Report of Independent Auditors
and Financial Statements

Shoes That Fit

June 30, 2024 and 2023

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Board of Directors
Shoes That Fit

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shoes That Fit, which comprise the statements of financial position as of June 30, 2024 and 2023, 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 Shoes That Fit as of June 30, 2024 and 2023, and the change 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 Shoes That Fit 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 Shoes That Fit's ability to continue as a going concern within 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 Shoes That Fit'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 Shoes That Fit'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.

Other Matter

Prior Period Financial Statements and Summarized Comparative Information

We have previously audited Shoes That Fit's June 30, 2023, financial statements, and our report, dated September 22, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it was derived.

Moss Adams LLP

Los Angeles, California
September 12, 2024

Financial Statements

Shoes That Fit
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 891,835	$ 284,608
Investments	1,064,041	955,743
Inventory	6,440,596	1,311,040
Total current assets	8,396,472	2,551,391
FIXED ASSETS		
Office equipment	176,413	176,413
Leasehold improvements	22,532	22,532
Less accumulated depreciation	(142,123)	(115,275)
Total fixed assets	56,822	83,670
OTHER ASSETS		
Prepaid expenses and other assets	12,176	12,112
Right-of-use asset, net	247,593	390,658
TOTAL ASSETS	$ 8,713,063	$ 3,037,831
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 48,437	$ 165,157
Accrued liabilities	104,668	95,278
Current portion of note payable	13,088	4,022
Current portion of operating lease liabilities	127,389	143,260
Total current liabilities	293,582	407,717
Note payable, net of current portion	175,298	144,991
Operating lease liabilities, net of current portion	121,888	253,308
TOTAL LIABILITIES	590,768	806,016
NET ASSETS		
Without donor restrictions	7,434,519	2,147,625
With donor restrictions	687,776	84,190
Total net assets	8,122,295	2,231,815
TOTAL LIABILITIES AND NET ASSETS	$ 8,713,063	$ 3,037,831

See accompanying notes.

Shoes That Fit
Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	2024 Total
REVENUES AND SUPPORT			
Contributions	$ 4,407,730	$ 597,000	$ 5,004,730
Contributions-emergency clothing	4,491	-	4,491
Donated shoes and clothing	13,655,321	-	13,655,321
Net assets released from restriction by payment	3,368	(3,368)	-
Total revenues and support	18,070,910	593,632	18,664,542
EXPENSES			
Program services	11,739,377	-	11,739,377
Management and general	595,672	-	595,672
Fundraising	561,018	-	561,018
Total expenses	12,896,067	-	12,896,067
CHANGE IN NET ASSETS	5,174,843	593,632	5,768,475
OTHER CHANGES			
Investment income, net	112,051	9,954	122,005
Total other changes	112,051	9,954	122,005
CHANGE IN NET ASSETS	5,286,894	603,586	5,890,480
NET ASSETS, BEGINNING OF YEAR	2,147,625	84,190	2,231,815
NET ASSETS, END OF YEAR	$ 7,434,519	$ 687,776	$ 8,122,295

See accompanying notes.

Shoes That Fit
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
REVENUES AND SUPPORT			
Contributions	$ 3,069,015	$ -	$ 3,069,015
Contributions-emergency clothing	62,598	-	62,598
Donated shoes and clothing	8,241,565	-	8,241,565
Net assets released from restriction by payment	600,000	(600,000)	-
Total revenues and support	11,973,178	(600,000)	11,373,178
EXPENSES			
Program services	11,136,192	-	11,136,192
Management and general	406,569	-	406,569
Fundraising	504,496	-	504,496
Total expenses	12,047,256	-	12,047,256
CHANGE IN NET ASSETS	(74,078)	(600,000)	(674,078)
OTHER CHANGES			
Investment income, net	81,173	7,354	88,527
Total other changes	81,173	7,354	88,527
CHANGE IN NET ASSETS	7,095	(592,646)	(585,551)
NET ASSETS, BEGINNING OF YEAR	2,140,530	676,836	2,817,366
NET ASSETS, END OF YEAR	$ 2,147,625	$ 84,190	$ 2,231,815

See accompanying notes.

Shoes That Fit
Statements of Functional Expenses
(with prior year summarized comparative information)
For the Years Ended June 30, 2024 and 2023

	Program Services	Management & General	Fund Raising	2024 Total	2023 Total
Distribution of contributed shoes & clothing	$ 8,525,765	$ -	$ -	$ 8,525,765	$ 7,985,165
Salaries and wages	653,055	374,499	332,807	1,360,361	1,229,258
Payroll taxes	49,244	27,954	24,353	101,551	89,684
Retirement	27,283	23,479	15,326	66,088	55,890
Employee benefits	18,584	5,141	8,421	32,146	29,830
Professional	175	109,991	53,630	163,796	120,440
Bank and investment fees	-	17,421	-	17,421	21,687
Credit card charges	-	8,763	-	8,763	2,196
Professional development	4,040	2,309	5,195	11,544	7,995
Contributed emergency shoes	2,001,388	-	-	2,001,388	1,873,712
Insurance	23,713	5,928	-	29,641	27,696
Newsletter	1,330	-	1,330	2,660	5,035
Office supplies & equipment	40,263	2,368	4,737	47,368	61,361
Postage	8,495	944	9,439	18,878	20,027
Printing	23,565	2,618	26,184	52,367	46,478
Advertising	-	2,527	2,527	5,054	896
Publicity	38,903	-	38,903	77,806	64,650
Recognition	3,642	-	910	4,552	14,732
Lease expense	139,879	8,190	16,381	164,450	154,247
Repairs & maintenance	7,518	443	884	8,845	9,545
Telephone	6,814	400	801	8,015	6,671
Utilities	4,437	262	522	5,221	5,108
Travel & entertainment	51,013	-	12,753	63,766	47,367
Depreciation	22,821	1,342	2,685	26,848	26,805
Dues	814	48	96	958	3,043
Contract labor	16,713	1,045	3,134	20,892	40,749
Licenses	7,968	-	-	7,968	7,970
Special projects	61,955	-	-	61,955	89,019
Total	$ 11,739,377	$ 595,672	$ 561,018	$ 12,896,067	$ 12,047,256

See accompanying notes.

Shoes That Fit
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 5,890,480	$ (585,551)
Depreciation	26,848	26,805
Amortization of operating lease right-of-use assets	143,065	140,748
Net unrealized gain on investments	(91,895)	(81,072)
Donated shoes and clothing in-kind received	(13,659,812)	(8,304,163)
Donated shoes and clothing in-kind distributed	8,525,765	7,985,165
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Inventory	4,491	62,598
Prepaid expenses and other assets	(64)	(190)
Accounts payable	(116,720)	139,677
Accrued liabilities	9,390	7,969
Right-of-use assets and operating lease liabilities	(147,291)	(134,838)
Net cash provided by (used in) operating activities	584,257	(742,852)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment and leasehold improvements	-	(3,292)
Purchase of investments	(894,830)	(24,920)
Proceeds from sale of investments	878,427	194,920
Net cash (used in) provided by investing activities	(16,403)	166,708
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	50,005	-
Repayment of debt	(10,632)	(987)
Net cash provided by (used in) financing activities	39,373	(987)
NET CHANGE IN CASH AND CASH EQUIVALENTS	607,227	(577,131)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	284,608	861,739
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 891,835	$ 284,608

See accompanying notes.

Note 1 – Summary of Significant Accounting Policies

General – Shoes That Fit (the “Organization”) is a non-profit California corporation. Shoes That Fit provides new shoes to children in need so that they can attend school in comfort and with dignity. The organization is dedicated to reducing barriers for children to stay in school and participate in curricular and extracurricular athletic activities, preparing them for a healthy and active future. Research has shown that stress, shame and living in survival mode for children living in poverty disrupt full participation and learning at school, leading to increased dropouts and absenteeism. Shoes are one of the most expensive items that low-income families must provide for children. They are an essential requirement to attend school and are intrinsically tied to a child’s sense of self-worth and belonging. Research shows that just 31% of children living in poverty participate in sports and physical activity programs (compared to 70% of their more affluent peers) due to cost and lack of access. Teachers often tell us that Shoes That Fit is the only resource a school has to provide shoes for their students. Our program model provides kids with new shoes that they can be proud to wear.

Basis of accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of presentation – The Organization’s resources are classified for accounting and reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions. Descriptions of the two net asset categories and types of transactions affecting each category follow:

Net assets without donor restrictions – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donor stipulations results in the release of such restrictions.

Net assets with donor restrictions – Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the Organization. Net assets with donor restrictions also consist of contributed funds subject to donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Cash and cash equivalents – Cash and cash equivalents represent cash and short-term, liquid investments with an original maturity of three months or less, or amounts invested in registered money market funds.

Investments – Investments are carried at fair value. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that change in their values could occur in the near term and that such changes could materially affect the investment values.

At times, investments held with financial institutions may exceed the amount of insurance provided by the Securities Investor Protection Corporation. No losses have been experienced on such investments.

Investment transactions are recorded on a trade-date basis, which results in receivables and payables on investment income that have not yet settled at the financial statement date. At June 30, 2024 and 2023, there were no unsettled trades. Realized gains and losses are calculated using specific identification of units held. Unrealized gains and losses represent gains and losses from changes in the fair value investments from the prior year that have not yet been settled and realized.

Inventory – Inventory, consisting principally of finished goods, are stated at the lower of donated value or net realizable value. Inventory is comprised of donated and purchased shoes which will be distributed to children in need of shoes for school. The purchased shoes are recorded at cost. The donated shoes are recorded at estimated fair value.

Fixed assets – The Organization capitalizes expenditures over $1,000 as property and equipment. Office equipment and leasehold improvements are carried at cost or estimated fair value at date of donation. Depreciation is computed principally by the straight-line method over the useful lives of 5-7 years for office equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement.

Income taxes – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2024, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements and that material positions taken by the Organization would more likely than not be sustained by examination. Accordingly, the Organization has not recorded an income tax liability for uncertain tax benefits as of June 30, 2024 and 2023.

Use of estimates – The preparation of the financial statements in conformity with U.S. GAAP 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 revenue and expenses. While management believes that these estimates are reasonable as of June 30, 2024 and 2023, it is possible that actual results could differ from those estimates.

Credit risk – Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash that is placed in major financial institutions. The Organization has cash in a major financial institution at times in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) during the years ended June 30, 2024 and 2023. Management considers the risk of loss to be minimal due to the creditworthiness of the financial institution in which the funds are held.

Unconditional contributions – Unconditional contributions, including promises to give, are recognized when the donor makes a pledge to give to the Organization or when received. Contributions received with donor-imposed restrictions are reported as with donor restriction revenues. Upon meeting the restrictions imposed by the donor, the restricted revenues are reclassified to without donor restriction. Conditional contributions in which there is a barrier to overcome and a right of return exists are recorded as revenue in the period in which the condition is met. There were no conditional contributions for the years ended June 30, 2024 and 2023.

Donated shoes and clothing – The Organization receives a significant number of donated shoes and clothing for distribution to children. The donated items are recorded at estimated fair value as a revenue and related expense on the accompanying financial statements. Such contributions amounted to $13,659,812 and $8,304,163 for the years ended June 30, 2024 and 2023. The fair value was derived from the average cost of the shoes and clothing donated.

Advertising – The Organization engages in advertising for certain programs and fundraising events. These costs are recorded as advertising expense in the period incurred. For the years ended June 30, 2024 and 2023, advertising costs were $5,054 and $896, respectively.

Functional expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. When appropriate, costs are allocated on a direct cost basis to the grant program or supporting services. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Expenses for salaries, payroll taxes and employee benefits are allocated based on estimates of time and effort. Expenses are allocated based on usage of space.

Leases – ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. The Organization elected not to apply the recognition requirements in ASC 842 to short-term leases (i.e., leases of 12 months or less). Short-term leases are recognized on a straight-line basis over the lease term without recognition of a lease obligation liability and ROU asset. The Organization elected this accounting policy for all classes of underlying assets. In addition, in accordance with Topic 842, variable lease payments are expensed in the period in which the obligation for those payments is incurred and are not included in the recognition of a lease liability or ROU asset. The Organization has also elected a practical expedient to not separate non-lease components from the lease component.

Options to extend or terminate a lease are considered as part of calculating the lease term to the extent that the option is reasonably certain of exercise. The operating lease does not include the option to purchase the leased property, nor residual value guarantees provided by the lessee, nor restrictions or covenants imposed by the lease. The depreciable life of assets and leasehold improvements are limited by the expected lease term.

The incremental borrowing rate represents the rate of interest that the Organization would expect to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. When determinable, the Organization uses the rate implicit in the lease to determine the present value of lease payments. As the Organization’s leases do not provide an implicit rate, the Organization uses the risk-free rate based on the information available at the lease commencement date in determining the present value of lease payments.

Recently adopted accounting standards – In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326)*: *Measurement of Credit Losses on Financial Instruments*, which introduces a new accounting model for estimating credit losses on financial assets, including accounts receivable and contract assets. The new model, known as the Current Expected Credit Loss (CECL) model.

Effective July 1, 2023, the Organization adopted the CECL standard for accounting for credit losses on financial assets, including accounts receivable. The adoption of the CECL standard resulted in a change in the Organization 's accounting policy for credit losses, as it requires a forward-looking approach to estimating expected credit losses, rather than the previous incurred loss model. The Organization has implemented the CECL standard using a modified retrospective approach. The adoption of the CECL standard did not have a material impact on the Organization 's financial position, changes in net assets, or cash flows.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

The Organization has evaluated events subsequent to June 30, 2024, and through September 12, 2024, the date the financial statements were available to be issued, and it was determined that no events have occurred that would require adjustments to the financial statements.

Note 2 – Investments

Investments at fair value consisted of the following as of June 30, 2024 and 2023:

	2024	2023
Money market funds	$ 8,568	$ 9,766
Mutual funds	288,398	234,580
Exchange traded funds	767,075	711,397
Total	$ 1,064,041	$ 955,743

Note 3 – Fair Value Measurements

U.S. GAAP defines fair value as the prices 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 is based on the assumptions that market participants would use, including a consideration of non-performance risk. U.S. GAAP determines three levels of inputs that may be used to measure fair value as follows:

Level 1 – Quoted unadjusted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

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

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

As of June 30, 2024 and 2023, all investments were valued using the Level 1 fair value measurement (quoted prices in active markets).

Note 4 – Retirement Plan

The Organization has a 403(b)-salary deferral plan whereby employees can contribute up to an amount as allowed under Internal Revenue Service Regulations. The Organization matches employee contributions to a maximum of 10% of their salary. Retirement expense for the years ended June 30, 2024 and 2023, was $66,087 and $55,890, respectively.

Note 5 – Net Assets

At June 30, 2024 and 2023, net assets with donor restrictions consisted of the following:

	2024	2023
Restricted for time	$ 597,000	$ -
Perpetually restricted	90,776	84,190
	$ 687,776	$ 84,190

Note 6 – Endowment

The Organization has funds that are functioning as an endowment solely through designation by the Board (quasi-endowment). The earnings provide revenues to fund future operations.

The Organization has adopted investment policies for its quasi-endowment assets that attempt to provide a predictable stream of funding to activities supported by its quasi-endowment while seeking to maintain the purchasing power of the quasi-endowment assets. The endowment assets are invested in a manner to earn, over the long term, an annualized return (net of investment management fees) that exceeds inflation and meets or outperforms the target asset mix relative to the assigned benchmark indices. Actual returns in any given year may vary from these amounts.

Changes in the Organization's quasi-endowment net assets at June 30, 2024 and 2023, consisted of the following:

	Without Donor Restrictions	
	2024	2023
Net assets without donor restrictions–board-designated, beginning of year	$ 870,765	$ 801,223
Investment gain	112,051	69,542
Transfers	(10,342)	-
Net assets without donor restrictions–board-designated, end of year	$ 972,474	$ 870,765

Net assets with donor restrictions include an endowment fund to be maintained in perpetuity. Any earnings are restricted for the purchase of shoes.

The Board has interpreted the California Uniform Prudent Management of Institutional Funds Act (CUPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund is classified as restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by CUPMIFA. In accordance with CUPMIFA, the following factors are to be considered in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the depreciation and appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Changes in the Organization's donor-restricted endowment at June 30, 2024 and 2023, consisted of the following:

	With Donor Restrictions	
	2024	2023
Net assets, beginning of year	$ 84,190	$ 76,836
Investment gain	9,954	7,354
Distributions	(3,368)	-
Net assets with donor restrictions, end of year	$ 90,776	$ 84,190

Note 7 – Liquidity and Availability

The following reflects the Organization's financial assets as of June 30, 2024 and 2023, and the amounts of those financial assets that are available for use within one year to meet general expenditures:

	2024	2023
Cash and cash equivalents	$ 891,835	$ 284,608
Investments	1,064,041	955,743
Total financial assets	1,955,876	1,240,351
Less amounts unavailable for general expenditure within one year		
Perpetual endowments	90,776	84,190
Financial assets available to meet cash needs for general expenditures within one year	$ 1,865,100	$ 1,156,161

The Organization operates with a balanced budgeting process and anticipates collection of sufficient revenue to cover general expenditures. As part of the Organization's liquidity management plan, it considers the composition of its financial assets to ensure sufficient funds are available as obligations come due. The Organization does not normally spend from its quasi-endowment other than amounts appropriated for general expenditure; however, amounts from the quasi-endowment could be made available through Board's approval and are included in the table above.

Note 8 – Notes Payable

In 2020, the Organization received an unsecured Economic Injury Disaster Loan from the U.S. Small Business Administration for $150,000. The loan is dated June 26, 2020, and matures on June 26, 2050. Monthly payment of interest and principal of $641 commenced in January 2023. The annual interest rate on the loan is 2.75%. The Organization is required to use the proceeds of the loan solely as working capital to alleviate economic injury caused by disaster which began in 2020. Principal maturities of the loan are as follows:

Years Ending June 30,

2025	$	3,812
2026		3,918
2027		4,027
2028		4,138
2029		4,254
Thereafter		125,213
Total	$	145,362

In August 2023, the Organization entered into a secured loan agreement for $50,005. The loan is dated August 14, 2023, and matures on August 13, 2028. Monthly payment of interest and principal of $1,019 commenced in September 2023. The annual interest rate on the loan is 8.24%. Principal maturities of the loan are as follows:

Years Ending June 30,

2025	$	9,276
2026		10,070
2027		10,932
2028		12,746
Total	$	43,024

Note 9 – Leases

The Organization has entered into operating leases for the space used for administrative offices in Claremont, California. The Organization leased office space under a lease beginning March 1, 2022, and ending February 28, 2025. The Organization leased additional office space in 2019 under an operating lease beginning September 1, 2019, and ending December 31, 2026. Lease expense for the years ended June 30, 2024 and 2023, was $164,450 and $154,247, respectively. The leases are classified as operating leases and contains provisions calling for an increase in the monthly rental rate over time.

The components of lease expense for the years ended June 30, 2024 and 2023, were as follows:

	2024	2023
Lease expense		
Operating lease expense	$ 164,450	$ 154,247
Total lease expense	$ 164,450	$ 154,247

The components of lease assets and liabilities on the statement of financial position as of June 30, 2024 and 2023, are as follows:

	2024	2023
Operating lease ROU assets	$ 531,406	$ 531,406
Accumulated amortization	(283,813)	(140,748)
Operating lease ROU assets, net	$ 247,593	$ 390,658
Current operating lease liabilities	$ 127,389	$ 143,260
Long-term operating lease liabilities	121,888	253,308
Total operating lease liabilities	$ 249,277	$ 396,568
Weighted-average remaining lease term in years for operating leases	2.15 years	2.95 years
Weighted-average discount rate for operating leases	2.87%	2.87%

The following table provides supplemental information related to the operating leases in measuring the lease liabilities as of and for the years ended June 30, 2024 and 2023:

	2024	2023
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 147,291	$ 134,838
ROU assets obtained in exchange for new operating lease liabilities	$ -	$ 531,406

The following represents the minimum lease payments remaining under non-cancelable operating leases for premises as of June 30, 2024:

Years Ending June 30,	
2025	$ 132,825
2026	86,335
2027	44,246
Total lease payments	263,406
Less: imputed interest	(14,129)
Operating lease liabilities as of June 30, 2024	$ 249,277

Note 10 – Commitments and Contingencies

Litigation – From time to time, the Organization may be subject to certain claims that arise in the ordinary course of its activities. The Organization accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. In the opinion of management, there are no pending claims or assertions against the Organization of which the outcome is expected to result in a material adverse effect on the financial position, results of operations, or cash flows of the Organization.

MOSSADAMS