

FRESH START WOMEN'S FOUNDATION

FINANCIAL STATEMENTS

Year Ended June 30, 2025

FRESH START WOMEN'S FOUNDATION

FINANCIAL STATEMENTS

Year Ended June 30, 2025

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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, 2025 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, 2025, 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.

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.

September 23, 2025

FRESH START WOMEN'S FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,120,996
Pledges receivable, net	286,869
Prepaid expenses and other current assets	231,059
TOTAL CURRENT ASSETS	<u>1,638,924</u>

INVESTMENTS (Note 2)	4,361,619
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PROPERTY AND EQUIPMENT, net (Note 3)	2,462,717
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OTHER ASSETS	<u>23,917</u>
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TOTAL ASSETS	<u>\$ 8,487,177</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 302,303
Deferred revenue	575,503
Current maturities of note payable (Note 5)	69,546
Current maturities of financing lease liability	33,703
TOTAL CURRENT LIABILITIES	<u>981,055</u>

NOTE PAYABLE, net of current maturities (Note 5)	951,593
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FINANCING LEASE LIABILITY, net of current maturities	<u>61,837</u>
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TOTAL LIABILITIES	<u>1,994,485</u>
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NET ASSETS

Net assets without donor restrictions	
Board designated (Note 6)	4,361,619
Undesignated	<u>1,077,226</u>
Total net assets without donor restrictions	5,438,845
Net assets with donor restrictions (Note 7)	<u>1,053,847</u>
TOTAL NET ASSETS	<u>6,492,692</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,487,177</u>
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FRESH START WOMEN'S FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND GAINS			
Contributions of cash and other financial assets	\$ 2,550,798	\$ 570,734	\$ 3,121,532
In-kind contributions	313,152	-	313,152
Investment income	311,422	50,355	361,777
Other income	8,003	-	8,003
Net assets released from restrictions	701,523	(701,523)	-
	<u>3,884,898</u>	<u>(80,434)</u>	<u>3,804,464</u>
Special events revenue:			
Cash	3,652,145	-	3,652,145
In-kind	29,324	-	29,324
Less: costs of direct donor benefits	(314,885)	-	(314,885)
Gross profit on special events	<u>3,366,584</u>	<u>-</u>	<u>3,366,584</u>
TOTAL SUPPORT, REVENUE, AND GAINS	<u>7,251,482</u>	<u>(80,434)</u>	<u>7,171,048</u>
EXPENSES			
Salaries & personnel costs	4,890,035	-	4,890,035
Contracted outside services	773,872	-	773,872
Employee related costs	90,741	-	90,741
Marketing & public relations	118,024	-	118,024
Community outreach	73,009	-	73,009
Sponsored education	312,152	-	312,152
Client expenses	86,430	-	86,430
Special event costs	517,355	-	517,355
Scholarships	51,445	-	51,445
Supplies	45,279	-	45,279
Software & technology	336,407	-	336,407
Occupancy costs	356,091	-	356,091
Professional fees	77,645	-	77,645
Interest expense	47,335	-	47,335
Other	32,780	-	32,780
Depreciation and amortization	398,193	-	398,193
TOTAL EXPENSES	<u>8,206,793</u>	<u>-</u>	<u>8,206,793</u>
CHANGE IN NET ASSETS	<u>(955,311)</u>	<u>(80,434)</u>	<u>(1,035,745)</u>
NET ASSETS, BEGINNING OF YEAR	<u>6,394,156</u>	<u>1,134,281</u>	<u>7,528,437</u>
NET ASSETS, END OF YEAR	<u>\$ 5,438,845</u>	<u>\$ 1,053,847</u>	<u>\$ 6,492,692</u>

See Notes to Financial Statements

FRESH START WOMEN'S FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2025

	Program Services							Total	Supporting Services		
	Career	Education	Social Work	Family Stability	Well-Being	Financial Management	Program Support		General and Administrative	Fundraising	Total
Salaries & personnel costs	\$ 419,864	\$ 540,298	\$ 754,771	\$ 359,658	\$ 299,468	\$ 72,938	\$ 1,491,807	\$ 3,938,804	\$ 423,749	\$ 527,482	\$ 4,890,035
Contracted outside services	179,724	43,241	30,051	14,934	8,651	59,447	249,895	585,943	41,659	146,270	773,872
Employee related costs	15,905	6,288	13,316	11,293	4,500	1,004	20,186	72,492	9,732	8,517	90,741
Marketing & public relations	7,263	1,731	177	305	3,172	8	74,751	87,407	3,215	27,402	118,024
Community outreach	6,093	1,429	-	-	2,467	-	63,020	73,009	-	-	73,009
Sponsored education	-	174,635	-	100,000	4,338	199	30,480	309,652	-	2,500	312,152
Client expenses	38,254	10,463	1,988	29,245	803	-	5,677	86,430	-	-	86,430
Special event costs	768	256	128	256	-	-	2,304	3,712	2,816	825,712	832,240
Scholarships	977	50,468	-	-	-	-	-	51,445	-	-	51,445
Supplies	4,174	3,782	5,340	4,811	1,908	698	8,959	29,672	6,902	8,705	45,279
Software & technology	37,590	40,019	35,277	25,360	4,884	2,092	159,968	305,190	8,531	22,686	336,407
Occupancy costs	77,792	71,363	79,793	56,508	11,138	4,771	43,476	344,841	4,801	6,449	356,091
Professional fees	7,325	7,325	11,720	5,860	4,395	1,465	17,580	55,670	13,185	8,790	77,645
Interest expense	10,378	9,520	10,645	7,539	1,486	636	5,720	45,924	641	770	47,335
Other	7,257	6,657	7,444	5,272	1,039	445	4,000	32,114	127	539	32,780
Total expenses before depreciation	813,364	967,475	950,650	621,041	348,249	143,703	2,177,823	6,022,305	515,358	1,585,822	8,123,485
Depreciation and amortization	87,303	80,088	89,548	63,416	12,500	5,354	48,115	386,324	5,389	6,480	398,193
TOTAL EXPENSES	<u>\$ 900,667</u>	<u>\$ 1,047,563</u>	<u>\$ 1,040,198</u>	<u>\$ 684,457</u>	<u>\$ 360,749</u>	<u>\$ 149,057</u>	<u>\$ 2,225,938</u>	<u>\$ 6,408,629</u>	<u>\$ 520,747</u>	<u>\$ 1,592,302</u>	<u>\$ 8,521,678</u>

See Notes to Financial Statements

FRESH START WOMEN'S FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,035,745)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	398,193
Amortization of deferred financing costs	1,729
Loss on disposal of fixed assets	1,982
Net realized/unrealized investment gains	(333,325)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Pledges receivable, net	190,271
Prepaid expenses and other current assets	(43,852)
Increase (decrease) in:	
Accounts payable and accrued expenses	(46,465)
Deferred revenue	392,680
Net cash used in operating activities	<u>(474,532)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(130,605)
Purchases of investments	(1,005,071)
Proceeds from sale of investments	909,485
Net cash used in investing activities	<u>(226,191)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on financing lease liability	(32,554)
Payments on note payable	(66,999)
Proceeds from line of credit	200,000
Payments on line of credit	(200,000)
Net cash used in financing activities	<u>(99,553)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS (800,276)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 1,921,272

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,120,996

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest \$ 41,700

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(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 5,400 women during the year ended June 30, 2025.

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:

Net assets without donor restrictions

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.

Net assets with donor restrictions

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").

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(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. As of June 30, 2025, two donors accounted for approximately 34% of total contribution revenue.

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.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(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. As of June 30, 2025, all of the pledge receivables are due within one year. As of June 30, 2025, two donors accounted for approximately 50% of total pledges receivable.

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, 2025, conditional grants not yet recognized as revenue by the Foundation totaled approximately \$998,000.

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, 2025, the allowance for credit losses related to pledges receivable was \$6,635.

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 \$189,000 for the year ended June 30, 2025.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(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	\$ 100,000
Contracted outside services & scholarships	Career & Education	178,102
Contracted outside services	Other program support	35,050
Donated auction items	Fundraising and special events	29,324
		<u>\$ 342,476</u>

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, 2025.

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 value of securities with readily determinable fair values is based upon quoted market prices or publicly available net asset values. If quoted market prices are not available, fair value is determined using one, or a combination, of the following methods (1) a matrix pricing for similar instruments, (2) quoted prices for recent trading activity of assets with similar characteristics to the instrument or (3) using an income approach valuation technique that considers, among other things, rates currently observed in publicly traded debt markets for debt of similar terms to companies with comparable credit risk and a credit value adjustment to consider the likelihood of counterparty nonperformance, after consideration for the impact of collateralization and netting agreements, 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.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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.

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:

	<u>Useful Life</u>
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.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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, 2025.

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 time incurred, 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.

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 \$278,300 for the year ended June 30, 2025, which includes \$73,009 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 2022, 2023 and 2024 are subject to examination by the IRS, generally for three years after they were filed. As of the date of this report, the fiscal 2025 informational return had not yet been filed.

Subsequent events – The Foundation has evaluated subsequent events through September 23, 2025, which is the date the financial statements were available to be issued.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(2) Investments

Investments consist of the following as of June 30, 2025:

Cash	\$ 27,950
Fixed income mutual funds	
Intermediate-term bonds	19,737
Fixed income - nontraditional	23,468
Fixed income - high yield	46,004
Fixed income - small growth	5,500
Fixed income - ultrashort bond	40,146
Fixed income - multi-sector bond	92,875
Fixed income - structured credit	32,636
Diversified core fixed income fund	34,194
Total fixed income mutual funds	<u>294,560</u>
Equity mutual funds	
Large blend	166,858
Large growth	338,924
Large value	99,111
Equity - nontraditional	59,578
Other	40,603
Total equity mutual funds	<u>705,074</u>
Money market funds	9,386
Certificates of deposit	665,549
ACF intermediate investment pool	2,659,100
Total investments	<u>\$ 4,361,619</u>

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

Interest and dividend income	\$ 65,181
Investment fees	(36,729)
Unrealized gains on investments	967,382
Realized losses on investments	(634,057)
Total investment income	<u>\$ 361,777</u>

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.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(3) Property and equipment

Property and equipment consists of the following as of June 30, 2025:

Cost and donated value:	
Building	\$ 4,242,346
Land improvements	203,841
Building improvements	1,089,199
Computer equipment and software	257,394
National website	299,994
Furniture, fixtures and equipment	239,285
Bus shelter	6,500
Finance leased equipment	124,893
Total cost and donated value	6,463,452
Accumulated depreciation	(4,000,735)
Net property and equipment	\$ 2,462,717

Depreciation expense charged to operations was \$398,193 for the year ended June 30, 2025.

(4) 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, 2025, the amount of available borrowings was approximately \$326,000. Interest accrues on borrowings at the Secured Overnight Financing Rate plus 3.125% (7.58% at June 30, 2025). 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 and revise the interest rate to 3.54% plus the Secured Overnight Financing Rate (7.99% at June 30, 2025). The line has a maturity date of October 17, 2025.

There was no outstanding balance on either line of credit as of June 30, 2025.

(5) Note 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.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(5) Note payable (continued)

Annual maturities under the loan agreement at June 30, 2025 are as follows:

Years Ending June 30,

2026	\$ 69,546
2027	72,193
2028	74,854
2029	77,790
2030	80,751
Thereafter	<u>658,107</u>
Total future maturities	1,033,241
Less unamortized deferred financing costs	<u>(12,102)</u>
Total note payable	<u>\$ 1,021,139</u>

(6) 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, 2025, \$600,000 was appropriated for expenditure for use in operations. As of June 30, 2025, the amount maintained for the Reserve is \$1,702,519.

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. As of June 30, 2025, the amount maintained for the board designated quasi-endowment fund is \$2,659,100.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(7) Net assets with donor restrictions

Net assets with donor restrictions at June 30, 2025 consist of:

Purpose restrictions:	
Accumulated donor endowment fund earnings	\$ 245,713
Scholarships	4,574
Grants	<u>553,560</u>
Total purpose restrictions	803,847
Donor endowment funds restricted in perpetuity	<u>250,000</u>
Total net assets with donor restrictions	<u>\$ 1,053,847</u>

Net assets release from donor restrictions for the year ended June 30, 2025 consisted of:

Satisfaction of purpose restrictions:	
Grants	\$ 701,523
Scholarships	<u>-</u>
Total releases of net assets with donor restrictions	<u>\$ 701,523</u>

(8) 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.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(8) 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 6 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, 2025 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated quasi-endowment	\$ 2,659,100	\$ -	\$ 2,659,100
Donor restricted endowment held in perpetuity	-	250,000	250,000
Accumulated donor restricted endowment earnings	-	245,713	245,713
Endowment net assets, end of year	<u>\$ 2,659,100</u>	<u>\$ 495,713</u>	<u>\$ 3,154,813</u>

The changes in endowment net assets for the year ended June 30, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,009,125	\$ 445,358	\$ 3,454,483
Investment return:			
Appropriations for expenditure	(600,000)	-	(600,000)
Interest and dividend income	65,675	15,690	81,365
Net appreciation	184,300	34,665	218,965
Endowment net assets, end of year	<u>\$ 2,659,100</u>	<u>\$ 495,713</u>	<u>\$ 3,154,813</u>

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, 2025. 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.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(9) 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 FASB ASC 820 categories described in Note 1 as of June 30, 2025:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income mutual funds				
Intermediate-term bonds	\$ 19,737	\$ 19,737	\$ -	\$ -
Fixed income - nontraditional	23,468	23,468	-	-
Fixed income - high yield	46,004	46,004	-	-
Fixed income - small growth	5,500	5,500	-	-
Fixed income - ultrashort bond	40,146	40,146	-	-
Fixed income - multi-sector bond	92,875	92,875	-	-
Fixed income - structured credit	32,636	32,636	-	-
Diversified core fixed income fund	34,194	34,194	-	-
Total fixed income mutual funds	<u>294,560</u>	<u>294,560</u>	<u>-</u>	<u>-</u>
Equity mutual funds				
Large blend	166,858	166,858	-	-
Large growth	338,924	338,924	-	-
Large value	99,111	99,111	-	-
Equity - nontraditional	59,578	59,578	-	-
Other	40,603	40,603	-	-
Total equity mutual funds	<u>705,074</u>	<u>705,074</u>	<u>-</u>	<u>-</u>
Money market funds	9,386	9,386	-	-
Certificates of deposit	665,549	-	665,549	-
Total investments	<u>\$ 1,674,569</u>	<u>\$ 1,009,020</u>	<u>\$ 665,549</u>	<u>\$ -</u>

In accordance with FASB ASC 820, the investments held at ACF of \$2,659,100 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, 2025.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(10) 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 financing lease asset is included within property and equipment in the accompanying statement of financial position. Accumulated amortization totaled \$33,300 as of June 30, 2025.

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

Years Ending June 30,

2026	36,468
2027	36,468
2028	27,351
Total lease payments	\$ 100,287
Less: Interest	(4,747)
Present value of lease liability	<u>\$ 95,540</u>

Lease costs consisted of the following for the year ended June 30, 2025:

Amortization of right of use asset	\$ 33,305
Interest on lease liabilities	3,914
Total lease costs	<u>\$ 37,219</u>

Other information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance lease	\$ 3,914
Financing cash flows from finance lease	\$ 32,554

Weighted average remaining lease term	2.71 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.

(11) 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 the year ended June 30, 2025, the Foundation made matching contributions of approximately \$76,800 which are included in employee related expenses in the accompanying statement of activities and change in net assets.

FRESH START WOMEN'S FOUNDATION

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

(12) 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	\$ 1,120,996
Pledges receivable, net	286,869
Investments	<u>4,361,619</u>
Total financial assets	<u>5,769,484</u>
Less:	
Board designated long term reserve	(1,702,519)
Net assets with donor restrictions	(1,053,847)
Board designated quasi-endowment designated by the spending policy	<u>(2,659,100)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 354,018</u>

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, 2025, the Foundation maintains two lines of credit with available balances to draw from of \$326,000 and \$1,000,000, as discussed in Note 4. As of June 30, 2025, approximately \$1,326,000 remained available for use by the Foundation, subject to bank approval.

(13) 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.

(14) Related party transactions

During the year ended June 30, 2025, the Foundation received approximately \$965,000 in total support from Board members.