

FOSTER ANGELS OF CENTRAL TEXAS
FOUNDATION
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

December 31, 2023

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
(A Nonprofit Corporation)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Foster Angels of Central Texas Foundation
Austin, Texas

Opinion

We have audited the accompanying financial statements of Foster Angels of Central Texas Foundation (a nonprofit corporation), which comprise the statement of financial position as of December 31, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foster Angels of Central Texas Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foster Angels of Central Texas Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Foster Angels of Central Texas Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Allman & Associates, Inc.

Austin, Texas
May 23, 2024

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

December 31, 2023

Assets

Current Assets:	
Cash and cash equivalents	\$ 558,646
Contributions receivable, current portion	115,000
Prepaid expenses	<u>866</u>
Total Current Assets	674,512
Contributions receivable, net of discount and current portion	<u>47,851</u>
Total Assets	<u>\$ 722,363</u>

Liabilities and Net Assets

Current Liabilities:	
Accounts payable	\$ 18,158
Accrued expense	<u>1,446</u>
Total Current Liabilities	19,604
Total Liabilities	<u>19,604</u>
Net Assets:	
Without donor restrictions	
Undesignated	<u>522,759</u>
Total Net Assets Without Donor Restrictions	522,759
With donor restrictions	
Purpose restrictions	105,000
Time restrictions	<u>75,000</u>
Total Net Assets With Donor Restrictions	180,000
Total Net Assets	<u>702,759</u>
Total Liabilities and Net Assets	<u>\$ 722,363</u>

See accompanying independent auditors' report and notes to financial statements.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions and grants	\$ 767,514	\$ 239,000	\$ 1,006,514
Special event revenue	405,566	-	405,566
Less: Cost of direct benefits to donors	(93,872)	-	(93,872)
In-kind contributions	84,632	-	84,632
Miscellaneous income	5,373	-	5,373
Interest income	2,039	-	2,039
Net assets released from restriction	216,500	(216,500)	-
	<u>1,387,752</u>	<u>22,500</u>	<u>1,410,252</u>
 Expenses			
Program services:			
Foster Angels	<u>1,212,351</u>	-	<u>1,212,351</u>
Total program services	1,212,351	-	1,212,351
Supporting services:			
Management and general	67,527	-	67,527
Fundraising	<u>99,932</u>	-	<u>99,932</u>
Total supporting services	167,459	-	167,459
	<u>1,379,810</u>	<u>-</u>	<u>1,379,810</u>
 Change in Net Assets	 7,942	 22,500	 30,442
 Net Assets, Beginning of Year	 <u>514,817</u>	 <u>157,500</u>	 <u>672,317</u>
 Net Assets, End of Year	 <u>\$ 522,759</u>	 <u>\$ 180,000</u>	 <u>\$ 702,759</u>

See accompanying independent auditors' report and notes to financial statements.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

Expense Category	Program Services	Supporting Services		Cost of Direct Benefit to	Total
	Foster Angels	Management and General	Fundraising		
Salaries and related expenses	\$ 343,250	\$ 26,747	\$ 75,783	\$ -	\$ 445,780
Clothing and personal care	221,444	-	-	-	221,444
Normalcy	202,235	-	-	-	202,235
Education	127,795	-	-	-	127,795
Household items	106,618	-	-	-	106,618
Food and gas	90,716	4,209	-	-	94,925
Event expenses	-	-	-	93,872	93,872
Housing assistance	32,780	-	-	-	32,780
Transportation	26,252	-	-	-	26,252
Miscellaneous	2,195	2,855	13,814	-	18,864
Community awareness	15,973	-	-	-	15,973
Therapeutic services	14,429	-	-	-	14,429
Accounting	-	11,060	-	-	11,060
Caseworker appreciation	10,917	-	-	-	10,917
Marketing	-	-	10,335	-	10,335
Contract labor	1,250	8,400	-	-	9,650
Adoption assistance	5,853	-	-	-	5,853
Telecommunications	-	5,590	-	-	5,590
Medical	5,032	-	-	-	5,032
Supplies	1,777	3,191	-	-	4,968
Insurance	-	4,875	-	-	4,875
Rent	2,400	600	-	-	3,000
Interns	1,435	-	-	-	1,435
Total expenses by function	<u>1,212,351</u>	<u>67,527</u>	<u>99,932</u>	<u>93,872</u>	<u>1,473,682</u>
Less expenses included with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,872)</u>	<u>(93,872)</u>
Total expense included in expenses section on the statement of activities	<u>\$ 1,212,351</u>	<u>\$ 67,527</u>	<u>\$ 99,932</u>	<u>\$ -</u>	<u>\$ 1,379,810</u>

See accompanying independent auditors' report and notes to financial statements.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

Cash Flows From Operating Activities	
Change in net assets	\$ 30,442
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Noncash contributions of securities	(18,324)
Proceeds from sales of contributed investments	18,324
Changes in assets and liabilities:	
Contributions receivable	(29,064)
Prepaid expenses	(866)
Accounts payable	<u>(15,251)</u>
Net Cash Used by Operating Activities	<u>(14,739)</u>
Net Change in Cash and Cash equivalents	(14,739)
Cash and Cash Equivalents, beginning of the year	<u>573,385</u>
Cash and Cash Equivalents, end of the year	<u>\$ 558,646</u>
Supplemental information:	
Income taxes paid	<u>\$ -</u>
Interest paid	<u>\$ -</u>

See accompanying independent auditors' report and notes to financial statements.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. General Information

Foster Angels of Central Texas Foundation (the Foundation) was organized in 2010 as a Texas non-profit corporation to improve the lives of children in foster care in Central Texas. The Foundation provides immediate assistance to foster children in the form of basic needs and life-enhancing experiences in order to expose them to positive influences, activities and experiences that help them to flourish and reach their full potential. The Foundation only has one program, which focuses on the following impact areas:

Education – Support for educational needs including college related expenses, tutoring, GED/SAT testing, books, computers, backpacks and school supplies, and driver’s education classes.

Food – Support for meals and grocery assistance.

Housing/shelter – Provide beds, mattresses, bedding, cribs, and household items.

Clothing/personal care – Assist with new clothes, school uniforms, shoes, undergarments, diapers and personal hygiene items.

Therapeutic services – Provides support for therapy, counseling, and therapeutic items.

Transportation – Provide car seats, strollers, bus passes, gas cards, driver’s education classes, cars and car repair assistance.

Normalcy – Provide support for extracurricular activities, after school clubs, team sports and camps.

Special occasions – Provide support with adoptions, holidays, birthdays, prom, graduation, trips and other occasions.

Thrive – Social and financial support to young people preparing to transition out of foster care, and those who have aged out, to help ensure that they have what they need to live successful lives as adults.

The Foundation is funded primarily by grants, contributions, and special events.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Foundation is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Foundation's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, regardless of when cash is disbursed. Accordingly, the financial statements reflect all significant receivables, payables, and other assets and liabilities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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. Significant estimates used in preparing these financial statements include those assumed in the functional allocation of expenses and valuation of in-kind contributions.

Financial Statement Presentation

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor, or certain grantor, restrictions.

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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

2. Summary of Significant Accounting Policies, continued

Cash and Equivalents

For the purpose of the statement of cash flows, the Foundation considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Contributions Receivable

Donations received, including unconditional promises, are recognized as revenue when the donor's commitment is received. Contributions receivables are recognized at the estimated present value of the future cash flows. There is no allowance for uncollectible contributions receivable recorded in the financial statements as management believes they are fully collectible. Receivables are written off when deemed uncollectible.

Prepaid Expenses

Prepaid expenses consist primarily of expenses paid for the next fiscal year's operating expenses.

Revenue Recognition

Contributions, including unconditional promises to give and grants, are recorded when received. In accordance with FASB ASC 958-605, *Not-For-Profit Entities Revenue Recognition*, contributions received are recorded as without donor restrictions or with donor restrictions depending of the existence or nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Revenue from special fundraising events are recognized net of direct cost benefiting donors.

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 met. At December 31, 2023, there were no unrecorded conditional promises to give.

In-Kind Contributions

The Foundation records contributions of in-kind goods based on an estimate of the fair value on the date of the donation. Contributed services are recognized at fair value if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Credit Risk

Financial instruments which potentially subject the Foundation to credit risk consist of cash and cash equivalents in banking institutions. The Foundation's cash balances are insured by federal depository insurance up to \$250,000 per financial institution. The Foundation's cash deposits exceeded the federal depository insurance limits by \$38,992 as of December 31, 2023. The Foundation generally does not maintain collateral for its receivables and does not believe significant credit risk exists as of December 31, 2023.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

2. Summary of Significant Accounting Policies, continued

Federal Income Taxes

The Foundation is exempt from federal income taxes pursuant to the provisions of Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) but is subject to federal income tax on earnings from any unrelated business activities. Accordingly, no provision for federal income taxes has been reflected in the financial statements.

The Foundation has adopted the recognition requirements for uncertain income tax positions as required by GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Foundation has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Foundation believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial position, changes in net assets or cash flows. Accordingly, the Foundation has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2023. The Foundation is subject to income tax audits for the previous three years which are open. There are currently no income tax audits for any tax periods in progress.

Functional Allocation of Expenses

The costs of providing the program and supporting services 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. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program. Expenses that are not specifically identifiable to a function are allocated based on management's estimate of time and resources devoted to that function. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Leases

As of January 1, 2022, the Foundation adopted Accounting Standards Update (ASU) 2016-02, *Leases*, which was amended by Accounting Standards Codification 842 (ASC 842). This guidance impacts the presentation of an entity's leasing activities and requires the recognition of lease (right-of-use) assets and related lease liabilities on the statement of financial position and disclosure of key information about leasing arrangements. The Foundation elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

3. Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement is the same in both cases – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price). *Fair Value Measurements and Disclosures* also establish a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 Inputs – Unobservable inputs for the asset or liability.

The fair value of the Foundation's assets and liabilities approximates the carrying amounts of such instruments due to their short maturity.

4. Retirement Plan

In March 2020, the Foundation began offering a Simple IRA qualified retirement plan to its employees. The plan calls for the Foundation to make matching contributions equal to 100% of each participating employees' contribution up to a maximum of 3% of compensation. All employees are eligible to participate in the plan. The contribution expense for the year ended December 31, 2023, was \$6,278.

5. Related-Party Transactions

All of the investments of the Foundation are held by Herndon Plant Oakley, Ltd. The financial advisor, Ted Oakley, is on the Board of Foster Angels of Central Texas Foundation. There were no investment management fees paid during the year ended December 31, 2023.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

6. Contributions Receivable

Contributions receivable are recorded at present value using a discount rate of 3%. Contributions receivables are estimated to be collected as follows at December 31, 2023:

Amount due in :	
Less than one year	\$ 115,000
In one to five years	<u>50,000</u>
Total	165,000
Less discount to present value	<u>(2,149)</u>
Net contributions receivable	<u><u>\$ 162,851</u></u>

7. Scholarship Commitments

The Foundation offers scholarships to youth who meet certain criteria through their Bright Angels Scholar program. One type of scholarship provides up to \$10,000 over the course of four years in \$2,500 installments. The annual payments are divided into three payouts per year. The other type of scholarship provides up to \$48,000 over the course of four years in \$12,000 installments with monthly payouts. The recipient of both types of scholarships must fulfill certain requirements before each scheduled payment is released. As of December 31, 2023, the Foundation has committed to make payments in each of the following years:

<u>December 31,:</u>	<u>Amount</u>
2024	\$ 92,900
2025	85,500
2026	77,500
2027	<u>42,500</u>
Total expected future payments	<u><u>\$ 298,400</u></u>

Should a scholarship recipient fail to meet the agreed upon terms at any time, future payments may be withheld at the discretion of the Foundation.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

8. Leases

The Foundation has a non-cancelable lease to rent office space in Austin, Texas, which ended May 31, 2023. The agreement calls for monthly payments of \$250. The lease was amended in May 2023 to extend through May 2024. For the year ending December 31, 2023, rent expense for the office space totaled \$3,000.

In October 2022, the Foundation entered into a one-year lease for apartment space to be used for temporary housing for former foster children in need. The lease ended October 23, 2023. Rent was \$1,122 per month. In October 2023, the Foundation signed a new lease through January 23, 2024, which was extended in January 2024 for one year. The lease ends January 23, 2025. Rent is \$1,158 per month. For the year ending December 31, 2023, lease expense for the apartment totaled \$14,446 and is included in housing assistance on the statement of functional expenses.

9. Liquidity and Availability

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

Cash and cash equivalents	\$ 558,646
Contributions receivable	<u>162,851</u>
Total financial assets at year-end	721,497
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions for specified purpose	(105,000)
Timing restrictions of more than one year	<u>(10,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 606,497</u>

The Foundation does not have a formal liquidity policy, but intends to meet cash needs through contributions, grants, and meeting budget expectations.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

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10. Net Assets With Donor Restrictions

At December 31, 2023, the Foundation's net assets with donor restrictions are restricted for the following purposes:

Subject to expenditures for specified purpose:

Basic needs	\$ 30,000
Hays County	15,000
Thrive	<u>60,000</u>
Total purpose restricted net assets	105,000

Contributions that are not restricted by donors, but are unavailable for expenditure until due	<u>75,000</u>
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Total net assets with donor restrictions	<u><u>\$ 180,000</u></u>
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For the year ended December 31, 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time as follows:

Satisfaction of purpose restrictions:

Basic needs	\$ 62,500
Beds and bedding	20,000
Education	10,000
Back to School	6,500
Hays County	20,000
Thrive	<u>80,000</u>
Total released from purpose restrictions	199,000

Expiration of time restrictions	<u>17,500</u>
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Total net assets released from donor restrictions	<u><u>\$ 216,500</u></u>
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FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION
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NOTES TO FINANCIAL STATEMENTS

December 31, 2023

11. In-kind Contributions

During the year ended December 31, 2023, the Foundation recorded the following contributed goods:

Mattresses	\$ 3,300
Computers	5,725
Gift Cards	18,989
Holiday Gifts for Teens	43,506
Other	3,978
Tickets	4,798
School supplies	<u>4,336</u>
Total in-kind contributions	<u>\$ 84,632</u>

Contributions are recognized at fair value based on estimated retail value for similar items. Gift cards are recognized at face value. All contributions are for use in program services and are distributed to program participants.

The Foundation received numerous hours of donated time from volunteers for program services, administration, and fundraising activities. The value of these services has not been recorded in the financial statements as they do not meet the criteria for recognition.

12. Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. Management evaluated subsequent events through the auditor's report date of May 23, 2024, the date the financial statements were available to be issued, and there were no events to be disclosed.