

FINANCIAL BEGINNINGS

FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

(With Comparative Totals for the Year Ended June 30, 2024)

INDEPENDENT AUDITOR'S REPORT



FINANCIAL BEGINNINGS
(an Oregon non-profit organization)

FINANCIAL BEGINNINGS

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Financial Beginnings
Portland, Oregon

Opinion

We have audited the accompanying financial statements of Financial Beginnings (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Financial Beginnings as of June 30, 2025, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Financial Beginnings and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Financial Beginnings 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Financial Beginnings' 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 Financial Beginnings' 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.

Report on Summarized Comparative Information

We have previously audited Financial Beginnings' 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bashar E Johnson, P.C.

FINANCIAL BEGINNINGS
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(With Comparative Totals as of June 30, 2024)

ASSETS		2025	2024
CURRENT ASSETS			
Cash and cash equivalents (Note 3)	\$	900,032	\$ 826,096
Investments (Note 4)		129,580	106,966
Accounts receivable		213,575	164,027
Employee retention credits receivable (Note 11)		83,726	76,962
Prepaid expenses		9,387	4,432
TOTAL CURRENT ASSETS		1,336,300	1,178,483
Operating lease right of use asset (Note 10)		9,186	51,981
Fixed assets (Note 7)		-	-
TOTAL NON-CURRENT ASSETS		9,186	51,981
TOTAL ASSETS	\$	1,345,486	\$ 1,230,464
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	28,262	\$ 16,900
Accrued payroll		125,332	64,910
Accrued vacation		87,869	66,537
Deferred revenue		-	10,417
Operating lease liability - current (Note 10)		10,163	47,289
TOTAL CURRENT LIABILITIES		251,626	206,053
Operating lease liability - long term (Note 10)		-	10,163
TOTAL LIABILITIES		251,626	216,216
NET ASSETS:			
Net assets without donor restrictions (Note 8)		921,664	773,626
Net assets with donor restrictions (Note 9)		172,196	240,622
Total net assets		1,093,860	1,014,248
TOTAL LIABILITIES AND NET ASSETS	\$	1,345,486	\$ 1,230,464

The accompanying notes are an integral
part of the financial statements.

FINANCIAL BEGINNINGS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025			Comparative Totals 2024
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues:				
Grants and contributions	\$ 1,852,130	\$ 112,566	\$ 1,964,696	\$ 1,079,031
Contributions of non-financial assets (Note 6)	24,579	-	24,579	12,410
Program income	201,730	-	201,730	76,909
Employee Retention Credits (Note 11)	70,620	-	70,620	65,000
Interest income	51,967	-	51,967	26,724
Investment income (Note 4)	12,614	-	12,614	2,163
Other income	249	-	249	-
	<u>2,213,889</u>	<u>112,566</u>	<u>2,326,455</u>	<u>1,262,237</u>
Net assets released from restrictions	<u>180,992</u>	<u>(180,992)</u>	<u>-</u>	<u>-</u>
Total revenues	2,394,881	(68,426)	2,326,455	1,262,237
Expenses:				
Program services	1,370,829	-	1,370,829	1,018,024
General and administrative	514,906	-	514,906	261,052
Fundraising	361,108	-	361,108	297,503
Total expenses	<u>2,246,843</u>	<u>-</u>	<u>2,246,843</u>	<u>1,576,579</u>
Change in net assets	148,038	(68,426)	79,612	(314,342)
Net assets, beginning of year	773,626	240,622	1,014,248	744,116
Net assets contribution from affiliates	<u>-</u>	<u>-</u>	<u>-</u>	<u>584,474</u>
Net assets, end of year	<u>\$ 921,664</u>	<u>\$ 172,196</u>	<u>\$ 1,093,860</u>	<u>\$ 1,014,248</u>

The accompanying notes are an integral
part of the financial statements.

FINANCIAL BEGINNINGS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	2025				Comparative Totals 2024
	Program Services	General and Administrative	Fundraising	Total	
Salaries and wages	\$ 955,029	\$ 290,216	\$ 262,144	\$ 1,507,389	\$ 999,023
Employee benefits	130,354	40,412	32,249	203,015	117,712
Payroll taxes	85,352	26,854	23,144	135,350	77,769
Program expense	39,391	20,798	-	60,189	81,803
Cost of materials sold	1,043	-	-	1,043	31,273
Occupancy	28,163	10,257	11,952	50,372	26,778
Communications	17,603	8,239	1,810	27,652	17,118
Advertising and marketing	2,067	1,782	227	4,076	1,801
Office expenses	22,092	21,607	16,852	60,551	39,926
Travel	19,853	16,384	2,944	39,181	16,835
Professional fees	65,100	75,561	9,590	150,251	159,284
Fundraising event	-	-	-	-	-
Insurance	4,782	2,796	196	7,774	7,257
Depreciation	-	-	-	-	-
TOTAL EXPENSES	\$ <u>1,370,829</u>	\$ <u>514,906</u>	\$ <u>361,108</u>	\$ <u>2,246,843</u>	\$ <u>1,576,579</u>

The accompanying notes are an integral
part of the financial statements.

FINANCIAL BEGINNINGS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from grants and contributions	\$ 1,979,004
Cash received from licensing and sale of materials	191,562
Cash received from interest and other revenue	55,181
Cash paid to employees and suppliers	<u>(2,138,597)</u>
Net cash provided by (used in) operating activities	<u>87,150</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	\$ <u>(13,214)</u>
Net cash provided by (used in) investing activities	<u>(13,214)</u>
Net change in cash	73,936
Cash and cash equivalents, beginning of year	<u>826,096</u>
Cash and cash equivalents, end of year	<u>\$ 900,032</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES**

Change in net assets	\$ 79,612
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Realized and unrealized gains and losses	(9,400)
Change in assets and liabilities:	
(Increase) in accounts receivable	(49,548)
(Increase) in ERC receivable	(6,764)
(Increase) in prepaid assets	(4,955)
Increase in accounts payable	11,362
Increase in accrued payroll	60,422
Increase in accrued vacation payable	21,332
Decrease in deferred revenue	(10,417)
Net change in operating lease right of use assets and lease liabilities	<u>(4,494)</u>
Net cash provided (used) by operating activities	<u>\$ 87,150</u>

The accompanying notes are an integral
part of the financial statements.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. ORGANIZATION

Financial Beginnings (the "Organization") is a nonprofit corporation organized in the State of Oregon. The Organization works to increase the financial literacy of youth and young adults in the United States of America. The Organization receives funding from grants and contributions and payments from affiliates for products and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash and short-term investments with maturities of three months or less to be cash.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. At June 30, 2025 the amount of cash and cash equivalents at financial institutions that were not insured by FDIC totaled \$783,672. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

Investments in equity securities and mutual funds with readily determinable fair values and all investments in debt securities and mutual funds are carried at fair value in the statement of financial position.

Investment income or loss (including gains and losses on investments, interest and dividends) are included in the statement of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law. Investment income or loss that is limited to specific uses by donor-imposed restrictions may be reported as increases or decreases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income or loss is recognized. Investment income, including realized and unrealized gains and losses, is allocated annually to various restricted or designated funds, when required.

Accounts Receivable

Accounts receivable are stated at the amount invoiced to the client, less a reasonable allowance for doubtful accounts. The allowance for doubtful accounts is estimated by management based on the amount and regularity of subsequent collections, payment history, and management's knowledge of current financial circumstances of the client or contracting agency. Receivables are written off when management determines that the possibility of collection is remote. Management has determined that no allowance was deemed necessary at June 30, 2025.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition

Revenue from contracts with customers is recorded based on Accounting Standards Codification (ASC) 606, *Revenue from contracts with customers*, which provides a five-step analysis of contracts to determine when and how revenue is recognized.

Program service revenue is comprised of licensing fees. Licensing fees are billed and collected up front. Revenues are recognized at the beginning of the stated license period as the licenses provide a right to use the Organization's financial literacy materials, which is the performance obligation.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Capital Assets

Capital assets are recorded at cost. Acquisitions, renovations and repairs which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed assets are recorded at fair market value on the date of contribution. Contributed services which extend the useful life or increase the value of assets are recorded at fair value. Depreciation is recorded on a straight-line basis over the estimated useful life of the assets, which is generally seven years for furniture and equipment and three years for leasehold improvements.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Advertising Costs

Advertising is expensed as incurred. Advertising expenses totaled \$4,076 for the year ended June 30, 2025.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, prepaid expenses and accounts payable, their fair value approximates carrying value.

Income Taxes

The Organization received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Fundraising Expenses

The Organization follows the guidance in ASC 958-720 related to accounting for costs of activities that include fundraising. As a result, if a fundraising activity contains joint costs that might be allocated to programs or other activities, specific criteria regarding the audience and purpose of activity will be considered before costs will be allocated. If the criteria are not met, all costs are reported as fundraising expenses. During the year ended June 30, 2025 no joint costs were allocated to programs or other activities. Total fundraising expenses for the year were \$361,108.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Leases

The Organization leases office space and determines if an arrangement is a lease at inception.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position. 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.

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Summarized Financial Information for 2024

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to current year presentation.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets at June 30, 2025:

Cash and cash equivalents	\$ 900,032
Investments	129,580
Accounts receivable	213,575
Employee retention credits receivable	<u>83,726</u>
	1,326,913
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(172,196)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$1,154,717</u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization's cash needs are expected to be met on a monthly basis from regular revenue sources. In general, the Organization maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

4. INVESTMENTS

FASB ASC 820 establishes a framework for measuring fair value, clarifies the definition of fair value and expands disclosures about fair-value measurements. FASB ASC 820 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. FASB ASC 820 establishes a valuation hierarchy for disclosure of fair value measurements. The categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The categories within the valuation hierarchy are described below:

FINANCIAL BEGINNINGS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

4. INVESTMENTS, Continued

Level 1 – Financial instruments with quoted prices in active markets for identical assets or liabilities. The Organization’s level 1 financial instruments consist of mutual funds.

Level 2 – Financial instruments with quoted prices in active markets for similar assets or liabilities. Level 2 fair value measurements are determined using either prices for similar instruments or inputs that are either directly or indirectly observable, such as interest rates. The Organization does not have any financial assets or liabilities being measured at fair value that are classified as level 2 financial instruments.

Level 3 – Inputs to the fair value measurements are unobservable inputs or valuation techniques. The Organization does not have any financial assets or liabilities being measured at fair value that are classified as level 3 financial instruments.

Cash equivalents and investments, stated at fair value at June 30, 2025 include:

	<u>Fair Value</u>	<u>Fair Value Measurements</u>
Mutual funds	\$ <u>129,580</u>	Level 1

Investment income in the statements of activities consist of the following for the year ended June 30, 2025:

Dividends and interest	\$ 3,214
Realized and unrealized gain	<u>9,400</u>
	<u>\$ 12,614</u>

As of June 30, 2025, investments of \$129,580 have been designated for endowment by the Board of Directors. The Organization’s endowment is comprised of net assets without donor restrictions.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. INVESTMENTS, Continued

The following table sets forth a summary of the changes in endowment net assets for the year ended June 30, 2025:

Balance, beginning of year	\$ 106,966
Interest and dividends	3,214
Net realized and unrealized gain	9,400
Contributions	<u>10,000</u>
Balance, end of year	\$ <u>129,580</u>

5. INVESTMENT POLICY AND OBJECTIVES

Endowment Policy

Purpose of the Endowment

The Endowment will be operated in perpetuity and is to provide a long-term source of revenue for the Organization's activities that are in compliance with Section 501(c)(3) of the Internal Revenue Code. The Endowment will be administered in accordance with the Uniform Prudent Management of Institutional Funds Act as adopted by the State of Oregon. Any future contributions to the Endowment will be subject to this Endowment Policy.

Spending Policy

The Board may annually appropriate for expenditure an amount deemed prudent given the purpose of the Endowment. The fair market value will be calculated by taking the quarterly average of the fair market value of the Endowment's assets over the three years immediately preceding the year in which the appropriation for expenditure is made. If the Endowment has been in existence for less than three years, the calculation will be for the period of time the Endowment has been in existence. The Spending Rate should not exceed 7% unless the board approves strategic or emergency spending.

Investment Considerations

All individuals responsible for managing and investing the Organization's institutional funds must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.

FINANCIAL BEGINNINGS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

5. INVESTMENT POLICY AND OBJECTIVES, Continued

Guidelines for Investing

The investment strategy will emphasize long-term real growth based on a total return of the portfolio with a target to achieve a total return (income and appreciation) of 5% net of inflation, as measured by PCE, over a full market cycle (3-5 years). The target includes a moderate risk tolerance. The portfolio is structured with a long-term time horizon in mind yet will take advantage of market and investment opportunities when identified. Relative to other investment objectives, this portfolio will generally have a greater allocation to equity-related strategies compared to cash and traditional fixed income.

The approved asset allocation indicates a target allocation range for each asset class. It is not anticipated that the portfolio will be positioned at each target all of the time.

6. CONTRIBUTED NONFINANCIAL ASSETS

For the year ended June 30, 2025, contributed nonfinancial assets recognized in the statement of activities were as follows:

		<u>Revenue Recognized</u>	<u>Utilization in Programs</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques</u>
Professional services	\$	24,579	Program services	None	Fair value of the services

Contributed contract services are valued at the estimated fair value based on current rates for similar services. Contributed professional services were used for program and supporting services.

7. FURNITURE AND EQUIPMENT

Furniture and equipment at June 30, 2025 consists of the following:

Office furniture		\$ 1,595	
Less accumulated depreciation		<u>(1,595)</u>	
		\$ <u> -</u>	

Depreciation expense was \$0 for the year ended June 30, 2025.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets without donor restrictions as of June 30, 2025 are summarized as follows:

Available for programs and general operations	\$ 792,084
Designated by the Board of Directors	<u>129,580</u>
Net assets without donor restrictions	<u>\$ 921,664</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2025 consists of the following:

Program development and translation	\$ 132,895
Delivery of programs in Oregon	19,453
Delivery of programs in Washington	3,564
Delivery of programs in Nebraska	4,375
System upgrades	<u>11,909</u>
	<u>\$ 172,196</u>

10. OPERATING LEASES

The Organization leases office space under non-cancelable operating lease agreements which expire in March and October 2025. As of June 30, 2025 assets recorded under operating leases were \$9,186 and operating lease liabilities were \$10,163. Total operating lease cost under these operating lease agreements aggregated \$50,157 for the year ended June 30, 2025.

The office lease expiring in October 2025 has a remaining lease term of 4 months and discount rate of 0.22% for the calculation of the present value of the lease asset and liability.

The operating lease liability matures as follows:

Year Ending June 30, 2026	\$ <u>10,168</u>
Total lease payments	10,168
Less interest	<u>(5)</u>
Present value of operating lease liability	<u>\$ 10,163</u>

Total cash flow under the terms of the operating lease was \$47,440 for the year ended June 30, 2025.

FINANCIAL BEGINNINGS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

11. EMPLOYEE RETENTION CREDITS

The Organization had outstanding claims under the CARES Act, which provided an employee retention credit (“ERC”), which is a refundable tax credit against certain employment taxes for eligible employers. The program closed in 2021 with a deadline to submit claims by January 31, 2024.

Due to uncertainty of the claim being approved by the Internal Revenue Service, the Organization has a policy to record the ERC in the year it receives written acknowledgement that the claim has been approved.

As of June 30, 2025, ERC receivable including interest was \$83,726. For the year ended June 30, 2025 ERC revenue was \$70,620.

12. SUBSEQUENT EVENTS

The Organization has evaluated for subsequent events through November 21, 2025, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2025.