Crayons to Computers, Inc.

Independent Auditor’s Report and Financial Statements

June 30, 2023 and 2022

Crayons to Computers, Inc.
June 30, 2023 and 2022

Contents

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Independent Auditor's Report

Board of Trustees
Crayons to Computers, Inc.
Cincinnati, Ohio

Opinion

We have audited the financial statements of Crayons to Computers, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Crayons to Computers, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended 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). 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 Crayons to Computers, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Crayons to Computers, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

FORVIS, LLP

Cincinnati, Ohio
October 9, 2023

Crayons to Computers, Inc.

Statements of Financial Position
June 30, 2023 and 2022

Assets

	2023	2022
Cash	$ 650,450	$ 849,149
Pledges receivable	88,946	2,160,070
Interest receivable	21,591	12,479
Payroll tax credit receivable	-	92,447
Investments	10,171,253	7,150,291
Purchased inventory	131,587	177,208
Donated inventory	1,664,408	2,835,062
Property and equipment, net	1,193,123	1,177,234
Total assets	$ 13,921,358	$ 14,453,940

Liabilities and Net Assets

	2023	2022
Liabilities		
Accounts payable	$ 125,950	$ 349,085
Accrued liabilities	57,157	64,206
Deferred revenue	400	730
Total liabilities	183,507	414,021
Net Assets		
Without donor restrictions	11,120,455	11,594,455
With donor restrictions	2,617,396	2,445,464
Total net assets	13,737,851	14,039,919
Total liabilities and net assets	$ 13,921,358	$ 14,453,940

Crayons to Computers, Inc.

Statements of Activities

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions						
In-kind						
Donated product	$ 3,837,551	$ -	$ 3,837,551	$ 4,858,878	$ -	$ 4,858,878
Foundations and organizations	89,500	423,170	512,670	465,466	498,710	964,176
Individual donors	902,481	-	902,481	852,432	2,055,908	2,908,340
Shopping access fee	77,912	-	77,912	74,204	-	74,204
Realized and unrealized gains (losses)	820,533	153,961	974,494	(928,472)	(23,083)	(951,555)
Interest and dividend income, net of fees; 2023 - $24,135; 2022 - $23,042	175,486	47,659	223,145	122,327	2,558	124,885
Employee retention credit	-	-	-	92,447	-	92,447
Other income	36,698	-	36,698	12,815	-	12,815
Loss on disposal of property and equipment	-	-	-	(43,765)	-	(43,765)
Net assets released from restrictions	452,858	(452,858)	-	494,329	(494,329)	-
Total revenues, gains and other support	6,393,019	171,932	6,564,951	6,000,661	2,039,764	8,040,425
Expenses						
Program services	6,253,132	-	6,253,132	6,216,248	-	6,216,248
Management and general	313,552	-	313,552	270,420	-	270,420
Fundraising	300,335	-	300,335	304,490	-	304,490
Total expenses	6,867,019	-	6,867,019	6,791,158	-	6,791,158
Change in Net Assets	(474,000)	171,932	(302,068)	(790,497)	2,039,764	1,249,267
Net Assets, Beginning of Year	11,594,455	2,445,464	14,039,919	12,384,952	405,700	12,790,652
Net Assets, End of Year	$ 11,120,455	$ 2,617,396	$ 13,737,851	$ 11,594,455	$ 2,445,464	$ 14,039,919

Crayons to Computers, Inc.

Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	2023			
	Program Services	Management and General	Fundraising	Total
Distributed product and warehouse supplies	$ 5,320,748	$ -	$ -	$ 5,320,748
Personnel costs	678,300	208,707	156,531	1,043,538
Building, equipment and maintenance	12,085	3,719	2,789	18,593
Professional fees	18,826	37,655	18,828	75,309
Occupancy	53,845	16,568	12,426	82,839
Office expenses	30,095	9,260	6,945	46,300
Training and appreciation	20,798	11,737	1,220	33,755
Vehicles	32,093	-	1,338	33,431
Marketing	-	-	73,736	73,736
Fees	2,148	-	7,093	9,241
Depreciation	84,194	25,906	19,429	129,529
	$ 6,253,132	$ 313,552	$ 300,335	$ 6,867,019

	2022			
	Program Services	Management and General	Fundraising	Total
Distributed product and warehouse supplies	$ 5,303,963	$ -	$ -	$ 5,303,963
Personnel costs	656,596	202,030	151,522	1,010,148
Building, equipment and maintenance	10,640	3,274	2,455	16,369
Professional fees	10,044	20,151	10,461	40,656
Occupancy	63,964	19,681	14,761	98,406
Office expenses	63,957	19,679	14,759	98,395
Training and appreciation	11,625	789	1,577	13,991
Vehicles	10,126	-	672	10,798
Marketing	-	-	93,497	93,497
Fees	2,503	-	6,118	8,621
Depreciation	82,830	4,816	8,668	96,314
	$ 6,216,248	$ 270,420	$ 304,490	$ 6,791,158

Crayons to Computers, Inc.

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	$ (302,068)	$ 1,249,267
Items not requiring (providing) operating activities cash flows		
Depreciation	129,529	96,314
Loss on disposal of property and equipment	-	43,765
Net realized and unrealized (gains) losses on investments	(974,494)	951,555
Donated inventory	1,170,654	64,382
Changes in		
Purchased inventory	45,621	(35,545)
Pledges receivable	2,071,124	(2,056,709)
Interest receivable	(9,112)	-
Payroll tax credit receivable	92,447	1,407
Accounts payable and accrued liabilities	(230,184)	285,209
Deferred revenue	(330)	(13,305)
Net cash provided by operating activities	1,993,187	586,340
Investing Activities		
Purchases of investments	(3,111,357)	(1,389,022)
Proceeds from disposition of investments	1,064,889	1,494,494
Purchase of property and equipment	(145,418)	(283,367)
Net cash used in investing activities	(2,191,886)	(177,895)
(Decrease) Increase in Cash	(198,699)	408,445
Cash, Beginning of Year	849,149	440,704
Cash, End of Year	$ 650,450	$ 849,149

Crayons to Computers, Inc.
Notes to Financial Statements
June 30, 2023 and 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Crayons to Computers, Inc. (Organization) was incorporated in 1997 as a not-for-profit organization under the laws of the State of Ohio. The Organization's mission is to level the playing field in the classroom by ensuring that teachers can provide their students in need the tools to succeed in school. The Organization's revenue is derived primarily from contributions from individuals, corporations and foundations.

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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

The Organization deposits its cash in federally insured banks. At June 30, 2023, the Organization's cash accounts exceeded federally insured limits by approximately $369,000.

Pledges Receivable

The Organization's pledges receivable are due from individuals, foundations and corporations. The Organization determines its allowance by considering a number of factors, including the length of time pledges receivable are past due, the Organization's previous loss history, the donor's current ability to meet its pledge, and the condition of the general economy and the not-for-profit sector as a whole. No allowance was considered necessary as of June 30, 2023 and 2022. The Organization writes off pledges when they become uncollectible, and payments subsequently received on such pledges are credited to the allowance for doubtful accounts.

Pledges receivable expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

Investments and Investment Return

The Organization records investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values. The changes between fair value and cost of investments are recorded as unrealized gains or losses in the period earned.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Investment return includes dividends and interest, net of external investment expenses.

Property and Equipment

Property and equipment is recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination of impairment. The Organization capitalizes items with a cost or fair value greater than $5,000. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2023 and 2022.

Inventory

Purchased inventory is recorded at the lower of cost, as determined on a first-in, first-out basis, or net realizable value for 2023 and 2022.

Donated product available for distribution to teachers is valued at management's estimation of the fair value of the products to the teachers. The value of donated inventory is considered a significant estimate.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Employee Retention Credit (ERC)

The Organization elected to take a credit against the employer portion of the Social Security taxes withheld on qualified wages. The amount of the credit is limited to employment taxes equal to 70 percent of the qualified wages an eligible employer pays to employees after March 12, 2020 and before September 30, 2021 as established by the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) and amended by the *Consolidated Appropriations Act* and the *Infrastructure Investments and Jobs Act*. The Organization elected to account for the ERC program under ASC 958-605, *Not-for-Profit Entities, Government Grants and Assistance*. The ERC credit of $92,447 was recorded in receivables on the statements of financial position and in revenue on the statements of activities for the year ended June 30, 2022.

Laws and regulations concerning the ERC are complex and subject to varying interpretations. These credits may be subject to retroactive audit and review.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Organization overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses have been classified based upon the actual direct expenditures and cost allocations based upon estimates of time spent by Organization personnel.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. There was no unrelated business income identified for the years ended June 30, 2023 and 2022.

The Organization files tax returns in the U.S. federal jurisdiction.

Note 2: Pledges Receivable

Pledges receivable consisted of the following as of June 30:

	2023	2022
Due within one year	$ 33,976	$ 2,103,409
Due within one to five years	8,000	8,000
Due in more than five years	50,000	52,000
	91,976	2,163,409
Less unamortized discount	(3,030)	(3,339)
	$ 88,946	$ 2,160,070
Included in net assets without donor restrictions	$ 9,285	$ 37,501
Included in net assets with donor restrictions	79,661	2,122,569
	$ 88,946	$ 2,160,070

Note 3: Fair Value Measurements and Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 Observable inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and 2022:

		2023 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money market funds	$ 593,970	$ 593,970	$ -	$ -
Mutual funds	3,782,124	3,782,124	-	-
Equity securities	3,239,523	3,239,523	-	-
Corporate bonds	2,555,636	-	2,555,636	-
	$ 10,171,253	$ 7,615,617	$ 2,555,636	$ -

	2022			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money market funds	$ 977,598	$ 977,598	$ -	$ -
Mutual funds	2,352,094	2,352,094	-	-
Equity securities	2,523,889	2,523,889	-	-
Corporate bonds	1,296,710	-	1,296,710	-
	$ 7,150,291	$ 5,853,581	$ 1,296,710	$ -

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2023 and 2022.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

In cases where Level 1 or Level 2 inputs are not available, securities would be classified as Level 3 of the hierarchy. However, no investments were classified as Level 3 as of June 30, 2023 and 2022.

Note 4: Property and Equipment

Property and equipment as of June 30 consisted of the following:

	2023	2022
Land	$ 260,000	$ 260,000
Building and improvements	1,934,785	1,887,127
Office equipment, furniture and fixtures	88,963	50,911
Store and warehouse equipment and fixtures	129,168	69,460
Vehicles	101,804	101,804
	2,514,720	2,369,302
Less accumulated depreciation	(1,321,597)	(1,192,068)
	$ 1,193,123	$ 1,177,234

Note 5: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	2023	2022
Subject to expenditure for specified purpose		
Online ordering	$ 10,000	$ 10,000
Product purchases	41,347	36,113
Crafts with Conviction	43,243	43,243
Shopping access fee	27,500	35,000
Capital expenditures	41,144	66,567
	163,234	190,923
Subject to the passage of time		
Pledges receivable which are not restricted by donors but which are unavailable for expenditure until due	56,661	58,661
Endowments		
Subject to spending policy and appropriation	2,397,501	2,195,880
	$ 2,617,396	$ 2,445,464

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30 have been designated for the following purposes:

	2023	2022
Undesignated	$ 4,140,764	$ 5,226,912
Designated by the Board for endowment	6,979,691	6,367,543
	$ 11,120,455	$ 11,594,455

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors during the years ended June 30:

	2023	2022
Purpose restrictions accomplished		
Product purchases	$ 327,758	$ 326,605
School access fee	7,500	39,750
Time restricted	2,000	2,000
Online product distribution	-	30,000
Crafts with Conviction	29,000	31,591
Capital improvements	86,600	64,383
	$ 452,858	$ 494,329

Note 6: Contributed Nonfinancial Assets

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized as revenue within the statements of activities included $3,837,551 and $4,858,878, respectively, of donated school supplies. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The school supplies are recorded at estimated fair value on the basis of estimates of retail values should similar products be purchased in the United States. Donated product was distributed in 12,727 and 10,650 teacher visits during the years ended June 30, 2023 and 2022.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. There was no contributed service revenue recorded for the years ended June 30, 2023 or 2022.

The Organization also received 7,643 and 8,250 volunteer hours during the years ended June 30, 2023 and 2022, respectively, from many individuals who performed a variety of tasks that assist the Organization, the value of which are not recorded in these financial statements as public support in accordance with generally accepted accounting principles.

Note 7: Retirement Plan

The Organization sponsors a defined-contribution plan covering substantially all employees. The Organization has voluntary employer contributions, matching up to 3% of employee annual gross wages for all full-time employees who have earned at least $5,000 in compensation. Retirement expense was $19,122 and $19,238 for 2023 and 2022, respectively.

Note 8: Endowment Funds

The Organization's governing body is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, the Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures.

Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The Organization's endowment consists of two individual funds established to support the general operations of the Organization. The endowment includes both a donor-restricted endowment fund and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2023 and 2022, was:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	$ 6,979,691	$ -	$ 6,979,691
Donor-restricted endowment	-	2,397,500	2,397,500
	$ 6,979,691	$ 2,397,500	$ 9,377,191

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment	$ 6,367,543	$ -	$ 6,367,543
Donor-restricted endowment	-	2,195,880	2,195,880
	$ 6,367,543	$ 2,195,880	$ 8,563,423

Changes in endowment net assets are as follows for the years ended June 30:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 6,367,543	$ 2,195,880	$ 8,563,423
Investment return			
Investment income, net	144,924	47,659	192,583
Net appreciation	809,231	153,961	963,192
Total investment return	954,155	201,620	1,155,775
Appropriation of endowment assets for expenditure	(342,007)	-	(342,007)
Endowment net assets, end of year	$ 6,979,691	$ 2,397,500	$ 9,377,191

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 7,483,987	$ 162,498	$ 7,646,485
Investment return			
Contributions	-	2,053,907	2,053,907
Investment income, net	115,915	2,558	118,473
Net depreciation	(922,017)	(23,083)	(945,100)
Total investment return	(806,102)	2,033,382	1,227,280
Appropriation of endowment assets for expenditure	(310,342)	-	(310,342)
Endowment net assets, end of year	$ 6,367,543	$ 2,195,880	$ 8,563,423

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide for long-term growth of assets sufficient to preserve the real purchasing power of the principal of its endowments. The return objective shall be accomplished using a balanced strategy of cash equivalents, fixed income securities and equities. The performance objectives will be measured against appropriate industry benchmarks such as the S&P 500 Index and Russell Mid Cap Index.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividend). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization maintains a spending policy of appropriating for distribution each year five percent of its previous twelve quarter moving average endowment fund balance as needed. In 2023 and 2022, $342,007 and $310,342 were appropriated for expenditure, respectively. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 9: Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor, contractual or other restrictions limiting their use, within one year of June 30, comprise the following:

	2023	2022
Cash	$ 650,450	$ 849,149
Pledges receivable	88,946	2,160,070
Interest receivable	21,591	12,479
Investments	10,171,253	7,150,291
	10,932,240	10,171,989
Less financial assets with:		
Donor-imposed restrictions	(2,617,396)	(2,445,464)
Internal designations - endowment	(6,979,691)	(6,367,543)
	$ 1,335,153	$ 1,358,982

The board-designated endowment of $6,979,691 is subject to an annual spending rate of 5% as described in Note 8. Although the Organization does not intend to spend from this fund (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available, if necessary. Use of the board-designated endowment beyond annual distributions would be approved by the Board with the exception of emergency-use withdrawals. The CEO may propose that funds (up to $10,000 in any one fiscal year) be withdrawn for emergency use if approved by the Executive Committee.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization forecasts its future cash flows and monitors its liquidity and reserves regularly.

Note 10: Significant Concentrations

Contributions of financial and nonfinancial assets from one donor comprised approximately 69% of total contribution revenue in 2023 and from two donors comprised approximately 62% of total contribution revenue in 2022.

Note 11: Risks and Uncertainties

Economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 12: Subsequent Events

Subsequent events have been evaluated through October 9, 2023, which is the date the financial statements were available to be issued.