

Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024, 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, 2025 and 2024, 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
September 23, 2025

New Pathways for Youth, Inc.
Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,352,318	\$ 2,924,589
Current portion of promises to give, net	308,707	347,010
Prepaid expenses and other assets	84,200	46,490
Investments	4,024,822	3,737,276
Total current assets	6,770,047	7,055,365
Promises to Give, Less Current Portion, Net	4,639	39,223
Property and Equipment, Net	3,184,346	3,303,686
Total assets	\$ 9,959,032	\$ 10,398,274
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 46,614	\$ 33,922
Accrued expenses	104,524	88,343
Total current liabilities	151,138	122,265
Total liabilities	151,138	122,265
Net Assets		
Without donor restrictions	9,199,729	9,509,954
With donor restrictions	608,165	766,055
Total net assets	9,807,894	10,276,009
Total liabilities and net assets	\$ 9,959,032	\$ 10,398,274

New Pathways for Youth, Inc.
Statements of Activities
Years Ended June 30, 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support, and Gains			
Contributions	\$ 1,754,687	\$ 550,281	\$ 2,304,968
Contributions in-kind	25,841	-	25,841
Government grants	229,966	-	229,966
Gross special events revenue	579,066	-	579,066
Less cost of direct benefits to donors	(55,219)	-	(55,219)
Net special event revenue	523,847	-	523,847
Interest and dividends	51,229	-	51,229
Investment income	291,675	-	291,675
Other income	34,501	-	34,501
Net assets released from restriction	708,171	(708,171)	-
Total revenues, support, and gains	3,619,917	(157,890)	3,462,027
Expenses			
Program services	2,874,254	-	2,874,254
Management and general	463,234	-	463,234
Fundraising	592,654	-	592,654
Total expenses	3,930,142	-	3,930,142
Change in Net Assets	(310,225)	(157,890)	(468,115)
Net Assets, Beginning of Year	9,509,954	766,055	10,276,009
Net Assets, End of Year	\$ 9,199,729	\$ 608,165	\$ 9,807,894

New Pathways for Youth, Inc.
Statements of Activities
Years Ended June 30, 2025 and 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
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 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 Functional Expenses
Years Ended June 30, 2025 and 2024

	2025			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,676,913	\$ 232,257	\$ 266,410	\$ 2,175,580
Employee Benefits	147,377	16,899	23,259	187,535
Contract Services	255,063	133,521	87,668	476,252
Scholarships	40,500	-	-	40,500
Advertising	58,837	254	1,831	60,922
Conferences, Conventions, and Meetings	7,329	390	495	8,214
Depreciation	111,631	5,012	2,697	119,340
Facility and Equipment	145,624	14,434	6,160	166,218
Information Technology	29,791	2,927	3,196	35,914
Insurance	36,651	5,686	4,667	47,004
Loss on Uncollectible Promises to Give	-	-	87,819	87,819
Other	-	5,183	50	5,233
Office Expenses	162,088	17,969	10,718	190,775
Payroll Taxes	137,102	18,721	21,361	177,184
Training and Education	22,374	9,815	199	32,388
Travel	22,434	23	3,213	25,670
Development	15,496	-	128,130	143,626
Volunteer	5,044	143	-	5,187
	<u>2,874,254</u>	<u>463,234</u>	<u>647,873</u>	<u>3,985,361</u>
Totals				
Less Expenses Included with Revenues on the Statement of Activities				
Cost of direct benefits to donors	-	-	(55,219)	(55,219)
	<u>-</u>	<u>-</u>	<u>(55,219)</u>	<u>(55,219)</u>
Total Expenses Included in Expense Section on the Statement of Activities	<u>\$ 2,874,254</u>	<u>\$ 463,234</u>	<u>\$ 592,654</u>	<u>\$ 3,930,142</u>

New Pathways for Youth, Inc.
Statements of Functional Expenses
Years Ended June 30, 2025 and 2024

	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
	2,655,098	446,219	532,943	3,634,260
Totals				
Less Expenses Included with Revenues on the Statement of Activities				
Cost of direct benefits to donors	-	-	(116,346)	(116,346)
	-	-	(116,346)	(116,346)
Total Expenses Included in Expense Section on the Statement of Activities	\$ 2,655,098	\$ 446,219	\$ 416,597	\$ 3,517,914

New Pathways for Youth, Inc.
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	\$ (468,115)	\$ 125,614
Adjustments to reconcile change in net assets to net cash (used for) from operating activities		
Amortization of discount on promises to give	(2,538)	1,480
Loss on uncollectible promises to give	87,819	-
Net unrealized and realized gains on investments	(287,721)	(152,436)
Depreciation	119,340	113,461
Donated property and equipment	-	(37,423)
Changes in operating assets and liabilities		
Promises to give, net	(12,394)	122,805
Prepaid expenses and other assets	(37,710)	(40,232)
Accounts payable	12,692	(24,759)
Accrued expenses	16,181	1,907
	(572,446)	110,417
Net Cash (used for) from Operating Activities		
Investing Activities		
Purchases of investments	(671,588)	(691,381)
Proceeds from sale of investments	671,763	475,035
Purchases of property and equipment	-	(56,784)
	175	(273,130)
Net Cash from (used for) Investing Activities		
Net Change in Cash and Cash Equivalents	(572,271)	(162,713)
Cash and Cash Equivalents, Beginning of Year	2,924,589	3,087,302
Cash and Cash Equivalents, End of Year	\$ 2,352,318	\$ 2,924,589
Supplemental Disclosure of Non-Cash Investing Activity		
Donated storage shed	\$ -	\$ 37,423

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

New Pathways for Youth, Inc. (the Organization) is an Arizona nonprofit serving adolescents ages 13–21 in the Greater Phoenix area who are experiencing poverty and approximately three times the adversity of their peers, as measured by Adverse Childhood Experience (ACE) scores of 3 or higher. Its mission is to transform the lives of youth by providing the support, stability, and skills they need to flourish in the community and in their families. Incorporated on November 16, 1987, it has provided resources to thousands of youths since inception and currently serves more than 300 youth annually. Approximately 94% of those served are BIPOC.

The Organization exists to ensure every young person can live with joy and purpose, confident in their ability to choose their own path. Its research-based model combines long-term, 1:1 mentoring with a structured personal development curriculum and tailored case management, delivered within supportive peer cohorts. Stable, nurturing relationships with caring adults help buffer the effects of toxic stress and support social, emotional, and cognitive development. The program guides youth through its evidence-based, trauma-informed curriculum, which leverages the powerful combination of education, employment, and relationships to disrupt habits that lead to generational poverty. The organization also connects families to resources that create stability and meet basic needs.

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

- Long-term 1:1 mentoring with a committed adult (minimum one-year commitment; average four years), within a connected community of mentors and peers
- Evidence-based personal development and life-skills curriculum (delivered through Level Up Launches and Power Ups)
- Individualized goal setting and action planning
- Case management and match support by program coordinators
- Connections to critical resources for youth and families (e.g., housing assistance, food security, healthcare, and emergency relief)
- College and career readiness sessions
- Mentor training, coaching, and ongoing support
- Parent and caregiver engagement, including optional Caregivers Circle workshops

The Organization conducts annual third-party evaluations to monitor short, mid, and long-term outcomes tied to success in school, work, and life. These evaluations ensure the program is adapted each year to better serve its community. Tracked outcomes include:

- **Short-Term:** increased sense of belonging; successful connections to basic needs and wellness resources; improved attitudes toward school, peers, and family; reductions in stress and harmful thinking patterns

- **Mid-Term:** increased network of supportive adults; improved social and leadership skills; Decreased risk for self-harm through healthy coping strategies; improved family functioning; improved school performance and college readiness
- **Long-Term:** post-secondary academic and/or vocational success; housing and food security stabilization; reduced justice-system involvement; durable support networks

The third-party evaluations indicate improved mental health and wellbeing, academic gains, and higher graduation rates among participants. Historically, approximately 95% of youth graduate high school and 80% pursue postsecondary education or training, with a majority being first-generation students (unaudited). In the most recent program year, 64% of students received their high school diploma, over half of those students pursued post-secondary education or training, and 91% were first generation in their family to do so (all unaudited). Internal analyses estimate a 1:30 return on investment (unaudited), primarily through reduced future social service and criminal justice system costs.

The Organization receives substantial support from individuals, businesses, and granting foundations throughout 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, 2025 and 2024, the allowance was \$10,157 and \$7,924, 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 statements of activities and consists of 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, 2025 and 2024.

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, 2025 and 2024. The Organization received cost reimbursable grants of approximately \$6,829 and \$33,830 that have not been recognized at June 30, 2025 and 2024, respectively, because qualifying expenditures have not yet been incurred. As of June 30, 2025, contributions totaling \$200,000 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met.

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 \$61,000 and \$79,000 during the years ended June 30, 2025 and 2024, respectively.

Functional Allocation of Expenses

The costs of program and supporting services 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. 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, contract services, volunteer and other expenses, 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 files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

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, 2025 and 2024, the Organization had approximately \$13,000 and \$33,800, respectively, in excess of FDIC-insured limits.

Contingency

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes for eligible employers. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at \$7,000 per quarter. During the year ended June 30, 2023, the Organization recorded a \$193,552 benefit related to the credit.

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.

Subsequent Events

The Organization has evaluated subsequent events through September 23, 2025, 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 statements of financial position date, comprise the following:

	2025	2024
Cash and cash equivalents	\$ 2,352,318	\$ 2,924,589
Current portion of promises to give, net	308,707	347,010
Investments	4,024,822	3,737,276
	<u>6,685,847</u>	<u>7,008,875</u>
Less those unavailable for general expenditures within one year		
Restricted by donors with time and/or purpose restrictions	<u>(608,165)</u>	<u>(766,055)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,077,682</u>	<u>\$ 6,242,820</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, 2025 and 2024, \$300,000 remains available.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset 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, 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 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 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 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, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. 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 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. 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.

A significant portion of investment assets are classified within Level 1 because they are comprised of US Government obligations, open-ended mutual funds, and real assets with readily determinable fair values based on daily redemption values. The bond obligations 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 that are measured at fair value as of June 30, 2025:

	2025			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and money market funds (at cost)	\$ -	\$ -	\$ -	\$ 62,602
US Government obligations	369,954	-	-	369,954
Mutual funds	1,524,727	-	-	1,524,727
Bonds	-	429,281	-	429,281
Real assets	117,821	-	-	117,821
Common stock	-	-	4,491	4,491
Funds held at Arizona Community Foundation	-	1,515,946	-	1,515,946
	<u>\$ 2,012,502</u>	<u>\$ 1,945,227</u>	<u>\$ 4,491</u>	<u>\$ 4,024,822</u>

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

	2024			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and money market funds (at cost)	\$ -	\$ -	\$ -	\$ 172,311
US Government obligations	350,623	-	-	350,623
Mutual funds	1,242,335	-	-	1,242,335
Bonds	-	417,310	-	417,310
Real assets	103,444	-	-	103,444
Common stock	-	-	4,491	4,491
Funds held at Arizona Community Foundation	-	1,446,762	-	1,446,762
	<u>\$ 1,696,402</u>	<u>\$ 1,864,072</u>	<u>\$ 4,491</u>	<u>\$ 3,737,276</u>

Note 4 - Promises to Give

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

	2025	2024
Within one year	\$ 318,864	\$ 354,934
In one to five years	5,000	42,122
	323,864	397,056
Less discount to net present value at 1.07%	(361)	(2,899)
Less allowance for uncollectable promises to give	(10,157)	(7,924)
	\$ 313,346	\$ 386,233

At June 30, 2025 and 2024, one donor and two donors accounted for 32 percent and 57 percent of total promises to give, respectively. There was no contribution revenue concentration for the years ended June 30, 2025 and 2024.

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30:

	2025	2024
Land	\$ 750,000	\$ 750,000
Building and improvements	2,834,867	2,834,867
Office equipment and furniture	178,707	178,707
Software	12,200	12,200
	3,775,774	3,775,774
Less accumulated depreciation	(591,428)	(472,088)
	\$ 3,184,346	\$ 3,303,686

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 (7.50% and 8.50% at June 30, 2025 and 2024, respectively). Interest is payable monthly, and principal is due at maturity (February 16, 2027). There was no balance on the line of credit at June 30, 2025 and 2024.

Note 7 - Net Assets with Donor Restrictions

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

	2025	2024
Subject to Expenditure for Specified Purpose		
Level up	\$ 273,815	\$ 451,699
Teen nutrition	48,000	45,000
Youth scholarships	54,600	75,100
Summer youth program	-	5,804
Youth events	15,000	-
	<u>391,415</u>	<u>577,603</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>61,750</u>	<u>96,662</u>
Subject to Expenditure for Specified Purpose and Passage of Time		
Level up	120,000	61,790
Youth scholarships	20,000	10,000
Promises to give, the proceeds from which have been restricted by donors for youth scholarships	<u>15,000</u>	<u>20,000</u>
	<u>155,000</u>	<u>91,790</u>
	<u>\$ 608,165</u>	<u>\$ 766,055</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:

	2025	2024
Expiration of time restrictions	\$ 32,364	\$ 106,538
Expiration of time and purpose restrictions		
Level up	61,790	10,000
Youth Scholarships	15,000	-
Satisfaction of purpose restrictions		
Level up	451,699	252,524
Teen nutrition	45,000	45,000
Summer youth program	5,804	-
Youth Scholarships	40,500	52,389
Capital campaign	56,014	108,004
BIPOC (Black, Indigenous, People of Color) youth	-	25,003
	<u>\$ 708,171</u>	<u>\$ 599,458</u>

Note 8 - Employee Benefits

The Organization has a defined contribution plan (the "Plan") available to all eligible employees. In order to become eligible to participate in the Plan, employees must be 21 years of age and meet a minimum of 6 months of service. The Organization matches 100% of the first 1% and 50% after that up to 6% of the participants' contributions to the Plan for a total up to 3.5% of the individual participants' compensation. Employees become 50% vested in employer matching contribution after 1 year of service and fully vested after 2 years of service. Retirement expense for the years ended June 30, 2025 and 2024 was \$32,315 and \$0, respectively, and is included in Employee Benefits on the Statement of Functional Expenses.

Note 9 - 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, 2025 and 2024, totaling approximately \$72,800 and \$73,000, respectively.

Promises to Give

Promises to give included \$11,300 and \$18,200 from current and former board members at June 30, 2025 and 2024, respectively.

Note 10 - In-Kind Contributions

For the years ended June 30, 2025 and 2024, in-kind contributions recognized within the statements of activities included the following:

	<u>2025</u>	<u>2024</u>
School supplies	\$ 5,052	\$ 5,453
Program supplies	-	12,340
Event tickets	-	5,341
Gift cards	16,555	11,040
Media sponsorship	-	2,750
Storage shed	-	37,423
Photobooth services	4,234	-
	<u>\$ 25,841</u>	<u>\$ 74,347</u>

Contributed school supplies, program supplies, event tickets, gift cards, media sponsorships, storage shed, and photobooth services 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, program supplies, and the storage shed are used in program services. Event tickets, gift cards, media sponsorships, and photobooth services are used in fundraising activities.

All contributed nonfinancial assets received during the years ended June 30, 2025 and 2024 were without donor restrictions.