826 VALENCIA, INC.
(A NONPROFIT PUBLIC BENEFIT CORPORATION)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

HEALY AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT

CONTENTS

INDEPENDENT AUDITOR'S REPORT

April 2, 2024

Board of Directors
826 Valencia, Inc.
San Francisco, California

Opinion

I have audited the accompanying financial statements of 826 Valencia, Inc. (a nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2023, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 826 Valencia, Inc. as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 826 Valencia, Inc. 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 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 826 Valencia, Inc.'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

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,

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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, 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 826 Valencia, Inc.'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 826 Valencia, Inc.'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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Healy and Associates

Healy and Associates
Concord, California

826 VALENCIA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 1,316,388
Investments	8,450,209
Grants and contributions receivable, current portion	1,646,948
Inventory	50,537
Prepaid expenses and other current assets	59,365
TOTAL CURRENT ASSETS	11,523,447
Fixed assets, net	1,555,223
Grants receivable, long-term portion	150,000
Right-of-use asset	1,857,567
Deposits	73,530
TOTAL ASSETS	$ 15,159,767
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$ 244,043
Sabbatical liability	87,657
Lease liability, current portion	192,616
TOTAL CURRENT LIABILITIES	524,316
Lease liability, long-term portion	1,801,192
TOTAL LIABILITIES	2,325,508
NET ASSETS	
Without donor restrictions	
Board designated	1,520,245
Undesignated	10,074,014
With donor restrictions	1,240,000
TOTAL NET ASSETS	12,834,259
TOTAL LIABILITIES AND NET ASSETS	$ 15,159,767

826 VALENCIA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT				
Support:				
Foundation grants		$ 1,536,697	$ 890,000	$ 2,426,697
Individual contributions		1,722,559	-	1,722,559
Government grants		1,173,142	-	1,173,142
Corporate support		292,239	-	292,239
Fundraising events:				
Gross proceeds	295,751			
Less: direct expenses	(118,696)	177,055	-	177,055
In-kind donations		88,675	-	88,675
Total Support		4,990,367	890,000	5,880,367
Revenue:				
Investment gain, net		158,038	-	158,038
Store revenue:				
Gross proceeds	73,781			
Less: COGS	(25,204)	48,577	-	48,577
Other income		21,097	-	21,097
Total Revenue		227,712	-	227,712
Net assets released from restriction		470,105	(470,105)	-
Total Revenue and Support		5,688,184	419,895	6,108,079
EXPENSES				
Program Services		4,699,176	-	4,699,176
General and Administrative		729,700	-	729,700
Fundraising		619,871	-	619,871
Total Expenses		6,048,747	-	6,048,747
Change in net assets		(360,563)	419,895	59,332
NET ASSETS, beginning of year		11,954,822	820,105	12,774,927
NET ASSETS, end of year		$ 11,594,259	$ 1,240,000	$ 12,834,259

826 VALENCIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	General and Administrative	Fundraising	Total
EXPENSES:				
Salaries	$ 2,607,578	$ 231,638	$ 420,765	$ 3,259,981
Americorps, volunteers, and interns	548,740	662	617	550,019
Employee benefits	262,685	128,158	43,294	434,137
Occupany	297,259	28,573	20,081	345,913
Payroll taxes	200,767	17,249	32,396	250,412
Depreciation and amortization	181,535	18,998	10,554	211,087
Office supplies	136,261	37,691	29,706	203,658
Fundraising expenses	-	-	118,696	118,696
Scholarships and awards	107,100	-	-	107,100
Staff development	47,867	29,540	6,256	83,663
Professional fees	-	82,455	-	82,455
Dues, licenses, and service fees	48,105	13,733	15,000	76,838
In-kind use of facilities	72,000	-	-	72,000
Fees for service	12,700	55,801	50	68,551
Publishing	44,846	525	22,167	67,538
Events	47,062	1,421	5,921	54,404
Insurance	20,856	28,514	3,177	52,547
Travel and networking	28,001	11,230	5,823	45,054
Bad debt	-	39,129	-	39,129
Communications and technology	17,996	3,483	4,064	25,543
Cost of goods sold	25,204	-	-	25,204
In-kind services	16,675	-	-	16,675
Supplies	977	712	-	1,689
Conferences and meetings	166	188	-	354
	4,724,380	729,700	738,567	6,192,647
Less expenses included with revenues on the statement of activities:				
Direct fundraising expenses	-	-	(118,696)	(118,696)
Cost of goods sold	(25,204)	-	-	(25,204)
Total expenses included in the expense section of the statement of activities	$ 4,699,176	$ 729,700	$ 619,871	$ 6,048,747

826 VALENCIA, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	59,332
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization		211,087
Unrealized loss		63,080
CHANGES IN ASSETS AND LIABILITIES:		
Grants and contributions receivable		(81,171)
Inventory		(6,968)
Prepaid expenses and other current assets		(13,583)
Right-of-use asset		(1,857,567)
Accounts payable and accrued expenses		(77,357)
Sabbatical payable		87,657
Lease liability		1,993,808
Accrued rent		(117,001)
Deferred revenue		(25,000)
NET CASH PROVIDED BY OPERATING ACTIVITES		236,317
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in investments		(230,315)
Property and equipment purchases		(15,208)
NET CASH USED BY INVESTING ACTIVITIES		(245,523)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(9,206)
CASH AND CASH EQUIVALENTS, beginning of year		1,325,594
CASH AND CASH EQUIVALENTS, end of year	$	1,316,388
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Right-of-use asset	$	2,101,671
Operating lease liability for right-of-use asset	$	2,216,577

NOTE A – NATURE OF ACTIVITIES

826 Valencia, Inc. (Organization) is a California nonprofit public benefit corporation, incorporated in 2002, with its principal office in San Francisco, California. The Organization is dedicated to supporting under-resourced students ages six to eighteen with their creative and expository writing skills and to helping teachers inspire their students to write. The services are structured around the understanding that great leaps in learning can happen with one-on-one attention and that strong writing skills are fundamental to future success.

The Organization comprises three writing centers—their flagship location in the Mission District, a second center in the Tenderloin neighborhood, and a third center in Mission Bay—and twelve satellite classrooms at nearby public schools. All of their programs are offered free of charge to make them accessible to the students who would not otherwise be able to access their support. In addition, the Organization operates two retail stores in San Francisco. The Organization recognizes revenue related to store sales at the point in time items are sold in person or shipped for online orders by the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method and Basis of Presentation

The accounting records of the Organization are maintained on the accrual basis of accounting. The financial statements of the Organization have been prepared in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

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

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments, if any, with maturity dates of less than three months, which are neither held for nor restricted by donors for long term purposes. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Grants and Contributions Receivable

Grants and contributions receivable, including grants and pledges receivable, are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at June 30, 2023. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Inventory

Inventory is comprised of program-related materials and supplies and is stated at the lower of cost or market determined by the first-in first-out method. No allowance for obsolescence was deemed necessary by the Organization.

Fixed Assets

Fixed asset additions, in excess of $2,500, are recorded at cost, or if donated, at fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Organization's financial instruments include cash, cash equivalents, and investments measured using Level 1 inputs. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

- **Level 1**— Quoted prices for identical assets in active markets.
- **Level 2**—Observable inputs other than Level 1, which include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.
- **Level 3**— Unobservable inputs that cannot be corroborated by observable market data.

Donated Services and In-kind Use of Facilities

Donated use of facilities is recorded at fair value of the space used. Donated professional services are recorded at the respective fair values of the services received. For the year ended June 30, 2023, the Organization recognized $88,675 in donated professional services and use of facilities related to program services. The amounts are reflected in the accompanying statements of activities and functional expenses.

Revenue Recognition

The Organization is supported primarily through foundation and governmental grants and contributions.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or 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.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has performed services or incurred expenditures in compliance with specific grant provisions. No amounts have been received in advance under the cost-reimbursable grants.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Relevant Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard establishes a comprehensive new lease accounting model. It clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right of use asset for leases with a lease term of more than one year. It is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The Organization adopted the standard on July 1, 2022. The Organization elected the ‘package of practical expedients’, which permitted the Organization not to reassess under the new standard its prior conclusions about lease identification, lease classification and initial direct costs; and all of the new standard’s available transition practical expedients. In addition, the Organization adopted the practical expedients of using the risk-free interest rate and the short-term lease definition. The adoption of the standard resulted in the addition of right of use assets and lease liabilities as reflected in the accompanying financial statements.

The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, plus any initial direct costs incurred, less any lease incentives received. All right-of-use assets are reviewed for impairment. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an incremental borrowing rate for the same term as the underlying lease or the risk-free interest rate. Lease expense for the operating lease is recognized on a straight-line basis over the lease term. Included in lease expense are any variable lease payments incurred in the period that were not included in the initial lease liability.

Functional Allocation of Expenses

The costs of program activities and supporting services have been summarized on a functional basis in the statement of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs such as general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide the overall support and direction of the Organization. Such expenses which are common to multiple functions have been allocated among the various functions benefited based on time spent in the functional area.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Exemption Status

The Organization has received tax exempt status under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Taxation Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS along with related state filings. The related tax returns are subject to examination by federal and state taxing authorities generally for three years after they are filed. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NOTE C – CONCENTRATIONS

Total cash and cash equivalents held by the Organization at June 30, 2023, exceeded the federally insured limits provided from the Federal Deposit Insurance Corporation (FDIC) by $819,535. In addition, the Organization had $6,234 in PayPal at June 30, 2023, which carries no insurance on deposits.

The Organization derived a significant portion (24%) of its revenue from two donors (13% and 11%). In addition, three donors accounted for 58% of the Organization’s accounts receivable (28%, 16%, and 14%). Any loss of those funds could have an impact on the Organization’s ability to provide services.

NOTE D –GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30, 2023 are expected to be collected as follows:

Due within one year:	
Grants and contributions receivable	$1,646,948
Due within two years:	
Grants and contributions receivable	150,000
	$1,796,948

NOTE E – INVESTMENTS

Investment composition and activity as of and for the year ended June 30, 2023 are as follows:

Bank sweep or money market sweep	$ 62,523
Money market funds	1,943,160
Fixed income	5,542,269
Equities	902,257
Total investments	$ 8,450,209

NOTE E – INVESTMENTS (Continued)

Investment activity for the year ended June 30, 2023 is as follows:

Ending balance, June 30, 2022	$ 8,282,974
Additions	9,197
Dividends and interest	244,234
Change in value	(63,080)
Fees	(23,116)
Ending balance, June 30, 2023	$ 8,450,209

NOTE F – FIXED ASSETS

Fixed assets at June 30, 2023 are comprised of the following:

Furniture and equipment	$ 7,187
Computer software and website	32,314
Leasehold improvements	2,887,526
Less: Accumulated depreciation/amortization	(1,371,804)
Total fixed assets, net	$ 1,555,223

Depreciation and amortization expense is $211,087 for the year ended June 30, 2023.

NOTE G – EMPLOYEE BENEFITS

The Organization's employees are entitled to paid time off. The amount of paid time off liability at June 30, 2023 is $85,490 and is reflected in the accompanying financial statements. In addition, the Organization offers sabbatical to eligible full-time employees. The total amount accrued for sabbatical leave is $87,657, as reflected in the accompanying statement of financial position.

The Organization offers a deferred compensation plan to employees who meet the criteria. The Organization matches employee contributions up to 1% of the employee's annual salary per employee per year. The total contributions made by the employer for the year ended June 30, 2023 is $26,931.

NOTE H – IN-KIND DONATIONS

For the year ended June 30, 2023, in-kind donations were received and used as follows:

In-kind Donations Received	Valuation Technique	Allocation	Total Received
Use of facilities	≈$2.09/sq ft/month	Program	$ 72,000
Donated services	FMV of services	Program	16,675
Total in-kind donations			$ 88,675

In-kind use of facilities is for a space with approximately 2,877 square feet. The Organization valued the space at the rate of approximately $25 a square foot per year based on an estimate of the average market rate for similar space.

NOTE I – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$ 1,316,388
Investments	8,450,209
Grants and contributions receivable	1,646,948
Total financial assets	11,413,545
Less:	
Board designated net assets	(1,520,245)
Net assets with purpose restrictions to be met in one year	(1,090,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 8,803,300

As part of the Organization's liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements, if available, in short-term investments. The Organization's board-designated funds are $1,520,245 at June 30, 2023. Although they do not intend to spend from this board-designated fund these amounts could be made available if necessary.

NOTE J – SCHOLARSHIPS PAYABLE

The Organization provides scholarships to college students with terms up to 10 years. Approved and accepted scholarships made by the Organization may include certain conditions or milestones which must be met by the recipient in order to receive future scholarship payments. The Organization recognizes scholarship expense and payables once the conditions of the award are met. As of June 30, 2023 scholarships payable consisted of the following:

Scholarships awarded but unpaid	$ 354,000
Less: awards with unmet conditions	(278,316)
Total scholarships payable	$ 75,684

The amount is included in the accompanying financial statements in accounts payable and accrued expenses.

NOTE K – LEASES

During the year ended June 30, 2023, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases,* which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments.

The Organization leases three spaces, under non-cancellable leases, in San Francisco, California, with varying end dates, the longest of which ends May 2030, at a combined rate of approximately $23,000 per month. One lease has an option to extend through 2035 and the client is most likely to extend. In addition, the Organization leases office equipment under a lease extending through the year ended June 30, 2026. Finally, the Organization leases other equipment which is below the threshold set by the Organization for treatment under ASU 842 as an operating lease and are thus treated as short term leases.

The client used rates of 2.79%-2.88% to determine present value. Right-of-use assets were $1,857,567 and lease liabilities were $1,993,808 as of June 30, 2023. The weighted-average discount rate used to calculate the present value of future minimum lease payments was the risk-free interest rate of 2.88%. The weighted-average lease term was 10.2 years at June 30, 2023. Lease expense, as included in occupancy in the accompanying statement of functional expenses, includes the following for the year ended June 30, 2023:

Operating lease expense	$ 304,188
Short term lease expense	19,339
Total lease expense	$ 323,527

The total cash amount paid for operating leases was $282,853 for the fiscal year ended June 30, 2023, with a non-cash component of $21,335.

NOTE K – LEASES (Continued)

Future minimum payments for the fiscal year ended June 30 is as follows:

	Operating Leases	Short term Leases
2024	$ 246,958	$ 1,523
2025	240,559	571
2026	244,992	571
2027	246,958	571
2028	176,636	-
2029	155,354	-
2030	159,898	-
2031	167,199	-
2032	171,379	-
2033	175,664	-
2034	180,055	-
2035	153,159	-
Total minimum lease payments	2,318,811	3,235
Less: net present value	(325,003)	-
Present value of minimum lease payments	$1,993,808	$ 3,235

NOTE L – NET ASSETS WITH BOARD DESIGNATIONS

For the year ended June 30, 2023, net assets with board designations had the following activity:

Nature of Designation	Beginning Balance	Income and Contribution	Released from Restriction	Ending Balance
Reserve	$ 1,520,245	$ -	$ -	$1,520,245
Total	$ 1,520,245	$ -	$ -	$1,520,245

NOTE M – NET ASSETS WITH DONOR RESTRICTIONS

For the year ended June 30, 2023, net assets with donor restrictions had the following activity:

Nature of Restriction	Beginning Balance	Income and Contribution	Released from Restriction	Ending Balance
Future operations	$ 400,000	$ 850,000	($ 50,000)	$1,200,000
Purpose	420,105	40,000	(420,105)	40,000
Total	$820,105	$890,000	($470,105)	$1,240,000

NOTE N – RELATED PARTIES

The Organization is related to 826 National through a chapter affiliation agreement. The Organization pays an annual fee to 826 National based on the Organization's gross revenues for the preceding year in exchange for brand building services, evaluation, chapter and program development, and various administrative, financial, and accounting support services. For the year ended June 30, 2023, chapter fees paid to 826 National totaled $60,000. The Organization received certain grants and other funding from 826 National.

NOTE O – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for recognition and disclosure through April 2, 2024, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023, that required recognition or disclosure in the financial statements.