TOGETHER WE RISE dba FOSTER LOVE AND SUBSIDAIRY

DECEMBER 31, 2024

CONSOLIDATED FINANCIAL STATEMENTS &
INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Together We Rise dba Foster Love (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated 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, 2024, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 consolidated 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. 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

LSL, LLP

Irvine, California
July 10, 2025

TOGETHER WE RISE dba FOSTER LOVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

Assets	
Current Assets	
Cash and cash equivalents	$ 1,941,602
Donations receivable	219,594
Investments, at fair value	4,596,702
Supplies inventory	728,181
Merchandise inventory	23,617
Donated goods	1,560,772
Deposits on inventory	56,875
Prepaid expenses and other current assets	47,742
Total Current Assets	9,175,085
Fixed Assets	
Construction in progress	8,625
Equipment and tools	14,944
Furniture and fixtures	415,449
Vehicles	229,525
Building	1,885,490
Building improvements	1,843,465
Land	3,885,208
Art	77,783
Software	420,979
Total Fixed Assets	8,781,468
Less accumulated depreciation and amortization	(1,202,538)
Total Fixed Assets, Net	7,578,930
Other Assets	
Security deposits	67,470
Operating lease right of use assets	1,076,350
Total Other Assets	1,143,820
Total Assets	**$ 17,897,835**

See Notes to Financial Statements and Independent Auditors' Report.

TOGETHER WE RISE dba FOSTER LOVE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

Liabilities and Net Assets

Current Liabilities	
Accounts payable	$ 156,007
Accrued payroll and benefit	127,162
Accrued vacation	94,861
Accrued expenses	16,445
Notes payable - current portion	86,385
Economic injury disaster loan, current portion	3,877
Deferred revenue	1,639,295
Customer deposit	22,267
Operating lease liability, current portion	330,643
Total Current Liabilities	2,476,942
Non-Current Liabilities	
Notes payable, less current portion	2,598,554
Economic injury disaster loan, less current portion	136,831
Operating lease liability, less current portion	806,656
Total Non-Current Liabilities	3,542,041
Total Liabilities	6,018,983
Net Assets	
Without donor restrictions - undesignated	10,771,262
With donor restrictions - purpose restrictions	1,107,590
Total Net Assets	11,878,852
Total Liabilities and Net Assets	**$ 17,897,835**

See Notes to Financial Statements and Independent Auditors' Report.

TOGETHER WE RISE dba FOSTER LOVE

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without Donor Restriction	With Donor Restriction	Total
Revenues, Gains and Other Support:			
Contributions	4,001,472	$ 992,922	$ 4,994,394
Program donations	3,927,768	-	3,927,768
Facilitation revenue	223,329	-	223,329
Merchant sales	706	-	706
Net investment income	295,107	-	295,107
In-Kind revenue	5,795,464	-	5,795,464
Other income	29,000	-	29,000
Net assets released from restrictions	785,305	(785,305)	-
Total revenues, gains and other support	15,058,151	207,617	15,265,768
Expenses:			
Program services expense	14,109,996	-	14,109,996
Supporting services expense			
Management and general	631,352	-	631,352
Fundraising and development	934,748	-	934,748
Total functional expenses	15,676,096	-	15,676,096
Changes in Net Assets	(617,945)	207,617	(410,328)
Net Assets, Beginning of Year	11,389,207	899,973	12,289,180
Net Assets, End of Year	$ 10,771,262	$ 1,107,590	$ 11,878,852

See Notes to Financial Statements and Independent Auditors' Report.

TOGETHER WE RISE dba FOSTER LOVE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Supporting Services		
	Program Services	Management and General	Fundraising and Development	Total
Salaries	$ 3,205,827	$ 84,366	$ 84,364	$ 3,374,557
Executive salaries and benefits	257,005	6,763	6,763	270,531
Payroll taxes	255,846	26,166	8,722	290,734
Retirement benefits	42,251	1,112	1,112	44,475
Material, supplies and events	344,423	-	-	344,423
Auto	28,436	2,008	3,010	33,454
Outreach and education	360,475	-	7,357	367,832
Donations to foster families and agencies	311,623	-	-	311,623
Travel	315,502	17,528	17,528	350,558
Shipping and postage	272,138	12,095	18,143	302,376
Merchandise shipping and handling	32,230	-	-	32,230
Employee meals and other benefits	149,271	98,643	30,522	278,436
Lease	404,528	22,474	22,474	449,476
Utilities	79,888	4,438	4,438	88,764
Repairs and maintenance	89,134	4,952	4,952	99,038
Tax and licenses	3,735	208	208	4,151
Insurance	173,285	9,627	9,627	192,539
Bank charges	68,292	4,821	7,231	80,344
Office supplies and software	275,626	19,531	11,094	306,251
Accounts receivable write off	-	11,369	-	11,369
Academic program	785,305	-	-	785,305
Depreciation and amortization	350,549	23,370	15,580	389,499
Professional services	500,770	160,150	-	660,920
Interest	6,749	120,000		126,749
Meeting	24,519	1,731	2,596	28,846
Program supplies	1,552,897	-	-	1,552,897
Donation to foster agencies - gift -in-kind	4,219,692	-	-	4,219,692
Fundraising	-	-	679,027	679,027
	$ 14,109,996	$ 631,352	$ 934,748	$ 15,676,096

TOGETHER WE RISE dba FOSTER LOVE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash Flows from Operating Activities:	
Change in net assets	**$ (410,328)**
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	387,356
Non-cash lease expense	44,843
Net investment income	295,107
Changes in assets and liabilities:	
Donations receivable	243,963
Supplies inventory	(237,027)
Donated goods	(1,560,772)
Merchandise inventory	8,143
Prepaid expenses and other current assets	(31,458)
Deposits on inventory	53,350
Accounts payable	152,907
Deferred revenue	607,158
Accrued expenses and accrued payroll and benefits	(60,406)
Net Cash Used in Operating Activities	(507,164)
Cash Flows from Investing Activities:	
Purchase of investments	(950,000)
Net sales of investments	1,372,440
Purchases of fixed assets	(102,276)
Net Cash Provided by Investing Activities	320,164
Cash Flows from Financing Activities:	
Repayment on Economic injury disaster loan	(3,441)
Repayment on notes payable	(37,721)
Net Cash Used in Financing Activities	(41,162)
Net Decrease in Cash	(228,162)
Cash at Beginning of Year	2,169,764
Cash at End of Year	**$ 1,941,602**
Supplementary Disclosures:	
Cash paid during the year for:	
Interest paid	**$ 125,217**
Operating cash flows paid on operating leases	**$ 404,633**

See Notes to Financial Statements and Independent Auditors' Report.

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

Basis of Accounting

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 consolidated statement of financial position. Net investment income is reported in the statement of activities and consists of interest, dividend, realized and unrealized gains and loss, less external and direct investment expenses.

Supplies and Merchandise Inventory

Supplies inventory consists of various program-related supplies to be used at team building events and provide them to children in the program. 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.

Note 2: Summary of Significant Accounting Policies (Continued)

Fixed Assets

The Organization records fixed asset additions over $1,000 at cost, or if donated, at fair value on the date of donation. Repairs and maintenance are expensed as incurred. Depreciation and amortization of fixed assets is provided over the estimated useful lives of the respective assets using the straight-line method. Leasehold improvements are amortized on the straight-line basis over the lesser of the estimated useful lives or the terms of the respective leases. The estimated useful lives of the related assets are as follows:

Building	20 years
Vehicles	5-7 years
Building improvements	5-20 years
Equipment and tools	5 years
Furnitures and fixtures	5-10 years
Software	5-10 years

Art consists of various collectible art works. Management believes that it doesn't depreciate in value. Thus, no depreciation expenses are recorded for art.

Depreciation and amortization expense was $389,499 for the year ended December 31, 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. At December 31, 2024, management expects these to be fully recoverable.

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 $138,152, were $207,225 as of December 31, 2024 and included in software in the accompanying consolidated statement of financial position.

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.

Note 2: Summary of Significant Accounting Policies (Continued)

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.

The Organization conducts programs that generate donations through participant-driven activities. Participants pay a fixed fee amounts to participate programs such as build a bike, birth day box decorations and other activities. Donations from those activities are recognized when event goods are shipped, or event takes place.

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 consolidated 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.

Outreach and Marketing

Outreach and marketing expenses are charged to expense as incurred. The outreach and marketing expenses for the year ended December 31, 2024 was $ 367,832.

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.

Note 2: Summary of Significant Accounting Policies (Continued)

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, 2024.

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.

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 July 10, 2025, the date which the financial statements were available to be issued.

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	$ 1,941,602
Donations receivable	219,594
Investment	4,596,702
Donor restricted net assets	(1,107,590)
	$ 5,650,308

Note 4: Concentration of Credit Risk

The Organization may be subject to credit risk on its cash. At December 31, 2024, 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 balance in construction in progress at December 31, 2024 is costs related to architecture for a building in Texas.

Note 7: Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 7: Fair Value Measurements (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

Common stocks: The fair value of these securities is generally based upon closing price reported on the active market on which the individual securities are traded.

Exchange traded funds: Fair value of exchanged traded funds is based on the closing price reported in the active market in which the individual securities are traded.

Fixed income securities: The fair value of the fixed income securities is based upon the investment's daily credited rate and any market value adjustments or surrender charges that apply.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Company are open end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Company are deemed to be actively traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2024:

	Fair Value Measurements Using Input Type			
INVESTMENTS	Level 1	Level 2	Level 3	Total
Common stocks	$ 26,600	-	-	$ 26,600
Exchange-Traded products (ETFs)	5,927	-	-	5,927
Fixed income securities	2,868,605	-	-	2,868,605
Mutual funds	1,695,570	-	-	1,695,570
Total investments at fair value	$ 4,596,702	$ -	$ -	$ 4,596,702

Note 8: 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, 2024, the outstanding balance was $17,991. The Organization incurred interest expense in the amount of $1,598.

Note 8: Notes Payable (Continued)

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 $2,642,470 as of December 31, 2024. The Organization incurred interest expense in the amount of $120,074. 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.

In November 2024, the Organization obtained a vehicle loan in the amount of $36,051 from a financial institution with an annual fixed rate of 8.49%. Monthly principal and interest payments of $742 are payable through January 2029. The note is secured by the vehicle financed. At December 31, 2024, the outstanding balance was $35,192. The Organization incurred interest expense in the amount of $625.

Future principal payments due on these notes payable for years subsequent to December 31, 2024, are as follows:

Year Ending December 31,		
2025	$	86,385
2026		88,809
2027		83,908
2028		87,483
2029		2,349,068
	$	2,695,653

There were $10,714 of loan costs, net of accumulated amortization of $4,286, affiliated with this loan and is netted with the long term portion of notes payable on the statement of financial position as follows:

Loan balance	$	2,695,653
Debt issuance costs, net		(10,714)
	$	2,684,939

Note 9: 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, 2024. The outstanding loan balance at December 31, 2024 was $140,708. The Organization incurred interest expense in the amount of $4,452 for the year.

Note 9: Economic Injury Disaster Loan (EIDL) (Continued)

Future principal payments due on the Economic Injury Disaster Loan for years subsequent to December 31, 2024, are as follows:

Year Ending December 31,	
2025	$ 3,877
2026	3,985
2027	4,096
2028	4,210
2029	4,328
Therafter	120,212
	$ 140,708

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, 2024. 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, 2024 was $1,639,295.

Note 11: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2024:

Subject to expenditure for specified purpose:	
Fellowship program	$ 135,133
Rapid Response	288,280
Trade school program	683,823
Techether	354
	$ 1,107,590

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 Response 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. Techether is a keepsake software solution designed to preserve important information and mile stone about foster children such as vaccination records and graduation.

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 $ 44,475 for the year ended December 31, 2024 which is included in employee benefits on the schedule of functional expenses. The amount accrued and payable to the trustee was $ 44,475 at December 31, 2024. There was no profit sharing contribution for the year ended December 31, 2024.

Note 13: Leases

Lease Term

On January 1, 2024, the Organization amended an lease agreement for warehouses in Brea (Unit E and 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 2024, the lease requires monthly payments of $3,765. The lease expires in December 2024. 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, 2024:

Operating Leases	
Operating lease right-of-use assets	$ 1,076,350
Operating lease liabilities, current portion	$ 330,643
Operating lease liabilities, net of current portion	806,656
Total operating lease liabilities	$ 1,137,299

Weighted Average Remaining Lease Term and Discount Rate

The Organization's operating lease has weighted average remaining lease terms of 3.42 years and weighted average discount rate of 3.69**%** as of December 31, 2024.

Note 13: Leases (Continued)

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, 2024:

Lease cost:	
Operating lease cost	$ 323,738
Variable lease cost	125,738
Total lease cost	$ 449,476

Total lease cost of $449,476 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, 2024 were as follows:

	Operating
Year Ending December 31:	
2025	330,643
2026	362,369
2027	309,319
2028	134,968
Total lease payments	$ 1,137,299

Note 14: Contributed Goods and Material

For the year ended December 31, 2024, the Organization received approximately $5,700,000 of contributed goods and materials. $1,560,772 of donated good remained at December 31, 2024 and included in donated goods in the accompanying consolidated statement of financial position.

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 a 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.