

**THE NOVI COMMUNITY
MIDLAND, TEXAS**

**FINANCIAL STATEMENTS
Years Ended December 31, 2024 and 2023**

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Independent Auditor's Report

To the Board of Directors of
The Novi Community
Midland, Texas

Report on the Financial Statements

Qualified Opinion

I have audited the accompanying financial statements of The Novi Community (a nonprofit organization hereafter referred to as the Organization), which are comprised of the statements of financial position as of December 31, 2024 and 2023 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As disclosed in Note 4 to the financial statements, the financial statements of Novi Ukraine, an affiliate of the Organization, should have been combined with the Organization in the reporting entity based on the common control and material support provided by the Organization. I was unable to obtain sufficient appropriate audit evidence about the financial position and results of operations of Novi Ukraine by other auditing procedures.

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

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 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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

My 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 my 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, I:

- 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 my 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.

I am 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 I identified during the audit.

Darin Guthrie, CPA, PLLC

Tucson, Arizona
September 26, 2025

**THE NOVI COMMUNITY
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 154,887	\$ 142,729
Agency funds	-	15,501
Prepaid expenses	1,000	137
Total assets (all current)	<u><u>\$ 155,887</u></u>	<u><u>\$ 158,367</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,969	\$ 762
Accrued expenses	338	6,670
Grant advances	-	40,000
Total liabilities (all current)	<u>2,307</u>	<u>47,432</u>
NET ASSETS		
Without donor restrictions	133,580	110,935
With donor restrictions		
Purpose restrictions	20,000	-
Total net assets	<u>153,580</u>	<u>110,935</u>
Total liabilities and net assets	<u><u>\$ 155,887</u></u>	<u><u>\$ 158,367</u></u>

These financial statements should be read only in connection
with the accompanying notes to the financial statements.

**THE NOVI COMMUNITY
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023**

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
PUBLIC SUPPORT, REVENUE AND RECLASSIFICATIONS						
Contributions and grants	\$ 717,483	\$ 70,000	\$ 787,483	\$ 644,834	\$ -	\$ 644,834
Other income	5	-	5	2	-	2
Net assets released from restrictions	50,000	(50,000)	-	-	-	-
Total revenues and support	<u>767,488</u>	<u>20,000</u>	<u>787,488</u>	<u>644,836</u>	<u>-</u>	<u>644,836</u>
EXPENSES						
Program services expenses:	597,046		597,046	467,708		467,708
Supporting services expenses:						
Management and general	115,590	-	115,590	74,563	-	74,563
Fundraising	31,801	-	31,801	26,503	-	26,503
Total supporting services expenses	147,391	-	147,391	101,066	-	101,066
Foreign currency losses	406	-	406	308	-	308
Total expenses and losses	<u>744,843</u>	<u>-</u>	<u>744,843</u>	<u>569,082</u>	<u>-</u>	<u>569,082</u>
CHANGE IN NET ASSETS	22,645	20,000	42,645	75,754	-	75,754
NET ASSETS , beginning of period	<u>110,935</u>	<u>-</u>	<u>110,935</u>	<u>35,181</u>	<u>-</u>	<u>35,181</u>
NET ASSETS , end of period	<u>\$ 133,580</u>	<u>\$ 20,000</u>	<u>\$ 153,580</u>	<u>\$ 110,935</u>	<u>\$ -</u>	<u>\$ 110,935</u>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**THE NOVI COMMUNITY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 42,645	\$ 75,754
(Increases) / decreases in operating assets:		
Agency funds	15,501	(15,501)
Prepaid expenses	(863)	(137)
Increases / (decreases) in operating liabilities:		
Accounts payable	1,207	533
Accrued expenses	(6,332)	(2,076)
Grant advances	(40,000)	40,000
Net cash provided by operating activities	<u>12,158</u>	<u>98,573</u>
Net increase in cash and cash equivalents	12,158	98,573
CASH AND CASH EQUIVALENTS, beginning of year	<u>142,729</u>	<u>44,156</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 154,887</u>	<u>\$ 142,729</u>
Supplementary Information		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

These financial statements should be read only in connection
with the accompanying notes to the financial statements.

**THE NOVI COMMUNITY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Grants and direct assistance	\$ 125,145	\$ 20	\$ -	\$ 125,165
Salaries and related expenses	123,767	32,024	22,176	177,967
Contract service expenses	184,011	56,687	2,613	243,311
Non-personnel expenses	42,875	13,529	1,867	58,271
Travel and conference expenses	104,197	377	1,898	106,472
Other program specific expenses	12,408	460	1,855	14,723
Other expenses	4,643	12,493	1,392	18,528
Total expenses by function	\$ 597,046	\$ 115,590	\$ 31,801	\$ 744,437

These financial statements should be read only in connection
with the accompanying notes to the financial statements.

**THE NOVI COMMUNITY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Grants and direct assistance	\$ 22,106	\$ -	\$ -	\$ 22,106
Salaries and related expenses	93,458	50,180	6,893	150,531
Contract service expenses	181,795	8,510	10,600	200,905
Non-personnel expenses	72,513	8,924	3,594	85,031
Travel and conference expenses	84,514	467	4,405	89,386
Other program specific expenses	4,722	111	1,011	5,844
Other expenses	8,600	6,371	-	14,971
Total expenses by function	\$ 467,708	\$ 74,563	\$ 26,503	\$ 568,774

These financial statements should be read only in connection
with the accompanying notes to the financial statements.

THE NOVI COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Novi Community (Organization) was incorporated in the State of Texas on May 3, 2022 as a nonprofit corporation. Its mission is to restore childhoods disrupted by war. The Organization is supported entirely through donor contributions and grants.

BASIS OF ACCOUNTING

The Organization prepares its financial statements using the accrual method of accounting, which recognizes revenue when earned and expenses as incurred.

CLASSIFICATION OF NET ASSETS

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

Net assets without donor restrictions – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets may be expended for any purpose in performing the primary objectives of the organization and may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions – net assets subject to donor- (or certain grantor-) imposed restrictions. 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. Donor-imposed restrictions that are temporary in nature are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose of which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization had \$20,000 and \$-0- in net assets with donor restrictions as of December 31, 2024 and 2023, respectively.

CASH AND CASH EQUIVALENTS

For purposes of financial reporting, the Organization considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

The Organization records the addition of property and equipment at cost, or, if donated, at the estimated fair value at the date of the gift. Such gifts of land, buildings and equipment are reported as unrestricted unless specific donor stipulations specify how the donated assets must be used. The Organization capitalizes assets with an acquisition value of at least \$5,000.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of actual expenditures and on estimates of time and effort made by the Organization’s management. Payroll expenses were allocated based on the time and effort of the related employees.

These notes are an integral part of the financial statements.

THE NOVI COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

REVENUE AND REVENUE RECOGNITION

Contributions

Unconditional contributions are recognized when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Conditional contributions consist of contributions that contain a significant barrier to entitlement to the funds by the recipient, such as a requirement to expend the funds for a specified purpose or program, or other requirements, and also contain a provision for return of the funds to the resource provider if the barriers are not overcome. Payments received for conditional contributions are recorded as a liability, reported in the statement of financial position as conditional contributions refundable, or are unrecognized initially, in the case of conditional promises to give, until the barriers to entitlement are overcome. At that point, the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions, based on the nature of the underlying transaction. Conditional grant advances totaled \$-0- and \$40,000 at December 31, 2024 and 2023.

Contributions received, whether conditional or unconditional, are recorded as without donor restrictions or with donor restrictions, depending on the nature of any donor restrictions. When a donor restriction expires, that is, when funds are expended in accordance with donor restrictions, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions. Contributions with donor restrictions that are satisfied in the same period in which they are received are reported as unrestricted.

Donated goods and space are valued at fair market value. Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.
- The services create or enhance nonfinancial assets.

The Organization receives a significant amount of skilled, contributed time, including a significant amount of time from the Organization's board members who contribute to further the exempt purpose. This time does not meet the two recognition criteria above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements. No significant contributions of goods or services were received during the years ended December 31, 2024 and 2023.

ADVERTISING

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$2,832 and \$4,076 for the years ended December 31, 2024 and 2023, respectively.

These notes are an integral part of the financial statements.

THE NOVI COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

USE OF ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liability and the reported revenues and expenses. Actual results could differ from those estimates.

INCOME TAXES

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization's Form 990, *Return of Organization Exempt from Income Taxes*, is generally subject to examination by the Internal Revenue Service for three years after the date filed.

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

DATE OF MANagements REVIEW

In preparing these financial statements, management has evaluated events or transactions for potential recognition or disclosure through September 26, 2025, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY

The Organization analyzes its liquid assets on a monthly basis to ensure appropriate resources are available for operations. This analysis consists of evaluating the cash-on-hand at the start of the month, payables due, and the coming month's anticipated income and expenses. Financial assets available within one year of the December 31, 2024 consist of \$154,887 in cash of which \$20,000 is restricted for trauma prevention in Fiscal Year 2025.

NOTE 3 – AGENCY FUNDS

Agency receivables consist of \$-0- and \$15,501 at December 31, 2024 and 2023, respectively, that was provided to an affiliate in Ukraine to assist in paying for activities in accordance with the Organization's mission in Europe.

These notes are an integral part of the financial statements.

THE NOVI COMMUNITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4 – RELATED PARTY TRANSACTIONS

The Organization delivered \$106,500 and \$10,760 in grants to an affiliate, Novi Ukraine, during the years ended December 31, 2024 and 2023, respectively. The affiliate is managed by an individual who is a contract service provider for the Organization, and the affiliate has the executive director of the Organization on its board. Under Accounting Standards Codification 958-810 and 810-10-55, the Organization and Novi Ukraine are under common control and these entities should have their combined financial statements presented. However, management has elected not to combine the financial statements due to differences in financial reporting standards and language barriers related to the Ukraine affiliate.

The Organization retained the services of the spouse of the executive director to assist in delivering its mission overseas. Total compensation for this individual was \$96,000 during the years ended December 31, 2024 and 2023, which was equal to the amount due for those services.

NOTE 5 – CONCENTRATIONS AND RISKS

Donor and funding risks: All the Organization’s income is derived from contributions from individuals and other humanitarian organizations. A decline in this support would significantly affect operations.

Foreign activities: The Organization’s mission requires personnel to work in and around Ukraine which was and is at war with Russia. The ongoing conflict presents numerous risks and challenges relating to personnel, supply chains, and transportation.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows for the year ended December 31, 2024:

Specified purpose:	Beginning <u>Balance</u>	<u>Contributions</u>	<u>Releases</u>	Ending <u>Balance</u>
Novi Ukraine	\$ -	\$ 40,000	\$ 40,000	\$ -
Summer Camp	-	10,000	10,000	-
Trauma Prevention	-	20,000	-	20,000
Total Donor Restrictions	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 50,000</u>	<u>\$ 20,000</u>

There were no contributions with donor restrictions received during the year ended December 31, 2023 that were not also used in accordance with their restricted purpose during that same year.

These notes are an integral part of the financial statements.