



TOGETHER WE RISE dba FOSTER LOVE
DECEMBER 31, 2023

FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT

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on YOU



TOGETHER WE RISE dba FOSTER LOVE

FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To Management and Members of the Board of Directors
Together We Rise dba Foster Love
Brea, California

Opinion

We have audited the financial statements of Together We Rise dba Foster Love (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Together We Rise dba Foster Love (a nonprofit organization) as of December 31, 2023, and the results of its operations 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Together We Rise dba Foster Love 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 Together We Rise dba Foster Love's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.



To Management and Members of the Board of Directors
Together We Rise dba Foster Love
Brea, California

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Together We Rise dba Foster Love'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 Together We Rise dba Foster Love'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.

Lance, Soll & Lughard, LLP

Brea, California
November 25, 2024

TOGETHER WE RISE dba FOSTER LOVE

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

Assets

Current Assets

Cash and cash equivalents	\$ 2,169,764
Accounts receivable	463,557
Investments	5,314,249
Supplies inventory	491,154
Merchandise inventory	31,760
Deposits on inventory	110,225
Property tax receivable	16,284
	<hr/>
Total Current Assets	8,596,993

Fixed Assets

Construction in progress	8,625
Equipment and tools	14,944
Furniture	444,628
Vehicles	144,164
Building	1,885,490
Building improvements	1,801,052
Land	3,885,208
Art	74,102
Software	420,979
	<hr/>
Total Fixed Assets	8,679,192

Less Accumulated Depreciation and Amortization	<hr/> (815,182)
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Total Fixed Assets, Net	<hr/> 7,864,010
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Other Assets

Security deposits	67,470
Operating lease right of use assets	1,236,973
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Total Other Assets	1,304,443

Total Assets	<hr/> \$ 17,765,446 <hr/>
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See Notes to Financial Statements and Independent Auditors' Report.

TOGETHER WE RISE dba FOSTER LOVE

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 3,100
Accrued payroll and benefit	195,397
Accrued expenses	103,477
Notes payable - current portion	74,939
Economic injury disaster loan , current portion	3,772
Deferred revenue	1,032,137
Customer deposit	22,267
Operating lease liability, current portion	266,048
	<hr/>
Total Current Liabilities	1,701,137

Non-Current Liabilities

Notes payable, less current portion	2,647,721
Economic injury disaster loan, less current portion	140,377
Operating lease liability, less current portion	987,031
	<hr/>
Total Non-Current Liabilities	3,775,129

Total Liabilities	<hr/> 5,476,266
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Net Assets

Without donor restrictions - undesignated	11,389,207
With donor restrictions - purpose restrictions	899,973
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Total Net Assets	<hr/> 12,289,180
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Total Liabilities and Net Assets	<hr/> \$ 17,765,446 <hr/>
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**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restriction	With Donor Restriction	Total
Revenues, Gains and Other Support:			
Contributions	\$ 4,343,722	\$ -	\$ 4,343,722
Program donations	3,885,373	-	3,885,373
Facilitation revenue	65,794	-	65,794
Merchant sales	43,290	-	43,290
Net investment income	159,614	-	159,614
In kind revenue	3,187,650	-	3,187,650
Other income	349,950	-	349,950
Net assets released from restrictions	273,414	(273,414)	-
	<u>12,308,807</u>	<u>(273,414)</u>	<u>12,035,393</u>
 Total revenues, gains and other support			
	<u>12,308,807</u>	<u>(273,414)</u>	<u>12,035,393</u>
 Expenses:			
Program services expense	10,862,495	-	10,862,495
Supporting services expense			
Management and general	826,939	-	826,939
Fundraising and development	695,959	-	695,959
	<u>12,385,393</u>	<u>-</u>	<u>12,385,393</u>
 Total functional expenses			
	<u>12,385,393</u>	<u>-</u>	<u>12,385,393</u>
 Changes in Net Assets	(76,586)	(273,414)	(350,000)
 Net Assets, Beginning of Year	<u>11,465,793</u>	<u>1,173,387</u>	<u>12,639,180</u>
 Net Assets, End of Year	<u><u>\$ 11,389,207</u></u>	<u><u>\$ 899,973</u></u>	<u><u>\$ 12,289,180</u></u>

TOGETHER WE RISE dba FOSTER LOVE

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

		Supporting Services		
	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 2,518,968	\$ 79,546	\$ 53,031	\$ 2,651,545
Executive salaries and benefits	284,854	166,165	23,738	474,757
Payroll taxes	214,963	21,985	7,328	244,276
Retirement benefits	35,156	3,596	1,198	39,950
Material, supplies and events costs	4,322,044	-	-	4,322,044
Auto expense	6,949	491	735	8,175
Outreach and marketing	460,545	-	9,399	469,944
Outside services	367,332	7,733	11,600	386,665
Donations	25,816	-	-	25,816
Travel	226,093	12,561	12,560	251,214
Shipping and postage	288,468	12,821	19,231	320,520
Employees meals and other benefits	56,540	56,540	28,270	141,350
Lease expense	222,733	17,324	7,424	247,481
Utilities	64,472	5,014	2,149	71,635
Repairs and maintenance	28,180	40,258	12,077	80,515
Property tax	31,119	2,420	1,037	34,576
Insurance	100,250	7,797	3,342	111,389
Bank charges	33,411	2,358	3,538	39,307
Office supplies and software	161,574	3,402	5,102	170,078
Taxes and licenses	6,772	478	717	7,967
Family fellowship program	303,745	-	-	303,745
Depreciation and amortization	243,550	17,192	25,788	286,530
Professional services	-	158,000	-	158,000
Miscellaneous expense	23,573	1,664	2,496	27,733
Interest expense	112,695	8,765	3,757	125,217
Donations to foster family	247,100	-	-	247,100
Meeting expense	22,294	1,574	2,361	26,229
Meals expense	6,441	455	682	7,578
Rapid response program	270,565	-	-	270,565
Trade school program	107,102	-	-	107,102
Other expenses	-	198,800	-	198,800
Cost of sales	69,191	-	-	69,191
Fundraising - Donor supports	-	-	458,399	458,399
	<u>\$ 10,862,495</u>	<u>\$ 826,939</u>	<u>\$ 695,959</u>	<u>\$ 12,385,393</u>

See Notes to Financial Statements and Independent Auditors' Report.

TOGETHER WE RISE dba FOSTER LOVE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Cash Flows from Operating Activities:

Change in net assets	\$ (350,000)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	286,530
Non-cash lease expense	16,106
Net investment income	(159,614)
Changes in assets and liabilities:	
Accounts receivable	(366,003)
Supplies inventory	116,696
Merchandise inventory	1,389
Deposits on inventory	(19,201)
Security deposit	(51,472)
Accounts payable	(128,669)
Deferred revenue	845,081
Accrued payroll and benefit	68,340
Accrued expenses	103,477
	<u>362,660</u>
Net Cash Provided by Operating Activities	<u>362,660</u>

Cash Flows from Investing Activities:

Purchase of investments	(5,265,591)
Sale of investments	3,019,000
Purchases of property, equipment and improvements	<u>(324,825)</u>
Net Cash Used in Investing Activities	<u>(2,571,416)</u>

Cash Flows from Financing Activities:

Repayment on Economic injury disaster loan	(243)
Net activity on line of credit	(7,781)
Repayment on notes payable	<u>(127,913)</u>
Net Cash Used in Financing Activities	<u>(135,937)</u>

Net Decrease in Cash	(2,344,693)
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Cash at Beginning of Year	<u>4,514,457</u>
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Cash at End of Year	<u><u>\$ 2,169,764</u></u>
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Supplementary Disclosures:

Cash paid during the year for:

Interest paid	<u>\$ 125,217</u>
Operating cash flows paid on operating leases	<u><u>\$ 149,384</u></u>

See Notes to Financial Statements and Independent Auditors' Report.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 1: Nature of Organization

Together We Rise dba Foster Love (Organization) is a 501(c)(3) non-profit organization comprised of motivated young adults and former foster youth. The Organization's vision is to improve the lives of foster children in America, who often find themselves forgotten and neglected by the public. The Organization collaborates with community and corporate sponsors to bring resources to foster youth and use service-learning activities to educate volunteers on issues surrounding the foster care system.

The Organization generates funding from donations, contributions and team building events. For team building events, the Organization charges a team sponsor for supplies and a team donates their time to put together items to be donated such as bicycles, school supplies, birthday boxes and suitcases which foster youth use to travel from home to another home. The Organization works with various foster agencies, social workers, Court Appointed Special Advocates ('CASA'), and other partners to bring the programs to foster youth across the nation.

The Organization's headquarters are located in Brea, California.

Note 2: Summary of Significant Accounting Policies

Financial Statement Presentation

The financial statements are prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers short-term investment purchased with a maturity of three months or less to be cash and cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest, dividend, realized and unrealized gains and loss, less external and direct investment expenses.

Investment consists of fixed income securities (Government bonds) at December 31, 2023 and is considered Level 1 investment. Fair value of those investments is based on closing price reported on the active market on which the individual securities are traded. Total investments were \$5,313,249 at December 31, 2023.

Supplies and Merchandise Inventory

Supplies inventory consists of various program-related supplies to be used at team building events. Merchandise inventory is primarily clothing with the Organization's logo which is sold to raise donations or provided to volunteers for free. Inventory is stated at the lower of cost or net realizable value by the first-in first-out method.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2: Summary of Significant Accounting Policies (Continued)

Fixed Assets

Fixed assets are stated at cost when purchased, or at estimated fair market value at the date of bequest or gift. Depreciation and amortization is computed using the straight-line method over the estimated useful life of the related asset, ranging from 4-20 years. Individual property items valued at less than \$1,000 are expensed when purchased or donated. Depreciation and amortization expense was \$286,530 for the year ended June 30, 2024.

When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Long-lived assets of the Organization are reviewed annually as to whether carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations. There were no indicators of asset impairment during the year ended June 30, 2024.

Internally Developed Software

The Organization capitalizes certain costs related to software developed for internal use in accordance with ASC 350-40, *Intangibles-Goodwill and Other – Internal Use Software*. These costs were incurred in connection with developing application which is used for the Organization's program. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task that it previously did not perform. Internal use software is amortized on a straight-line basis over a 10 year period. Capitalized software costs, net of accumulated amortization of \$103,614, were \$241,763 as of December 31, 2023.

Net Assets

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. 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.

Revenue Recognition

Contribution Revenue

Cash donations are recognized as revenues in the period when cash is received.

Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purpose.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Service Revenue

Service revenue represents revenue allocated for facilitation services provided by the Organization for events. The Organization provides various "Team building" events services. The fee for events may include event coordination or facilitation fees. Such fees are agreed upon amounts in their contracts. The Organization allocates the agreed upon facilitation fee in contracts as program revenue and accounts in accordance with ASC 606 *Revenue from Contracts with Customers*. The remainder of the fee is considered contributions to cover the cost for supplies and overhead. Revenue from program services including donation portion is recognized in the period when events take place. The Organization defers recognizing revenue for deposits received for the facilitation service until the event takes place and is recorded as deferred revenue in the accompanying statement of financial position.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in U.S.

Contributed nonfinancial assets include donated goods, materials and legal services which are recorded at respective fair values of the goods received. The Organization doesn't sell donated goods and materials. The Organization received approximately \$3,187,650 of contributed goods, materials and legal services during the year ended December 31, 2023, see Note 14. Those contributed goods and materials were distributed to children in foster program.

Advertising and Marketing

Advertising and marketing expenses are charged to expense as incurred. The advertising and marketing costs for the year ended December 31, 2023 was \$469,944.

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). Accordingly, no provision for federal or state income taxes is included in the financial statements. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2023.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2: Summary of Significant Accounting Policies (Continued)

Leases

The Organization recognizes lease assets and corresponding lease liabilities for all operating and finance leases on their consolidated balance sheet, excluding short term leases (leases with terms of 12 months or less) as described under ASU No 2016-02, Leases (Topic 842). Some of the organization's long term operating lease agreements include options to extend, which are also factored in the recognition of their respective assets and liabilities when appropriate based on management's assessment of the probability that the options will be exercised. Lease payments are discounted using the risk-free rate on information available at lease commencement. Additionally, certain lease agreements include escalating rents over the terms of the lease which under topic 842 results in rent being expensed on a straight-line basis over the life of the lease that commences on the date the organization has the right to control the property. Finance leases were impacted by the adoption of ASC 842, as finance lease liabilities and the corresponding right of use assets were already recorded in the balance sheet under the previous guidance, ASC 840. For additional information about the leases, see Note 13.

Functional Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting services benefitted.

Recently Adopted Accounting Pronouncements

Current Expected Credit Losses ("CECL")

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" or "ASC 326"). ASC 326 revises the accounting requirements related to the measurement of credit losses and requires companies to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13. The Organization adopted the new accounting standard and all of the related amendments as of January 1, 2023. There was no significant impact on its financial statement or disclosures as a result of adoption of ASU 2016-13.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Date of Management's Review

The Organization has evaluated subsequent events through November 25, 2024, the date which the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the balance sheet date, is as follows. As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in low-risk investments.

Cash and cash equivalents	\$	2,169,764
Accounts receivable		463,557
Investment		5,314,249
Donor restricted net assets		(899,973)
	\$	<u>7,047,597</u>

Note 4: Concentration of Credit Risk

The Organization may be subject to credit risk on its cash. At December 31, 2023, the Organization maintains its cash balances at one institution. Accounts at the institution are insured by FDIC, which covers up to \$250,000 for substantially all depository accounts. At various times throughout the year, the balances in these accounts may be in excess of federally insured limits. Management believes the Organization is not exposed to any significant credit risk on cash.

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash deposits at a brokerage firm. The accounts at the brokerage firm contain cash and securities. Balances are insured up to \$500,000 with a limit of \$250,000 for cash, by the Securities Investor Protection Corporation ("SIPC"). At various times throughout the year, the balances in these accounts may be in excess of SIPC insured limits.

Note 5: Supplies and Merchandise Inventory

Supplies inventory consists of various supplies which are used for events or goods to be donated to children in foster care system.

Merchandise inventory is primarily clothing with the Organization's logo which is sold to raise donations or provided to volunteers for free. The sale of merchandise inventory is included in contributions in the accompanying statement of activities and changes in net assets.

Note 6: Construction in Progress

The Organization has completed building improvement to the headquarters located in Brea, California, which was purchased in 2019 and implementation of a new accounting software, Zoho, during 2023.

The balance remaining in construction in progress at December 31, 2023 is costs related to architecture for a building in Texas.

Note 7: Notes Payable

In December 2021, the Organization obtained a vehicle loan in the amount of \$41,498 from a financial institution with an annual fixed rate of 5.84%. Monthly principal and interest payments of \$801 are payable through December 2026. The note is secured by the vehicle financed. At December 31, 2023, the outstanding balance was \$26,283. The Organization incurred interest expense in the amount of \$1,785.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 7: Notes Payable (Continued)

In October 2022, the Organization obtained a vehicle loan in the amount of \$55,317 from a financial institution with an annual fixed rate of 4.40%. Monthly principal and interest payments of \$1,261 are payable through October 2026. The note was paid off during 2023. The Organization incurred interest expense in the amount of \$4,780.

In July 2022, the Organization entered into a promissory note agreement in the amount of \$2,800,000 for short term working capital needs. The note bears interest equal to 4.35%. Monthly principal and interest payments of \$15,437 are due through the maturity date of July 2029. The note is collateralized by building located in Brea, California. The balance of the note is \$2,709,234 as of December 31, 2023. The Organization incurred interest expense in the amount of \$119,057. The loan agreement includes certain covenants that the Organization has not met. However, management is confident that they will be able to obtain a waiver from the bank.

Future principal payments due on these notes payable for years subsequent to December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 74,939
2025	78,774
2026	82,316
2027	76,418
2028	79,556
Thereafter	<u>2,343,514</u>
	<u>\$ 2,735,517</u>

There were \$12,858 of loan costs, net of accumulated amortization of \$2,143, affiliated with this loan and is netted with the long term portion of notes payable on the statement of financial position as follows:

Long term portion	\$ 2,660,578
Debt issuance costs, net	<u>(12,857)</u>
	<u>\$ 2,647,721</u>

Note 8: Economic Injury Disaster Loan (EIDL)

In May 2020, the Organization entered into an Economic Injury Disaster Loan ("EIDL") (under Section 7(b) of the Small Business Act, as amended) with the US Small Business Administration ("SBA") in the amount of \$150,000. The loan bears interest at an annual fixed rate of 2.75% and accrue from the date when the funds were advanced. The loan and the balance of principal and interest will be payable over 30 years. The loan is secured by all tangible and intangible assets of the Organization. UCC-1 was filed by SBA in the state of California. The Organization's loan agreement contains certain requirements, which the Organization met at December 31, 2023. The outstanding loan balance at December 31, 2023 was \$144,149. The Organization incurred interest expense in the amount of \$4,022 for the year.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 8: Economic Injury Disaster Loan (EIDL) (Continued)

Future principal payments due on the Economic Injury Disaster Loan for years subsequent to December 31, 2023, are as follows:

Year Ending December 31,	
2024	\$ 3,772
2025	3,877
2026	3,985
2027	4,096
2028	4,210
Thereafter	124,209
	\$ 144,149

Note 9: Line of Credit

In July 2022, the Organization entered into a revolving line of credit with a bank for \$350,000 which expired on December 31, 2023. The line bore a variable interest at Wall Street Journal Prime Rate plus 1%. The line of credit had no balance at December 31, 2023. The agreement has not been renewed as of the date of this report.

Note 10: Deferred Revenue

Deferred revenue represents event revenue which the cash payments are received but the event has not taken place at December 31, 2023. This is considered a contract liability. The Organization's obligation is to provide events when events take place in the future period. The balance at December 31, 2023 was \$1,032,137.

Note 11: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2023:

Subject to expenditure for specified purpose:	
Fellowship Program	\$ 265,553
RAPID Program	226,497
Trade school program	407,923
	\$ 899,973

The Fellowship program is a scholarship program to pay college tuitions and living costs students while students, who were in the foster care system are attending colleges. The RAPID program is a program which helps transition former foster youth to outside of foster care after they reached age of 18. The trade school program is a scholarship program to pay tuitions for trade schools. Team building for youth in foster care consists of various team building events which donor sponsors put together volunteer opportunities for their own organizations and donate their time and purchase supplies which are used for events from the Organization.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 12: Employee Benefit Plan

The Organization has a 401(k) profit sharing plan for all eligible employees. The Organization matches employees' contributions up to 4% of salary. Total employer matching contributions were \$39,950 for the year ended December 31, 2023 which is included in employee benefits on the schedule of functional expenses. The amount accrued and payable to the trustee was \$39,950 at December 31, 2023. There was no profit sharing contribution for the year ended December 31, 2023.

Note 13: Leases**Lease Term**

On September 20, 2022, the Organization entered into a lease agreement for a warehouse in Brea (Unit F), California. The lease is for two years and doesn't include any option to extend. The lease agreement does not contain any residual value guarantees or restrictive covenants.

On June 1, 2023, the Organization entered into a lease agreement for a warehouse in Brea (555 Vanguard Way), California. The lease is for five years and doesn't include any option to extend. The lease agreement does not contain any residual value guarantees or restrictive covenants.

Discount Rate

As the rate implicit in the Organization's leases is not readily determinable, the Organization has made an accounting policy to apply a risk-free rate as the discount rate used to measure lease liabilities and right-of-use assets at commencement of a lease.

Short-Term Lease Exemption

The Organization also has elected to utilize the short-term lease recognition exemption and, for those leases that qualified, the Company did not recognize right-of-use ("ROU") assets or lease liabilities. The Company leases an apartment for executives and other members to stay while they are in California under a short-term lease. Effective January 2023, the lease requires monthly payments of \$3,655. The lease expires in December 2023. The lease expense is included in executive salaries and benefits in the accompanying statement of functional expenses.

Financial Presentation of Leases

The following summarizes the line items in the statement of net position which include amounts for operating and finance leases as of December 31, 2023:

Operating Leases

Operating lease right-of-use assets	\$ 1,236,973
Operating lease liabilities, current portion	\$ 266,048
Operating lease liabilities, net of current portion	987,031
Total operating lease liabilities	\$ 1,253,079

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 13: Leases (Continued)**Weighted Average Remaining Lease Term and Discount Rate**

The Organization's operating lease has weighted average remaining lease terms of 4.33 years and weighted average discount rate of 3.7% as of December 31, 2023.

Detail of Lease Expense

The following summarizes the line items in the income statement which include the components of lease expense for the year ended December 31, 2023:

Lease cost:	
Operating lease cost	\$ 149,384
Variable lease cost	98,097
Total lease cost	<u>\$ 247,481</u>

Total lease cost of \$247,481 is included in lease expenses in the accompanying statement of functional expenses.

Future Maturities of Leases

The maturities of lease liabilities as of December 31, 2023 were as follows:

	Operating
Year Ending December 31:	
2024	\$ 266,048
2025	259,267
2026	283,476
2027	309,319
2028	134,970
	<u>1,253,080</u>
Total lease payments	<u>\$ 1,253,080</u>

Note 14: Contributed Goods and Material

For the year ended December 31, 2023, contributed non-financial assets recognized within the statement of activities included the following:

Clothes, accessories and toys	\$ 3,116,729
Legal services	70,611
Gift cards	310
	<u>\$ 3,187,650</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 15: Related Party

In May 2020, the Organization formed a corporation, Techether, Inc., (the Corporation) a Delaware corporation, which the Organization is the sole stockholder of the Corporation. The Corporation was formed to operate the application developed by the Organization (cost of developing application of approximately \$345,000). The application is used by various agencies on trial basis since 2021. The Organization has plans to transfer the assets to the Corporation and distributes to various agencies with fees. The Corporation has not had material activity since its formation. Expenses related to this Corporation (primarily tax expense and tax preparation costs) are paid by the Organization and is included in the accompanying the statement of functional expenses.

The lease of the warehouse in Brea, California, is personally guaranteed by the founder and CEO of the Organization.

Note 16: Contingencies

The Organization is subject to various legal claims and proceedings arising in the ordinary course of business. The ultimate disposition of these proceedings is not determinable, in the opinion of management after consultation with legal counsel, as of the report date.

In 2023, the Organization received a settlement of \$349,950 from its landlord in Texas which the Organization terminated the lease in 2021 due to the landlord's breach of contract. This amount is reported as other income in the accompanying statement of activities and changes in net assets.