EDWARD CHARLES FOUNDATION

FINANCIAL STATEMENTS

June 30, 2023

CONTENTS

Independent Auditors' Report

To the Board of Directors of
Edward Charles Foundation

Opinion

We have audited the accompanying financial statements of Edward Charles Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 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 (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the 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 GAAP, 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 the Foundation'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 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 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 the 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.

Baker Tilly US, LLP

Los Angeles, California
November 14, 2023

EDWARD CHARLES FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

Assets		
Cash and cash equivalents	$	276,831
Restricted cash		26,736,993
Contributions receivable		1,527,260
Accounts receivable		375,182
Investments		5,334,984
Security deposits		2,950
Prepaid expenses		778,695
Fixed assets, net of depreciation		1,676
Pension obligation asset		659,946
Operating lease right-of-use asset		163,278
Total assets	$	35,857,795

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued liabilities	$	1,501,435
Notes payable		71,521
Obligation under operating lease		165,821
Total liabilities		1,738,777
Net Assets		
Without donor restrictions		944,474
With donor restrictions		33,174,544
Total net assets		34,119,018
Total liabilities and net assets	$	35,857,795

See Independent Auditors' Report
The accompanying notes are an integral part of these statements.

EDWARD CHARLES FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 21	$ 37,767,148	$ 37,767,169
Fee Income	1,333,988	-	1,333,988
Loss from Special Events, net of expenses	-	(26,266)	(26,266)
Contributed nonfinancial assets	200,000	152,831	352,831
Investment Income, net	(15,241)	(1,475,474)	(1,490,715)
Miscellaneous Income	613,828	-	613,828
Gain on Pension Obligation Asset	659,946	-	659,946
Net Assets Released From Restrictions	24,112,338	(24,112,338)	-
Total Revenue and Support	26,904,880	12,305,901	39,210,781
FUNCTIONAL EXPENSES			
Program Services	24,112,338	-	24,112,338
Management and General	2,099,996	-	2,099,996
Total Functional Expenses	26,212,334	-	26,212,334
CHANGE IN NET ASSETS	692,546	12,305,901	12,998,447
NET ASSETS, BEGINNING OF YEAR	251,928	20,868,643	21,120,571
NET ASSETS, END OF YEAR	$ 944,474	$ 33,174,544	$ 34,119,018

EDWARD CHARLES FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Expense	Management and General	Total
PERSONNEL EXPENSES			
Salaries and wages	$ 2,717,213	$ 318,582	$ 3,035,795
Payroll taxes and employee benefits	296,838	30,722	327,560
In-kind donations	152,831	200,000	352,831
Total Personnel Expenses	3,166,882	549,304	3,716,186
OTHER EXPENSES			
Accounting	1,120,114	169,135	1,289,249
Awareness campaign expenses	4,024,140	2,582	4,026,722
Bank and investment charges	45,646	470	46,116
Depreciation	4,022	-	4,022
External grants	11,611,449	2,000	11,613,449
Food for volunteers and staff	-	1,347	1,347
Insurance	80,655	84,251	164,906
Legal	251,847	1,568	253,414
Licenses and fees	9,525	10,221	19,746
Marketing expenses	-	29,175	29,175
Other program expense	10,013	3,538	13,551
Platforms and charitable donation software	913,639	26,596	940,235
Postage and printing	6,363	10,378	16,741
Consulting	2,656,201	1,177,427	3,833,628
Program office expense and supplies	10,034	10,977	21,011
Rent	201,808	21,027	222,835
Total Other Expenses	20,945,456	1,550,692	22,496,148
TOTAL FUNCTIONAL EXPENSES	$ 24,112,338	$ 2,099,996	$ 26,212,334

EDWARD CHARLES FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets		$ 12,998,447
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation expense		4,022
Amortization of right-of-use assets		113,076
Bad debt expense		10,000
Realized and unrealized loss on investment, net		1,537,290
Forgiveness of debt		(38,000)
Noncash contributions of securities		(5,729,952)
Changes in operating assets and liabilities		
Accounts receivable		(75,766)
Contributions receivable		(1,066,150)
Prepaid expenses		(778,695)
Accounts payable and accrued liabilities		388,573
Pension obligation asset		(659,946)
Net Cash Provided by Operating Activities		6,702,899
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of investments		1,310,844
Purchase of investments		(436,854)
Net Cash Provided by Investing Activities		873,990
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from acquisition of debt		71,521
Net Cash Provided by Financing Activities		71,521
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH		7,648,410
CASH, CASH EQUIVALENTS AND RESTRICTED CASH – beginning of year		
Cash	$ 151,740	
Restricted Cash	19,213,674	
Total Cash and Restricted Cash - beginning of year		19,365,414
CASH, CASH EQUIVALENTS AND RESTRICTED CASH – end of year		
Cash	$ 276,831	
Restricted Cash	26,736,993	
Total Cash and Restricted Cash - end of year		$ 27,013,824
SUMMARY OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Initial recognition of right of use assets and lease liability		$ 276,354
Noncash contributions of securities		$ 5,729,952

See Independent Auditors' Report
The accompanying notes are an integral part of these statements.

NOTE 1 - Foundation

Edward Charles Foundation (the Foundation), a California nonprofit, public benefit corporation, acts as a fiscal sponsor on behalf of high-net-worth individuals, families, corporations, celebrities, and athletes who are looking to engage in philanthropy. The mission of the Foundation is to provide a legal framework with the utmost in flexibility to help philanthropists run their charitable activities underneath an umbrella of trust, stewardship, and impact.

To accept a project for fiscal sponsorship, the Foundation vets each applicant's nonprofit purpose to the Internal Revenue Service 50l(c)(3) standard and determines its viability for securing funding. At any given time, the Foundation is sponsoring approximately 130 projects, the majority of which reside in the Los Angeles area. The projects represent nonprofit activities in all areas of the nonprofit sector, e.g., arts and culture, education, environment, health and human services, and public affairs. These include projects of limited duration, start-up nonprofit Foundations, public/private partnerships, and multiple funder collaborations.

All the financial activity of the Foundation's fiscally sponsored projects ("FSPs") is aggregated for financial statement purposes. Their funds, however, are kept strictly segregated in individual fund accounts. The majority of its FSP's (those in a comprehensive fiscal sponsorship relationship) are legally a part of the Edward Charles Foundation.

By the nature of the business of fiscal sponsorship, the Foundation's portfolio of fiscally sponsored projects is volatile with time-limited projects completing, with maturing nonprofits spinning off into their own 501(c)(3) Foundations, and with new start-ups signing up throughout each year. As a result, individual budget line items may vary considerably from year to year, and typical financial analyses are not always meaningful.

Funding

The projects of the Foundation are funded primarily by foundations, corporate and government grants, and donations from individuals. The management and general operations of the Foundation are funded primarily by the administrative fee ranging from one to ten percent charged on project revenues, which range is based on agreement and amount of contributions received. Additional funds are earned from consulting services and earnings on investments.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting and Reporting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Cash and Cash Equivalents

The Foundation considers investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist primarily of money market funds. The carrying amount approximates fair value because of the short maturity of those instruments.

Restricted Cash

Restricted cash includes cash held on behalf of the Foundation's philanthropists.

Investments

Investments in equities are measured at fair value in the accompanying statement of financial position. Purchases and sales of securities are recorded on a trade-date basis. Contributed securities are recorded at fair value on the date of receipt and changes between that date and year end are included in the accompanying statements of activities as unrealized gains or losses. Interest income is recorded on an accrual basis and dividend income is recorded based on the ex-dividend date. Unrealized and realized gains and losses are included as changes in net assets in the accompanying statements of activities.

Estimated Fair Value of Financial Instruments

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, generally 3 years. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

At the project level, cost of assets purchased under $5,000 are charged to expense. Property and equipment over $5,000 that have been acquired with unrestricted funds that remain the property of the Foundation are capitalized on the Foundation's books at cost. At June 30, 2023, there were no capitalized assets purchased with unrestricted funds.

At June 30, 2023, there were $9,050 of capitalized assets purchased by the projects, net of accumulated depreciation of $7,374. Depreciation expense for the year ended June 30, 2023 was $4,022.

Net Assets

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

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of Foundation's management and the board of directors.

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

Contributions

Contributions consist principally of donations from individuals and Foundations. Contributions are recognized as revenue when received or unconditionally promised. Contributions received on behalf of projects are recorded as with donor restrictions support when they are awarded. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported as net assets released from restrictions in the statement of activities. Conditional promises to give are excluded from revenue and support until the conditions are substantially met. At June 30, 2023, there were no conditional promises to give.

If project funds are not spent before a project separates, such funds are recorded as a fund transfer expense at the time of separation. Contributions to be received after one year are discounted to present value at an appropriate discount rate commensurate with the risks involved. Amortization of the resulting discount is recognized as additional contribution revenue. An allowance for uncollectible contributions receivable is provided, if necessary, based on management's judgment, including such factors as prior collection history, type, and nature of contribution, and when contributions are anticipated to be received. At June 30, 2023, there was no allowance for doubtful accounts.

Revenue Recognition

Revenue recognition is evaluated under Accounting Standards Codification (ASC) No. 606 through the following five steps:

1. identification of the contract or contracts with a customer;

2. identification of the performance obligations in the contract;

3. determination of the transaction price;

4. allocation of the transaction price in the contract; and

5. recognition of revenue when or as a performance obligation is satisfied. The Foundation assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations.

The Foundation derives its revenue from the following sources:

Fee Income

Revenues from fee income from sponsored projects are recognized over time as services are provided.

Special Events Revenue

Revenues from special events are recognized once the events are held. Amounts received in advance are recorded as deferred revenue.

Functional Allocation· of Expenses

Costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on usage and employee time.

Income Taxes

The Foundation has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code, and Section 2370l(d) of the Revenue and Taxation Code, respectively.

Each year, management considers whether any material tax position the Foundation has taken is more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions the Foundation has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

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. Management's estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Nonfinancial Assets

The Foundation may receive services, equipment and material without payment or compensation. Contributed nonfinancial assets are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Material and other noncash donations are recorded at cost or estimate fair value determine at the date of donation. For the year ended June, 30, 2023, the Foundation recorded donated services of $200,000 and donated goods of $152,831, which are recorded as in-kind donations in the accompanying statement of activities.

New Accounting Pronouncements

Adopted in the Current Year

Effective July 1, 2022, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842),* and all related amendments using the modified retrospective approach.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. Lease expense for the Foundation's finance leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. At the date of adoption, the Foundation recorded operating lease right-of-use assets and lease liabilities of $276,354.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the Foundation elected:

- The package of practical expedients permitted under the transition guidance which does not require the Foundation to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs;

- The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of the Foundation's right-of-use assets.

The new standard also provides for several accounting policy elections, as follows:

- The Foundation has elected the policy not to separate lease and nonlease components for the operating leases.

- When the rate implicit in the lease is not determinable, rather than use the Foundation's incremental borrowing rate, the Foundation elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities.

- The Foundation elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Foundation is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

- The Foundation elected to not apply recognition requirements for any leases with an initial right-of-use asset value less than $2,000.

Additional required disclosures for Topic 842 are contained in Note 8.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents and investments.

The Foundation places its cash and cash equivalents with high-credit, quality financial institutions. At times, such cash may be in excess of the FDIC insurance limit. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.

At June 30, 2023, 54% of contributions receivable were from two donors.

Subsequent Events

The Foundation has evaluated events through November 14, 2023, which is the date the financial statements were approved and available to be issued.

NOTE 3 – Liquidity

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-months period, the Foundation considers all expenditures related to its ongoing mission-related activities as well as the expenditures undertaken to support those activities to be general expenditures.

The Foundation's financial assets available within one year of June 30, 2023 to meet general expenditures include:

Financial assets at fiscal year-end:	
Cash, restricted cash and cash equivalents	$ 27,013,824
Contributions receivable	1,527,260
Accounts receivable	375,182
Investments	5,334,984
Total financial assets and other liquidity resources	34,251,250
Less amounts unavailable for general expenditure within one year:	
Donor-imposed restrictions:	
Purpose restricted net assets	(33,174,544)
Financial assets to meet cash needs for general expenditures within one year	$ 1,076,706

NOTE 4 - Contributions Receivable

Contributions receivable at June 30, 2023 totaled $1,527,260 and are expected to be received by June 30, 2024.

NOTE 5 — Investments and Fair Value Measurements

At June 30, 2023, the fair value of the Foundation's investments on a recurring basis are as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
Equities	$ 289,356	$ –	$ –	$ 289,356
Bond funds	198,938	–	–	198,938
Mutual funds	124,590	–	–	124,590
Closely held stock	–	–	4,772,100	4,722,100
Totals	$ 612,884	$ –	$ 4,772,100	$ 5,334,984

There were no changes in methodologies used to determine fair value at June 30, 2023.

NOTE 6 — Notes Payable

The Foundation entered into a loan agreement with an entity sponsored by the Foundation in the amount of $71,521. The note is due on demand and does not bear interest.

NOTE 7 — Net Assets With Donor Restrictions

At June 30, 2023, net assets with donor restriction consist of donations which are available for future periods and/or specific programs as follows:

Subject to purpose and time restrictions:		
Time and purpose restricted	$	1,527,260
Purpose restricted:		
Social justice		5,864,472
Outschool.org		4,922,017
Brooks Family		4,224,333
The Morgan Wallen Foundation		3,687,586
Research		3,364,787
General philanthropy		3,210,069
Health and wellness		2,647,810
Environmental conservation		1,167,500
Religious services		733,529
Preservation and economic advancement		540,092
Disaster relief		470,763
Education		441,333
Food security		372,993
	$	33,174,544

For the year ended June 30, 2023, net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Social justice	$	6,135,336
Outschool.org		2,567,337
Brooks Family		308,767
The Morgan Wallen Foundation		636,524
Research		2,932,082
General philanthropy		965,063
Health and wellness		3,353,129
Environmental conservation		1,085,214
Religious services		427,360
Preservation and economic advancement		1,123,611
Disaster relief		193,728
Education		1,512,563
Food security		2,871,624
	$	24,112,338

NOTE 8 – Leases

The Foundation leases two office spaces under noncancelable operating lease agreements expiring between December 2023 and October 2024. The minimum monthly lease payments range between $3,000 to $9,503.

Right-of-use assets represent the Foundation's right to use an underlying asset for the lease term, while lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Foundation uses the rate implicit in the lease, or if not readily available, the Foundation uses a risk free rate based on U.S. Treasury note or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Foundation's long-lived asset policy. The Foundation reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Foundation made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Foundation:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Foundation obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases; although this election as not made.
- Determined whether contracts contain embedded leases;
- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments;

The Foundation does not have any material leasing transactions with related parties

During the year ended June 30, 2023, lease expense, which comprises operating and short-term lease expense, amounted to $120,097.

The right-of-use assets and lease liabilities were calculated using a discount rate of 4.25%. As of June 30, 2023, the remaining lease term was 1.17 years.

The table below summarizes the Foundation's scheduled future minimum lease payments for years ending after June 30, 2023:

Years ending June 30,	
2024	$ 132,036
2025	38,012
Total lease payments	170,048
Less: future interests	(4,227)
Present value of lease obligations	$165,821

NOTE 9 - Contingencies

Litigation

In the normal course of business, the Foundation may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a significant impact on the financial statements of the Foundation as of June 30, 2023.

NOTE 10 – Retirement Plan

The Foundation has a defined benefit plan (the Plan) for eligible employees. The benefits are based on years of service and average monthly earnings. The Foundation's plan is funded annually at an amount sufficient to cover the normal cost.

The Foundation recognizes the funded status of the benefit plan in the statement of financial position and gains and losses that arise during the period that are deferred under pension accounting rules in the statement of activities as a change to net assets.

No contributions are required by employees and the Foundation did not make any contributions for the year ended June 30,2023. The present value of the benefit obligation was fully funded as required under the terms of the Plan. There were no material changes in the fair value of the assets during the year ended June 30, 2023.

The following table sets forth information about the Organization's defined benefit plan as of and for the year ended June 30, 2023:

	Plan Assets	Pension Obligation	Net Pension Obligation	Pension-Related Changes
Balance at June 30, 2022	$ 1,040,579	$ 348,888	$ 691,691	$ –
Actual return on net assets	(14,301)	–	(14,301)	(14,301)
Actuarial loss	–	17,444	(17,444)	(17,444)
Balance at June 30, 2023	$ 1,026,278	$ 366,332	$ 659,946	$ (31,745)

The changes in pension plan assets in the preceding table were measured at fair value.

The following table sets forth by level with the fair value hierarchy pension plan assets at their fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Cash	$ 287,358	$ –	$ –	$ 287,358
Real estate	–	738,920	–	738,920
Totals	$ 287,358	$ 738,920	$ –	$ 1,026,278

The following assumptions were used in accounting for the pension plan:

Weighted-average assumptions used to determine pension benefit obligations at June 30, 2023:

Discount rate	5%
Expected return on plan assets	5%

The expected long-term rate of return assumption is based upon many factors including asset allocations, historical asset returns, current and expected future market conditions, risk and active management premiums.

No benefits were paid by the Plan to participants during the year ended June 30, 2023. Benefit payments provided by the Plan are expected to be paid in 2032.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the financial statements.

NOTE 11 – Related Parties

An entity controlled by the Foundation's CEO provides operational services to the Foundation. For the year ended June 30, 2023, payments to the entity totaled $866,930.

The Foundation subleases office space from an entity controlled by the Foundation’s CEO under a short-term lease. The Foundation made payments of $25,200 related to this short-term lease.