CONSOLIDATED FINANCIAL STATEMENTS

Valley of the Sun United Way Fiscal Years Ended June 30, 2025 and 2024 With Report of Independent Auditors



Consolidated Financial Statements

Fiscal Years Ended June 30, 2025 and 2024

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Report of Independent Auditors

Management and the Board of Directors Valley of the Sun United Way

Opinion

We have audited the consolidated financial statements of Valley of the Sun United Way (the Organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization at June 30, 2025 and 2024, 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 (GAAS). 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 the Organization 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 of material misstatement, whether due to fraud or error.

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



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 of 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Ernst + Young LLP

November 18, 2025

Consolidated Statements of Financial Position

	June 30				
	2025	2024			
Assets					
Current assets:					
Cash and cash equivalents	\$ 18,161,858	\$ 7,928,373			
Contributions receivable, net	8,164,897	7,942,982			
Grants and other receivables	1,135,864	7,950,925			
Prepaids and other assets	469,848	462,266			
Total current assets	27,932,467	24,284,546			
Long-term investments	71,029,490	74,611,828			
Contributions receivable, less current portion, net	141,787	459,116			
Property and equipment, net	535,829	779,336			
Operating lease right-of-use asset	272,883	938,413			
Other assets	510,721	663,177			
Total assets	\$ 100,423,177	\$ 101,736,416			
Liabilities and net assets Current liabilities: Allocations payable, undesignated Allocations payable, donor-designated Accounts payable and accrued liabilities Refundable grant advances Operating lease liability, current Total current liabilities Other long-term liabilities	\$ 5,080,540 5,350,352 5,549,968 3,828,723 402,238 20,211,821 84,240	4,641,001 9,257,175 4,559,808 975,982 25,079,418 187,744			
Operating lease liability, less current portion Total liabilities	20,296,061	402,238 25,669,400			
Net assets: Without donor restrictions: Undesignated Board-designated – endowments Total without donor restrictions	10,024,566 52,299,311 62,323,877	44,964,998 57,503,172			
With donor restrictions	17,803,239				
Total net assets	80,127,116				
Total liabilities and net assets	\$ 100,423,177	\$ 101,736,416			

Consolidated Statement of Activities

Fiscal Year Ended June 30, 2025

	Without Donor	With Donor	
	Restrictions	Restrictions	Total
Gross campaign results (2024/2025)	\$ 17,159,001	\$ -	\$ 17,159,001
Less donor designations	(6,691,789)	_	(6,691,789)
Campaign revenue	10,467,212	_	10,467,212
Less provision for uncollectible pledges	(474,363)	_	(474,363)
Net campaign revenue (2024/2025)	9,992,849	_	9,992,849
Other net campaign results	1,675,468	(230,170)	1,445,298
Investment income, net	9,235,499	_	9,235,499
Grants	2,339,070	(530,435)	1,808,635
Government contracts	49,506,791	_	49,506,791
Endowment contributions	1,768,717	_	1,768,717
Gifts-in-kind and contributed services	370,178	_	370,178
Designated from other United Ways	9,509	_	9,509
Administrative fees	382,680	_	382,680
Miscellaneous income	221,745	_	221,745
	65,509,657	(760,605)	64,749,052
Total revenue and support	75,502,506	(760,605)	74,741,901
Expenses:			
Program services:			
Gross funds awarded/distributed	62,496,184	_	62,496,184
Less donor designations	(6,691,789)	_	(6,691,789)
Net funds awarded/distributed	55,804,395	_	55,804,395
Other program services	6,504,767	_	6,504,767
Total program services	62,309,162	-	62,309,162
Supporting services:			
Organizational administration	4,222,786	_	4,222,786
Fundraising	4,149,853	_	4,149,853
Total supporting services	8,372,639	_	8,372,639
Total expenses	70,681,801		70,681,801
Changes in net assets	4,820,705	(760,605)	4,060,100
Net assets, beginning of year	57,503,172	18,563,844	76,067,016
Net assets, end of year	\$ 62,323,877	\$ 17,803,239	\$ 80,127,116

Consolidated Statement of Activities

Fiscal Year Ended June 30, 2024

	Without With Donor Donor Restrictions Restrictions		Total
			Total
Gross campaign results (2023/2024)	\$ 16,812,262	\$ -	\$ 16,812,262
Less donor designations	(6,304,537)	_	(6,304,537)
Campaign revenue	10,507,725	_	10,507,725
Less provision for uncollectible pledges	(534,704)		(534,704)
Net campaign revenue (2023/2024)	9,973,021	_	9,973,021
Other net campaign results	1,956,666	(181,402)	1,775,264
Investment income, net	8,185,280	_	8,185,280
Grants	2,205,035	187,470	2,392,505
Government contracts	93,507,019	_	93,507,019
Endowment contributions	1,938,735	1,000	1,939,735
Gifts-in-kind and contributed services	48,609	_	48,609
Designated from other United Ways	4,198	_	4,198
Administrative fees	405,692	_	405,692
Miscellaneous income	191,267	_	191,267
	108,442,501	7,068	108,449,569
Total revenue and support	118,415,522	7,068	118,422,590
Expenses:			
Program services:			
Gross funds awarded/distributed	105,471,884	_	105,471,884
Less donor designations	(6,304,537)	_	(6,304,537)
Net funds awarded/distributed	99,167,347	_	99,167,347
Other program services	5,762,008	_	5,762,008
Total program services	104,929,355	_	104,929,355
Supporting services:			
Organizational administration	3,905,039	_	3,905,039
Fundraising	3,973,428	_	3,973,428
Total supporting services	7,878,467	_	7,878,467
Total expenses	112,807,822		112,807,822
Changes in net assets	5,607,700	7,068	5,614,768
Net assets, beginning of year	51,895,472	18,556,776	70,452,248
Net assets, end of year	\$ 57,503,172	\$ 18,563,844	\$ 76,067,016

Consolidated Statement of Functional Expenses

Fiscal Year Ended June 30, 2025

				Supporting			
		Program	Or	ganizational			
		Services	Ad	ministration	Fundraising		Total
Salaries	\$	3,787,332	\$	2,358,753	\$ 2,362,543	\$	8,508,628
Employee benefits		643,969		368,693	418,165		1,430,827
Payroll taxes		282,902		157,324	175,786		616,012
•		4,714,203		2,884,770	2,956,494		10,555,467
D 1		247 240		155 571	07.200		5 01 200
Professional fees		247,348		157,561	96,380		501,289
Supplies		92,927		6,329	4,460		103,716
Telephone		60,119		28,639	37,384		126,142
Postage		2,010		2,449	5,564		10,023
Occupancy		442,581		226,629	289,855		959,065
Equipment rental and maintenance		20,554		11,017	13,563		45,134
Printing and publications		4,591		9,712	93,904		108,207
Local transportation		23,251		1,101	1,611		25,963
Travel and conferences		9,145		7,064	13,277		29,486
Local meetings		2,144		3,235	5,803		11,182
Other fees		24,704		154,988	15,985		195,677
Computer services		231,346		178,216	125,377		534,939
Advertising		130,749		169,205	101,832		401,786
Staff development		1,679		4,690	5,652		12,021
Special events		129,652		145,190	170,758		445,600
Miscellaneous		58,877		20,524	10,265		89,666
National dues		73,609		95,258	47,629		216,496
		1,555,286		1,221,807	1,039,299		3,816,392
A		225.250		116 200	154060		505 545
Amortization and depreciation		235,278		116,209	154,060		505,547
		6,504,767		4,222,786	4,149,853		14,877,406
Gifts-in-kind distributed		370,178		_	_		370,178
Grants and contracts awarded/		-, -					.,
distributed		55,434,217		_	_		55,434,217
Net funds awarded/distributed		55,804,395		_			55,804,395
1.11 Idilds an aldea distillated	2	62,309,162	\$	4,222,786	\$ 4,149,853	2	70,681,801
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Consolidated Statement of Functional Expenses

Fiscal Year Ended June 30, 2024

		g Services				
	Program	Or	ganizational			
	Services	Ad	ministration	Fundraising		Total
Salaries	\$ 3,398,920	\$	2,070,984	\$ 2,297,296	\$	7,767,200
Employee benefits	418,811		256,196	296,781		971,788
Payroll taxes	246,945		147,608	169,133		563,686
•	4,064,676		2,474,788	2,763,210		9,302,674
Professional fees	340,534		172,056	126,270		638,860
Supplies	35,203		13,761	8,700		57,664
Telephone	60,080		32,167	40,667		132,914
Postage	4,427		5,248	3,385		13,060
Occupancy	408,887		229,711	279,828		918,426
Equipment rental and maintenance	18,409		12,105	12,562		43,076
Printing and publications	11,723		18,728	72,640		103,091
Local transportation	28,575		621	4,234		33,430
Travel and conferences	9,531		14,499	8,460		32,490
Local meetings	9,342		5,444	7,620		22,406
Other fees	16,952		271,418	11,303		299,673
Computer services	249,677		178,259	135,681		563,617
Advertising	128,901		180,621	113,115		422,637
Staff development	5,810		10,102	2,206		18,118
Special events	33,243		41,421	120,632		195,296
Miscellaneous	24,156		17,961	6,622		48,739
Contributed services	_		_	42,510		42,510
National dues	66,736		93,512	45,726		205,974
	1,452,186		1,297,634	1,042,161		3,791,981
Amortization and depreciation	245,146		132,617	168,057		545,820
	5,762,008		3,905,039	3,973,428		13,640,475
Gifts-in-kind distributed Grants and contracts awarded/	5,571		_	_		5,571
distributed	99,161,776		_	_		99,161,776
Net funds awarded/distributed	99,167,347					99,167,347
	\$ 104,929,355	\$	3,905,039	\$ 3,973,428	\$1	12,807,822

Consolidated Statements of Cash Flows

]	Fiscal Year E 2025		June 30 2024
Operating activities				
Changes in net assets	\$	4,060,100	\$	5,614,768
Adjustments to reconcile changes in net assets to net cash				
(used in) provided by operating activities:				
Amortization and depreciation		505,547		545,820
Provision for uncollectible pledges		474,363		534,704
Net unrealized gain on investments		(7,986,221)	(:	5,220,610)
Changes in operating assets and liabilities:				
Contributions receivable		(696,278)		(812,696)
Grants and other receivables		6,815,061		(411,068)
Long-term contributions receivable		317,329		213,178
Prepaids and other assets		(7,582)		82,024
Other long-term assets		152,456		91,433
Allocations payable		144,439	(1,996,429)
Accounts payable, accrued liabilities, and				
refundable grant advances		(4,438,292)	(9	9,393,360)
Operating lease liability, net of right-of-use asset		(310,452)		(296,120)
Other long-term liabilities		(103,504)		(78,803)
Net cash used in operating activities		(1,073,034)	(1	1,127,159)
Investing activities				
Gross proceeds sales of investments		14,866,031	14	4,711,245
Gross purchases of investments		(3,297,472)	(4	4,798,280)
Purchases of property and equipment		(262,040)		(140,810)
Net cash provided by investing activities		11,306,519		9,772,155
Increase (decrease) in cash and cash equivalents		10,233,485	(1,355,004)
Cash and cash equivalents, beginning of year		7,928,373		9,283,377
Cash and cash equivalents, end of year	\$	18,161,858		7,928,373

Notes to Consolidated Financial Statements

June 30, 2025

1. Description of Business

Valley of the Sun United Way (the Organization) is an Arizona nonprofit organization whose mission is to improve lives by mobilizing the caring power of its community. Valley of the Sun United Way has addressed Maricopa County's most important health and human care needs for 100 years.

Valley of the Sun United Way has unified diverse partners, donors, businesses, nonprofits, government, and faith-based communities to build a stronger Valley for us all. Valley of the Sun United Way and its partners envision a community where every child, family, and individual is healthy, has a safe place to live, and has every opportunity to succeed in school, life, and work. Valley of the Sun United Way belongs to the community, so the Organization seeks community input on the most pressing issues and then brings people, organizations, and companies together to proactively solve them.

In 2021, the Organization announced Mighty Change 2026 (MC2026), a five-year community plan designed to address the most urgent needs of the community. In it, the Organization unveiled specific goals in the areas of Health, Housing and Homelessness, Education, and Workforce Development. Together with nonprofit, community, regional, and corporate partners, the Organization strives to:

- Decrease food insecurity by 50%
- Increase the number of individuals with access to affordable healthcare by 100,000
- Reduce homelessness by 50%
- Increase third grade reading proficiency by 25%
- Increase youth age 16-24 engaged in education and employment opportunities by 38%
- Increase preparation of individuals for a living wage job by 33%
- Increase achievement of higher paying employment by 20%

2. Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements reflect the consolidated operations of all operating units of Valley of the Sun United Way and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash balances on hand and deposited in financial institutions and are all highly liquid investments with a maturity of three months or less when purchased.

Investments

The Organization invests excess cash in investment-grade marketable securities. Such investments are managed by professional investment managers and governed by a comprehensive investment policy that details guidelines concerning investment types, concentrations, and maturities.

Investments in equity securities with readily determinable fair values and investments in debt securities are measured at fair value (based on quoted market prices). Investment income is presented net of related expenses.

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported on the consolidated financial statements.

The Organization invests in alternative investments, including hedge funds and private capital investments. The Organization accounts for its ownership interest in these alternative investments at net asset value determined by the fund manager as a practical expedient to fair value. The net asset value is determined based on the estimated fair value of each of the underlying investments held in the funds. These investment holdings may include investments in private investment funds whose values have been estimated by the fund managers in absence of readily ascertainable fair values. Due to the uncertainty of these estimates, these values may differ from the values that would have been used had a ready market for these investments existed. The investment income recorded is based on the Organization's proportionate share of the funds' change in net asset value during the year.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and contributions receivable. The Organization places its cash and cash equivalents with federally insured institutions.

Concentrations of credit risk with respect to contributions receivable are generally limited due to the large number of contributors comprising the Organization's contributor base. As a result, the Organization does not consider itself to have significant concentrations of credit risk with respect to contributions receivable. Substantially all of the Organization's contributions receivable are due from companies and individuals located within Maricopa County.

Government Contracts

The First Things First (FTF) contracts for service originate from a 2006 voter-backed initiative in which Arizona voters imposed an 80-cent-per-pack increased tax on tobacco products. The successful passage of that initiative resulted in Arizona legislation creating the First Things First state agency and its programs to promote a family-centered, comprehensive, collaborative, and high-quality early childhood system that supports the development, health, and early education of all Arizona's children from birth through age five. Revenues from FTF are statutorily designated dollars earmarked to benefit Arizona children. Using this revenue, FTF has contracted with the Organization for over ten years to leverage the Organization's technology and resources to administer certain statewide programs on which agencies and community stakeholders in all Arizona regions rely. Management of this revenue is a unique and important opportunity for the Organization to collaborate with state government, which then benefits other nonprofits, childcare providers, families, and children located throughout the state of Arizona. This collaboration enables FTF to fulfill its vision that all Arizona's children are ready to succeed in school and in life.

The Organization receives advances of funding for these programs. Any unused funds are considered refundable and must be repaid to FTF. For the year ended June 30, 2025, contract for service revenue with FTF totaled approximately \$47,354,000 and refundable grant advances totaled approximately \$3,829,000. Comparatively, for the year ended June 30, 2024, contract for service revenue with FTF totaled approximately \$90,177,000 and refundable grant advances totaled approximately \$4,560,000. In fiscal year 2024, FTF had contracted with the Organization to increase federal funding to these programs to address the post-pandemic relief and cost of quality childcare. This increase in funding was limited to fiscal year 2024, and was on a cost reimbursement basis. For the years ended June 30, 2025 and 2024, grants receivable totaled approximately \$171,000 and \$6,057,000, respectively, for these programs.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Contributions Receivable

Unconditional promises to give are recorded at fair value upon receipt of a written commitment from the donor. Multi-year pledges are recognized at their net present value using yields on U.S. Treasury obligations of equivalent maturity dates at the time the pledge is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the conditions are met.

An allowance for uncollectible contributions receivable is computed based upon a four-year historical average of collection experience by contribution type, adjusted for management's estimate of current economic factors and using the specific identification method.

Property and Equipment

Leasehold improvements, furniture, fixtures, equipment, and software are initially recorded at cost. Leasehold improvements are amortized over the shorter of the useful life of the leasehold improvement, or the remaining lease term. Amortization and depreciation are recorded on a straight-line basis over the following estimated useful lives:

Leasehold improvements	5–10 years
Furniture, fixtures, and equipment	3–10 years
Software	3–5 years

Routine maintenance and repairs are charged to expense as incurred.

Net Assets

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-specific contributions whose restrictions are met within the same year they are received are reported as campaign revenue without donor restrictions in the accompanying consolidated financial statements.

The Organization's net assets without donor restrictions are reported in the following categories:

- *Undesignated* represents amounts available to fund the Organization's future operating expenses, including allocations payable to other eligible 501(c)(3) organizations.
- Board-designated endowments represent amounts designated by the Board of Directors for long-term investment purposes. The related principal amounts are not intended for current use.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Contributions designated by the donor for a specific unrelated organization are recognized by the Organization as reductions to gross campaign results in the accompanying consolidated statements of activities.

Contributions that are restricted by the donor for a specific purpose or time period are reported as campaign revenue with donor restrictions in the accompanying consolidated statement of activities. Net assets with donor restrictions also include contributions that require, by donor restriction, that the corpus be invested in perpetuity.

In fiscal year 2021, the Organization received a \$25,000,000 unrestricted contribution from philanthropist, author, and Amazon co-founder MacKenzie Scott (National Philanthropic Trust). The transformational gift was deployed over a five year period, through fiscal year 2025, to catalyze the Organization's MC2026 plan and stabilize key community programs. The funds also supported deeper community engagement and broadened access and inclusion throughout the Organization's work. The Organization completed the five-year expenditure plan for the \$25 million gift, with \$1,388,000 in expenditures for the year ended June 30, 2025.

Gifts-in-Kind and Contributed Services

Donated assets and services are reflected as contributions on the accompanying consolidated statements of activities at their estimated fair values at the date of receipt. Gifts-in-kind received include food, household goods, office furniture, and supplies.

Contributions of services are recognized if the services received create or enhance a nonfinancial asset or the services require specialized skills that are provided by individuals possessing those skills, and include television, radio, print, and outdoor advertising. Such contributions are measured at the estimated fair value of the services received. Contributed services are reflected as unrestricted revenue and an equal amount is recorded in unrestricted organizational administration expenses on the consolidated statements of activities, resulting in no net impact on the changes in net assets during the year.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in specific assistance programs, campaign solicitations, and various committee assignments. Since the services provided in these instances do not require specialized skills, they have not been valued or reflected on the accompanying consolidated statements of activities.

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Administrative Fees

Fees deducted from donor-designated contributions to cover administrative costs are recorded as administrative fees within total revenue and support in the accompanying consolidated statement of activities.

Functional Allocation of Expenses

Expenses are classified on a functional basis on the accompanying consolidated statements of activities. Program services are those expenditures related to community investment and community initiative activities, costs of certain community programs, and the expenses associated with the administration and management of these activities. Supporting services are those expenses associated with fundraising and organizational administration.

All salary, overhead, and miscellaneous costs attributable to fundraising efforts are recorded as operating expenses in the period incurred.

Net funds awarded/distributed consist of funding of programmatic activities, as well as funds distributed to health and human service organizations, all of which align with the Organization's community objectives.

For purposes of the consolidated statements of functional expenses, a portion of organizational administration expenses is allocated to all program and supporting services on the basis of full-time employee equivalents.

Tax Status

The Organization is a nonprofit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, a provision for income taxes has not been included on the accompanying consolidated statements of activities.

Management is of the opinion that substantially all of the Organization's activities are related to its tax-exempt purpose, and no material uncertain tax positions have been identified or recorded in the accompanying consolidated financial statements at June 30, 2025 or 2024.

Notes to Consolidated Financial Statements (continued)

3. Endowment Campaign

In late fiscal 2007, the Organization commenced an endowment campaign, whereby funds raised were invested, and the related investment income is used to underwrite the organizational administration and fundraising costs of the Organization. Through June 30, 2025, the endowment has cumulatively received unconditional pledges, net of pledges deemed to be uncollectible, to the endowment campaign totaling \$16,647,000, all of which have been collected at June 30, 2025.

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are restricted by the donor for a specific purpose that must be met before reclassifying those net assets to net assets without donor restrictions. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Organization has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

The endowment investments are recorded within long-term investments on the Organization's consolidated statement of financial position.

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

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

Notes to Consolidated Financial Statements (continued)

3. Endowment Campaign (continued)

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or that the Board of Directors has designated as endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a target annual rate of return greater than the Consumer Price Index plus 4.5%, over a full market cycle (defined over a five-year moving period) without exceeding a standard deviation of 1.2 times a weighted benchmark index. The benchmark index comprises each asset class index weighted by its target allocation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based and fixed-income investments to achieve its long-term objectives within prudent risk constraints. Over the long term, the Organization expects its endowment to grow at an average of the long-term rate of inflation. The Organization's objectives are to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term, as well as to provide additional real growth through new gifts and investment return. The investment income related to the endowment net assets with donor restrictions are not restricted; however, the Board of Directors has designated earnings be added to the board-designated endowment and, thus, reflected as a transfer to net assets without donor restrictions.

At June 30, 2025, the endowment net asset composition by type of fund consisted of the following:

	Without Donor Restrictions			With Donor Restrictions	Total
Board-designated Donor-designated	\$	52,299,311	\$	- 16,647,001	\$ 52,299,311 16,647,001
Total funds	\$	52,299,311	\$	16,647,001	\$ 68,946,312

Notes to Consolidated Financial Statements (continued)

3. Endowment Campaign (continued)

Changes in endowment net assets for the year ended June 30, 2025, consisted of the following:

	Without Donor Restrictions			With Donor Restrictions	Total
Endowment net assets, beginning of year Investment return:	\$	44,964,998	\$	16,647,001	\$ 61,611,999
Interest and dividends		1,252,430		463,676	1,716,106
Net realized and unrealized gains		4,757,701		1,761,402	6,519,103
Total investment gains, net		6,010,131		2,225,078	8,235,209
Transfers, contributions, and other Appropriation of endowment assets		3,993,795		(2,225,078)	1,768,717
for expenditure		(2,669,613)		_	(2,669,613)
Endowment net assets, end of year	\$	52,299,311	\$	16,647,001	\$ 68,946,312

At June 30, 2024, the endowment net asset composition by type of fund consisted of the following:

	ithout Donor Restrictions	With Donor Restrictions	Total
Board-designated Donor-designated	\$ 44,964,998	\$ - 16,647,001	\$ 44,964,998 16,647,001
Total funds	\$ 44,964,998	\$ 16,647,001	\$ 61,611,999

Changes in endowment net assets for the year ended June 30, 2024, consisted of the following:

				Total
\$ 38,192,721	\$	16,646,001	\$	54,838,722
938,233		408,921		1,347,154
4,061,527		1,770,185		5,831,712
 4,999,760		2,179,106		7,178,866
43,192,481		18,825,107		62,017,588
4,117,841		(2,178,106)		1,939,735
(2,345,324)		_		(2,345,324)
\$ 44,964,998	\$	16,647,001	\$	61,611,999
I	Restrictions \$ 38,192,721 938,233 4,061,527 4,999,760 43,192,481 4,117,841 (2,345,324)	Restrictions \$ 38,192,721 \$ 938,233 4,061,527 4,999,760 43,192,481 4,117,841 (2,345,324)	Restrictions Restrictions \$ 38,192,721 \$ 16,646,001 938,233 408,921 4,061,527 1,770,185 4,999,760 2,179,106 43,192,481 18,825,107 4,117,841 (2,178,106) (2,345,324) -	Restrictions Restrictions \$ 38,192,721 \$ 16,646,001 938,233 408,921 4,061,527 1,770,185 4,999,760 2,179,106 43,192,481 18,825,107 4,117,841 (2,178,106) (2,345,324) -

Notes to Consolidated Financial Statements (continued)

4. Contributions Receivable

Contributions receivable consist of the following as of June 30:

	 2025	2024
Less than one year	\$ 9,115,730 \$	8,974,199
More than one year	150,000	487,738
	9,265,730	9,461,937
Allowance for uncollectible pledges	(950,833)	(1,031,218)
Discount (0.2% to 4.1%)	(8,213)	(28,621)
	8,306,684	8,402,098
Less current portion	(8,164,897)	(7,942,982)
	\$ 141,787 \$	459,116

Management routinely evaluates the collectability of contributions receivable and records an allowance for doubtful accounts to the extent that it is probable that the Organization will be unable to collect all amounts pledged and the amount of the loss can be reasonably estimated.

5. Fair Value Measurements

The Organization uses a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value as follows:

- Level 1: Pricing is based on observable inputs for identical instruments, such as quoted prices in active markets.
- Level 2: Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets.
- Level 3: Pricing inputs are generally unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimates, based on assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using factors that involve considerable judgment and interpretations, including, but not limited to, private and public comparables, third-party appraisals, discounted cash flow models, and fund manager estimates.

Notes to Consolidated Financial Statements (continued)

5. Fair Value Measurements (continued)

Assets measured at fair value are based on one or more of three valuation techniques described below.

- (a) *Market approach*. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- (b) *Cost approach*. Amount that would be required to replace the service capacity of an asset (replacement cost).
- (c) *Income approach*. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option pricing, and excess earnings models).

All of the Organization's investments, excluding alternative investments, as of and for the years ended June 30, 2025 and 2024, are considered Level 1 and were valued using the market approach. There have not been any changes in any investments' fair value classification in 2025 or 2024.

The Organization values its alternative investment funds at the net asset value as determined by the fund manager as practical expedient to fair value.

6. Investments

Investments, measured at fair value, consist of the following as of June 30:

	2025	2024
Mutual funds:		
Bond funds	\$ 8,710,940	\$ 15,769,621
Equity funds	53,055,312	46,388,714
Exchange-traded funds	5,188,981	9,079,289
Alternative investments	 4,074,257	3,374,204
Long-term investments	\$ 71,029,490	\$ 74,611,828

Investment income consists of the following for the years ended June 30:

	 2025	2024
Interest and dividends Realized (losses) gains Unrealized gains	\$ 2,239,437 \$ (990,159) 7,986,221	2,167,379 797,291 5,220,610
	\$ 9,235,499 \$	8,185,280

Notes to Consolidated Financial Statements (continued)

7. Property and Equipment

Property and equipment consisted of the following as of June 30:

	 2025	2024
Leasehold improvements	\$ 1,216,619 \$	1,126,053
Furniture, fixtures, and equipment	2,551,516	2,408,542
Software	1,070,101	1,041,601
	 4,838,236	4,576,196
Less accumulated amortization and depreciation	 (4,302,407)	(3,796,860)
	\$ 535,829 \$	779,336

8. Related Party Transactions

Volunteers from the local business community are relied upon to serve on the Board of Directors, on committees, and in other key positions within the Organization. Many of the volunteers make significant contributions through their involvement and assistance with fundraising campaigns on behalf of the Organization. Pledges from the Organization's Board of Directors totaled approximately \$293,000 and \$305,000 for the years ended June 30, 2025 and 2024, respectively.

9. Liquidity

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following for the years ended June 30:

	 2025	2024
Cash and cash equivalents Contributions receivable, net Grant and other receivables	\$ 18,161,858 8,164,897 1,135,864	\$ 7,928,373 7,942,982 7,950,925
	\$ 27,462,619	\$ 23,822,280

The Organization has the ability to structure its financial assets to be available as its general expenditures and other obligations come due.

Notes to Consolidated Financial Statements (continued)

10. Line of Credit

The Organization maintains a line of credit (LOC) agreement to manage timing and cash flow needs. The credit agreement is up to \$3,000,000 with a termination date of May 31, 2026, and bears an annual interest rate of the Commercial Bank Floating Rate or the Secured Overnight Financing Rate. The renewal of the LOC agreement is reviewed annually for further extensions.

There were no amounts outstanding under the LOC as of June 30, 2025 or 2024. The Organization was in compliance with all debt covenants as of June 30, 2025.

11. Leases

The Organization leases its corporate office and equipment under operating type leases. For leases greater than 12 months, management records the related right-of-use assets and lease obligations at the present value of lease payments or straight-line expense over the lease term. The Organization has elected to exclude non-lease components from the straight-line expense used to calculate the right-of-use assets and liabilities. The Organization uses a risk-free discount rate commensurate with the lease term to determine the present value of lease payments. The weighted-average discount rate is 2.22% and the weighted-average lease term is 2.42 years.

Future minimum cash basis lease payments are \$402,238 at June 30, 2025, which represents the current operating lease liability in the accompanying consolidated statements of financial position.

The Organization accounts for all rent holidays and rent increases, and the Organization recognizes rent expense on a straight-line basis over the lease period. The difference between the lease expense recognized and the actual lease payment is recorded as a reduction to the right-of-use asset. Operating lease expense associated with the Organization's corporate office, not including parking, taxes, or common area maintenance expenses, was \$657,000 and \$690,000 for the years ended June 30, 2025 and 2024, respectively.

Operating cash flows for operating leases was \$997,000 and \$986,000 for the years ended June 30, 2025 and 2024, respectively.

On June 25, 2025, the Organization entered into an operating lease for its corporate office. The lease term commences on December 1, 2025, and extends for 130 months. Future annual lease payments, not including parking, taxes, or common area maintenance expenses under this agreement are approximately \$365,000. No right-of-use asset or lease liability has been recorded as of June 30, 2025, as the lease has not yet commenced.

Notes to Consolidated Financial Statements (continued)

12. Subsequent Events

The Organization has evaluated events subsequent to June 30, 2025, to assess the need for potential recognition or disclosure in the accompanying consolidated financial statements. Such events were evaluated through November 18, 2025, the date these consolidated financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the accompanying consolidated financial statements.

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