



Financial Statements  
June 30, 2024 and 2023

# New Pathways for Youth, Inc.

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## Independent Auditor's Report

To the Board of Directors  
New Pathways for Youth, Inc.  
Phoenix, Arizona

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of New Pathways for Youth, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, 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 of the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

*Eide Bailly LLP*

Phoenix, Arizona  
October 25, 2024

New Pathways for Youth, Inc.  
Statements of Financial Position  
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,924,589	\$ 3,087,302
Current portion of promises to give, net	347,010	458,035
Prepaid expenses and other assets	46,490	6,258
Investments	3,737,276	3,368,494
Total current assets	7,055,365	6,920,089
Promises to Give, Less Current Portion	39,223	52,483
Property and Equipment, Net	3,303,686	3,322,940
Total assets	\$ 10,398,274	\$ 10,295,512
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 33,922	\$ 58,681
Accrued expenses	88,343	86,436
Total current liabilities	122,265	145,117
Total liabilities	122,265	145,117
Net Assets		
Without donor restrictions	9,509,954	9,390,595
With donor restrictions	766,055	759,800
Total net assets	10,276,009	10,150,395
Total liabilities and net assets	\$ 10,398,274	\$ 10,295,512

New Pathways for Youth, Inc.  
Statements of Activities  
Years Ended June 30, 2024 and 2023

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Operating Revenues, Support, and Gains			
Contributions	\$ 1,473,367	\$ 579,014	\$ 2,052,381
Contributions in-kind	74,347	-	74,347
Government grants	656,641	26,699	683,340
Gross special events revenue	578,641	-	578,641
Less cost of direct benefits to donors	(116,346)	-	(116,346)
Net special event revenue	462,295	-	462,295
Interest and dividends	71,074	-	71,074
Investment Income	269,817	-	269,817
Other income	30,274	-	30,274
Net assets released from restriction	599,458	(599,458)	-
Total operating revenues, support, and gains	<u>3,637,273</u>	<u>6,255</u>	<u>3,643,528</u>
Expenses			
Program services	2,655,098	-	2,655,098
Management and general	446,219	-	446,219
Fundraising	416,597	-	416,597
Total expenses	<u>3,517,914</u>	<u>-</u>	<u>3,517,914</u>
Change in Net Assets	119,359	6,255	125,614
Net Assets, Beginning of Year	<u>9,390,595</u>	<u>759,800</u>	<u>10,150,395</u>
Net Assets, End of Year	<u>\$ 9,509,954</u>	<u>\$ 766,055</u>	<u>\$ 10,276,009</u>

New Pathways for Youth, Inc.  
Statements of Activities  
Years Ended June 30, 2024 and 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Support, and Gains			
Contributions	\$ 1,431,163	\$ 655,652	\$ 2,086,815
Contributions in-kind	67,938	-	67,938
Government grants	376,273	125,000	501,273
Gross special events revenue	530,187	-	530,187
Less cost of direct benefits to donors	(46,839)	-	(46,839)
Net special event revenue	483,348	-	483,348
Interest and dividends	38,932	-	38,932
Investment Income	113,862	-	113,862
Other Income	9,441	-	9,441
Net assets released from restriction	826,661	(826,661)	-
Total operating revenues, support, and gains	<u>3,347,618</u>	<u>(46,009)</u>	<u>3,301,609</u>
Expenses			
Program services	2,205,865	-	2,205,865
Management and general	431,784	-	431,784
Fundraising	406,299	-	406,299
Total expenses	<u>3,043,948</u>	<u>-</u>	<u>3,043,948</u>
Change in Net Assets	303,670	(46,009)	257,661
Net Assets, Beginning of Year	<u>9,086,925</u>	<u>805,809</u>	<u>9,892,734</u>
Net Assets, End of Year	<u>\$ 9,390,595</u>	<u>\$ 759,800</u>	<u>\$ 10,150,395</u>

New Pathways for Youth, Inc.  
Statements of Functional Expenses  
Years Ended June 30, 2024 and 2023

	2024			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,432,761	\$ 239,239	\$ 257,548	\$ 1,929,548
Employee Benefits	110,240	17,100	18,718	146,058
Contract Services	241,993	126,855	82,243	451,091
Scholarships	90,000	-	-	90,000
Advertising	68,205	-	10,366	78,571
Conferences, Conventions, and Meetings	5,924	3,079	809	9,812
Depreciation	106,132	4,765	2,564	113,461
Facility and Equipment	179,983	250	13,681	193,914
Information Technology	16,719	3,422	2,827	22,968
Insurance	35,230	8,673	4,408	48,311
Office Expenses	186,444	19,963	11,106	217,513
Payroll Taxes	109,868	18,439	19,353	147,660
Training and Education	28,678	4,193	800	33,671
Travel	18,890	-	192	19,082
Development	23,100	-	108,328	131,428
Volunteer	931	241	-	1,172
	<u>2,655,098</u>	<u>446,219</u>	<u>532,943</u>	<u>3,634,260</u>
Totals				
Less Expenses Included with Revenues on the Statement of Activities				
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(116,346)</u>	<u>(116,346)</u>
Total Expenses Included in Expense Section on the Statement of Activities	<u>\$ 2,655,098</u>	<u>\$ 446,219</u>	<u>\$ 416,597</u>	<u>\$ 3,517,914</u>



New Pathways for Youth, Inc.  
 Statements of Functional Expenses  
 Years Ended June 30, 2024 and 2023

	2023			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,228,294	\$ 205,169	\$ 220,633	\$ 1,654,096
Employee Benefits	89,531	14,908	15,333	119,772
Contract Services	202,178	146,457	79,221	427,856
Bad Debt	-	-	1,900	1,900
Advertising	61,434	1,132	851	63,417
Conferences, Conventions, and Meetings	3,737	2,300	339	6,376
Depreciation	100,174	4,498	2,420	107,092
Facility and Equipment	118,573	15,044	8,027	141,644
Information Technology	17,235	3,081	2,945	23,261
Insurance	33,484	3,796	5,124	42,404
Office Expenses	180,946	18,641	4,982	204,569
Payroll Taxes	94,653	15,855	16,699	127,207
Training and Education	47,828	800	312	48,940
Travel	14,771	15	329	15,115
Development	10,328	-	93,904	104,232
Volunteer	2,699	88	119	2,906
	<u>2,205,865</u>	<u>431,784</u>	<u>453,138</u>	<u>3,090,787</u>
Less Expenses Included with Revenues on the Statement of Activities Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(46,839)</u>	<u>(46,839)</u>
Total Expenses Included in Expense Section on the Statement of Activities	<u>\$ 2,205,865</u>	<u>\$ 431,784</u>	<u>\$ 406,299</u>	<u>\$ 3,043,948</u>

New Pathways for Youth, Inc.  
Statements of Cash Flows  
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ 125,614	\$ 257,661
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization of discount on promises to give	1,480	-
Recoveries of uncollectible promises to give	(8,007)	-
Net unrealized and realized gains on investments	(152,436)	(41,528)
Depreciation	113,461	107,092
Donated property and equipment	(37,423)	-
Changes in operating assets and liabilities		
Promises to give, net	130,812	307,693
Prepaid expenses and other assets	(40,232)	(1,082)
Accounts payable	(24,759)	32,468
Accrued expenses	1,907	38,991
Net Cash from Operating Activities	110,417	701,295
Investing Activities		
Purchases of investments	(691,381)	(3,343,254)
Proceeds from sale of investments	475,035	-
Purchases of property and equipment	(56,784)	(50,954)
Net Cash used for Investing Activities	(273,130)	(3,394,208)
Net Change in Cash and Cash Equivalents	(162,713)	(2,692,913)
Cash and Cash Equivalents, Beginning of Year	3,087,302	5,780,215
Cash and Cash Equivalents, End of Year	\$ 2,924,589	\$ 3,087,302

## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

New Pathways for Youth, Inc. (the Organization) was organized November 16, 1987. The Organization has positively impacted the lives of more than 8,000 at-risk youth, with dramatic and demonstrable success. In its first year, the Organization provided mentoring services to 40 youths from the Greater Phoenix area. Today, there are over 400 youths served annually.

The Organization has served youths experiencing poverty and four times the adversity of other youths—adversities such as parent incarceration, abuse and neglect, substance abuse, and high school dropout. Through 1:1 mentoring in a connected community of other mentors and youth and evidence based personal development and life skills launches and power ups, this unique approach creates breakthrough in self-destructive thoughts that lead to actions that allow youths to fulfill their potential. The program gives youth the tools to ensure college and career readiness so they are able to create the future they want for themselves- to be successful, productive, and driven adults with a future free of poverty, adversity, and difficulty.

The Organization's program is anchored in intentional, evidence-based tools and practices to ensure the greatest outcomes for the Organization's youth. The Organization's unique approach includes:

- 1:1 Mentoring in a Connected Community of Other Mentors and Youths
- Evidence Based Personal Development and Life Skills Launches and Power Ups
- Case Management and Match Support
- Goal Setting Projects
- College and Career Readiness Sessions
- Mentor Coaching and Support
- Parent Workshops and Referrals

Stable, nurturing relationships with caring adults can prevent and reverse the damaging effects of toxic stress that the youth have experienced, allowing them to tap into their unique gifts and talents and putting them on a path towards success for their future. Through annual third-party evaluation, the Organization measures and evaluates the following short-, mid-, and long-term outcomes that lead to the youth served by the Organization and their success in college and career.

### **Short-Term**

- Increased Sense of Belonging
- Improved Trust in a Caring Adult
- Improved School Attitude
- Improved Peer and Family Attitudes
- Decreased Delinquent Values

Mid-Term

- Improved Connection to Positive Adults
- Improved Social Skills
- Improved Leadership Skills
- Decreased Delinquent Behavior and Peers
- Improved Family Functioning
- Improved School Performance

Long-Term

- Post-Secondary Academic and/or Vocational Success

This year, 77% of the high school seniors in the program graduated high school (unaudited) and 80% are pursuing post-secondary education and training. 93% are first generation in their family to go on to secondary education (unaudited).

Over the 35-year history, the Organization has transformed the lives of more than 8,000 youth through the evidence-based curriculum, which leverages the powerful combination of education, employment, and relationships to disrupt habits that lead to generational poverty. The programs create a 1:30 return on investment (unaudited) by preventing the future need for more costly social and criminal justice services.

The Organization receives substantial support from individuals, businesses, and granting foundations in the Phoenix metropolitan area.

**Cash and Cash Equivalents**

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less if any, to be a cash equivalent.

**Promises to Give**

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2024 and 2023, the allowance was \$7,924 and \$15,931, respectively.

**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 statements of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

### Property and Equipment

Property and equipment additions over \$5,000 or greater than 1% of total expense for group purchases are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2024 and 2023.

### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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 statements of activities as net assets released from restrictions. The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

### Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received

prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances as of June 30, 2024 and 2023. The Organization received cost reimbursable grants of approximately \$33,830 and \$49,694 that have not been recognized at June 30, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred.

### **In-Kind Contributions**

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Organization does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

### **Advertising Costs**

Advertising costs are expensed as incurred and approximated \$79,000 and \$63,000 during the years ended June 30, 2024 and 2023, respectively.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office expenses, facility and equipment, and insurance which are allocated on a square-footage basis; salaries, employee benefits, payroll taxes, advertising, conferences, conventions, and meetings, training and education, travel, development, interest, occupancy, contract services, and volunteer, which are allocated on the basis of estimates of time and effort; and information technology, which is allocated based on estimates of time and costs of specific technology utilized.

### **Income Taxes**

The Organization is organized as an Arizona nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifying for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of 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.

### **Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with promises to give are limited because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of the Organization's mission.

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At June 30, 2024 and 2023, the Organization had approximately \$2,697,000 and \$3,687,000, respectively, in excess of FDIC-insured limits.

### **Contingency**

The Organization's credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2027. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

### **Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

### **Subsequent Events**

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

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2024	2023
Cash and cash equivalents	\$ 2,924,589	\$ 3,087,302
Current portion of promises to give, net	347,010	458,035
Investments	<u>3,737,276</u>	<u>3,368,494</u>
	7,008,875	6,913,831
Less those unavailable for general expenditures within one year		
Restricted by donors with time and/or purpose restrictions	<u>(766,055)</u>	<u>(759,800)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,242,820</u>	<u>\$ 6,154,031</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, to help manage unanticipated liquidity needs, the Organization maintains a \$300,000 line of credit (Note 6). As of June 30, 2024 and 2023, \$300,000 remains available.

**Note 3 - Fair Value Measurements and Disclosures**

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.



In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they are comprised of open-ended mutual funds, and unit and corporate stock with readily determinable fair values based on daily redemption values. The bond obligations and unit investment trusts are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, state interest rates and market rate assumptions, and are classified within Level 2.

Funds held at the Arizona Community Foundation are valued based on the fair value of fund investments as reported by the Arizona Community Foundation. These are considered to be level 2 measurements.

The following tables set forth by level within the fair value hierarchy related to the Organization's assets and liabilities that are measured at fair value as of June 30, 2024:

	2024			
	Level 1	Level 2	Level 3	Total
Assets				
US Government obligations	\$ 271,249	\$ -	\$ -	\$ 271,249
Mutual funds	1,345,779	-	-	1,345,779
Bonds	-	668,995	-	668,995
Common stock	-	-	4,491	4,491
Funds held at Arizona Community Foundation	-	1,446,762	-	1,446,762
	<u>\$ 1,617,028</u>	<u>\$ 2,115,757</u>	<u>\$ 4,491</u>	<u>\$ 3,737,276</u>

The following tables set forth by level within the fair value hierarchy related to the Organization's assets and liabilities that are measured at fair value as of June 30, 2023:

	2023			
	Level 1	Level 2	Level 3	Total
Assets				
US Government obligations	\$ 1,101,610	\$ -	\$ -	\$ 1,101,610
Mutual funds	659,023	-	-	659,023
Bonds	-	321,632	-	321,632
Common stock	-	-	4,491	4,491
Funds held at Arizona Community Foundation	-	1,281,738	-	1,281,738
	<u>\$ 1,760,633</u>	<u>\$ 1,603,370</u>	<u>\$ 4,491</u>	<u>\$ 3,368,494</u>

**Note 4 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at June 30:

	2024	2023
Within one year	\$ 354,934	\$ 473,966
In one to five years	42,122	53,902
	397,056	527,868
Less discount to net present value at 1.07%	(2,899)	(1,419)
Less allowance for uncollectable promises to give	(7,924)	(15,931)
	\$ 386,233	\$ 510,518

At June 30, 2024 and 2023, two donors and three donors accounted for 57 percent and 46 percent of total promises to give, respectively. There was no contribution revenue concentration for the years ended June 30, 2024 and 2023.

**Note 5 - Property and Equipment**

Property and equipment consist of the following at June 30:

	2024	2023
Land	\$ 750,000	\$ 750,000
Building and improvements	2,834,867	2,797,444
Office equipment and furniture	178,707	108,733
Software	12,200	12,200
Construction in progress	-	13,190
	3,775,774	3,681,567
Less accumulated depreciation	(472,088)	(358,627)
	\$ 3,303,686	\$ 3,322,940

**Note 6 - Line of Credit**

The Organization has a \$300,000 revolving line of credit with a bank, secured by all property and equipment. Borrowings under the line bear interest at 1.75% over the prime rate (8.50% and 8.25% at June 30, 2024 and 2023, respectively). Interest is payable monthly, and principal is due at maturity (February 16, 2025). There was no balance on the line of credit at June 30, 2024 and 2023.

**Note 7 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

	2024	2023
Subject to Expenditure for Specified Purpose		
Level up	\$ 513,489	\$ 202,524
Teen nutrition	45,000	45,000
Youth scholarships	75,100	125,000
Summer youth program	5,804	2,489
BIPOC (Black, Indigenous, People of Color) youth	-	25,003
Youth scholarships, subject to passage of time	10,000	-
Promises to give, the proceeds from which have been restricted by donors for		
Level up	-	75,000
Youth scholarships	20,000	-
	<u>669,393</u>	<u>475,016</u>
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>96,662</u>	<u>284,784</u>
	<u>\$ 766,055</u>	<u>\$ 759,800</u>

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

	2024	2023
Expiration of time restrictions	\$ 106,538	\$ 100,750
Expiration of time and purpose restrictions	10,000	-
Satisfaction of purpose restrictions		
Level up	252,524	473,069
New mentor training	-	-
Teen nutrition	45,000	44,000
Youth Scholarships	52,389	-
Capital campaign	108,004	99,335
Parent support	-	25,000
Summer youth program	-	9,510
BIPOC (Black, Indigenous, People of Color) youth	25,003	74,997
	<u>\$ 599,458</u>	<u>\$ 826,661</u>

**Note 8 - Related Party Transactions****Contributions**

Certain members of the Board of Directors and their affiliated companies have made contributions to the Organization during the years ended June 30, 2024 and 2023, totaling approximately \$73,000 and \$37,000, respectively.

**Promises to Give**

Promises to give included \$18,214 and \$73,583 from current and former board members at June 30, 2024 and 2023, respectively. Of these amounts, \$8,514 and \$68,959 for the years ended June 30, 2024 and 2023 were a result of capital pledges made in a previous fiscal year.

**Note 9 - In-Kind Contributions**

For the years ended June 30, 2024 and 2023, in-kind contributions recognized within the statements of activities included the following:

	<u>2024</u>	<u>2023</u>
School supplies	\$ 5,453	\$ 42,149
Program supplies	7,312	-
Clothing	13,218	-
Event tickets	5,341	1,997
Gift cards	11,040	-
Media sponsorship	2,750	-
Storage shed	29,233	-
Basketball court	-	20,748
Office supplies	-	3,044
	<u>\$ 74,347</u>	<u>\$ 67,938</u>

Contributed school supplies, clothing, event tickets, gift cards, storage shed, basketball court and office supplies are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution. Contributed school supplies, clothing, storage shed and the basketball court are used in program services. Event tickets and gift cards are used in fundraising activities. Office supplies are used in management and general activities.