating purposes. They may be designated for specific purposes by action of the board of directors.

*Net assets with donor restrictions* are stipulated by donors for specific operating purposes. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:</u>

SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization.

The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the contributed amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets reclassified. The Organization reports gifts of property and equipment as support without restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grant revenue is recognized when earned, which is when the funds are unconditionally promised to the Organization or when the Organization meets the required conditions. The grants received during the year ended June 30, 2024, did not have conditions to recognition.

After School and Summer Camp revenues are earned when services are provided, thus any unearned revenues collected are reported as deferred until the performance obligation has been met.

Other income is recorded when earned.

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting.

ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities of the Organization have been summarized on a functional basis in the statement of activities and statement of functional expenses based upon hours worked, a time and effort allocation method, or other reasonable method for allocating multiple function expenditures.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 are accounts receivable. The Organization adopted the standard effective July 1, 2023. Adoption of this standard did not have an effect on the financial statements.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

| | |
|---|---|
| Financial assets as of year-end: | |
| Cash and cash equivalents | $ 2,612,238 |
| Investments for board designated endowments | 3,424,323 |
| | 6,036,561 |
| Less those not available for general expenditure within one year, due to: | |
| Amounts designated for board endowments | (3,424,323) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 2,612,238 |

The Organization is primarily supported by contributions. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has certain board-designated net assets limited to use for long-term purposes. Thus, those financial assets may not be available for general expenditure within one year; however, the board may choose to eliminate the designation. The Organization also has certain board-designated net assets that are available for general expenditure within one year, because the restrictions on net assets are expected to be met by conducting the normal activities of the Organization in the coming year. Management believes the Organization has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need.

4. OPERATING LEASE RIGHT-OF-USE ASSETS AND LIABILITIIES:

The Organization leases building and warehouse space under two noncancelable operating lease agreements expiring in 2027 and 2026, respectively. The building lease was entered into during fiscal year 2024 and payments began at $7,050. The lease states that rent will increase $50 on May 1 of each year of the lease. The warehouse lease has monthly payments of $1,400. The discount rate represents the risk-free rate using a period comparable with that of the individual lease term on the inception date of the lease. All fixed and variable non-lease components will be expensed as incurred separately. Short-term leases with a term of 12 or fewer months are not reflected on the statement of financial position, and costs are expensed as incurred.

| | |
|---|---|
| Assets: | |
| Right-of-use asset operating lease | $ 258,975 |
| Liability: | |
| Operating lease liability | $ 258,975 |
| Lease cost: | |
| Operating lease costs | $ 28,800 |
| Cash paid for amounts included in the measurement of lease liabilities: | |
| Operating leases | $ 30,900 |
| Weighted average discount rate–operating lease | 4.12% |
| Weighted average remaining lease term (years)–operating lease | 2.94 |

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

| Year Ending June 30, | Operating Amounts |
|---|---|
| 2025 | $ 151,200 |
| 2026 | 102,450 |
| 2027 | 38,250 |
| 2028 | 8,400 |
| | 300,300 |
| Less imputed interest | (41,325) |
| | $ 258,975 |

# THE MENTORING ALLIANCE

## Notes to Financial Statements

June 30, 2024

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

| | | |
|---|---|---|
| Land | $ | 693,375 |
| Buildings | | 3,142,129 |
| Vehicles | | 68,952 |
| Website design | | 165,436 |
| Machinery and equipment | | 91,980 |
| | | 4,161,872 |
| Less accumulated depreciation | | (465,894) |
| Total property and equipment–net | $ | 3,695,978 |

6. FAIR VALUE MEASUREMENTS:

In accordance with ASC 820, *Fair Value Measurements*, the Organization uses the following hierarchical disclosure framework:

*Level 1* – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

*Level 2* – Measurement based upon marketplace inputs (other than Level 1) that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Measurement based on the Organization's assumptions about hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets and liabilities.

Fair values of assets on a recurring basis measured at June 30, 2024, are as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Endowed moderate active pool | $ - | $ 3,424,323 | $ - | $ 3,424,323 |

As described in Note 1, the Endowed Moderate Active Pool fund at the Foundation is a fund of funds of primarily marketable securities. Fair value of the Organization's holdings is based on percentage of the overall pool at year-end and values are determined based on the underlying investments.

# THE MENTORING ALLIANCE

**Notes to Financial Statements**

June 30, 2024

7. RETIREMENT PLAN:

The Organization participates in a 403(b) retirement plan covering all eligible employees. Employees make voluntary contributions plus the Organization contributes per year at its discretion. The Organization’s contributions for 2024, were $45,328 and are included in benefits in the statement of functional expenses.

8. NET ASSETS:

Net assets with donor restrictions consist of the following:

| | |
|---|---|
| Expansion for 24-25 | $ 200,000 |

9. ENDOWMENT:

The Organization’s endowments consist of over one fund established by the board for the future benefit of the Organization. As required by GAAP, net assets associated with endowment funds, including funds designated by the board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization, relying on information and advice from legal counsel and appointed officers, has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor direction to the contrary. As a result of this interpretation, for financial reporting purposes, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with donor restrictions subject to passage of time until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by TUPMIFA. The Organization did not have any endowments with donor restrictions as of June 30, 2024.

In accordance with TUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

9. ENDOWMENT, continued:

Changes in endowment net assets for the year ended June 30, 2024:

| | Without Donor Restrictions |
|---|---|
| Endowment net assets, beginning of year | $ 3,094,330 |
| Interest and dividend income | 65,548 |
| Net realized and unrealized gains | 264,445 |
| Endowment net assets, end of year | $ 3,424,323 |

*Return Objectives and Risk Parameters:*

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are invested to yield a level of return to meet the objectives of the fund while adhering to a prudent level of risk.

Investment policies are based on the long-term objective of earning a real rate of return that will maximize the benefit intended by the donor, to produce current income to support the programs of the Organization and donor objectives, and to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets, thus protecting the assets against inflation. It is the objective of the Organization's board of directors to realize a total real return over time equal to the rate of inflation plus 6%. It is recognized that for any given period, actual real returns may be significantly higher or lower than the targeted rate. To achieve the long-term target return, the endowment fund is invested primarily in equity securities. Various asset classes with differing expected returns, volatility, and correlations are included in order to reduce overall risk by providing diversification relative to equity securities. The endowment fund is further diversified within asset classes to reduce the impact of potential losses from a single investment.

*Funds with Deficiencies:*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TUPMIFA requires the Organization to retain as a fund of perpetual duration. As noted above, there were no endowments with donor restrictions at June 30, 2024, thus there were no funds with deficiencies.

*Strategies Employed for Achieving Objectives:*

The endowment fund's ongoing investment objective is to add investment performance on a risk-adjusted basis over the policy portfolio. The endowment fund may employ both active and passive management strategies to achieve this objective. Where active management is utilized, it is done with the expectation that incremental returns will be obtained over passive market indexes on a risk-adjusted basis. The endowment fund asset allocation policies are the principal method for achieving the fund's investment objectives. The asset allocation targets for funds invested are based on the funds at the Foundation.

9. ENDOWMENT, continued:

*Spending Policy and How Investment Objectives Relate to Spending Policy:*
The income derived from contributions to any endowment fund shall be distributed at such times as the Organization may determine for the purposes specified for the fund, and the Organization may, in its sole discretion, resolve any ambiguities or questions of interpretation which may arise with respect to such purposes. The Organization considers the long-term anticipated return on its endowment. The Organization's policy is to allow one draw a year not to exceed 5% of the value of the endowment as of the preceding December 31.

10. RELATED PARTIES:
During the year ended June 30, 2024, the Organization received $191,987 in contributions from members of the board and chief officers which were approximately 3% of total revenue.

11. CONCENTRATION:
The Organization received donations totaling $1,991,530 from its top five donors during the year ended June 30, 2024. The gifts accounted for approximately 35% of total revenue.

12. PRIOR PERIOD ADJUSTMENT:
A prior period adjustment was identified during the audit to correctly state prior year net assets without donor restrictions. The financial statements for the year ended June 30, 2023, reflected $200,000 of net assets without donor restrictions as a liability balance rather than unrestricted net assets. The adjustment below adds the $200,000 back to net assets without donor restrictions, so all are properly stated. In addition, it was identified that buildings were depreciated over 20 years instead of a typical life of 40 years. A correction for this was also made, resulting in an increase in net assets as of June 30, 2023, of $281,808.

| | Previously stated | Restatement | As restated |
|---|---|---|---|
| June 30, 2023: | | | |
| Statement of financial position | | | |
| Net assets without donor restrictions | $ 9,615,859 | $ 481,808 | $ 10,097,667 |
| Year Ended June 30, 2023: | | | |
| Statement of activities: | | | |
| Changes in net assets without donor restrictions | $ (230,632) | $ 481,808 | $ 251,176 |

13. SUBSEQUENT EVENTS:
Subsequent events have been evaluated through January 22, 2025, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.