ADOPT-A-CLASSROOM, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2024
With Comparative Totals for 2023

ADOPT-A-CLASSROOM

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CBIZ CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors
ADOPT-A-CLASSROOM, INC.

Opinion

We have audited the financial statements of Adopt-A-Classroom, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Adopt-A-Classroom's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 18, 2023. 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 has been derived.

CBIZ CPAs P.C.[1]
Minneapolis, Minnesota
January 2, 2025

[1] *In certain jurisdictions, CBIZ CPAs P.C. operates under its previous name, Mayer Hoffman McCann P.C.*

ADOPT-A-CLASSROOM, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 3,765,924	$ 3,117,492
Investments	4,551,811	4,365,215
Pledges receivable	151,527	670,943
Prepaids and other assets	37,721	57,749
TOTAL CURRENT ASSETS	8,506,983	8,211,399
PROPERTY AND EQUIPMENT, less accumulated depreciation	95,097	126,780
OTHER ASSETS		
Beneficial interest in a perpetual trust	553,584	540,710
Operating lease right of use assets	111,447	140,628
TOTAL OTHER ASSETS	665,031	681,338
TOTAL ASSETS	$ 9,267,111	$ 9,019,517
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 290,966	$ 170,658
Accrued expenses	55,701	32,808
Current portion of operating lease liabilities	34,195	32,071
TOTAL CURRENT LIABILITIES	380,862	235,537
OPERATING LEASE LIABILITIES, less current portion	95,308	129,503
TOTAL LIABILITIES	476,170	365,040
NET ASSETS		
Without donor restrictions	1,789,740	1,535,451
With donor restrictions	7,001,201	7,119,026
TOTAL NET ASSETS	8,790,941	8,654,477
TOTAL LIABILITIES AND NET ASSETS	$ 9,267,111	$ 9,019,517

See Notes to Financial Statements

ADOPT-A-CLASSROOM, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024 with comparative totals for 2023

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
SUPPORT AND REVENUE				
Contributions:				
Grants and general public	$ 2,011,562	$ 6,638,336	$ 8,649,898	$ 8,091,756
Investment return	303,365	-	303,365	89,527
Investment return - perpetual trust	4,164	37,474	41,638	27,060
Change in value of perpetual trust	-	12,874	12,874	16,522
Miscellaneous	7,365	-	7,365	-
Net assets released from restrictions	6,806,509	(6,806,509)	-	-
TOTAL SUPPORT AND REVENUE	9,132,965	(117,825)	9,015,140	8,224,865
EXPENSES				
Program services:				
Classroom adoption	7,993,537	-	7,993,537	6,402,395
Supporting services:				
Administration and management	354,124	-	354,124	268,093
Fundraising	531,015	-	531,015	479,042
TOTAL EXPENSES	8,878,676	-	8,878,676	7,149,530
CHANGE IN NET ASSETS	254,289	(117,825)	136,464	1,075,335
NET ASSETS, BEGINNING OF YEAR,	1,535,451	7,119,026	8,654,477	7,579,142
NET ASSETS, END OF YEAR	$ 1,789,740	$ 7,001,201	$ 8,790,941	$ 8,654,477

See Notes to Financial Statements

ADOPT-A-CLASSROOM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024 with comparative totals for 2023

	Program Services	Supporting Services		Total	
	Classroom Adoption	Administration and Management	Fundraising	2024	2023
Payroll and related costs	$ 1,534,451	$ 256,229	$ 510,459	$ 2,301,139	$ 1,859,299
Classroom purchases	6,058,617	-	-	6,058,617	4,668,088
Rent	45,484	3,401	3,401	52,286	62,484
Other	36,992	17,587	7,565	62,144	68,298
Insurance	147	5,545	-	5,692	6,271
Office expense	18,050	2,590	978	21,618	22,510
Professional fees	12,226	41,246	-	53,472	94,190
Travel & Entertainment	25,130	7,918	-	33,048	24,961
Technology	163,492	7,671	3,763	174,926	190,946
Printing and Advertising	42,947	3,276	1,498	47,721	35,363
Corporate Sponsor Event	5,534	-	-	5,534	45,485
Depreciation	50,467	8,661	3,351	62,479	71,635
	$ 7,993,537	$ 354,124	$ 531,015	$ 8,878,676	$ 7,149,530

See Notes to Financial Statements

ADOPT-A-CLASSROOM, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 136,464	$ 1,075,335
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	62,479	71,635
Reinvested interest and dividends	(155,093)	(73,885)
Realized and unrealized (gains)/losses on investments	(47,026)	8,670
Change in value of beneficial interest in a perpetual trust	(12,874)	(16,522)
Lease incentive received	-	10,622
Operating lease expense	29,181	38,552
Change in assets and liabilities:		
Pledges receivable	519,416	2,454,796
Prepaids and other assets	20,028	481
Accounts payable	120,308	(159,535)
Accrued expenses	22,893	6,486
Refundable advances	-	(23,024)
Operating lease liability	(32,071)	(28,228)
NET CASH FLOWS FROM OPERATING ACTIVITIES	663,705	3,365,383
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of investments	1,565,931	4,340,578
Purchase of investments	(1,550,408)	(8,640,578)
Purchase of property and equipment	(30,796)	(48,170)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(15,273)	(4,348,170)
NET INCREASE (DECREASE) IN CASH	648,432	(982,787)
CASH		
BEGINNING OF YEAR	3,117,492	4,100,279
END OF YEAR	$ 3,765,924	$ 3,117,492

See Notes to Financial Statements

ADOPT-A-CLASSROOM, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Organization

Adopt-A-Classroom, Inc. (the "Organization") was incorporated in the State of Florida as a not-for-profit corporation. The Organization serves the community by soliciting contributions from corporations, foundations and the general public for use by specific teachers in acquiring school supplies for classrooms of local community schools and for the funding of the general expenses of the Organization.

(2) Summary of significant accounting policies

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

Income tax status - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The Organization reviews and assesses its tax positions taken or expected to be taken in tax returns. Based on this assessment the Organization determines whether it is more likely than not that the position would be sustained upon examination by tax authorities. The Organization’s assessment has not identified any significant positions that it believes would not be sustained under examination.

The Organization has identified its tax status as a tax exempt entity as it’s only significant tax position and has determined that such tax position does not result in an uncertainty requiring recognition. The Organization is not currently under examination by any taxing jurisdiction.

The Organization files Form 990 in the U.S. federal jurisdiction and with numerous states. The Organization is generally no longer subject to examination by the Internal Revenue Service three years after the date of filing, including extensions.

Financial statement presentation - The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets available for general use and not subject to donor-imposed restrictions. These may be used at the discretion of the Organization’s management and board of directors. Designated amounts represent those revenues which the Board has set aside for a particular purpose.

- Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or by actions of the Organization. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

(2) Summary of significant accounting policies (continued)

Going concern – Management assesses the Organization's ability to continue as a going concern and provides related disclosures in certain circumstances. Substantial doubt about an Organization's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. Management has determined there is not substantial doubt about the Organization's ability to continue as a going concern.

Revenue recognition – 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 received with donor-imposed conditions and restrictions are reported as an increase in net assets without donor restrictions if the conditions and restrictions are met in the reporting period in which the contribution is recognized. Net investment return (loss) is reported as either increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. 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.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. The Organization records conditional contributions received in advance of conditions being met as refundable advances until the contribution becomes unconditional, at which time the support is recognized as contribution revenue.

The Organization generates revenue through vendor revenue-share agreements in the form of discounts or rebates with certain vendors. Payments from the Organization to these approved vendors are made net of a revenue-share amount or the Organization receives periodic payments from vendors for their revenue-share amount. Revenue generated through these agreements are recorded as unrestricted contributions and amounted to $584,000 and $531,000 for the years ended June 30, 2024 and 2023, respectively.

When the Organization receives contributions that are designated by the donor for the benefit of an individual teacher, such funds are deemed to be an increase in net assets with donor restrictions. Per the terms of use published on the Organization's website, the teacher will have one calendar year from the date of each contribution to use those funds for the purchase of classroom supplies. In the event that a teacher does not spend the contributed funds within this period of time, such funds are released from net assets with donor restrictions and reclassified to net assets without donor restrictions.

(2) **Summary of significant accounting policies (continued)**

Cash and cash equivalents - The Organization considers cash in demand deposit accounts and temporary investments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents with high credit quality financial institutions. From time to time, the Organization's balances in its bank accounts exceed Federal Deposit Insurance Corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. The Organization has not experienced any losses with regards to balances in excess of insured limits or as a result of other concentrations of credit risk.

Investments - Investments are reported at fair value. Fair value is the price 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. See Note 8 for discussion of fair value measurements.

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

Purchases and sales of investments are reflected on a trade-date basis. Realized gains or losses on sales of investments are based on the cost of specifically identified investments. Changes in unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend dates.

Pledges receivable - Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by the Organization. The Organization uses the allowance method to determine uncollectible promises to give (receivable). Management considers all receivables to be fully collectible at year-end and accordingly, an allowance for doubtful accounts has not been recorded.

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their estimated future cash flows, discounted using risk-adjusted interest rates to the years in which the promises are to be received.

(2) **Summary of significant accounting policies (continued)**

Property and equipment - Property and equipment is stated at cost or, if donated, at the estimated fair value at the date of donation. Additions exceeding $1,000 are capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from three to seven years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred, whereas significant improvements are capitalized. For the years ending June 30, 2024 and 2023, depreciation expense amounted to $62,000 and $72,000, respectively.

Beneficial interest in a perpetual trust - The Organization is the beneficiary of a perpetual irrevocable trust held and administered by an independent trustee. Under the terms of the trust, the Organization has the irrevocable right to receive its proportionate share of the income earned on trust assets in perpetuity. The fair value of the beneficial interest in a trust is recognized as an asset and as a contribution with donor restrictions at the date the trust is established. The Organization's estimate of fair value at each reporting date is based on fair value information received from trustees. Trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds, unitized funds, and equity securities. These assets are not subject to control or direction by the Organization. Gains and losses, which are not distributed by the trust, are reflected as the change in value of perpetual trusts in the statements of activities.

Fair value measurement - definition and hierarchy – The Organization utilizes a three-level valuation hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

(2) **Summary of significant accounting policies (continued)**

Fair value measurement - definition and hierarchy (continued) – The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary by types of assets and liabilities and is affected by a wide variety of factors, including, for example, whether the asset or liability is established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less than observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for assets and liabilities categorized in Level 3.

Contributed services, materials and equipment - Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

(2) Summary of significant accounting policies (continued)

Functional allocation of expenses – The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expenses	*Method of Allocation*
Payroll and related costs	estimate of time and effort
Classroom Purchases	review of actual expenses
Insurance	review of actual expenses
Professional fees	review of actual expenses
Technology	review of utilized technology
Printing and advertising	review of actual expenses
Travel and entertainment	review of actual expenses
Office expenses	review of actual expenses
Rent	estimate of space utilization
Other	review of actual expenses
Depreciation	review of utilized technology
Corporate sponsor event	review of actual expenses

Leases – The Organization 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 Organization’s statement of financial position. The Organization has no finance 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. Finance and operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization’s leases do not provide an implicit rate, it uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

(2) Summary of significant accounting policies (continued)

Leases (continued) – The Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of real estate taxes, utilities, common area maintenance, etc. are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organization has elected to apply the short-term lease exemption to all classes of underlying assets.

Accounting pronouncements recently adopted – In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB ASC 326, Financial Instruments – Credit Losses) which significantly changed how organizations will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Organization did not have financial assets that are subject to the guidance in FASB 326.

Summarized information – The financial statements include certain prior year summarized comparative information in total but neither by net assets nor by functionalized expenses. 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 with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Subsequent events – The Organization has evaluated subsequent events through January 2, 2025, which is the date the financial statements were available to be issued.

(3) Risks and uncertainties

The Organization is exposed to various known and unknown risks and uncertainties. Risks include internal and external events and conditions (e.g., pandemics, international conflicts, labor market and supply chain disruption, government mandates and policies, volatile financial markets, etc.) which could impact the value of investment securities, the availability of grants and contributions, and the ability to provide program services. It is at least reasonably possible that changes could occur in the near term and that such changes could materially affect the results of changes in net assets and financial position.

(4) Liquidity and availability

The Organization regularly monitors the availability of revenues required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its general operations (teacher/school programs, administrative, and fundraising), to be general expenditures. The Organization receives contributions restricted by donors to be used for teacher and classroom purchases, and considers these restricted contributions which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

As of June 30, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could be made readily available within one year of the statement of financial position to meet general expenditures over the next 12 months:

	2024	2023
Cash	$ 3,765,924	$ 3,117,492
Investments	4,551,811	4,365,215
Pledges receivable	151,527	670,943
Total financial assets available over the next 12 months	$ 8,469,262	$ 8,153,650

In addition to financial assets available to meet general expenditures over the next 12 months, the organization strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Any differences to the budgeted plan will be offset by reserve funds, included in cash and cash equivalents, to the extent the financial assets are available.

(5) Concentrations of credit risk and major donors and vendors

Major donors - For the years ended June 30, 2024 and 2023, two donors accounted for approximately 69% and 68% of total contributions, respectively.

Major vendors - The Organization has agreements with multiple vendors mainly for school supply related products. The agreements provide for discounts on purchases from those vendors. These discounts vary from vendor to vendor ranging from 5% to 50%.

For the years ended June 30, 2024 and 2023, classroom purchases from two major vendors amounted to approximately $3,175,000 and $2,026,000 respectively. Other than vendor discounts received, no additional contributions were received from these vendors for the years ended June 30, 2024 and 2023.

(6) Property and equipment

At June 30, property and equipment is summarized as follows:

	2024	2023
Systems and website	$ 1,316,809	$ 1,291,331
Computers	25,019	19,701
Leasehold improvements	10,622	10,622
	1,352,450	1,321,654
Less: Accumulated depreciation and amortization	1,257,353	1,194,874
	$ 95,097	$ 126,780

(7) Beneficial interest in a perpetual trust

The Organization has a beneficial interest in a perpetual trust with the assets held by a third party. These assets are considered to be an endowment fund with donor restrictions. The Organization has no control over the investment of the funds. Distributions are made to the Organization of no less than 5% of the fair value of the fund as measured by a 12 quarter rolling average of the fair value of the fund. Fair value of the endowment fund includes any unrealized gains or losses.

Distributions received were approximately $42,000 and $27,000 for the years ended June 30, 2024 and 2023, respectively. The fair value of the beneficial interest in the perpetual trust was $554,000 and $541,000 at June 30, 2024 and 2023, respectively.

(8) Fair value measurements

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured on a recurring basis as of June 30, 2024 and 2023:

	Fair value measurements at reporting day used			
2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market mutual fund	$ 1,432,469	$ -	$ -	$ 1,432,469
US Treasury notes/bonds	3,119,342			3,119,342
Total investments	4,551,811	-	-	4,551,811
Beneficial interest in a perpetual trust	-	-	553,584	553,584
Total assets measured at fair value	$ 4,551,811	$ -	$ 553,584	$ 5,105,395

	Fair value measurements at reporting day used			
2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market mutual fund	$ 1,923,307	$ -	$ -	$ 1,923,307
US Treasury notes/bonds	2,441,908			2,441,908
Total investments	4,365,215	-	-	4,365,215
Beneficial interest in a perpetual trust	-	-	540,710	540,710
Total assets measured at fair value	$ 4,365,215	$ -	$ 540,710	$ 4,905,925

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Beneficial interest in a perpetual trust	
	2024	**2023**
Balance, beginning of year	$ 540,710	$ 524,188
Change in value of a perpetual trust recognized in the change in net assets with donor restrictions	12,874	16,522
Balance, end of year	$ 553,584	$ 540,710

(8) Fair value measurements (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023:

Money market mutual fund: Valued at the net asset value (NAV) of shares held by the Organization at year end.

US Treasury notes/bonds: Valued based on quoted market prices on the active market in which the individual securities are traded.

Beneficial interest in a perpetual trust: Fair value for the beneficial interest in a perpetual trust is measured using the fair value of the assets held in the trust reported by the trustee. The Organization considers the measurement of its beneficial interest in the perpetual trust to be a level 3 measurement within the fair value measurement hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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 reporting date.

(9) Endowments

The Organization's endowment consists of a perpetual trust. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as

endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Interpretation of relevant law - The Board of Directors of the Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

(9) Endowments (continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Endowment net asset composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Perpetual trust required to be maintained in perpetuity	$ -	$ 553,584	$ 553,584

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Perpetual trust required to be maintained in perpetuity	$ -	$ 540,710	$ 540,710

(9) <u>Endowments</u> (continued)

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 540,710	$ 540,710
Investment return: Change in value of perpetual trust	-	12,874	12,874
Endowment net assets, end of year	$ -	$ 553,584	$ 553,584

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 524,188	$ 524,188
Investment return: Change in value of perpetual trust	-	16,522	16,522
Endowment net assets, end of year	$ -	$ 540,710	$ 540,710

Funds with deficiencies - From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization's policy is not to permit spending from underwater endowments. There were no funds with deficiencies as of June 30, 2024 and 2023.

Return objectives and risk parameters - Endowment funds consist solely of and are held in perpetual trusts, the investment of which is determined by the trustee rather than the Organization.

(10) Net assets

The net assets are summarized as follows as of June 30, 2024:

Detail of Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	$ 1,694,643	$ -	$ 1,694,643
Net investment in property and equipment	95,097	-	95,097
Restricted for classroom purchases	-	6,447,617	6,447,617
Endowment funds restricted in perpetuity for classroom purchases:			
Perpetual trust held by third party		553,584	553,584
	$ 1,789,740	$ 7,001,201	$ 8,790,941

The net assets are summarized as follows as of June 30, 2023:

Detail of Net Assets	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	$ 1,408,671	$ -	$ 1,408,671
Net investment in property and equipment	126,780	-	126,780
Restricted for classroom purchases	-	6,578,316	6,578,316
Endowment funds restricted in perpetuity for classroom purchases:			
Perpetual trust held by third party	-	540,710	540,710
	$ 1,535,451	$ 7,119,026	$ 8,654,477

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, by the passage of time, or by the occurrence of other events specified by donors. Net assets released from restrictions for the years ended June 30, 2024 and 2023, are as follows:

	2024	**2023**
Classroom purchases	$ 6,806,509	$ 5,158,742

(11) Lease

The Organization leases office space under a noncancelable operating lease. The lease term ends December 31, 2027. Monthly payments range from $3,000 to $3,400 over the lease term. Also, additional rent for the Organization's share of property taxes and operating expenses is due. There is one renewal option for three years; base monthly rent payments are to be set at fair market value at the time the option is exercised. The Organization did not include the option to renew the lease when assessing the value of the operating lease liability and related ROU asset because the Organization is not reasonably certain that it will exercise the option.

The components of operating lease expense are as follows:

	Year Ended June 30, 2024	Year Ended June 30, 2023
Operating lease costs	$ 34,054	$ 43,445
Variable lease costs	18,232	19,039
Total operating lease costs	$ 52,286	$ 62,484
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 36,944	$ 33,121
Right of use asset obtained in exchange for new operating lease liability	$ -	$ 164,191
Weighted average remaining lease term (in years):		
Operating leases	3.5	4.5
Weighted average discount rate:		
Operating leases	3.4%	3.4%

The following is a summary of the minimum future annual lease payments required under this lease:

Year Ending June 30,	Amount
2025	$ 38,000
2026	39,000
2027	40,000
2028	20,000
Total future minimum operating lease payments	137,000
Less imputed interest	(8,000)
Total operating lease liability	129,000
Less current portion	(34,000)
Noncurrent portion	$ 95,000