SUSTAINABLE CONSERVATION

FINANCIAL STATEMENTS

December 31, 2023

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

SUSTAINABLE CONSERVATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Sustainable Conservation
San Francisco, California

Opinion

We have audited the accompanying financial statements of Sustainable Conservation (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, cash flows and functional expenses, for the year then ended, and the related notes to the financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sustainable Conservation as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we: Exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby + Kaneda CPAs LLP

Alameda, California
August 2, 2024

SUSTAINABLE CONSERVATION

Statement of Financial Position
December 31, 2023
(With Comparative Totals as of December 31, 2022)

		2023		2022
Assets				
Assets				
Cash and cash equivalents	$	1,373,559	$	1,231,024
Investments (Note 3)		2,214,560		2,327,586
Contributions and grants receivable (Note 5)		511,892		704,874
Accounts receivable		290,724		384,213
Prepaid expenses		110,352		88,776
Deposits		27,680		27,680
Right of use, operating lease		805,234		1,040,657
Property and equipment, net (Note 6)		476,437		616,472
Investments - endowment (Note 3)		1,757,347		1,563,998
Total Assets	$	7,567,785	$	7,985,280
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	193,977	$	170,768
Accrued benefits and paid time off (Note 9)		196,415		195,050
Deferred revenue		15,000		15,000
Operating lease liability (Note 7)		924,769		1,180,099
Total Liabilities		1,330,161		1,560,917
Net Assets				
Without donor restrictions		3,258,325		3,325,558
With donor restrictions (Note 10)		2,979,299		3,098,805
Total Net Assets		6,237,624		6,424,363
Total Liabilities and Net Assets	$	7,567,785	$	7,985,280

SUSTAINABLE CONSERVATION

Statement of Activities
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Support and Revenue				
Support				
Foundation and community	$ 120,615	$ 1,142,293	$ 1,262,908	$ 1,784,249
Contributions	1,393,620	1,196,338	2,589,958	2,714,308
Government	126,678		126,678	186,479
Total Support	1,640,913	2,338,631	3,979,544	4,685,036
Revenue				
Client services	1,074,437		1,074,437	614,306
Interest	1,453		1,453	-
Other	24,611		24,611	26,030
Total Revenue	1,100,501	-	1,100,501	640,336
In-kind contributions (Note 13)	19,788		19,788	188,015
Endowment appropriation	70,000	(70,000)	-	
Support provided by expiring time and purpose restrictions	2,619,486	(2,619,486)	-	-
Total Support and Revenue	5,450,688	(350,855)	5,099,833	5,513,387
Expenses				
Program	4,110,069		4,110,069	3,264,642
Management and general	584,695		584,695	775,644
Fundraising	924,011		924,011	972,975
Total Expenses	5,618,775	-	5,618,775	5,013,261
Change in Net Assets from operations	(168,087)	(350,855)	(518,942)	500,126
Investment activity, net (Note 3)	100,854	231,349	332,203	(265,048)
Change in Net Assets	(67,233)	(119,506)	(186,739)	235,078
Net Assets, beginning of year	3,325,558	3,098,805	6,424,363	6,189,285
Net Assets, end of year	$ 3,258,325	$ 2,979,299	$ 6,237,624	$ 6,424,363

SUSTAINABLE CONSERVATION

Statement of Cash Flows
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (186,739)	$ 235,078
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	156,307	128,179
Investment activity, net	(332,203)	265,048
Donated stock	(70,370)	(33,580)
Change in assets and liabilities:		
Contributions and grants receivable	192,982	14,139
Accounts receivable	93,489	(237,185)
Prepaid expenses	(21,576)	(10,829)
Accounts payable and accrued expenses	23,209	(105,788)
Accrued benefits and paid time off	1,365	(29,724)
Operating lease assets and liabilities	(19,907)	62,970
Net cash provided (used) by operating activities	(163,443)	288,308
Cash flows from investing activities		
Purchase of fixed assets	(16,272)	(65,047)
Proceeds from investments	525,000	507,500
Additions to investments	(202,750)	(1,000,500)
Net cash provided (used) by investing activities	305,978	(558,047)
Net change in cash and cash equivalents	142,535	(269,739)
Cash and cash equivalents, beginning of year	1,231,024	1,500,763
Cash and cash equivalents, end of year	$ 1,373,559	$ 1,231,024
Supplemental Information		
Donated stock	$ 70,370	$ 33,580
Cash paid for operating lease	$ 303,225	$ 192,424

SUSTAINABLE CONSERVATION

Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

		Management		Total	
	Program	and General	Fundraising	2023	2022
Salaries	$ 2,146,114	$ 358,886	$ 547,665	$ 3,052,665	$ 2,831,128
Retirement contributions	102,024	17,119	24,716	143,859	142,553
Other employee benefits	317,271	48,602	77,650	443,523	350,015
Payroll taxes	165,031	24,336	40,480	229,847	212,229
Total Personnel	2,730,440	448,943	690,511	3,869,894	3,535,925
Technical and research consulting	520,717			520,717	290,263
Other fees for service	253,160	30,012	7,036	290,208	369,023
Advertising and promotion	3,937	1	2	3,940	2,972
Supplies and office expenses	125,380	14,744	73,238	213,362	138,732
Occupancy	227,461	37,268	67,394	332,123	299,778
Travel and meals	58,919	2,322	4,247	65,488	42,910
Information technology	46,060	18,223	31,071	95,354	136,385
Conferences and meetings	20,156	2,230	14,564	36,950	39,843
Depreciation	102,877	18,997	34,433	156,307	128,179
Insurance	20,962	11,955	1,515	34,432	29,251
Total Expenses	$ 4,110,069	$ 584,695	$ 924,011	$ 5,618,775	$ 5,013,261

NOTE 1: NATURE OF ACTIVITIES

Sustainable Conservation (the Organization) helps California thrive by uniting people to solve the toughest challenges facing our land, air, and water. Every day, the Organization brings together businesses, landowners, scientists, NGOs and the government to steward the resources that we all depend on in ways that are just and make economic sense.

The Organization currently drives collaborative solutions to meet the water needs of California's environment, people, and economy for current and future generations. The Organization currently focuses on advancing sustainable groundwater management, helping the California dairy industry address water quality and quantity concerns, and accelerating the stewardship of natural and working lands and waterways.

The Organization has offices in San Francisco, Sacramento and Modesto, California and supports its activities primarily through public and private grants and contributions.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor-imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Accounts Receivable

Accounts receivable are unsecured non-interest bearing trade receivables. The Organization uses historical loss information adjusted for management's expectations about current and future economic conditions and the aging of receivables relative to expected payment dates as the basis to determine expected credit losses. If amounts become uncollectible, they are charged to the valuation allowance for credit losses if any, with any excess amounts charged to expense in the period in which that determination is made. The Organization considers all accounts receivable to be fully collectible at December 31, 2023. Accordingly, no allowance for doubtful accounts was deemed necessary.

Contributions and Grants Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed. The Organization considers all contributions receivable to be fully collectible at December 31, 2023. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates is recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. Net gains on endowment investments, if any, increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Client Services

Client services revenue consists of restoration support, permitting support and other services carried out on a contracted fee for service basis. The Organization recognizes revenue and bills as progress is made over time on the performance obligations, generally on a monthly basis. Invoices are paid on a Net 30 basis. Contracts may include a cap on the amounts billable, in which case the Organization would bill based on estimated completion towards a performance obligation.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2023, and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization’s tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with specialized skills, and would otherwise be purchased by the Organization.

Accounting for Purchases and Sales of Securities

The Organization accounts for purchases and sales of securities on a settlement date basis. It is the policy of the Organization to immediately sell any donated securities received.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents except for fund balances held for investment purposes which are included in investments. Certificates of deposit with any maturity held for investments are classified as certificates of deposits.

For statement of cash flow purposes, proceeds from investments reflect transfers from investment accounts to operating accounts, and additions to investment reflect transfers from operating accounts to investment accounts.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost. The Organization capitalizes all expenditures for property and equipment over $5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on property and equipment as follows:

Furniture and equipment	3 - 7 years
Leasehold improvements	5 years
Website	3 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Deferred Revenue

Deferred revenue represents funds received in advance of related performance obligations which have not yet been completely fulfilled.

Expense Recognition and Allocation

The cost of providing the organization’s programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on full time equivalent (FTE). The document source is the monthly timesheet prepared by every member of staff, which tracks in which functional area and programs they dedicated their time.

Occupancy, depreciation, and amortization are allocated on the basis of the quarterly average of FTE for each program and supporting activity.

Telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated based on employee’s full-time equivalents for each program and supporting activity.

Management and general activities include the functions necessary to provide support for the organization’s program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred. All expenses are reported as decreases in net assets without donor restrictions.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the probable incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses on financial instruments and other commitments to extend credit. In November 2019, the FASB issued ASU No. 2019-10 which delayed the effective date of ASU No. 2016-13. The adoption of this update did not have a material impact on the Organization's financial statements.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of August 2, 2024, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVESTMENTS

Investments consisted of the following at December 31:

	2023	2022
General investments	$ 2,214,560	$ 2,327,586
Endowment investments	1,757,347	1,563,998
Total	$ 3,971,907	$ 3,891,584

As of December 31, 2023, total investments include the Organization's endowment funds which may not be available for immediate use as described in Note 10.

Investment Activity

Investment activity consisted of the following for the years ended December 31:

	2023	2022
Interest and dividends	$ 142,224	$ 42,073
Realized and unrealized gain (loss), net	189,979	(307,121)
Total	$ 332,203	$ (265,048)

The Organization classifies endowment investment activity as a non-operating activity as the activity relates to the Organization's endowment funds which are intended for long term use.

NOTE 4: FAIR VALUE MEASUREMENTS

The Organization determines the fair value of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 **-** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 **-** Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 **-** Unobservable inputs for the assets or liability.

Fair value of investments measured on recurring basis were as follows as of December 31, 2023:

	Level 1
Cash and cash equivalents	$ 2,214,560
Mutual Funds/ETF's	
Intermediate term bond fund	459,438
Large cap international growth fund	490,653
Large cap blend fund	722,248
Mid cap international growth funds	85,008
Total	$ 3,971,907

NOTE 5: CONTRIBUTIONS AND GRANTS RECEIVABLE

Grants receivable are expected to be realized in the following periods as of December 31, 2023:

Less than one year	$ 486,124
One to two years	30,000
Less discount to present value at 6.79%	(4,232)
Total	$ 511,892

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2023	2022
Furniture and equipment	$ 336,784	$ 320,512
Leasehold improvements	439,694	439,694
Website	29,976	29,976
Less accumulated depreciation	(330,017)	(173,710)
Total	$ 476,437	$ 616,472

NOTE 7: COMMITMENTS

The Organization is party to a lease for office space in San Francisco which expires January 2027, with an option to renew for an additional five years at fair market value. The Organization used a 4.5% discount rate when calculating its future obligations. Future minimum lease payments were as follows for the years ending December 31:

2024	$ 312,331
2025	321,727
2026	331,355
2027	27,680
Less amounts considered interest	(68,324)
Total	$ 924,769
Weighted average remaining lease term	3.1 yrs.
Weighted average discount rate	4.5%

Rent for the years ended December 31, 2023 and 2022 was $317,446 and $289,290, respectively. Short term lease expense for leases with terms less than 12 months, which was primarily for practice space, was $34,125 for the year ended August 31, 2023.

NOTE 8: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to grantors. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 9: ACCRUED BENEFITS AND PAID TIME OFF

Accrued benefits and paid time off consisted of the following for the years ending December 31:

	2023	2022
Paid time off	$ 148,760	$ 138,895
Accrued sabbatical estimate	14,250	29,116
457b retirement plan liability	33,405	27,039
Total	$ 196,415	$ 195,050

Sabbatical Policy

The Organization offers eligible employees up to four weeks paid sabbatical leave after seven consecutive years of full-time employment, or 8 weeks after 10 years of service, provided they have not taken a prior sabbatical leave. Sabbatical benefits do not vest and leave is subject to the financial health and programmatic needs of the Organization. The Executive Director and the Board of Directors retain the discretion to grant or deny requests for sabbatical leave.

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of December 31:

	2023	2022
Purpose restricted	$ 1,105,828	$ 794,933
Endowment	1,757,347	1,563,998
Time restricted	116,124	739,874
Total	$ 2,979,299	$ 3,098,805

NOTE 11: ENDOWMENT

The Organization's endowment (the Fund) was established for the purpose of supporting the mission of the Organization. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Funds established by donors, including any required match amounts are considered *donor-restricted endowment funds*. Funds, if any, established by the Board of Directors to function as endowments are referred to as *board-designated endowment funds.* The Organization endowment was a donor-restricted endowment fund.

Interpretation of Relevant Law

The State of California's enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which establishes law for the management and investment of donor-restricted endowment funds. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA until amounts are appropriated for expenditure by the Organization. UPMIFA permits the Organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determined is prudent for the uses, benefits, purposes and durations for which the endowment fund was established. In making these determinations the Organization must act in good faith and consider general economic conditions, effects of inflation and deflation, tax consequences, the role of each investment in the overall portfolio, expected total return from income and appreciation, the charity's other resources, and the needs of the charity and the fund to make distributions and preserve capital.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 7%, while growing the funds in possible. Investment risk is measured in terms of the total endowment fund investment assets and allocation between asset classes and strategies are managed to not expose the Fund to unacceptable levels of risk.

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the original gift amount. There were no deficiencies of this nature as of December 31, 2023. In the event of such deficiencies the Organization may elect to reduce the amount appropriated for use until such deficiencies are eliminated.

Spending Policy

The Organization has a policy of appropriating for distribution each year up to 7% of its endowment fund's average fair value of the prior twelve calendar quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. No appropriation was withdrawn for the year ended December 31, 2023. The Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effect of inflation.

Composition and Changes

The composition and changes in the endowment were as follows for the year ended December 31, 2023:

	Investment Returns	Perpetual Endowment	Total
Beginning balance	$ 563,998	$ 1,000,000	$ 1,563,998
Net investment gain (loss)	231,349	-	231,349
Additions		32,000	32,000
Appropriation for use	(70,000)	-	(70,000)
Ending balance	$ 725,347	$ 1,032,000	$ 1,757,347

NOTE 12: CONCENTRATIONS

Contributions Receivable

Approximately 63% of contributions receivable were from two donors as of December 31, 2023.

Support and Revenue

Two funders provided approximately 8% of total support and revenue during the year ending December 31, 2023.

Concentration of Credit Risk

At times, the Organization had deposits in excess of federally insured limits. In the event of a bank failure the Organization's access to such funds may be temporarily limited or the Organization may not receive the full value of such funds.

NOTE 13: IN-KIND CONTRIBUTIONS

The Organization received the following contributions of nonfinancial assets during the year ended December 31, 2023:

Type	Utilized or monetized	Donor Restriction	Valuation method	Value
Consulting services	Utilized	No further donor restrictions	Estimated FMV for similar services	$ 19,444
Other supplies	Utilized	No further donor restrictions	Estimated FMV of similar items	344
			Total	$ 19,788

Consulting services were provided to assist the Organization in the planning and development of a strategic plan. The Organization valued 94 hours of contributed of services at $207/hr. based on current rates for similar consulting services. Other supplies consisted of food and general supplies used for programmatic purposes.

NOTE 14: RETIREMENT PLANS

401K

The Organization has a 401(k)-retirement plan for eligible employees. Under the plan, the Organization provides a 100% match up to 5% of compensation for eligible employees. Contributions by the Organization were $138,859 and $135,053 during the years ended December 31, 2023 and 2022, respectively.

457b

The Organization offers a nonqualified deferred compensation 457b retirement to eligible employees. The assets of such a plan remain assets of the organization, and the organization records a liability for plan obligations. Plan assets may be available to Organization creditors. Contributions by the Organization were $5,000 and $7,500 during the years ended December 31, 2023 and 2022, respectively.

NOTE 15: LINE OF CREDIT

The Organization has a secured line of credit with a bank for a total of $250,000 bearing a variable interest rate of 10.5% (prime plus 2%) as of December 31, 2023. As of December 31, 2023, there was no outstanding balance on the line of credit.

NOTE 16: RELATED PARTY TRANSACTIONS

A Board member of the Organization serves as the Chief Executive Officer of a nonprofit organization (the "Partner") with which the Organization entered into program related cost reimbursement agreements. The Partner billed the Organization $422,478 and $185,813 for expenses incurred under the agreements during the years ended December 31, 2023 and 2022, respectively.

NOTE 17: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023, include the following:

Cash and cash equivalents	$ 1,373,559
Investments	2,214,560
Contributions receivable - current	486,124
Accounts receivable	290,724
Less purpose-restricted net assets	(1,105,828)
Total	$ 3,259,139

Available liquid assets include both funds without donor restrictions and those with donor restrictions available for use within one year. Funds with either board designations or long-term donor restrictions are excluded because such amounts are considered illiquid.

The Organization's working capital and cash flows vary during the year based on the timing of grant awards and a concentration of contributions received near calendar year end. As part of the Organization's liquidity management plan, the Organization maintains a revolving line of credit to cover short-term cash needs.