



CRAFT ALLIANCE

Financial Statements and Independent Auditors' Report

YEARS ENDED JUNE 30, 2024 AND 2023



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Independent Auditors' Report

Board of Directors
Craft Alliance
St. Louis, Missouri

Opinion

We have audited the accompanying financial statements of Craft Alliance (a not-for-profit organization), which comprise the statements of financial position as of June 30, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Craft Alliance as of June 30, 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 Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Craft Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Craft Alliance's ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Craft Alliance'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 Craft Alliance'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.

 Anders Minkler Huber, Helms LLP

January 7, 2025

Craft Alliance
Statements of Financial Position
June 30, 2024 and 2023

Assets

	2024	2023
Current Assets		
Cash and cash equivalents	\$ 493,036	\$ 744,340
Unconditional promises to give	59,087	140,091
Inventory	24,940	18,110
Prepaid expenses	29,724	36,411
Total Current Assets	606,787	938,952
Investments, at Fair Value	790,815	1,204,638
Unconditional Promises to Give	-	24,000
Property and Equipment, net	85,634	118,655
Operating Right-of-Use Asset	988,766	1,062,835
Total Assets	\$ 2,472,002	\$ 3,349,080

Liabilities and Net Assets

Current Liabilities		
Current maturities of long-term debt	\$ 12,678	\$ 12,514
Current maturities of operating lease liability	69,597	67,513
Accounts payable	5,593	41,655
Accrued expenses and other current liabilities	52,558	58,328
Deferred revenue	77,764	60,541
Total Current Liabilities	218,190	240,551
Long-term Operating Lease Liability	1,056,431	1,126,028
Long-term Debt	487,322	487,486
Total Liabilities	1,761,943	1,854,065
Net Assets		
Without donor restrictions	590,705	1,334,737
With donor restrictions	119,354	160,278
Total Net Assets	710,059	1,495,015
Total Liabilities and Net Assets	\$ 2,472,002	\$ 3,349,080

**Craft Alliance
Statement of Activities
Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 179,945	\$ 87,331	\$ 267,276
Grants	33,181	-	33,181
Board revenue	71,421	-	71,421
Tuition	518,795	-	518,795
Program fees, net of discounts	214,370	-	214,370
Other	63,963	-	63,963
	<u>1,081,675</u>	<u>87,331</u>	<u>1,169,006</u>
Gross special events revenue	77,929	-	77,929
Less cost of direct benefits to donors	54,409	-	54,409
Net special events revenue	<u>23,520</u>	<u>-</u>	<u>23,520</u>
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	<u>128,255</u>	<u>(128,255)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>1,233,450</u>	<u>(40,924)</u>	<u>1,192,526</u>
Expenses			
Program Services	<u>1,301,567</u>	<u>-</u>	<u>1,301,567</u>
Supporting Activities			
Management and general	418,804	-	418,804
Fundraising	<u>257,111</u>	<u>-</u>	<u>257,111</u>
Total Supporting Activities	<u>675,915</u>	<u>-</u>	<u>675,915</u>
Total Expenses	<u>1,977,482</u>	<u>-</u>	<u>1,977,482</u>
Change in Net Assets	(744,032)	(40,924)	(784,956)
Net Assets, Beginning of Year	<u>1,334,737</u>	<u>160,278</u>	<u>1,495,015</u>
Net Assets, End of Year	<u>\$ 590,705</u>	<u>\$ 119,354</u>	<u>\$ 710,059</u>

Craft Alliance
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 536,698	\$ 46,000	\$ 582,698
Grants	21,982	-	21,982
Board revenue	15,658	-	15,658
Tuition	506,179	-	506,179
Program fees, net of discounts	270,116	-	270,116
Other	130,191	-	130,191
	<u>1,480,824</u>	<u>46,000</u>	<u>1,526,824</u>
Gross special events revenue	38,874	-	38,874
Less cost of direct benefits to donors	19,362	-	19,362
Net special events revenue	<u>19,512</u>	<u>-</u>	<u>19,512</u>
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	170,968	(170,968)	-
Total Revenues, Gains and Other Support	<u>1,671,304</u>	<u>(124,968)</u>	<u>1,546,336</u>
Expenses			
Program Services	<u>1,409,662</u>	<u>-</u>	<u>1,409,662</u>
Supporting Activities			
Management and general	292,195	-	292,195
Fundraising	192,904	-	192,904
Total Supporting Activities	<u>485,099</u>	<u>-</u>	<u>485,099</u>
Total Expenses	<u>1,894,761</u>	<u>-</u>	<u>1,894,761</u>
Change in Net Assets	(223,457)	(124,968)	(348,425)
Net Assets, Beginning of Year	<u>1,558,194</u>	<u>285,246</u>	<u>1,843,440</u>
Net Assets, End of Year	<u>\$ 1,334,737</u>	<u>\$ 160,278</u>	<u>\$ 1,495,015</u>

Craft Alliance
Statement of Functional Expenses
Year Ended June 30, 2024

	Supporting Activities				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries and wages	\$ 678,606	\$ 166,852	\$ 188,011	\$ 354,863	\$ 1,033,469
Payroll taxes and benefits	108,349	34,379	22,215	56,594	164,943
Cost of goods sold	63,475	-	-	-	63,475
Uncollectible promises to give	-	5,000	-	5,000	5,000
Professional service	-	98,021	-	98,021	98,021
Printing expense	7,890	62	3,447	3,509	11,399
Utilities	37,941	6,893	5	6,898	44,839
Class expenses	81,969	-	-	-	81,969
Postage and shipping	7,853	485	10,676	11,161	19,014
Advertising and hospitality	14,942	3,029	3,431	6,460	21,402
Curator/Visiting artist	2,050	-	-	-	2,050
Student Sale	8,394	-	-	-	8,394
Processing fees	5,872	8,963	489	9,452	15,324
Programs, shows, and special projects	26,301	-	339	339	26,640
Repairs and maintenance	10,563	3,671	98	3,769	14,332
Equipment rental	11,900	3,020	3,303	6,323	18,223
Insurance	11,860	8,206	548	8,754	20,614
Interest	86	21,842	-	21,842	21,928
Travel	3,086	599	610	1,209	4,295
Office supplies	2,747	7,004	1,271	8,275	11,022
Miscellaneous	93,630	28,079	21,378	49,457	143,087
Rent	89,559	16,488	-	16,488	106,047
Total Expenses Before Depreciation and Amortization	1,267,073	412,593	255,821	668,414	1,935,487
Depreciation and amortization	34,494	6,211	1,290	7,501	41,995
Total Expenses	\$ 1,301,567	\$ 418,804	\$ 257,111	\$ 675,915	\$ 1,977,482
Percent of Total	65.82 %	21.18 %	13.00 %	34.18 %	100.00 %

Craft Alliance
Statement of Functional Expenses
Year Ended June 30, 2023

	Supporting Activities				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Activities	
Salaries and wages	\$ 711,752	\$ 112,295	\$ 142,788	\$ 255,083	\$ 966,835
Payroll taxes and benefits	89,738	11,593	14,230	25,823	115,561
Cost of goods sold	129,299	-	-	-	129,299
Professional service	28,934	64,655	-	64,655	93,589
Printing expense	9,059	722	7,615	8,337	17,396
Utilities	44,356	5,622	93	5,715	50,071
Class expenses	86,601	-	-	-	86,601
Postage and shipping	9,337	3,091	5,244	8,335	17,672
Advertising and hospitality	37,700	4,418	5,462	9,880	47,580
Curator/Visiting artist	2,379	-	-	-	2,379
Processing fees	22,193	6,450	376	6,826	29,019
Programs, shows, and special projects	20,164	121	-	121	20,285
Repairs and maintenance	11,527	1,198	293	1,491	13,018
Equipment rental	8,710	1,456	3,238	4,694	13,404
Insurance	10,649	11,208	547	11,755	22,404
Travel	2,300	435	2,210	2,645	4,945
Office supplies	4,677	7,375	48	7,423	12,100
Miscellaneous	49,370	38,294	10,653	48,947	98,317
Rent	96,887	17,285	107	17,392	114,279
Total Expenses Before Depreciation and Amortization	1,375,632	286,218	192,904	479,122	1,854,754
Depreciation and amortization	34,030	5,977	-	5,977	40,007
Total Expenses	\$ 1,409,662	\$ 292,195	\$ 192,904	\$ 485,099	\$ 1,894,761
Percent of Total	74.40 %	15.42 %	10.18 %	25.60 %	100.00 %

Craft Alliance
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	\$ (784,956)	\$ (348,425)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	41,995	40,007
Non-cash lease expense	6,556	6,856
(Increase) decrease in assets:		
Unconditional promises to give	105,004	117,856
Inventory	(6,830)	33,641
Prepaid expenses	6,687	4,169
Increase (decrease) in liabilities:		
Accounts payable	(36,062)	7,924
Accrued expenses and other current liabilities	(5,770)	(18,980)
Deferred revenue	17,223	(1,509)
Net Cash Used in Operating Activities	(656,153)	(158,461)
Cash Flows From Investing Activities		
Proceeds from sales of investments	413,823	40,180
Purchases of property and equipment	(8,974)	(669)
Net Cash Provided by Investing Activities	404,849	39,511
Net Decrease in Cash and Cash Equivalents	(251,304)	(118,950)
Cash and Cash Equivalents, Beginning of Year	744,340	863,290
Cash and Cash Equivalents, End of Year	\$ 493,036	\$ 744,340
Supplemental Disclosures of Cash Flow Information		
Cash paid for		
Interest	\$ 26,583	\$ 5,143

Craft Alliance
Notes to Financial Statements
June 30, 2024 and 2023

1. Nature of Operations and Basis of Presentation

Organization

Craft Alliance (the "Organization") is a not-for-profit organization whose mission and principal activities involve offering contemporary craft art exhibitions, classes, community programs, and a gallery shop featuring the work of national and regional artists. The Organization began as a cooperative gallery in 1964. The Organization has a primary location in St. Louis, Missouri.

Description of Program Services

The Organization's programs consist of the following activities: Instructional and hands-on workshops and courses in Clay, Fiber, Glass, Metals, 2D, and Wood; Exhibitions, including gallery talks, studio workshops and lectures presenting contemporary artists who use craft materials and techniques; Community Activities which partner with local schools and organizations to involve children, teens, and adults in making crafts; and, maintaining a Retail Gallery.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Organization. The income earned on any related investments may be subject to donor-imposed stipulations.

Craft Alliance
Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

The Organization follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Unconditional Promises to Give

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 net realizable value using risk-free interest rates applicable to the years in which the promises are to be received.

The Organization provides an allowance for doubtful promises to give equal to the estimated losses that will be incurred in the collection of unconditional promises to give. This estimate is based on historical experience coupled with a review of the current status of existing promises. The allowance and associated promises are reduced when the promises are determined to be uncollectible. The Organization considers unconditional promises to give to be fully collectible; accordingly, no allowance for doubtful promises to give is deemed necessary.

Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined by the specific identification method, and net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of disposal and transportation.

Craft Alliance
Notes to Financial Statements
June 30, 2024 and 2023

Property and Equipment

Property and equipment acquisitions with a life of 3 years or greater are capitalized and recorded at cost, while maintenance and repairs are expensed as incurred. Donated assets are recorded at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose or period of time. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation and amortization are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the related asset or the term of the lease.

The estimated lives for computing depreciation and amortization on property and equipment are:

<u>Classification</u>	<u>Years</u>
Leasehold improvements	5-10
Furniture and equipment	3-40
Website	5

Leases

The Organization leases certain building space. The Organization assesses whether an arrangement qualifies as a lease (conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are modified. The Organization has recognized a liability representing the future lease payments and a right-of-use asset ("ROU") representing its right to use the underlying asset for the lease term. As the lease does not provide an implicit rate, the Organization elected to use their incremental borrowing rate at the commencement date in determining the present value of lease payments. The Organization has elected to treat leases with a lease term of 12 months or less as short term leases and are not recorded on the statement of financial position. Lease expense is recognized on a straight-line basis over the lease term for short term leases, and variable lease expenses are recognized in the period in which they are incurred.

The Organization's lease includes two options to renew, with renewal terms that can extend the lease term for five years each. The exercise of lease renewal options is at the Organization's sole discretion. The Organization has determined both lease renewal options will be exercised, and have included them in the ROU asset and lease liability. In determining which renewal options the Organization is likely to execute, management reviewed the need for the location, the leasehold improvements at that location, the cost to move operations at that facility, and the possibility of relocation.

Craft Alliance
Notes to Financial Statements
June 30, 2024 and 2023

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment exists as of June 30, 2024 and 2023.

Deferred Revenue

Deferred revenue at June 30, 2024 and 2023 consists of payments received for class tuition for 2024 and 2023. These payments will be recognized as income in the period in which they are earned. Changes in the deferred revenue balance during the years ended June 30, 2024 and 2023 were not materially impacted by any other factors.

Revenue Recognition

Revenues from gallery sales and class tuition are recognized in the period these sales and classes occur, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those sales and classes. The Organization does not have any significant financing components as payment is received prior to or at the time of the sales or classes. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than one year.

Support and Revenue

Contributions are recorded as received, and unconditional promises to give are recorded as the promise is made. All contributions are available for general activities unless specifically restricted by the donor. When a restriction expires, 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 promises to give are recognized when the conditions on which they depend are substantially met. Contributions with donor restrictions in which the restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

Functional Expense Allocation

The costs of program services and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Craft Alliance
Notes to Financial Statements
June 30, 2024 and 2023

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs included in advertising and hospitality expenses on the statement of functional expenses totaled \$17,019 and \$42,446 for the years ended June 30, 2024 and 2023, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Organization files as a tax exempt organization.

The Organization follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Organization's returns for tax years 2020 and later remain subject to examination by taxing authorities.

Reclassifications

Certain amounts in the 2023 statement of activities have been reclassified to conform to the current year presentation.

Subsequent Events

The Organization has evaluated subsequent events through January 7, 2025, the date the financial statements were available to be issued.

Craft Alliance
Notes to Financial Statements
June 30, 2024 and 2023

3. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets. |
| Level 2 | Inputs to the valuation methodology to include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The instruments' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value:

- | | |
|---------|---|
| Level 1 | Instruments consist of money market funds. Money market funds are valued at cost plus accrued interest, which approximates fair value. |
| Level 2 | Instruments consist of certificates of deposit. These investments are valued using evaluated pricing, which incorporates modeling techniques, information from extensive market sources, observed transaction data, credit quality information, perceived market movements, news, and other relevant information. |

Craft Alliance
Notes to Financial Statements
June 30, 2024 and 2023

The following table presents the fair value measurements of instruments recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at June 30, 2024 and 2023:

	2024			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Certificates of deposit	\$ 790,815	\$ -	\$ 790,815	\$ -
Total Investments	\$ 790,815	\$ -	\$ 790,815	\$ -
	2023			
	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	\$ 255,552	\$ 255,552	\$ -	\$ -
Certificates of deposit	949,086	-	949,086	-
Total Investments	\$ 1,204,638	\$ 255,552	\$ 949,086	\$ -

4. Unconditional Promises to Give

Unconditional promises to give at June 30, are as follows:

	2024	2023
Less than one year	\$ 59,087	\$ 140,091
One to five years	-	24,000
Total unconditional promises to give	\$ 59,087	\$ 164,091

The Organization has determined that a discount on unconditional promises to give due in more than one year is not required to be recorded at June 30, 2024 and 2023.

5. Conditional Promises to Give

Certain donors and grantors of the Organization have made conditional promises to give in the form of "Challenge Grants", which are contingent upon the Organization achieving stated fundraising goals. These conditional promises to give do not meet the criteria for recognition under GAAP and, accordingly, have not been included in the accompanying financial statements. The amounts and conditions as of June 30, are as follows:

	2024	2023
Conditional promise to give based upon contributions from new and continuing donors	\$ 200,000	\$ 200,000
	\$ 200,000	\$ 200,000

Craft Alliance
Notes to Financial Statements
June 30, 2024 and 2023

6. Property and Equipment

Property and equipment at June 30, is as follows:

	2024	2023
Leasehold improvements	\$ 39,831	\$ 37,879
Furniture and equipment	596,028	589,007
Website	42,656	42,656
	678,515	669,542
Less accumulated depreciation and amortization	592,881	550,887
	\$ 85,634	\$ 118,655

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 totaled \$41,995 and \$40,007, respectively.

7. Leases

The Organization leases building space under an operating lease. The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	2024	2023
Weighted Average Remaining Lease Term		
Operating leases	11.17 years	12.17 years
Weighted Average Discount Rate		
Operating leases	2.75 %	2.75 %

The maturities of lease liabilities as of June 30, are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 99,690
2026	102,558
2027	106,091
2028	109,737
2029	113,502
Thereafter	789,865
Total Lease Payments	1,321,443
Less: Interest	(195,415)
Present Value of Lease Liabilities	\$ 1,126,028

Craft Alliance
Notes to Financial Statements
June 30, 2024 and 2023

The components of lease expense for the years ended June 30, are as follows:

	2024	2023
Operating lease expense	\$ 106,047	\$ 106,046
Short-term lease expense	-	8,233

The following summarizes cash flow information related to leases for the years ended June 30:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 99,491	\$ 99,190

8. Long-term Debt

Long-term debt at June 30, is as follows:

	2024	2023
Economic Injury Disaster Loan, interest at 2.75 percent, monthly interest payments of \$2,280 beginning in December 2022 and monthly principal and interest payments of \$2,280 beginning in July 2024.	\$ 500,000	\$ 500,000
	500,000	500,000
Less current maturities	12,678	-
	\$ 487,322	\$ 500,000

Current maturities previously disclosed at June 30, 2023 were reclassified to long-term as the anticipated payment schedule was amended, and payments now begin July 1, 2024.

Maturities of long-term debt as of June 30, 2024, are as follows:

June 30,	
2025	\$ 12,678
2026	13,038
2026	13,407
2028	13,786
2029	14,177
Thereafter	432,914
	\$ 500,000

Craft Alliance
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9. Contract Balances

Contract balances at June 30, are as follows:

	2024	2023	2022
Deferred revenue	\$ 77,764	\$ 60,541	\$ 62,050

10. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

	2024	2023
Cash and cash equivalents	\$ 493,036	\$ 744,340
Unconditional promises to give	59,087	140,091
Money market funds	-	255,552
Certificates of deposit	790,815	949,086
Contractual or donor-imposed restrictions:		
Other donor restrictions	(119,354)	(160,278)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 1,223,584	\$ 1,928,791

The Organization's primary sources of support are contributions, tuition, grants, and income from its programs. Some support is required to be used in accordance with the purpose restrictions imposed by the donors. As part of a liquidity management plan, the Organization invests cash in excess of daily requirements in certificates of deposit and money market funds.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, are restricted for the following purposes or periods:

	2024	2023
Subject to expenditures for specified purpose	\$ 35,267	\$ 14,278
Subject to passage of time	84,087	146,000
	\$ 119,354	\$ 160,278

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Assets released from restrictions for the years ended June 30, are as follows:

	2024	2023
Released from restrictions of time	\$ 124,500	\$ 170,000
Released from restrictions of purpose	3,755	968
	\$ 128,255	\$ 170,968

12. Risks and Uncertainties

Concentrations

Contributions from one and two grantees were approximately 12 and 44 percent of the Organization's contributions during the years ended June 30, 2024 and 2023, respectively. Unconditional promises to give from three donors were approximately 100 and 91 percent of the Organization's unconditional promises to give at June 30, 2024 and 2023, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents and unconditional promises to give. The Organization maintains its cash primarily with two financial institutions. Deposits at these banks are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At June 30, 2024, there were cash balances of \$952,387 in excess of federally insured limits. The Organization performs ongoing credit evaluations of its donors and maintains allowances, as needed, for potential credit losses. Although the Organization is directly affected by the financial stability of its donor base, management does not believe significant credit risk exists at June 30, 2024.