National Veterans Foundation, Inc.

Financial Statements

As of and for the Year Ended December 31, 2023

and

Independent Auditor's Report

National Veterans Foundation, Inc.
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Independent Auditor's Report

Board of Directors
National Veterans Foundation

Opinion

We have audited the accompanying financial statements of National Veterans Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets 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 National Veterans Foundation as of December 31, 2023, and the changes in its 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 National Veterans Foundation 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 National Veterans Foundation'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 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, including omissions, 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 National Veterans Foundation'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 National Veterans Foundation'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.

Lawrence R. Mitchell & Company

Lawrence R. Mitchell & Company
Certified Public Accountants
A Professional Corporation
El Segundo, California

October 17, 2024

National Veterans Foundation, Inc.
Statement of Financial Position
December 31, 2023

Assets

Current assets:	Amount
Cash	$ 282,081
Receivables	47,621
Investments	2,141,287
Total current assets	2,470,989
Property and equipment	
Property and equipment, net	46,865
Other assets	
Security deposit	5,545
Right-of-use assets - operating	114,445
Total other assets	119,990
Total assets	$ 2,637,844

Liabilities and Net Assets

Current liabilities:	
Accounts payable	5,798
Accrued and other current liabilities	16,264
Current portion of lease liabilities - operating	78,364
Total current liabilities	100,426
Long-term liabilities:	
Lease liabilities - operating	33,850
Total liabilities	134,276
Net assets:	
Without donor restrictions	2,341,046
With donor restrictions	162,522
Total net assets	2,503,568
Total liabilities and net assets	$ 2,637,844

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

National Veterans Foundation, Inc.
Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	Donor restrictions		
	Without	With	Amount
Public support:			
Contributions	$ 738,727	$ -	$ 738,727
In-kind contributions	1,088,851	-	1,088,851
	1,827,578	-	1,827,578
Net assets released from restriction	83,405	(83,405)	-
Other income (losses):			
Dividend and interest income, net	13,793	-	13,793
Realized and unrealized gains on investments	348,009	-	348,009
	361,802	-	361,802
Total public support and other income	2,272,785	(83,405)	2,189,380
Operating expenses:			
Program services	1,800,641	-	1,800,641
Support services:			
Management and general	86,400	-	86,400
Fundraising	26,677	-	26,677
Total support services	113,077	-	113,077
Total operating expenses	1,913,718	-	1,913,718
Net change in net assets	359,067	(83,405)	275,662
Net assets:			
Net assets, beginning of year	1,981,979	245,927	2,227,906
Net assets, end of year	$ 2,341,046	$ 162,522	$ 2,503,568

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

National Veterans Foundation, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023

Description	Program Services	Support Services: Mgt. & General	Support Services: Fund Raising	Support Services: Subtotal	Total
Salaries and wages	$ 426,005	$ 27,778	$ 6,192	$ 33,970	$ 459,975
Payroll taxes and employee benefits	54,043	3,524	785	4,309	58,352
Insurance	16,106	3,020	1,007	4,027	20,133
Miscellaneous	-	6,948	-	6,948	6,948
Facilities	69,199	9,330	3,110	12,440	81,639
Postage and delivery	1,427	267	89	356	1,783
Professional fees and contract services	56,242	14,500	-	14,500	70,742
Telephone	21,705	2,369	3,813	6,182	27,887
Travel	2,182	658	5,922	6,580	8,762
Auto expenses	14,414	2,546	10	2,556	16,970
Office expense	32,584	6,110	2,037	8,147	40,731
Promotion and marketing	-	7,538	3,712	11,250	11,250
Outreach services	1,579	-	-	-	1,579
Depreciation expense	16,304	1,812	-	1,812	18,116
Subtotals	711,790	86,400	26,677	113,077	824,867
Donated materials	1,088,851	-	-	-	1,088,851
	1,800,641	86,400	26,677	113,077	1,913,718
	94%	5%	1%	6%	100%

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

National Veterans Foundation, Inc.
Statement of Cash Flows
For the Year Ended December 30, 2023

Cash flows from operating activities:	Amount
Change in net assets	$ 275,662
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation expense	18,116
Reinvested interest and dividend income	(34,048)
Realized and unrealized gain on investments	(348,009)
Investment expense	20,255
Amortization of operating leased assets	75,948
Decrease in:	
Receivables	26,575
Increase (decrease) in:	
Accounts payable	(2,143)
Accrued and other current liabilities	7,482
Lease liabilities	(75,627)
Total adjustments	(311,451)
Net cash used by operating activities	(35,789)
Cash flows from investing activities:	
Purchases and settlements of investments (net)	(226,878)
Net cash used by investing activities	(226,878)
Net decrease in cash	(262,667)
Cash at beginning of year	544,748
Cash at end of year	$ 282,081

Supplemental disclosures of cash flow information:	
Cash paid during year for:	
Interest	$ -
Income taxes	$ -

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

National Veterans Foundation, Inc.
Notes to the Financial Statements
As of and for the Year Ended December 31, 2023

1. Summary of significant accounting policies

This summary of significant accounting policies of National Veterans Foundation, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements.

Nature of the Organization

National Veterans Foundation, Inc. is a California nonprofit corporation operating a national crisis and information hotline for veterans and their families throughout the United States, implementing public awareness programs that consistently draw attention to the needs of America's veterans and providing outreach services that provide veterans in need with food, clothing, transportation, employment and other essential services. The Organization's support comes primarily from individual and corporate donor contributions.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

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

- *With Donor Restrictions:* Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 consolidated statements of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

1. **Summary of significant accounting policies (continued)**

Net Assets (continued)

- *Without Donor Restrictions:* Net assets not subject to donor-imposed stipulations. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

Revenue and revenue recognition

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a 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.

Donated materials and services

Contributions of noncash assets are recorded at their fair values in the period received. Donated securities were recorded at estimated fair market value on the date of transfer. Donated materials are valued at fair value provided by the donor. Donated services are valued using the average hourly rate for identical or similar services under a "like-kind" methodology. The Organization recognizes donated services and materials, that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. The Organization receives donated materials used in connection with its Village for Veterans program.

During the year ended December 31, 2023, the Organization received the following donated materials:

	Amount
Hygiene products	$ 551,484
Trading cards	347,480
Food items	179,815
Apparel	10,072
	$ 1,088,851

Cash and cash equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. There were no cash equivalents at December 31, 2023.

1. Summary of significant accounting policies (continued)

Receivables

Contributions and grants receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable credit losses through a provision for credit losses expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2023, there were no allowance for credit losses.

Credit risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of temporary cash investments and receivables.

Temporary cash investments

The Organization places its cash and temporary cash investments with high credit quality institutions. The balances in these accounts frequently exceed the FDIC federally insured amount of $250,000. The Organization has no uninsured cash deposits at December 31, 2023.

Receivables

Credit risk with respect to receivables is also limited due to the fact that the Organization's grants and contract receivables are from reputable foundations.

Investments

The Organization carries all investments in debt securities and investments in equity securities and equity funds and fixed income funds with readily determinable fair values at their fair values based on quoted prices in active markets. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Interest income is accrued as earned, and reported net of investment advisory fees. Security transactions are recorded on a trade date basis.

Property and equipment

Property and equipment are recorded at cost. The Organization’s policy is to capitalize assets with a cost of $2,500 or more, and with estimated useful lives in excess of one year.

Expenditures for major renewal and betterments that extend the useful lives of property and equipment are also capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any gain or loss is included in the statement of activities as a change in restricted or unrestricted net assets, as appropriate.

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. The cost of leasehold improvements is depreciated (amortized) over the lesser of the lengths of the related leases or the estimated useful lives of the assets.

1. Summary of significant accounting policies (continued)

Property and equipment (continued)

Depreciation expense is computed using the straight-line method over the respective estimated useful lives of assets, as follows:

Office equipment	5-7 years
Transportation equipment	5 years

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization then reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Income tax status

The Organization is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1986 and Section 23701(d) of the California Revenue and Taxation Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended December 31, 2023, the Organization had no income subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Management and general expense include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization. The expenses that are allocated include the following:

Expense	Method of Allocation
Payroll related expenses	Time and effort
Facilities	Asset usage - utilization by square feet
Insurance, postage and shipping, telephone, auto expense, office expense, promotion and marketing, and depreciation expense	Function and usage

1. Summary of significant accounting policies (continued)

Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

New accounting standards

In June 2016, the FASB issued *ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments. The amendments in this ASU affect entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments in this ASU affect an entity to varying degrees depending on the credit quality of the assets held by the entity, their duration, and how the entity applies current U.S. GAAP. The amendments in this ASU require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The financial statements will reflect the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses during the period. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. An entity must use judgment in determining the relevant information and estimation methods that are appropriate in its circumstances. The allowance for credit losses and related credit loss expense will replace the previously used allowance for doubtful accounts and related bad debt expense, respectively, as it relates to trade receivables.

Various subsequent accounting standards have been issued by the FASB that clarify, modify, or expand the guidance for ASU No. 2016-13, which has been codified as Topic 326. In November 2019, the FASB issued *ASU No. 2019-10, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*: Effective Dates, which deferred the effective date of Topic 326, as amended, by one year. The amendments in this ASU are now effective for private companies for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. All entities may adopt the amendments in this ASU earlier as of the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. An entity will apply the amendments in this ASU through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). Management believes that this ASU does not have a material effect on the Organization's financial statements.

1. Summary of significant accounting policies (continued)

Subsequent events

The Organization has evaluated subsequent events through October 17, 2024, the date which the financial statements were available to be issued. There were no subsequent events noted that would require adjustment to or disclosure in these financial statements.

2. Receivables

Following is a summary of receivables at December 31, 2023:

		Amount
Grants and contracts receivable	$	47,621
Less: Allowance for credit losses		-
	$	47,621

3. Investments

Following is a summary of investments at December 31, 2023:

	Security		Cost		Fair Value		Unrealized Gain/(Loss)
Mutual funds:							
36	Blackrock CR Allocation Income Com	$	430	$	367	$	(63)
8	AB Small Cap Growth Port Advisor Class		462		473		11
17	American Century Emerging Mrkts CL1		229		177		(52)
35	BlackRock Equity Dividend FD-INSTL		736		670		(66)
26	Columbia Seligman Comm & Info CL I		2,319		3,379		1,060
32	Edgewood Growth Fund INSTL CL		1,017		1,415		398
52	Hartford Schroders INTL Mult Cap CL I		510		498		(12)
12	Hartford Growth Opport FD CL I		524		554		30
	Subtotal mutual funds *(continued next page)*	$	6,227	$	7,533	$	1,306

3. Investments (continued)

Units	Security	Cost	Fair Value	Unrealized Gain/(Loss)
	Mutual funds (continued from previous page):	$ 6,227	$ 7,533	$ 1,306
7	Invesco Oppenheimer Intl Growth Y	310	267	(43)
27	JP Morgan Growth ADV Fund Class I	549	870	321
17	MFS Value Fund Class I	673	787	114
17	Oakmark INTL Investor CL	476	466	(10)
65	Eaton Vance Floating Rate Advantage CL I	703	657	(46)
48	Lord Abbett Bond Debenture Fund CL	385	341	(44)
74	Lord Abbett Floating Rate Inc FD CL F	665	605	(60)
37	Mainstay Macakay Convertible CL I	650	675	25
73	Mainstay Macakay High Yield Corp BD CL I	402	378	(24)
127	Mainstay Macakay Short Duration High Yield I	1,241	1,201	(40)
77	The Hartford Float Rate FO CL I	662	604	(58)
1,977	Global X US Infrastructure Development ETF	50,777	68,151	17,374
80,289	Invesco Govt & Agency Instl CL	80,289	80,289	-
173	Invesco QQQ ETF	65,263	70,930	5,667
694	Invesco S&P Midcap Momentum ETF	59,938	62,314	2,376
1,309	Invesco Dynamic Leisure & Entertainment ETF	56,158	54,865	(1,293)
89	Ishares Semiconductor ETF	40,651	51,452	10,801
270	Ishares Russell 2000 ETF	54,782	54,153	(629)
490	Ishares US Aerospace & Defense ETF	51,567	61,966	10,399
408	Ishares 0-5 Year Tips Bond ETF	43,016	40,218	(2,798)
1,369	Ishares Self Driving EV& Tech ETF	63,337	48,919	(14,418)
84	SPDR Gold Trust Gold Shares	15,625	16,058	433
757	SPDR Portfolio S&P 500 ETF	40,213	42,293	2,080
42	SPDR S&P 500 ETF	19,843	19,963	120
41	SPDR S&P Mid Cap 400 ETF	20,316	20,987	671
231	Sector Industrial Select Sector SPDR ETF	21,192	26,357	5,165
1,317	Select Sector TR Real Estate SPDR ETF	52,671	52,758	87
272	Vanguard Total Bond Market ETF	19,938	19,989	51
220	Vanguard High Dividend Yield ETF	23,450	24,586	1,136
1,070	Vanguard Short Term Inflation Protected Sec ETF	53,981	50,812	(3,169)
149	Vanguard Consumer Staples ETF	28,743	28,436	(307)
844	Vanguard Financials ETF	74,401	77,917	3,516
	Subtotal mutual funds *(continued next page)*	$ 949,094	$ 987,797	$ 38,703

3. Investments (continued)

Units	Security	Cost	Fair Value	Unrealized Gain/(Loss)
Mutual funds (continued from previous page):		$ 949,094	$ 987,797	$ 38,703
2,024	Wisdomtree Trust Europe Hedged Equity Fund E	78,922	86,729	7,807
4	Ishares TR Rus 1000 Grw ETF	525	1,257	732
14	Select Sector SPDR TR Financial	355	536	181
	Subtotal mutual funds	1,028,896	1,076,319	47,423
Equities:				
96	Adobe Inc	54,898	57,274	2,376
233	Advanced Micro Devices Inc	25,000	34,346	9,346
200	Alphabet Inc	27,300	28,186	886
310	Amazon.com Inc	49,240	47,101	(2,139)
492	Apple Inc	71,092	94,814	23,722
159	Applied Materials Inc	20,463	25,843	5,380
144	Best Buy Company Inc	15,456	11,285	(4,171)
83	Boeing Company	20,076	21,635	1,559
124	Caterpillar Inc	26,400	36,608	10,208
113	Costco Wholesale Corp	41,719	74,715	32,996
122	Deere& Co	46,015	48,716	2,701
598	Freeport McMoran Inc	20,729	25,423	4,694
185	Home Depot Inc	57,409	63,983	6,574
51	Lululemon Athletica Inc	19,966	26,076	6,110
39	Martin Marietta Materials Inc	14,674	19,385	4,711
230	McDonalds Corp	48,782	68,205	19,423
147	Microsoft Corp	40,798	55,429	14,631
120	Nike Inc CL B	20,283	13,023	(7,260)
260	Nucor Corp	31,222	45,286	14,064
286	Otis Worldwide Corp	25,820	25,586	(234)
244	RTX Corp	20,270	20,505	235
40	Salesforce.com Inc	9,917	10,526	609
446	Southwest Airlines Co	20,372	12,874	(7,498)
153	Block Inc Cl A	37,286	11,835	(25,451)
225	Starbucks Corp	26,059	21,673	(4,386)
207	Tesla Inc	33,331	51,435	18,104
	Subtotal equities *(continued next page)*	$ 824,577	$ 951,767	$ 127,190

LRM & CO Lawrence R. Mitchell & Company Certified Public Accountants A Professional Corporation

3. Investments (continued)

Units	Security	Cost	Fair Value	Unrealized Gain/(Loss)
Equities (continued from previous page):		$ 824,577	$ 951,767	$ 127,190
170	3M Company	31,632	18,553	(13,079)
16	United Rentals Inc	5,594	9,305	3,711
512	Verizon Communications Inc	27,737	19,300	(8,437)
332	Walmart Inc	46,722	52,312	5,590
105	Yum Brands Inc	14,100	13,731	(369)
	Subtotal equities	950,362	1,064,968	114,606
	Total investments	$ 1,979,258	$ 2,141,287	$ 162,029

4. Fair value measurements

Fair value measurements are performed in accordance with the guidance provided by ASC 820, "Fair Value Measurements and Disclosures." ASC 820 defines fair value as the price that would be received from selling an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or parameters are not available, valuation models are applied.

Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supportable by little or no market activity and that are significant to the fair value of the asset or liability.

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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

4. Fair value measurements (continued)

Following is a description of the valuation methodology used for assets measured at fair value.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

Equity (stock) funds listed or traded on any national market or exchange: Valued at the last sales price as of the close of the principal securities exchange on which such securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the report date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 1,076,319	$ -	$ -	$ 1,076,319
Equities	1,064,968	-	-	1,064,968
	$ 2,141,287	$ -	$ -	$ 2,141,287

The following table sets forth a summary of changes in the fair value of the Organization's investments for the year ended December 31, 2023:

	Amount
Balance, beginning of year	$ 1,552,607
Interest and dividend income	34,048
Realized and unrealized gains (losses)	348,009
Investment expense	(20,255)
Purchases, sales, and settlements (net)	226,878
Balance, end of year	$ 2,141,287

5. Property and equipment

Following is a summary of property and equipment – at cost, less accumulated depreciation, at December 31, 2023:

	Amount
Office equipment	$ 32,327
Transporation equipment	124,025
	156,352
Less: Accumulated depreciation	(109,487)
	$ 46,865

Depreciation expense charged to operations was $18,116 for the year ended December 31, 2023.

6. Net assets with donor restrictions and endowment funds

Net assets with donor restrictions consist of an endowment the Organization received during the years ended June 30, 2005, 2006 and 2007, from a donor's estate. The total amount of the contribution was $4,939,072.

In accordance with the *Uniform Prudent Management of Institutional Funds Act* ("UPMIFA"), a federal law that was adopted as California law in September 2008, the Organization has classified as net assets with donor restrictions the fair value of donations restricted by donors which were to be held as endowments in perpetuity. As a result, net assets with donor restrictions include the fair value of the original and subsequent gifts made to the endowment fund and any accumulations required by donor stipulation. The donor permits the Organization to withdraw 5% of the original principal contributed each year. In addition, the Organization may withdraw income earned on the principal of the endowment fund. However, the terms of the endowment specify that income does not include appreciation on the principal.

The primary long-term financial objective for the Organization's endowment is to preserve the real (inflation-adjusted) purchasing power of endowment assets. The endowments are also managed to optimize the long run total rate of return on invested assets assuming a prudent level of risk. The goal for this rate of return is one that funds the Organization's existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that exceeds inflation (as measured by the Consumer Price Index). Over the short term, the return for each element of the endowment portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

From time to time, certain donor-restricted endowment funds may have fair values less than the principal donation (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law.

6. Net assets with donor restrictions and endowment funds (continued)

At December 31, 2023, funds included in the net assets with donor restrictions were as follows:

	Amount
Remaining value of original gift	$ 1,289,822
Accumulated appreciation (depreciation)	15,074
Principal and dividends distributed	(1,142,374)
Balance, end of year	$ 162,522

The following table sets forth a summary of changes in the fair value of the Organization's net assets with donor restrictions for the year ended December 31, 2023:

	Amount
Balance, beginning of year	$ 245,927
Undistributed 5% principal distribution	(247,788)
Interest and dividend income	17,666
Realized and unrealized losses on investments	146,717
Balance, end of year	$ 162,522

7. Leases

The Organization determines if an arrangement is a lease at inception, and properly classifies it as either an operating or financing lease. Right-of-Use (ROU) lease 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.

With the adoption of ASC 842, operating lease arrangements are required to be recognized on the statement of financial position as a ROU asset and a corresponding lease liability. Operating leases are included in ROU lease assets – operating, net, current portion of lease liabilities – operating and long term lease liabilities – operating on the Organization's statement of financial position. Financing leases are included in ROU lease assets – financing, net, current portion of lease liabilities – financing, and long-term lease liabilities – financing on the Organization's statement of financial position. Operating and financing ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization's 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 operating leases is recorded on a straight-line basis over the lease term by adding interest expense determined using the effective interest method to the amortization of the ROU asset. Lease amortization expense for financing leases is recognized on a straight-line basis over the lease term. Interest expense for financing leases is recognized using the effective interest method. Leases with an initial term of 12 months or less are not recorded on the statement of financial position and are not material.

7. Leases (continued)

The Organization leases its operating and administrative and warehouse facilities under non-cancellable operating lease agreements that expire in March and August 2025. The lease agreements do not include options to purchase the leased properties or any residual value guarantees. Following is a summary of long-term operating leases and renewal options at December 31, 2023:

Description of Property	Minimum Annual Rental	Expiration Date	Renewal Option Term	Renewal Option Rent
Operating and administrative facility	$ 57,512	March 2025	None	N/A
Warehouse facility	21,684	August 2025	None	N/A
	$ 79,196			

Following is a summary of the balance sheet classification of the Organization's ROU assets and lease liabilities as of December 31, 2023:

	Amount
Operating lease assets:	
Operating lease right-of-use assets	$ 114,445
Operating lease liabilities:	
Current portion of lease liabilities - operating	$ 78,364
Lease liabilities - operating	33,850
Total operating lease liabilities	$ 112,214

Following are lease cost components for the year ended December 31, 2023:

Lease costs	Classification	Amount
Operating leases:		
Fixed lease cost	Facilities	$ 80,382
Weighted average remaining lease term:		
Operating leases		17 months
Weighted average discount rate:		
Operating leases		1.11%

7. Leases (continued)

Following is the estimated future lease payments as of December 31, 2023:

Year ending	**Amount**
2024	$ 79,196
2025	33,943
Thereafter	-
Total	113,139
Interest component	(925)
Present value of lease obligations	$ 112,214

8. Liquidity and reserves

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets as of December 31, 2023, reduced by amounts not available for general expenditures within one year.

	Amount
Cash	$ 282,081
Receivables	47,621
Investments	2,141,287
Total financial assets	2,470,989
Less: financial assets unavailable for general expenditure within one year due to purpose and time restrictions	(162,522)
Financial assets available to meet cash needs for general general expenditure within one year	$ 2,308,467

9. Concentrations

During the year ended December 31, 2023, the Organization received contributions from two organizations which constituted 36% (27% and 9%) of total public support and other income, excluding in-kind contributions. At December 31, 2023, receivables from these organizations were $0 and $13,529, respectively.