Keegan Linscott & Associates, PC
Certified Public Accountants
Certified Fraud Examiners
Certified Insolvency & Restructuring Advisors

OUR FAMILY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2023)

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Keegan
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Associates, PC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Our Family Services, Inc.
Tucson, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Our Family Services, Inc., an Arizona nonprofit corporation (the "Organization"), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of expenses by function and nature and cash flows for the years then ended, and the related statement of activities for the year ended June 30, 2024, 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 Organization as of June 30, 2024 and 2023, and its cash flows for the years then ended and the changes in its net assets for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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.

Report on Summarized Comparative Information

We previously audited the Organization's June 30, 2023 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 for one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable).

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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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2025, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Keegan Linscott & Associates, PC

Tucson, Arizona
January 21, 2025

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30,

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	$ 349,716	$ 684,608
Grants and contracts receivable, net	808,984	729,870
Investments	1,309,939	1,208,007
Prepaid and other current assets	160,722	261,269
Total current assets	2,629,361	2,883,754
Property and equipment, net	3,348,427	3,429,969
Beneficial interest in funds held by others	437,892	411,122
Operating lease right-of-use assets, net	-	14,201
Total assets	$ 6,415,680	$ 6,739,046
Liabilities		
Current liabilities		
Accounts payable	$ 187,635	$ 119,309
Accrued expenses	171,943	163,580
Deferred revenues	2,103	46,031
Custodial liabilities	16,328	16,328
Line of credit	200,830	418,949
Note payable, current portion	4,169	-
Operating lease liabilities	-	9,097
Total current liabilities	583,008	773,294
Note payable, long-term	288,880	-
Angel Charity forgivable loan	-	67,516
Operating lease liabilities, long-term	-	5,104
Total liabilities	871,888	845,914
Net Assets		
Without donor restrictions	3,920,121	3,879,426
With donor restrictions	1,623,671	2,013,706
Total net assets	5,543,792	5,893,132
Total liabilities and net assets	$ 6,415,680	$ 6,739,046

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Summarized Total 2023
Revenues and Other Support				
Government grants and contracts	$ 3,903,900	$ -	$ 3,903,900	$ 5,284,902
Contributions, bequests, and foundation grants	230,016	979,187	1,209,203	959,101
Program income	46	-	46	8,823
Donated materials and services	2,802	-	2,802	12,408
United Way	51,491	-	51,491	63,619
Other revenue and support	29,901	-	29,901	26,378
Investment income, net	99,270	37,635	136,905	79,817
Gain (loss) on disposal of property and equipment	13,375	-	13,375	(12,327)
Net assets released from restriction	1,406,857	(1,406,857)	-	-
Total revenue and other support	5,737,658	(390,035)	5,347,623	6,422,721
Expenses				
Program services				
Community services	15,046	-	15,046	57,638
Family housing	1,695,642	-	1,695,642	2,346,305
Homeless youth services	2,882,616	-	2,882,616	3,363,564
Total program services	4,593,304	-	4,593,304	5,767,507
Fundraising	178,375	-	178,375	178,913
Management and general	925,284	-	925,284	900,823
Total expenses	5,696,963	-	5,696,963	6,847,243
Change in net assets	40,695	(390,035)	(349,340)	(424,522)
Net assets, beginning of year	3,879,426	2,013,706	5,893,132	6,317,654
Net assets, end of year	$ 3,920,121	$ 1,623,671	$ 5,543,792	$ 5,893,132

STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2024

	Community Services	Family Housing	Homeless Youth Services	Total Program Services	Fundraising	Management and General	Total
Contract employees and personnel costs	$ 8,832	$ 383,575	$ 1,348,034	$ 1,740,441	$ 134,290	$ 475,577	$ 2,350,308
Total personnel	8,832	383,575	1,348,034	1,740,441	134,290	475,577	2,350,308
Advertising and public relations	-	-	-	-	2,342	-	2,342
Bad debt	-	-	430	430	1,250	10,741	12,421
Bank fees	-	15	10	25	1,020	5,397	6,442
Client housing	-	1,019,945	943,123	1,963,068	-	-	1,963,068
Equipment	362	8,159	23,571	32,092	1,088	1,308	34,488
Facilities	896	20,298	47,178	68,372	2,758	2,222	73,352
Insurance	1,232	25,756	27,063	54,051	4,124	8,997	67,172
Membership, dues and licensing	3	77	195	275	9,450	21,333	31,058
Miscellaneous	52	2,158	6,244	8,454	5,099	9,416	22,969
Office supplies	135	3,033	7,293	10,461	757	2,419	13,637
Other client expenses	200	124,565	218,972	343,737	-	294	344,031
Professional and outside services	1,871	72,955	47,535	122,361	5,628	307,587	435,576
Recruitment and staff development	42	1,016	1,602	2,660	3,166	13,676	19,502
Subrecipient payments	-	-	70,152	70,152	-	-	70,152
Allocated In-Kind	30	880	1,670	2,580	222	-	2,802
Telephone	290	8,303	16,206	24,799	1,192	5,452	31,443
Travel and auto	-	5,100	23,184	28,284	487	3,772	32,543
Total expenses before interest and depreciation	13,945	1,675,835	2,782,462	4,472,242	172,873	868,191	5,513,306
Interest	-	-	-	-	-	33,984	33,984
Depreciation	1,101	19,807	100,154	121,062	5,502	23,109	149,673
Total expenses	$ 15,046	$ 1,695,642	$ 2,882,616	$ 4,593,304	$ 178,375	$ 925,284	$ 5,696,963

STATEMENT OF EXPENSES BY FUNCTION AND NATURE
FOR THE YEAR ENDED JUNE 30, 2023

	Community Services	Family Housing	Homeless Youth Services	Total Program Services	Fundraising	Management and General	Total
Contract employees and personnel costs	$ 51,162	$ 564,446	$ 1,341,854	$ 1,957,462	$ 126,704	$ 598,002	$ 2,682,168
Total personnel	51,162	564,446	1,341,854	1,957,462	126,704	598,002	2,682,168
Bad debt	-	-	13,130	13,130	-	19,788	32,918
Bank fees	-	17	9	26	684	2,875	3,585
Client housing	-	1,438,965	1,276,672	2,715,637	-	-	2,715,637
Equipment	466	7,858	22,039	30,363	2,519	6,958	39,840
Facilities	830	12,982	31,865	45,677	3,803	24,916	74,396
Insurance	1,109	18,372	31,479	50,960	6,184	15,672	72,816
Membership, dues and licensing	92	408	3,379	3,879	14,795	7,999	26,673
Miscellaneous	528	1,252	3,626	5,406	3,440	8,044	16,890
Office supplies	103	1,455	2,422	3,980	400	4,046	8,426
Other client expenses	63	209,180	386,878	596,121	297	1,142	597,560
Professional and outside services	1,144	50,865	56,860	108,869	9,017	132,644	250,530
Recruitment and staff development	7	404	2,030	2,441	533	21,276	24,250
Subrecipient payments	-	-	67,346	67,346	-	-	67,346
Telephone	588	7,237	15,174	22,999	1,324	7,103	31,426
Travel and auto	65	7,232	20,306	27,603	-	-	27,603
Total expenses before interest and depreciation	56,157	2,320,673	3,275,069	5,651,899	169,700	850,465	6,672,064
Interest	-	-	-	-	-	22,992	22,992
Depreciation	1,481	25,632	88,495	115,608	9,213	27,366	152,187
Total expenses	$ 57,638	$ 2,346,305	$ 3,363,564	$ 5,767,507	$ 178,913	$ 900,823	$ 6,847,243

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	$ (349,340)	$ (424,522)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Provision for bad debt	10,741	(1,712)
Write-off of bad debts	1,680	34,630
Depreciation	149,673	152,187
(Gain) loss on disposal of property and equipment	(13,375)	12,327
Net realized and unrealized gain on investments	(52,080)	(27,782)
Net realized and unrealized (gain) loss on beneficial interest in funds held by others	(37,635)	1,413
Reduction in the carrying amount of right-of-use assets	14,201	22,800
Interest expense to amortize debt issuance costs	101	-
Expiration of Angel Charity forgivable loan	(67,516)	(67,514)
Changes in operating assets and liabilities		
Grants and contracts receivable, net	(91,535)	(62,039)
Prepaid and other current assets	100,547	(15,685)
Accounts payable	68,326	1,920
Accrued expenses	8,363	(58,254)
Deferred revenues	(43,928)	(24,877)
Custodial liabilities	-	2,014
Operating lease liabilities	(14,201)	(22,800)
Net cash used in operating activities	(315,978)	(477,894)
Cash Flows from Investing Activities		
Purchases of property and equipment	(68,131)	(32,489)
Proceeds from sale of property and equipment	13,375	-
Proceeds from sale of investments	82,029	748,688
Purchases of investments	(131,881)	(50,033)
Distributions from beneficial interest in funds held by others	10,865	10,434
Net cash (used in) provided by investing activities	(93,743)	676,600
Cash Flows from Financing Activities		
Proceeds on line of credit	200,830	450,000
Repayments on line of credit	(418,949)	(357,000)
Proceeds from long term debt	300,000	-
Repayment on long term debt	(974)	-
Payment of debt issuance costs	(6,078)	-
Net cash provided by financing activities	74,829	93,000
Net change in cash and cash equivalents	(334,892)	291,706
Cash and cash equivalents, beginning of year	684,608	392,902
Cash and cash equivalents, end of year	$ 349,716	$ 684,608
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Cash paid for interest	$ 33,984	$ 22,992
Cash paid for amounts included in measurement of lease liabilities		
Operating cash outflows - payments on operating leases	$ -	$ 23,510
Right-of-use assets obtained in exchange for new lease obligations		
Operating leases	$ -	$ 37,001
Expiration of Angel Charity forgivable loan	$ 67,516	$ 67,514

NOTES TO FINANCIAL STATEMENTS

1. Organization

Our Family Services, Inc. (the "Organization") is a private non-profit organization incorporated in Arizona to provide housing, community services, and services to teens in transition and families in Southern Arizona. Funding is received principally from government grants and vendor contracts, as well as foundation grants and contributions. The Organization was formed October 26, 2005 and merged with another nonprofit entity on July 1, 2012.

The Organization has the following program categories:

Community Services programs, which include:

Community Services – Group and educational-based programs to build skills, resiliency, resources and connections within our community. Services include Information and Referral, and the Center for Community Dialogue and Training.

Family Housing programs, which include:

Emergency Shelter Services – This 120-day program is the first part of a multi-phase program to help families achieve financial self-sufficiency. The average family enters the shelter after weeks or months of homelessness. During this crisis phase, our Organization provides clients with all their basic needs.

Homeless Prevention – Prevents families from becoming homeless by engaging them in a case management and preventing eviction and covering costs (utility shut offs, daycare, food, car repairs, etc.) that could lead to a family to become homeless.

United Way/Siemer Project – Our Organization works to prevent families from becoming homeless and moving their children to another school. Provides case management and some financial assistance to clients.

Rapid Rehousing – Provides short-term rental assistance and/or utility assistance to homeless families to obtain apartments with their own leases, moving quickly from homelessness to stable housing.

Homeless Youth programs, which include:

Homeless Youth Services – Helps homeless and near-homeless youth ages 12 to 26 stay in school and gain the life skills they need through case management, counseling, education and career planning, shelter, housing and help with basic skills.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("U.S. GAAP") that the Organization follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to U.S. GAAP issued by the FASB are to the FASB Accounting Standards Codification ("ASC").

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with the provisions of ASC 958, *Not-for-Profit Entities*. Under this authoritative guidance, the Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

- **Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. All contributions are considered to be available for use without restriction unless specifically restricted by the donor.

- **With Donor Restrictions** – Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire through the passage of time. Net assets with donor restrictions also includes net assets that are subject to donor-imposed stipulations such that assets must be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the investment return of these assets on continuing operations which may be subject to certain restrictions.

Expenses are generally reported as decreases in net assets without donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as increases in net assets without donor restrictions.

Endowment Funds

The Organization's endowments were established to support, further and enhance the mission of the Organization. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. The Organization has three endowment funds that are held and managed at the Jewish Community Foundation of Southern Arizona (the "JCFSA") and are comprised of donor specified beneficiary funds. Donor specified beneficiary funds represent donor restricted contributions made to JCFSA for the benefit of the Organization (i.e., donor has specified the Organization as the beneficiary).

The Organization has interpreted the "Management of Charitable Funds Act" (Arizona's version of the Uniform Prudent Management of Institutional Funds Act or UPMIFA), which underlies the Organization's net asset classification of donor-restricted endowment funds, as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment, and (3) if applicable, accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Endowment Funds (continued)
endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the law, at which time those amounts will be reported as net assets without donor restrictions.

The Organization has no formally adopted investment policies for its endowment assets; however, the Organization is subject to JCFSA's investment and spending policies for endowment assets. These policies attempt to preserve the purchasing power of the investments after withdrawals are taken, while increasing the value of the fund over time. The financial objectives have been established in conjunction with a comprehensive review of the current and projected financial requirements of the JCFSA with consideration of the requirements imposed by the Management of Charitable Funds Act. While there cannot be complete assurance that this objective will be realized, it is believed the likelihood of its realization is reasonably high based upon JCFSA's investment policy and historical performance. The objective is based on a ten-year investment horizon, so that interim fluctuations should be viewed with appropriate perspective. Accumulated earnings on these endowments are released as appropriations from net assets with donor restriction when distributed by JCFSA and the related restriction (if any) has been met. JCFSA has adopted a spending policy of appropriating for distribution each year between 3.5% and 5% of its endowment value.

The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless precluded by donor intent or relevant laws and regulations. The Organization did not spend from underwater endowment funds during the year. 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 current law requires the Organization to retain for a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2024 and 2023.

Revenue Recognition
Contributions
Government Grants and Contracts– The Organization accounts for its government grants and contracts by first determining whether the transaction is an exchange transaction or a contribution. If the transaction is one in which each party to the transaction directly receives commensurate value, then the transaction is considered an exchange transaction and the Organization recognizes revenue in accordance with ASC 606. Government grants and contracts revenues from exchange transactions are recognized as performance obligations are satisfied, which in most cases are as related costs are incurred or services are provided. If the transaction is considered a contribution, then the Organization recognizes revenue in accordance with ASC 958-605. None of the Organization's government grants and contracts revenues were considered exchange transactions for the years ended June 30, 2024 or 2023.

Contributions, Bequests and Foundation Grants – Contributions are classified based on the existence or absence of donor-imposed restrictions as either conditional or unconditional as follows:

- **Conditional** – Includes all contributions with donor-imposed conditions or stipulations representing a barrier that must be overcome before the recipient is entitled to the assets being transferred or promised. A failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or the ability to rescind an obligation to transfer.

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

- **Unconditional** – Includes all contributions that do not contain a barrier to use and therefore are recorded as revenue once cash or a contribution is received. Donor imposed restrictions for time and/or purpose are not considered a significant barrier and thus these contributions are recorded as unconditional.

Contribution revenue is recorded when the unconditional promise to give is received. Under this method, the recognition of support for financial statement purposes bears no relation to the period in which the expenses are incurred. Revenue related to conditional contributions is recognized once the relevant barriers of each contribution are met. If the funds are received from the donor before the relevant barriers are met, deferred revenue is recorded on the statement of financial position for the amount of funds provided by the donor. Consequently, government funded grants and contracts revenue which are considered contributions are recognized when the related barriers to provide services are delivered and/or expenditures are incurred.

Bequests are recognized in the period in which the Organization receives notification that a will or trust has been enacted, the court has deemed the will or trust valid, the amount is known or can be reasonably estimated, and all conditions have been substantially met.

Donated Materials and Services – Contributions of donated non-cash assets are recorded at their fair values on the date the asset is donated. Absent explicit donor stipulations, contributions of long-lived assets or cash or other assets to be used to acquire or construct long-lived assets are reported as net assets without donor restrictions when placed in service. Donated services are recognized as contributions at fair value when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation. The Organization utilizes the services of many outside volunteers to perform a variety of tasks that assist the Organization. Although the Organization utilizes the services of many outside volunteers, the fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under U.S. GAAP.

Exchange Transactions

The Organization recognizes earned revenues in accordance with ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Program Income – Program income consists primarily of client service fees and rental income.

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Client Service Fees – Performance obligations are determined based on the nature of the services provided. The Organization recognizes revenues at a point in time when the related services are provided to the customer, which is when the performance obligation is satisfied. The transaction price is the amount of consideration the Organization expects to be entitled to. Revenues are based primarily on fixed payment terms involving predetermined rates per service (fee-for-service) and typically do not involve variable consideration.

The timing of revenue recognition may not align with the right to invoice the customer. The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability, such as deferred revenue is also recorded. If revenue is recognized in advance of the right to invoice, a contract asset is recorded. Contract assets and liabilities as of June 30, 2024, 2023 and 2022 were not significant to the financial statements.

Rental Income – The Organization recognizes rental income from short term leases on apartment units in accordance with ASC 842, *Leases*. Rental income is recognized evenly over the terms of the tenant leases on the accrual basis. Rental receipts received in advance are deferred until earned.

Cash and Cash Equivalents

For financial statement reporting purposes, the Organization considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates their fair values. The Organization places its cash and cash equivalents with high credit quality institutions. At times, such deposits may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit (see Note 17). The Organization has not experienced any losses and does not believe it is exposed to any significant credit risk on cash balances. All such accounts are monitored by management to mitigate risk.

Grants and Contracts Receivable, Net

Grants and contracts receivable are stated at the amount that the Organization expects to collect from various governmental entities and other funding sources on outstanding balances, net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects management's best estimate of the amounts that will not be collected and is based on management's assessment of the collectability of specific accounts and the aging of the receivable. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. Recoveries of receivables previously written off are recorded when received. As of June 30, 2024 and 2023, management estimated an allowance for doubtful accounts of $16,210 and $5,469, respectively.

Investments

Debt and Equity Securities - Investments are accounted for in accordance with ASC 958-320, *Investments - Debt and Equity Securities*. Investments in debt and equity securities are valued at their fair values in the accompanying statements of financial position. Investment income, gains and losses are reported net of related investment fees in the statement of activities as increases or decreases in net assets. Gains and investment income limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Donated investments are recorded at fair value.

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Investments (continued)
The Organization invests in professionally managed portfolios that contain equity and fixed income securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Organization employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, management evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and the intent and ability to hold the investment. The Organization also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. Through June 30, 2024, the Organization has not experienced other-than-temporary impairment losses on its investments.

Property and Equipment, Net
Property and equipment are stated at cost if purchased, or fair value if donated. Depreciation is calculated using the straight-line method over the estimated useful life of the assets as follows:

Buildings and improvements	7 – 40 years
Furniture, IT and equipment	3 – 7 years
Vehicles	5 years

Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements and is included in depreciation expense. The Organization capitalizes all expenditures for property and equipment, including repairs or betterments that materially prolong the useful lives of assets, in excess of $5,000 with a useful life greater than one year. Repairs and maintenance for normal upkeep are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is recognized.

In accordance with ASC 360-10, *Property, Plant and Equipment*, the Organization periodically reviews the carrying value of long-lived assets held and used, and assets to be disposed of, for possible impairment when events and circumstances warrant such a review. Through June 30, 2024, the Organization had not experienced impairment losses on its long-lived assets.

Beneficial Interest in Funds Held by Others
In accordance with ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, the Organization measures the fair value of donor specified beneficiary funds held at the JCFSA using the fair value of the underlying assets. Annual distributions from the funds are reported as investment income. Investment income, gains and losses are reported in the accompanying statement of activities as increases or decreases in net assets. Gains and investment income limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the gains and income are recognized.

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Beneficial Interest in Funds Held by Others (continued)

The JCFSA on behalf of the Organization invests in professionally managed portfolios that contain equity and fixed income securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the accompanying financial statements.

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Organization employs a systematic methodology on an annual basis that considers available quantitative and qualitative evidence in evaluating potential impairment of its investments. If the cost of an investment exceeds its fair value, the Organization evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and its intent and ability to hold the investment. The Organization also considers specific adverse conditions related to the financial health of and business outlook for the investee, including industry and sector performance, changes in technology, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established.

Leases

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statement of activities.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (continued)

Leases (continued)
The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Income Tax
The Organization is exempt from federal and state income taxes under the Federal Internal Revenue Code ("IRC") Section 501(c)(3) and Arizona income tax laws, and is classified as other than a private foundation under IRC Section 509(a)(1). The Organization also qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(a). Accordingly, no provision for federal or state income taxes is recorded in the accompanying financial statements; however, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

Management has considered its tax positions in accordance with the accounting standard for uncertainty in income taxes and believes that all positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. In addition, Management is not aware of any matters which would cause the Organization to lose its tax-exempt status. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Should the Organization ever be subject to interest and penalties related to unrecognized tax benefits, they would be classified in management and general expenses in its accompanying financial statements. During the years ended June 30, 2024 and 2023, the Organization did not recognize any interest and penalties.

Advertising
The Organization expenses advertising costs as incurred.

Functional Allocation of Expenses
The cost of providing the various program services and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program are allocated directly according to their natural classification. Other expenses that are common to several functions are allocated by location and based on either full-time equivalent or square footage depending on what is considered the most appropriate cost driver.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

NOTES TO FINANCIAL STATEMENTS

3. Recent Accounting Pronouncements

Adopted as of June 30, 2024

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Organization adopted ASC 326 and all related subsequent amendments thereto effective July 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost. The adoption of ASC 326 and all related subsequent amendments thereto did not materially impact the financial statements and therefore, did not result in new disclosures nor a cumulative-effect adjustment to opening net assets.

4. Liquidity and Availability of Resources

The following table shows a determination of the Organization's financial assets that are available to meet cash needs for general expenditures within one year as of June 30:

	2024	2023
Cash and cash equivalents	$ 349,716	$ 684,608
Grants and contracts receivable, net	808,984	729,870
Investments	1,309,939	1,208,007
Beneficial interest in funds held by others	437,892	411,122
Total financial assets	2,906,531	3,033,607
Less amounts unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions		
Custodial liabilities	16,328	16,328
Endowment funds	316,760	316,760
Other donor restrictions	1,306,911	1,696,946
Board designations		
Operating reserve	105,900	105,900
Financial assets available to meet cash needs for general expenditures within one year	$ 1,160,632	$ 897,673

NOTES TO FINANCIAL STATEMENTS

Liquidity and Availability of Resources (continued)

The Organization is substantially supported by current year government grants and contracts and contributions, bequests, and foundation grants, which are predictable. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's board of directors has also established a board designated operating reserve that is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated losses in funding, or uninsured losses. As of June 30, 2024 and 2023, the board designated operating reserve had a balance of $105,900.

5. Investments

Investments are stated at fair value and consist of the following as of June 30:

	2024	2023
Mutual Funds	$ 686,283	$ 626,522
Money Market Treasury Portfolio	34,075	22,405
Prime Obligations Fund	589,581	559,080
Total Investments	$ 1,309,939	$ 1,208,007

Investment income, net related to the Organization's investments consists of the following for the years ended June 30:

	2024	2023
Interest and dividend income	$ 53,926	$ 59,442
Realized and unrealized gain on investments, net	52,080	27,782
Investment fees	(6,736)	(5,994)
Total investment income, net	$ 99,270	$ 81,230

6. Fair Value Measurements

The Organization utilizes the fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1: Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements (continued)

The Organization's financial assets are generally classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using readily determinable fair values or alternative pricing sources with reasonable levels of price transparency. The types of instruments valued based on readily determinable fair values in active markets include the Organization's mutual funds. Such instruments are classified within Level 1 of the fair value hierarchy.

The restricted investments held at the Jewish Community Foundation of Southern Arizona are categorized as Level 3 due to the lack of a market in which the Organization's units of participation in JCFSA's pooled income trust (i.e., the beneficial interest) could be bought or sold. The Organization measures the fair value of its beneficial interest by taking its proportionate share of the fair value of the underlying assets.

The following table presents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2024:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds				
Mid-Cap	$ 110,833	$ 110,833	$ -	$ -
Corporate Bonds	68,748	68,748	-	-
Multi-strategy	35,491	35,491	-	-
Large Blend	164,912	164,912	-	-
Foreign Large Blend	71,555	71,555	-	-
Emerging Markets Bond	35,979	35,979	-	-
Short Term Bond	34,375	34,375	-	-
Diversified Emerging Markets	29,399	29,399	-	-
Intermediate Term Bond	134,991	134,991	-	-
	686,283	686,283	-	-
Investments measured by net asset value (a)	623,656			
Total Investments	1,309,939			
Beneficial interest in funds held by others	437,892	-	-	437,892
Total	$ 1,747,831	$ 686,283	$ -	$ 437,892

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements (continued)

The following table presents the Organization's financial assets that are measured at fair value on a recurring basis as of June 30, 2023:

Description	Fair Value	Level 1	Level 2	Level 3
Mutual funds				
Mid-Cap	$ 121,136	$ 121,136	$ -	$ -
Corporate Bonds	51,326	51,326	-	-
Multi-alternative	28,318	28,318	-	-
Large Blend	185,534	185,534	-	-
Foreign Large Blend	65,278	65,278	-	-
Emerging Markets Bond	23,045	23,045	-	-
Short Term Bond	25,228	25,228	-	-
Diversified Emerging Markets	23,643	23,643	-	-
Intermediate Term Bond	103,014	103,014	-	-
	626,522	626,522	-	-
Investments measured by net asset value (a)	581,485			
Total Investments	1,208,007			
Beneficial interest in funds held by others	411,122	-	-	411,122
Total	$ 1,619,129	$ 626,522	$ -	$ 411,122

(a) In accordance with Subtopic 820-10, certain investments measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following table presents a reconciliation of the Level 3 beneficial interest in assets held by others measured at fair value for the years ended June 30:

	2024	2023
Fair value as of July 1	$ 411,122	$ 422,969
Investment gain included in change in net assets	41,777	2,926
Fees	(4,142)	(4,339)
Distributions	(10,865)	(10,434)
Fair value as of June 30	$ 437,892	$ 411,122

NOTES TO FINANCIAL STATEMENTS

7. Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarized investments for which fair value is measured using the net asset value per share practical expedient as of:

June 30, 2024		Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Money market treasury portfolio	$	34,075	n/a	Daily	None
Prime obligations fund	$	589,581	n/a	Daily	None

June 30, 2023		Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Money market treasury portfolio	$	22,405	n/a	Daily	None
Prime obligations fund	$	559,080	n/a	Daily	None

8. Property and Equipment, Net

Property and equipment, net consist of the following as of June 30:

		2024		2023
Land	$	85,730	$	85,730
Building and improvements		3,709,615		3,694,845
Furniture and equipment		159,073		145,449
IT hardware and software		241,053		241,053
Vehicles		60,147		48,839
		4,255,618		4,215,916
Less accumulated depreciation		(907,191)		(785,947)
Property and equipment, net	$	3,348,427	$	3,429,969

9. Custodial Liabilities

The Organization had custodial liabilities totaling $16,328 as of June 30, 2024 and June 30, 2023, respectively, related to its role as a fiscal agent for two unrelated organizations.

NOTES TO FINANCIAL STATEMENTS

10. Line of Credit Agreements

In March 2020, the Organization entered into a line of credit agreement for an original amount of $150,000 which was originally due in August 2022 and later amended to extend the due date to February 2024. The line of credit required monthly interest only payments with interest at the Prime Rate plus 2.00% (10.50% and 10.25% at June 30, 2024 and 2023, respectively). The line of credit was collateralized by property as specified in the related business lending agreement. The line of credit was paid in full by the maturity date and had an outstanding balance of $0 and $150,000 as of June 30, 2024 and 2023, respectively.

In March 2020, the Organization entered into a line of credit agreement for an original amount of $1,600,000 which was originally due in August 2022 and later amended to extend the due date to February 2024. The original agreement required monthly interest only payments with interest at the Prime Rate minus 0.50% (8.00% and 7.75% at June 30, 2024 and 2023) not to be less than 3.50%. The amended agreement required monthly principal payments of $1,000, plus accrued interest with interest at the Prime Rate minus 0.50% (8.00% and 7.75% at June 30, 2024 and 2023), beginning in December 2022 with the remaining principal balance plus unpaid accrued interest due at maturity. The line of credit was collateralized by property as specified in the commercial pledge agreement. The line of credit was paid in full by the maturity date and had an outstanding balance of $0 and $268,949 as of June 30, 2024 and 2023, respectively.

In May 2024, the Organization entered into a line of credit agreement for an amount of $300,000 which matures in June 2025. The line of credit requires monthly interest only payments with interest at the Prime Rate plus 1.00% (9.50% at June 30, 2024). The line of credit is collateralized by property as specified in the related commercial security agreement. The line of credit had an outstanding balance of $200,830 as of June 30, 2024, which is expected to be repaid by the maturity date of June 2025.

11. Long Term Debt

The following is a summary of long-term debt as of June 30, 2024:

Washington Federal Bank – $300,000 promissory note with an interest rate of 7.62% per annum. The promissory note requires monthly principal and interest payments of $2,263, maturing in May 2029 with an estimated $275,958 balloon payment. The promissory note is collateralized by a deed of trust on certain real property.	$	299,026
Less: current maturities of long-term debt		(4,169)
Less: unamortized debt issuance costs		(5,977)
Long-term debt, net	$	288,880

The scheduled principal maturities of long-term debt as of June 30, 2024 are as follows:

Year Ending		Amount
2025	$	4,169
2026		4,503
2027		4,684
2028		5,192
2029		280,298
	$	299,026

NOTES TO FINANCIAL STATEMENTS

12. Angel Charity Forgivable Loan

In 2012, the Organization entered into a beneficiary agreement with Angel Charity for Children, Inc. ("Angel Charity") for the construction of a 20-bed shelter for homeless youth. In total, Angel Charity reimbursed the Organization $675,142 for expenditures incurred for the construction of real property. As part of this agreement, the Organization entered into a non-recourse ten-year promissory note collateralized by first deed of trust on the real property. The term of the note ended ten years from the date of promissory note on December 18, 2023. The note provided that as long as the Organization continued to provide the Children and Youth program at this facility, one-tenth of the note would be forgiven each year. If the Organization ceased to provide these services, the remaining balance would have become immediately due and payable. The Organization provided these services for the ten-year period. As of June 30, 2024 and 2023, the outstanding balance of the Angel Charity forgivable loan was $0 and $67,516 , respectively.

13. Net Assets with Donor Restriction

Net assets with donor restrictions were restricted for the following purposes as of June 30:

	2024	2023
Subject to expenditure for specified purpose:		
Information and referral	$ 66,058	$ 61,773
The Center for Community Dialogue	12,305	12,305
Homeless youth services	475,640	276,269
Family housing	522,990	1,244,801
Development	5,250	3,900
Administration	103,536	3,536
	1,185,779	1,602,584
Subject to JCFSA spending policy and appropriation:		
Original donor-restricted endowment gift amounts required to be maintained by donor		
Operating Endowment	49,766	49,766
Lacy Endowment – earnings restricted for homeless teens	216,994	216,994
Tucson Foundations Endowment	50,000	50,000
	316,760	316,760
Accumulated investment earnings, which, once appropriated, are expendable to support		
Operations	39,338	27,425
Homeless teens	81,794	66,937
	121,132	94,362
Total	$ 1,623,671	$ 2,013,706

NOTES TO FINANCIAL STATEMENTS

14. Endowments

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

	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	$ 411,122	$ 411,122
Investment return		
Change in beneficial interest	37,635	37,635
Total investment return	37,636	37,636
Appropriation of funds for expenditure	(10,865)	(10,865)
Endowment net assets, June 30, 2024	$ 437,892	$ 437,892

Changes in endowment net assets for the year ended June 30, 2023:

	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	$ 422,969	$ 422,969
Investment return		
Change in beneficial interest	(1,413)	(1,413)
Total investment return	(1,413)	(1,413)
Appropriation of funds for Expenditure	(10,434)	(10,434)
Endowment net assets, June 30, 2023	$ 411,122	$ 411,122

15. Retirement Plan

The Organization has a 403(b) thrift plan that allows eligible employees to defer pretax annual compensation up to certain limitations imposed by the Internal Revenue Service. The Organization may also make matching contributions to the Plan. To be eligible, employees must be at least 18 years of age. The employer match begins after a year of service for employees at least 21 years of age. The Organization matches 50% of employee contributions up to 4% of annual compensation. The Organization's matching contributions for the years ended June 30, 2024 and 2023 were $14,079 and $17,200, respectively.

NOTES TO FINANCIAL STATEMENTS

16. Donated Materials and Services

In-Kind contributions consisted of the following for the years ended June 30:

	2024	2023
Membership, dues and licensing	$ 1,575	$ 1,688
Other client expenses	48	394
Program supplies	1,179	9,966
	$ 2,802	$ 12,048

For the years ended June 30, 2024 and 2023, the Organization recognized contributed nonfinancial assets within revenue, to include contributed membership, dues and licensing, other client expenses, and program supplies. Unless otherwise noted, contributed nonfinancial assets were not monetized and did not have donor-imposed restrictions.

Membership, dues and licensing – The Organization receives a portion of its annual membership fees for donated employee benefits consulting, which are allocated to all activities within the Organization. These donated membership fees are valued based on the quantity and market value of fees waived.

Other client expenses and program supplies – The Organization receives donated items such as clothing, toiletries, food and other household items, which are provided to the Organization's clients or used in the provisions of services to clients primarily as part of its family housing and homeless youth services programs. These items are valued based on the quantity of items received and the value claimed by the donor.

17. Concentrations of Credit Risk

Government Grants and Contracts

The Organization derives the majority of its revenues and support from government grants and contracts for various programs. At times, grants and contracts for particular programs may constitute a concentration as defined by the accounting standards. As of June 30, 2024 and 2023, government grant receivables comprised 100% and 95% of total receivables, respectively. For the years ended June 30, 2024 and 2023, government grants and contracts revenue accounted for approximately 73% and 82% of total revenues and other support, respectively.

Cash Deposits at Banks

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the FDIC up to $250,000. As of June 30, 2024 and 2023, the Organization had $207,712 and $50,414, respectively, in excess of FDIC insured limits.

Investments

Investments held by other institutions are insured up to $500,000, including up to $250,000 for cash balances per institution, by the Securities Investor Protection Corporation ("SIPC"). As of June 30, 2024 and 2023, the Organization had $809,939 and $708,007, respectively, in excess of SIPC insured limits.

NOTES TO FINANCIAL STATEMENTS

18. Commitments and Contingencies

Program Audits by Funding Agencies

The Organization is subject to potential program audits by its funding agencies. There is a possibility that the Organization could be liable to these agencies for amounts determined by such future audits. The Organization's management believes that no such liabilities exist as of June 30, 2024.

Litigation

The Organization is involved in legal proceedings in the normal course of its business operations. The Organization does not believe that any pending or threatened proceeding would have a material adverse effect on its financial position or results of operations.

Solar Services Agreement

On October 17, 2017, the Organization entered into a twenty-year solar services agreement with a Power Supplier. The original agreement allowed the Power Supplier to construct solar equipment on one of the Organization's properties and then sell all the electrical energy generated by the solar equipment, which was estimated to be 1,217,230 kWh over the term of the agreement, to the Organization. The total cost of the solar equipment was $95,184 and was incurred by the Power Supplier. Beginning on the service commencement date of March 1, 2018, the Organization agreed to purchase an estimated annual quantity of electrical energy to be generated by the solar equipment at a rate of $0.1325 per kWh to be paid in equal monthly payments for each year. If at the end of each year, it was determined that the Organization used more electrical energy than was estimated for that year, the Organization would be required to immediately pay for the energy used in excess of the estimated amount. If it was instead determined that the Organization used less electrical energy than was estimated for that year, the Power Supplier would credit the amount of unused energy in the next annual period. The original term of the agreement was for twenty years with the option to extend for another two years, and was non-cancellable for the first five years. If after five years the agreement was terminated with proper notification prior to the end of the twenty-year agreement, certain termination fees and removal costs would apply as specified in the agreement. At the end of the twenty-year term, the Organization would have the opportunity to purchase the solar equipment at fair market value but no less than ten percent of the original cost of the solar equipment. The original agreement also requires the Power Supplier to lease the portion of the Organization's property for which the solar equipment resides for a period of twenty-five years at a rate of $1 per year.

The original agreement was subsequently amended as the Organization agreed to prepay $87,704 for the entire remaining amount of estimated electrical energy (1,201,428 kWh) to be generated by the solar equipment over the remainder of the original twenty-year solar services agreement at a discounted rate of $0.073 per kWh. If prior to the end of the twenty-year term of the agreement, the Organization uses all of the originally estimated kWh, the Organization would be required to pay for all additional solar energy used at the rate of $0.1325 per kWh per the original agreement. As of June 30, 2024 and 2023, prepaid solar electricity of $61,393 and $65,778, respectively, was included in prepaids and other current assets in the accompanying statements of financial position. This amount will be expensed over the term of the agreement.

For the years ended June 30, 2024 and 2023, the Organization recorded $4,385 in expense related to the solar service agreement which is included in equipment expense in the accompanying statements of expenses by function and nature.

NOTES TO FINANCIAL STATEMENTS

19. Subsequent Events

The Organization evaluated subsequent events through January 21, 2025, which represents the date the financial statements were available to be issued and, concluded that no additional disclosures are required.