FRESH START WOMEN'S FOUNDATION

FINANCIAL STATEMENTS

Year Ended June 30, 2024

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FINANCIAL STATEMENTS

Year Ended June 30, 2024

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CBIZ CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

FRESH START WOMEN'S FOUNDATION

Opinion

We have audited the financial statements of ***Fresh Start Women's Foundation*** (the "Foundation"), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation 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 audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Foundation 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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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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 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 Foundation'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 Foundation'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.

CBIZ CPAs P.C.[1]

September 17, 2024

[1] *In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.*

FRESH START WOMEN`S FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2024

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 1,921,272
Pledges receivable, current	358,775
Prepaid expenses and other current assets	187,207
TOTAL CURRENT ASSETS	2,467,254
INVESTMENTS (Note 2)	3,932,708
PLEDGES RECEIVABLE, net of current maturities	118,365
PROPERTY AND EQUIPMENT, net (Note 3)	2,607,399
FINANCING LEASE RIGHT OF USE ASSET	124,888
OTHER ASSETS	23,917
TOTAL ASSETS	$ 9,274,531

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 348,768
Deferred revenue	182,823
Current maturities of note payable (Note 6)	66,997
Current maturities of financing lease liability	36,468
TOTAL CURRENT LIABILITIES	635,056
NOTE PAYABLE, net of current maturities (Note 6)	1,019,412
FINANCING LEASE LIABILITY, net of current maturities	91,626
TOTAL LIABILITIES	1,746,094
NET ASSETS	
Net assets without donor restrictions	
Board designated (Note 7)	3,932,708
Undesignated	2,461,448
Total net assets without donor restrictions	6,394,156
Net assets with donor restrictions (Note 8)	1,134,281
TOTAL NET ASSETS	7,528,437
TOTAL LIABILITIES AND NET ASSETS	$ 9,274,531

See Notes to Financial Statements

FRESH START WOMEN`S FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND GAINS			
Contributions of cash and other financial assets	$ 3,661,079	$ 361,582	$ 4,022,661
In-kind contributions	241,921	-	241,921
Investment income	374,355	51,656	426,011
Other income	18,125	-	18,125
Net assets released from restrictions	238,595	(238,595)	-
	4,534,075	174,643	4,708,718
Special events revenue:			
Cash	3,688,128	-	3,688,128
Less: costs of direct donor benefits	(240,058)	-	(240,058)
Gross profit on special events	3,448,070	-	3,448,070
TOTAL SUPPORT, REVENUE, AND GAINS	7,982,145	174,643	8,156,788
EXPENSES			
Salaries & personnel costs	4,575,713	-	4,575,713
Contracted outside services	543,982	-	543,982
Employee related costs	150,024	-	150,024
Marketing & public relations	60,408	-	60,408
Community outreach	314,212	-	314,212
Sponsored education	236,631	-	236,631
Client expenses	61,460	-	61,460
Special event costs	558,919	-	558,919
Scholarships	36,165	-	36,165
Supplies	73,249	-	73,249
Software & technology	256,889	-	256,889
Occupancy costs	281,475	-	281,475
Professional fees	69,193	-	69,193
Interest expense	51,519	-	51,519
Other	25,863	-	25,863
Depreciation and amortization	346,229	-	346,229
TOTAL EXPENSES	7,641,931	-	7,641,931
CHANGE IN NET ASSETS	340,214	174,643	514,857
NET ASSETS, BEGINNING OF YEAR	6,053,942	959,638	7,013,580
NET ASSETS, END OF YEAR	$ 6,394,156	$ 1,134,281	$ 7,528,437

FRESH START WOMEN`S FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services								Supporting Services		
	Career	Education	Social Work	Family Stability	Well-Being	Financial Management	Program Support	Total Program	General and Administrative	Fundraising	Total
Salaries & personnel costs	$ 383,349	$ 344,985	$ 743,996	$ 321,222	$ 326,182	$ 80,486	$ 1,515,516	$ 3,715,736	$ 352,487	$ 507,490	$ 4,575,713
Contracted outside services	28,753	52,815	71,022	24,043	17,174	22,841	125,962	342,610	40,591	160,781	543,982
Employee related costs	16,928	10,906	20,767	9,723	9,014	3,230	45,383	115,951	16,356	17,717	150,024
Marketing & public relations	1,850	-	161	-	-	-	32,912	34,923	302	25,183	60,408
Community outreach	1,727	-	3,250	-	1,800	-	307,435	314,212	-	-	314,212
Sponsored education	-	139,658	-	63,600	2,554	1,116	29,703	236,631	-	-	236,631
Client expenses	15,732	9,490	3,294	9,963	6,794	899	15,288	61,460	-	-	61,460
Special event costs	-	-	-	-	-	-	-	-	110	798,867	798,977
Scholarships	4,145	31,676	-	-	-	-	344	36,165	-	-	36,165
Supplies	6,643	4,270	8,877	5,066	2,048	1,024	21,326	49,254	8,372	15,623	73,249
Software & technology	15,244	10,914	17,552	9,188	15,998	1,198	152,533	222,627	8,257	26,005	256,889
Occupancy costs	32,768	15,110	48,192	24,061	46,273	3,030	105,344	274,778	1,930	4,767	281,475
Professional fees	7,688	5,125	10,251	5,125	2,563	1,281	20,502	52,535	8,970	7,688	69,193
Interest expense	6,034	2,782	8,874	4,430	8,520	558	19,162	50,360	355	804	51,519
Other	2,346	1,082	3,451	1,723	3,314	217	12,579	24,712	138	1,013	25,863
Total expenses before depreciation	523,207	628,813	939,687	478,144	442,234	115,880	2,403,989	5,531,954	437,868	1,565,938	7,535,760
Depreciation and amortization	40,685	18,760	59,835	29,874	57,453	3,762	128,042	338,411	2,396	5,422	346,229
TOTAL EXPENSES	$ 563,892	$ 647,573	$ 999,522	$ 508,018	$ 499,687	$ 119,642	$ 2,532,031	$ 5,870,365	$ 440,264	$ 1,571,360	$ 7,881,989

FRESH START WOMEN`S FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 514,857
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	346,229
Amortization of financing lease right-of-use asset	33,720
Amortization of deferred financing costs	1,729
Net realized/unrealized investment gains	(82,517)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Pledges receivable	(343,676)
Prepaid expenses and other current assets	(33,344)
Increase (decrease) in:	
Accounts payable and accrued expenses	92,087
Deferred revenue	65,624
Net cash provided by operating activities	594,709
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(94,920)
Purchases of investments	(250,980)
Proceeds from sale of investments	456,439
Net cash provided by investing activities	110,539
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on financing lease liability	(31,160)
Payments on note payable	(64,428)
Proceeds from line of credit	200,000
Payments on line of credit	(200,000)
Net cash used in financing activities	(95,588)
NET CHANGE IN CASH AND CASH EQUIVALENTS	609,660
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,311,612
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,921,272
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	$ 50,000
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Right-of-use asset obtained in exchange for financing lease liability	$ 7,020

See Notes to Financial Statements

(1) Operations and summary of significant accounting policies

Foundation's operations – ***Fresh Start Women's Foundation***, an Arizona Nonprofit Corporation***,*** (the "Foundation"), was founded in 1992 and incorporated in Arizona as a not-for-profit organization in 1994. The Foundation is dedicated to helping women help themselves.

The Foundation primarily fulfills its mission through the work at the Jewell McFarland Lewis-Fresh Start Women's Resource Center (the "Center"), a 25,000 square foot facility opened in Phoenix, Arizona on October 2, 2002. This Center, the first comprehensive self-help center for women in the country, is a place for women to access information, programs and services to help them in times of transition. This Center is a model in partnering with other organizations and does not duplicate services found elsewhere in the community except where there is an unmet need. This Center provided services to approximately 5,200 women during the year ended June 30, 2024.

The significant accounting policies followed by the Foundation are summarized below:

Basis of presentation – The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The Foundation maintains its accounts on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

<u>Net assets without donor restrictions</u>
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

<u>Net assets with donor restrictions</u>
Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Management's use of estimates – 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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Cash includes cash and, at times, cash equivalents, which consist of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation ("FDIC").

(1) Operations and summary of significant accounting policies (continued)

Contributions – The Foundation evaluates grants and contributions for evidence of the transfer of commensurate value from the Foundation to the resource provider. The transfer of commensurate value from the Foundation to the resource provider may include instances when a) the goods or services provided by the Foundation directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Foundation. When such factors exist, the Foundation accounts for the grants or contributions as exchange transactions under ASC 606, *Revenue from Contracts with Customers*, or other appropriate guidance. In the absence of these factors, the Foundation accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from the Foundation to the resource provider, the Foundation evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Foundation or the right of return from the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both the Foundation and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Foundation to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

The Foundation accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. In accordance with FASB ASC 958-605, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions. Contributions with donor restrictions, where restrictions are fulfilled in the same period in which the contribution is received, are shown as additions to contributions without donor restrictions.

Special events revenue – The Foundation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Foundation. The direct costs of the special events which ultimately benefit the donor rather than the Foundation are recorded as costs of direct donor benefits. All proceeds received in excess of the direct costs are recorded as gross profit on special events in the accompanying statement of activities and change in net assets. Any special events revenue received prior to the events would be recorded as deferred revenue in the accompanying statement of financial position until the event occurs, at which time it would be recognized as special events revenue.

(1) Operations and summary of significant accounting policies (continued)

Promises to give – Unconditional promises to give (pledges) that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Foundation's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of any discount is included in support from contributions.

The Foundation receives certain grants that are conditional in nature and the revenue can only be recognized once funds have been spent on qualifying costs and/or future payments are conditioned upon achievement of successful progress towards grant objectives. As of June 30, 2024, conditional grants not yet recognized as revenue by the Foundation totaled approximately $882,000.

Credit risk on pledges receivable is considered by management to be limited due to prior collection history with these donors and their standing in the community. However, management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. At June 30, 2024, pledges receivable are considered by management to be fully collectable, and accordingly, an allowance for uncollectible pledges is not considered necessary.

Donated non-financial assets (in-kinds) – Donated materials are recorded at their estimated fair value at the date of receipt. Donated services are recognized as contributions in accordance with FASB 958-605 if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

Numerous volunteers have donated significant amounts of time to perform a variety of tasks that assist the Foundation with specific programs, campaign solicitations, and various committee assignments. This support has not been recorded as a component of contributions as it does not meet the recognition criteria under FASB ASC 958-605. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately $136,000 for the year ended June 30, 2024.

(1) Operations and summary of significant accounting policies (continued)

The Foundation received the following donated materials and services which are included in in-kind contributions:

Contribution	Used For	Amount
Contracted outside services	Family Stability	$ 63,600
Contracted outside services & scholarships	Career & Education	139,659
Contracted outside services	Other program support	38,662
		$ 241,921

Donated outside services, scholarships and auction items are valued using estimated prices of identical or similar services and products in the local retail markets (Level 2 inputs). The Foundation's general practice is to monetize donated auction items at the event for which the items were intended to support. There were no donated non-financial assets during the year ended June 30, 2024.

Investments and fair value measurements – The Foundation accounts for its investments in equity securities in accordance with FASB ASC 958-321, *Not-for-Profit Entities – Investments – Equity Securities* and debt securities in accordance with FASB ASC 958-320, *Not-for-Profit Entities – Investments – Debt Securities*. Under FASB ASC 958-320 and FASB ASC 958-321, the Foundation reports investments in equity and debt securities, at fair value. The fair values of investments are based on quoted market prices or net asset value, if applicable. Investment income (including interest, dividends, and realized and unrealized gains and losses on investments) is included in the change in net assets. The Foundation determines the fair value of its investments held in the Arizona Community Foundation ("ACF") intermediate-term investment pool based on its investment percentage in the consolidated investment pool. ACF implements an investment strategy for these pooled funds that includes equity and fixed income investments.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

FASB ASC 820, *Fair Value Measurement*, establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

(1) Operations and summary of significant accounting policies (continued)

Property and equipment and related depreciation – Purchased property and equipment is valued at cost. Maintenance and repairs are charged to operations when incurred. Generally, property and equipment in excess of $1,000 is capitalized.

When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations. Depreciation of property and equipment is computed on a straight-line basis over the following estimated useful lives:

	Useful Life
Building	35 years
Land improvements	35 years
Building improvements	10 years
Computer equipment and software	3 - 5 years
National website	3 years
Furniture, fixtures and equipment	3 - 10 years
Bus shelter	10 years

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions absent donor stipulations regarding how long those donated assets must be maintained. The Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Impairment of long-lived assets – The Foundation accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded for the year ended June 30, 2024.

Functional expenses – The costs of providing the various programs and other activities have been summarized on a natural basis in the accompanying statement of activities and change in net assets. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and support services benefited based on full-time equivalents, and square footage. General and administrative expenses include those expenses that are not directly identifiable with any specific program but provide for the overall support and direction of the Foundation.

(1) Operations and summary of significant accounting policies (continued)

The expenses that are allocated include the following:

Salaries & personnel costs and employee related expenses	Time incurred
Professional fees, office supplies	Number of full time employees
Depreciation, interest expense, and debt amortization costs	Square footage

Advertising – Advertising costs are charged to operations when incurred and include the Foundation's community outreach marketing initiatives. Advertising expenses charged to operations was approximately $453,900 for the year ended June 30, 2024, which includes $314,211 of costs associated with community outreach.

Income tax status – The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, there is no provision for income taxes. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income would be taxable. The Foundation evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

The Foundation's federal Return of Organizations Exempt from Income Tax (Form 990) for fiscal 2021, 2022 and 2023 are subject to examination by the IRS, generally for three years after they were filed. As of the date of this report, the fiscal 2024 informational return had not yet been filed.

Recent accounting pronouncements – Effective July 1, 2023, the Foundation adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326), and all subsequently issued related amendments, using the modified retrospective approach. Under Topic 326, financial assets are presented at the net amount expected to be collected, requiring immediate recognition of estimated credit losses expected (referred to as "CECL") to occur over the asset's remaining life. This is in contrast to previous U.S. GAAP, under which credit losses were not recognized until it was probable that a loss had been incurred. The standard also requires enhanced disclosures regarding information in analyzing exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to this standard include trade receivables. The Foundation adopted Topic 326 in 2024 with no significant impact on the financial statements.

Subsequent events – The Foundation has evaluated subsequent events through September 17, 2024, which is the date the financial statements were available to be issued.

(2) Investments

Investments consist of the following as of June 30, 2024:

Cash	$ 7,399
Fixed income mutual funds	
Intermediate-term bonds	45,018
Fixed income - nontraditional	14,752
Fixed income - high yield	43,851
Fixed income - small growth	4,600
Fixed income - ultrashort bond	27,808
Fixed income - multi-sector bond	16,883
Diversified core fixed income fund	34,878
Total fixed income mutual funds	187,790
Equity mutual funds	
Large blend	166,236
Large growth	327,649
Large value	130,859
Small Value	17,744
Equity - nontraditional	48,429
Other	9,645
Total equity mutual funds	700,562
Money market	27,832
ACF intermediate investment pool	3,009,125
Total investments	$ 3,932,708

Investment income consists of the following for the year ended June 30, 2024:

Interest and dividend income	$ 376,884
Investment fees	(33,390)
Unrealized losses on investments	(474,114)
Realized gains on investments	556,631
Total investment income	$ 426,011

FASB ASC 958-605 *Not-for-Profit Entities – Revenue Recognition*, establishes accounting standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. FASB ASC 958-605 specifically requires that if a not-for-profit organization ("NPO") establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the NPO must record the fund as an asset and the community foundation must account for the fund as a liability. The Foundation has such funds with ACF. The Foundation's funds at ACF are pooled with other funds at ACF to be invested.

Investments are held to provide secure long-term funding for the mission of the Foundation, therefore investments are classified as long-term assets in the accompanying statement of financial position.

(3) Property and equipment

Property and equipment consists of the following as of June 30, 2024:

Cost and donated value:	
Building	$ 4,242,346
Land improvements	203,841
Building improvements	1,068,395
Computer equipment and software	158,540
National website	299,994
Furniture, fixtures and equipment	234,435
Bus shelter	6,500
Total cost and donated value	6,214,051
Accumulated depreciation	(3,606,652)
Net property and equipment	$ 2,607,399

Depreciation expense charged to operations was $346,229 for the year ended June 30, 2024.

(4) Pledges receivable

Future maturities of pledges receivable as of June 30, 2024 are as follows:

Pledges receivable due in less than one year	$ 358,775
Pledges receivable due in one to five years	125,000
Total gross pledges receivable	483,775
Less: discount to present value	(6,635)
Net pledges receivable	$ 477,140

The estimated cash flows for long-term pledges receivable were discounted over the collection period using a discount rate determined by management of 5.7%.

(5) Lines of credit

During the year ended June 30, 2012, the Foundation entered into a revolving line of credit agreement with Merrill Lynch. Amounts available to borrow are limited to collateral on hand and are due on demand. As of June 30, 2024, the amount of available borrowings was approximately $296,000. Interest accrues on borrowings at the one month Bloomberg Short-term Bank Yield rate plus 3.125% (8.515% at June 30, 2024). There is no specified maturity date of the arrangement.

In December 2021, the Foundation entered into a line of credit agreement with JP Morgan Chase with an available borrowing amount of $500,000. In August 2023, the line of credit agreement was modified to increase the line of credit to $1,000,000, establish a maturity date of October 28, 2024 and revise the interest rate to 3.54% plus the Secured Overnight Financing Rate (8.94% at June 30, 2024).

There was no outstanding balance on either line of credit as of June 30, 2024.

(6) Notes payable

The Foundation has a loan agreement that bears an interest rate of 3.69% and matures in June 2032. Monthly principal and interest payments of $8,918 are due for the remaining term of the loan, after which a balloon payment of all unpaid principal and interest is due at the maturity date. The loan is subject to certain non-financial covenants and is collateralized by the Foundation's building used for the Women's Resource Center.

Annual maturities under the loan agreement at June 30, 2024 are as follows:

Years Ending June 30,	
2025	$ 66,997
2026	69,546
2027	72,193
2028	74,854
2029	77,790
Thereafter	738,857
Total future maturities	1,100,237
Less unamortized deferred financing costs	(13,828)
Total note payable	$ 1,086,409

(7) Board designated net assets

Board designated net assets consist of amounts set aside by the Board to establish an operating reserve (the "Reserve"). The purpose of the Reserve is to establish and maintain a reserve which positions the Foundation to be able to respond to varying economic conditions, ensure long-term financial stability, and continuously carry out its mission. The specific objectives of the Reserve are:

(1) To create an internal line of credit to manage cash flows, maintain financial flexibility and meet commitments, obligations, or contingencies,
(2) Prevent cash flow crises that lead to expensive, short term, crisis based decisions,
(3) Provide funds to meet unfunded or unexpected needs, and
(4) Provide funds for emergency and emerging needs without jeopardizing ongoing operations.

As a secondary purpose, the Reserve may also generate investment income that can be used for operational purposes or reinvested in the Reserve. During the year ended June 30, 2024, $200,000 was spent which is in accordance with the spending policy. As of June 30, 2024, the amount maintained for the Reserve is $923,583.

Additionally, board designated net assets includes amounts set aside by the Board to establish a quasi-endowment fund to provide long-term funding for the mission of the Foundation. The assets of the quasi-endowment fund are managed to facilitate the Foundation's goals and objectives as outlined by the Board of Directors and is subject to an investment spending policy.

The spending policy makes available annually for spending 5% of the moving average balance of the total assets under management over the prior 36 month period. Such a policy will allow for greater predictability of spendable income for budgeting purposes and for gradual, steady growth for the support of operations by the investable assets. In addition, this policy will minimize the probability of invading the principal over the long term. However, since there may occasionally be situations requiring a higher percentage of spending from investable assets, the Finance Committee with the approval of the Foundation's Board of Directors may increase or decrease the spending rate on a temporary basis.

(7) Board designated net assets (continued)

As of June 30, 2024, the amount maintained for the board designated quasi-endowment fund is $3,009,125.

(8) Net assets with donor restrictions

Net assets with donor restrictions at June 30, 2024 consist of:

Purpose restrictions:		
Accumulated donor endowment fund earnings	$	195,358
Scholarships		1,415
Grants		687,508
Total purpose restrictions		884,281
Donor endowment funds restricted in perpetuity		250,000
Total net assets with donor restrictions	$	1,134,281

Net assets release from donor restrictions for the year ended June 30, 2024 consisted of:

Satisfaction of purpose restrictions:		
Grants	$	228,879
Scholarships		9,716
Total releases of net assets with donor restrictions	$	238,595

(9) Endowments

The Foundation's endowment consists of a donor restricted fund to be held in perpetuity and a board designated quasi-endowment. Earnings on the endowment are not restricted in accordance with the donor's intent. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In September 2008, the State of Arizona enacted ARS§10-11801 et seq Management of Charitable Funds Act ("MCFA"). The Board of Directors of the Foundation has interpreted MCFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified as net assets restricted in perpetuity is classified as net assets subject to purpose or time restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by MCFA.

To achieve its investment objectives over long periods of time, the Foundation has adopted an investment strategy that invests in domestic and international equities, fixed income, and money market strategies. The majority of assets are invested in fixed income securities. Equity and equity-like securities and alternative assets are used to lower short-term volatility. Diversification by asset class, investment style, investment manager, etc. is employed to avoid undue risk concentration and enhance total return. The primary performance objective is to preserve the fair value of endowment assets with the maximization of earnings as a secondary objective.

(9) Endowments (continued)

The spending policy determines the amount of money in a given year that will be distributed from the Foundation's endowment assets. The current spending policy is solely at the discretion of the Foundation's Board of Directors and is fully described in Note 7 above. Over the long term, the Foundation expects its endowment assets to grow at the rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns.

Endowment net asset compositions by type of fund as of June 30, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated quasi-endowment	$ 3,009,125	$ -	$ 3,009,125
Donor restricted endowment held in perpetuity	-	250,000	250,000
Accumulated donor restricted endowment earnings	-	195,358	195,358
Endowment net assets, end of year	$ 3,009,125	$ 445,358	$ 3,454,483

The changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 2,715,360	$ 393,702	$ 3,109,062
Investment return:			
Interest and dividend income	85,431	10,418	95,849
Net appreciation	208,334	41,238	249,572
Endowment net assets, end of year	$ 3,009,125	$ 445,358	$ 3,454,483

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 MCFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2024. The Foundation's policy with respect to underwater funds consists of the following:

- Where the value of the underwater fund is less than 100% but greater, than 90% of its historic dollar value, the amount to be appropriated shall be 80% of the amount calculated under the spending formula.
- Where the value of the underwater fund is less than 90% but greater than 80% of its historic dollar value, the amount to be appropriated shall be 60% of the amount calculated under the spending formula.
- Where the value of the underwater fund is less than 60% of its historic dollar value, there shall be no appropriation for spending from that fund.

(10) Fair value measurement

The following table summarizes the valuation of the Foundation's assets and liabilities subject to recurring fair value measurement, other than investments measured at net asset value ("NAV") as a practical expedient, by the above FASB ASC 820 categories as of June 30, 2024:

	Total	Level 1	Level 2	Level 3
Fixed income mutual funds				
Intermediate-term bonds	$ 45,018	$ 45,018	$ -	$ -
Fixed income - nontraditional	14,752	14,752	-	-
Fixed income - high yield	43,851	43,851	-	-
Fixed income - small growth	4,600	4,600	-	-
Fixed income - ultrashort bond	27,808	27,808	-	-
Fixed income - multi-sector bond	16,883	16,883	-	-
Diversified core fixed income fund	34,878	34,878	-	-
Total fixed income mutual funds	187,790	187,790	-	-
Equity mutual funds				
Large blend	166,236	166,236	-	-
Large growth	327,649	327,649	-	-
Large value	130,859	130,859	-	-
Small Value	17,744	17,744	-	-
Equity - nontraditional	48,429	48,429	-	-
Other	9,645	9,645	-	-
Total equity mutual funds	700,562	700,562	-	-
Money market	27,832	27,832	-	-
Total investments	$ 916,184	$ 916,184	$ -	$ -

In accordance with FASB ASC 820, the investments held at ACF of $3,009,125 are excluded from the fair value measurements leveling disclosures. The Foundation determines the fair value of its investments held by ACF based on its investment percentage in the consolidated investment pool. ACF implements an investment strategy for these pooled funds that includes equity and fixed income funds. There are no unfunded commitments associated with the investments held at ACF and redemptions are permitted upon request.

The Foundation has no other financial instruments subject to fair value measurement on a recurring basis as of June 30, 2024.

(11) Leasing activities

The Foundation leased copier equipment under an operating lease that terminated during 2023. Upon termination, the Foundation entered into a new lease for copier equipment under a financing lease agreement expiring in March 2028.

The following table represents the maturity of the finance lease liability:

Years Ending June 30,		
2025	$	36,468
2026		36,468
2027		36,468
2028		27,351
Total lease payments	$	136,755
Less: Interest		(8,661)
Present value of lease liability	$	128,094

Lease costs consisted of the following for the year ended June 30, 2024:

Amortization of right of use asset	$	33,720
Interest on lease liabilities		5,030
Operating lease costs		38,750
Total lease costs	$	77,500

Other information:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance lease	$	5,030
Financing cash flows from finance lease	$	31,160
Weighted average remaining lease term		3.71 years
Weighted average discount rate		3.51%

The Foundation also has a ground lease agreement for the land where the Center is located with an annual rent of $1. The lease term is for 75 years ending February 2076. Under the terms of the ground lease agreement, the Foundation may purchase the leased property for fair market value at the end of the 50th year of the agreement or at any time thereafter prior to the end of the agreement, provided the lease is in effect and the Foundation has made all of the payments required under the terms of the lease.

(12) Retirement plans

Effective January 1, 2013, the Foundation elected to participate in the CBR Management Services, Inc. 401(k) plan, a multiple employer benefit plan. Effective January 1, 2021, the Foundation merged their portion of the CBR Management Services, Inc. 401(k) plan with the ADP TotalSource Retirement Savings Plan, a multiple employer benefit plan. Under the provisions of the plans, employees who are at least 21 years of age and have provided at least one year of service in which they completed 1,000 hours of service are eligible to participate. The Foundation matches employee deferrals into the plan using a specified formula with a maximum match equal to 4% of the participant's compensation. During 2024, the Foundation made matching contributions of approximately $62,400 which are included in employee related expenses in the accompanying statement of activities and change in net assets.

(13) Liquidity and availability of resources

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 are as follows:

Cash and cash equivalents	$	1,921,272
Pledges receivable		477,140
Investments		3,932,708
Total financial assets		6,331,120
Less:		
Board designated long term reserve		(923,583)
Net assets with donor restrictions		(1,134,281)
Board designated quasi-endowment designated by the spending policy		(3,009,125)
Financial assets available to meet cash needs for general expenditure within one year	$	1,264,131

The Foundation monitors its cash flows to ensure the fulfillment of all obligations. The Foundation's policy is to fully invest available funds in a manner that will provide investment returns while maintaining an acceptable risk profile. Amounts designated by the Board could be readily liquidated without significant penalty to fund operating cash flow needs upon approval. Additionally, as of June 30, 2024, the Foundation maintains two lines of credit with available balances to draw from of $296,000 and $1,000,000, as discussed in Note 5. As of June 30, 2024, approximately $1,296,000 remained available for use by the Foundation, subject to bank approval.

(14) Risks and uncertainties

In conducting its activities, the Foundation, from time to time, is the subject of various legal claims. Management believes that the ultimate resolution of such legal claims will not have a material effect on the financial statements of the Foundation.

(15) Related party transactions

During the year ended June 30, 2024, the Foundation received approximately $1,798,000 in total support from Board members. Approximately 32% of total contributions during the year ended June 30, 2024 was from one Board member.