Beyond Accounting

# Ticket to Dream Foundation
# A Nonprofit Organization

## Financial Statements

## March 31, 2023 and 2022

83 Scripps Drive #210 Sacramento, CA 95825 | www.bfba.com | Office: (916) 924-0800 | Email: info@bfba.com

# Independent Auditors' Report

To the Board of Directors
Ticket to Dream Foundation
Roseville, California

***Opinion***

We have audited the financial statements of Ticket to Dream Foundation (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Ticket to Dream Foundation as of March 31, 2023 and 2022, and its functional expenses and 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 *Auditors' Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of Ticket to Dream Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibility for the Audits 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 Ticket to Dream 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ticket to Dream 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.

BFBA, LLP

Sacramento, California
October 11, 2023

# Ticket to Dream Foundation
## Statements of Financial Position
## March 31, 2023 and 2022

### Assets

| | | 2023 | 2022 |
|---|---|---|---|
| Current assets | | | |
| Cash and cash equivalents | $ | 2,483,377 | 3,614,599 |
| Investments | | 1,615,723 | 303,544 |
| Accounts receivable | | 738,425 | 756,081 |
| Prepaid expenses | | 6,266 | 13,428 |
| Inventory | | 75,480 | 768,023 |
| Total current assets | | 4,919,271 | 5,455,675 |
| Property and equipment, net | | 6,008 | - |
| Operating lease right-of-use assets | | 35,814 | - |
| Total current assets | $ | 4,961,093 | 5,455,675 |

### Liabilities and Net Assets

| | | 2023 | 2022 |
|---|---|---|---|
| Current liabilities | | | |
| Accounts payable | $ | 42,807 | 21,686 |
| Accrued liabilities | | - | 7,055 |
| Operating lease liabilities, current portion | | 24,066 | - |
| Total current liabilities | | 66,873 | 28,741 |
| Operating lease liabilities, net of current portion | | 12,242 | - |
| Total liabilities | | 79,115 | 28,741 |
| Net assets | | | |
| Without donor restrictions | | 4,881,978 | 5,426,934 |
| Total net assets | | 4,881,978 | 5,426,934 |
| Total liabilities and net assets | $ | 4,961,093 | 5,455,675 |

# Ticket to Dream Foundation
## Statements of Activities and Changes in Net Assets
## For the Years Ended March 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| Revenues and support | | |
| At-large cash contributions | $ 4,995,600 | 6,401,291 |
| Events | 668,060 | 963,546 |
| Contributed services and advertising | 22,414 | 1,357,324 |
| In-kind contributions | 6,816,699 | 6,666,967 |
| Paycheck Protection Program loan forgiveness | - | 81,408 |
| Employee Retention Credit income | - | 26,462 |
| Interest income | 42,440 | 5,501 |
| Total revenues and support | 12,545,213 | 15,502,499 |
| Expenses | | |
| Program services | | |
| Essentials | 9,530,548 | 10,425,079 |
| Take Flight | 1,586,114 | 2,121,978 |
| Ally | 746,156 | 248,000 |
| Go Play! | 503,872 | 756,079 |
| Other | 204,355 | 398,735 |
| Total program services | 12,571,045 | 13,949,871 |
| Support services | | |
| Administrative | 367,683 | 328,931 |
| Fundraising | 151,441 | 98,133 |
| Total support services | 519,124 | 427,064 |
| Total expenses | 13,090,169 | 14,376,935 |
| Increase (decrease) in net assets | (544,956) | 1,125,564 |
| Net assets, beginning of year | 5,426,934 | 4,301,370 |
| Net assets, end of year | $ 4,881,978 | 5,426,934 |

# Ticket to Dream Foundation
## Statement of Functional Expenses
## For the Year Ended March 31, 2023

| | Program Services | | | | | Support Services | | |
|---|---|---|---|---|---|---|---|---|
| | Essentials | Take Flight | Ally | Go Play! | Other | Administrative | Fundraising | Total |
| Donation expenses | $ 1,726,818 | 544,605 | 730,000 | 361,300 | - | - | - | 3,362,723 |
| In-kind expenses | 7,436,274 | 943,182 | 16,156 | 131,808 | 63,000 | - | - | 8,590,420 |
| Salaries, wages, payroll taxes, and benefits | 204,961 | 79,999 | - | 10,666 | 41,217 | 148,493 | 136,286 | 621,622 |
| Event expenses | - | - | - | - | 82,606 | 7,182 | - | 89,788 |
| Rent | 37,490 | - | - | - | - | 30,814 | - | 68,304 |
| Insurance | - | - | - | - | - | 40,749 | 8,030 | 48,779 |
| Management fees | - | - | - | - | - | 38,400 | - | 38,400 |
| Professional fees | - | - | - | - | - | 24,500 | - | 24,500 |
| Travel | 10,476 | 1,915 | - | - | 2,486 | 7,970 | 34 | 22,881 |
| Personnel | 14,014 | - | - | - | 8,400 | - | - | 22,414 |
| Software | 5 | - | - | - | 2,095 | 6,893 | 5,890 | 14,883 |
| Marketing | 500 | - | - | - | 13 | 12,972 | - | 13,485 |
| Taxes and licenses | - | - | - | - | 30 | 5,507 | - | 5,537 |
| Credit card processing fees | - | - | - | - | 4,109 | 10 | 1,196 | 5,315 |
| Miscellaneous | 100,010 | 16,413 | - | 98 | 399 | 44,193 | 5 | 161,118 |
| | $ 9,530,548 | 1,586,114 | 746,156 | 503,872 | 204,355 | 367,683 | 151,441 | 13,090,169 |

# Ticket to Dream Foundation
## Statement of Functional Expenses
## For the Year Ended March 31, 2022

| | Program Services | | | | | Support Services | | |
|---|---|---|---|---|---|---|---|---|
| | Essentials | Take Flight | Ally | Go Play! | Other | Administrative | Fundraising | Total |
| Donation expenses | $ 1,942,980 | 755,000 | 248,000 | 616,000 | 169,295 | - | - | 3,731,275 |
| In-kind expenses | 6,870,419 | 1,283,422 | - | 132,068 | 60,730 | 30 | - | 8,346,669 |
| Advertising | 1,340,545 | - | - | - | - | - | - | 1,340,545 |
| Salaries, wages, payroll taxes, and benefits | 197,929 | 66,737 | - | 7,966 | 34,049 | 96,887 | 80,752 | 484,320 |
| Event expenses | - | - | - | - | 85,358 | - | - | 85,358 |
| Rent | - | - | - | - | - | 55,022 | - | 55,022 |
| Insurance | - | - | - | - | - | 34,870 | 8,313 | 43,183 |
| Management fees | - | - | - | - | - | 39,147 | - | 39,147 |
| Professional fees | - | - | - | - | - | 22,145 | - | 22,145 |
| Personnel | 8,379 | - | - | - | 8,400 | - | - | 16,779 |
| Software | - | - | - | - | 2,095 | 6,446 | 5,689 | 14,230 |
| Marketing | 2,413 | 2,004 | - | - | - | 8,513 | - | 12,930 |
| Travel | 2,739 | 672 | - | - | 1,020 | 7,165 | - | 11,596 |
| Taxes and licenses | - | - | - | - | 20 | 11,365 | - | 11,385 |
| Credit card processing fees | - | - | - | - | 4,455 | 17 | 3,354 | 7,826 |
| Miscellaneous | 59,675 | 14,143 | - | 45 | 33,313 | 47,324 | 25 | 154,525 |
| | $ 10,425,079 | 2,121,978 | 248,000 | 756,079 | 398,735 | 328,931 | 98,133 | 14,376,935 |

# Ticket to Dream Foundation
## Statements of Cash Flows
## For the Years Ended March 31, 2023 and 2022

| | | 2023 | 2022 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Increase (decrease) in net assets | $ | (544,956) | 1,125,564 |
| Reconciliation of net cash provided by operating activities | | | |
| Non-cash inventory contributions | | 692,543 | 183,781 |
| Depreciation | | 90 | - |
| Non-cash rent expense | | 494 | - |
| Changes in operating assets and liabilities | | | |
| Accounts receivable | | 17,656 | (689,262) |
| Prepaid expenses | | 7,162 | (6,389) |
| Inventory | | - | 807 |
| Operating lease right-of-use assets | | 23,285 | - |
| Accounts payable | | 21,121 | (26,778) |
| Accrued liabilities | | (7,055) | 7,055 |
| Operating lease liabilities | | (23,285) | - |
| Net cash provided by operating activities | | 187,055 | 594,778 |
| Cash flows from investing activities | | | |
| Purchases of property and equipment | | (6,098) | - |
| Net change in investments | | (1,312,179) | (1,405) |
| Cash used in investing activities | | (1,318,277) | (1,405) |
| Net increase (decrease) in cash and cash equivalents | | (1,131,222) | 593,373 |
| Cash and cash equivalents, beginning of year | | 3,614,599 | 3,021,226 |
| Cash and cash equivalents, end of year | $ | 2,483,377 | 3,614,599 |

## Note 1: Summary of Significant Accounting Policies

### Organization and Operations

The Ticket to Dream Foundation (the Foundation) was organized in March 2008, as a nonprofit mutual benefit corporation under the laws of the State of California. The Foundation was created to make a positive impact on the lives of thousands of children in need. Through its various programs, the Foundation provides both material and monetary contributions to nonprofit organizations throughout the United States to support charitable causes and nonprofits, with a particular emphasis on charities related to foster youth.

The principal programs of the Foundation comprise:

*Essentials* – Through the Essentials for foster kids program, the Foundation collects and distributes in-kind essentials through consumer donation collections and retail bulk product donations to provide foster youth with the everyday items they need.

*Take Flight* – Through the Take Flight program, the Foundation's goal is to empower foster youth for the future, particularly preparing youth prior to and while aging out of care. Proceeds benefit nonprofit organizations that support current and former foster youth throughout the United States with pursuing secondary education and transitioning into independent living.

*GoPlay!* – The Foundation's GoPlay! program brings joy and normal childhood experiences to foster youth across the nation by providing access to extra-curricular activities and tickets to fun events.

*Ally* – The Foundation's Ally program provides targeted support to meet the unique needs of hispanic, black, and LGBTQ+ foster youth.

### Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC Topic 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. As of March 31, 2023 and 2022, there were no net assets with donor restrictions.

### Cash and Cash Equivalents

Cash and cash equivalents are considered to be all highly liquid investments with original maturities of three months or less, including money market mutual funds. Cash equivalents are stated at cost because that approximates market value.

## Note 1: Summary of Significant Accounting Policies (Continued)

**Investments**

Investments consists of two twelve-month Certificates of Deposit (CD), which earn interest of 1.70% and 4.75% per annum and mature in June 2023 and March 2024, respectively. Subsequent to March 31 2023, the CD set to mature in June 2023 was renewed and has a new maturity date of October 2024.

**Accounts Receivable**

Management considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the as of March 31, 2023 and 2022. Balances that are still outstanding after management has used reasonable collection efforts are charged to operations when that determination is made.

**Inventory**

Inventory consists of clothing, laptops, and accessories that were collected through in-kind contributions or purchased with monetary donations and have yet to be distributed to foster youth. Inventory is valued as discussed in "In-Kind Contributions" below.

**Fair Market Value of Financial Instruments**

Fair value is a market-based measurement, rather than an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants, under market conditions, as of a specific date.

For some assets and liabilities, observable market transaction or market information might be available, while such information may not be available for other assets and liabilities. FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. FASB ASC 820-10 defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

## Note 1: Summary of Significant Accounting Policies (Continued)

**Fair Market Value of Financial Instruments (Continued)**

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that a market participant would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

Certain financial instruments, including cash and cash equivalents, investments, accounts receivable, prepaid expenses, inventory, and accounts payable, are carried at cost, which management believes approximates fair value based on the short-term nature of the instrument, or because the variable and fixed-rate debt approximates market interest rates.

**Property and Equipment**

Property and equipment is stated at cost if purchased, or fair value if contributed, net of accumulated depreciation. The Foundation capitalizes all expenditures for property and equipment in excess of $2,500. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from five to ten years. Normal repairs and maintenance are expensed as incurred whereas significant improvements, which materially increase values or extend useful lives, are capitalized and depreciated over the remaining useful lives of the related assets. Any gain or loss on the sale or retirement of property and equipment is recognized in current operations.

**Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair market value of the assets. During the years ended March 31, 2023 and 2022, no impairment expense was recognized.

**Revenue Recognition**

Revenue is primarily derived from cash donations, in-kind contributions, contributed services and advertising, special events, and interest income. Revenue from exchange transactions is recognized in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers.

## Note 1: Summary of Significant Accounting Policies (Continued)

**Revenue Recognition (Continued)**

In accordance with FASB ASC Topic 606, the Foundation recognizes revenue from exchange transactions when it transfers promised products or services to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those products or services. The consideration received is generally based on the stand-alone fee for the products or service provided.

Revenues from special events and corporate sponsorship of the events are recognized over the period in which the related event occurs. All funds collected in advance are recorded as deferred revenues until earned.

**In-Kind Contributions**

Throughout the year, new and gently used non-cash items, such as clothing, laptops, school supplies, and toys, are collected for local foster youth. Fair market value of these in-kind donations is determined based on average retail value of the items whether they are new or used. In addition, in-kind contributions are received from the Foundation's business partners and supporters for golf tournament auctions. The value of the contributions is determined based on current retail value of the items at the time that they are received.

**Income Taxes**

The Foundation was organized as a California nonprofit organization and is exempt from income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation has been classified as an organization other than a private foundation under IRC Section 509(a)(2) and qualifies for the charitable contribution deduction under Section 170(b)(1)(A). This allows for donations to the organization to be deductible as charitable contributions on the donors' income tax returns. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended March 31, 2023 and 2022, the Foundation did not have net unrelated business taxable income.

The Foundation's income tax returns are subject to audit by federal and California tax jurisdictions. There are no audits currently in progress. The Foundation is no longer subject to income tax audits for fiscal years before 2020 and 2019, for federal and California tax jurisdictions, respectively.

**Financial Restrictions and Availability**

The Foundation is substantially supported by cash and in-kind contributions from private parties and various business partners. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation has $4,837,525 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of $2,483,377, investments of $1,615,723, and accounts receivables of $738,425.

## Note 1: Summary of Significant Accounting Policies (Continued)

**Program and Support Function Cost Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, wages, payroll taxes, benefits, marketing, management fees, and travel expenses, which are allocated on the basis of estimates of time and effort.

**Concentrations of Credit Risk**

The Foundation maintains cash in demand deposit accounts with federally insured institutions. At times during the fiscal year, the balances in these accounts may exceed the federally insured limits. The Foundation has not experienced any losses on such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

**Management's Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Recently Adopted Guidance**

In February 2016, the FASB issued ASC 842, *Leases*. The standard amends the accounting for leases by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the Foundation's statements of financial position. As permitted under that standard, the Foundation has elected to forgo application for all lease agreements twelve months or less in duration.

The Foundation adopted the standard effective April 1, 2022, and recognized leases existing at April 1, 2022, through a cumulative effect adjustment. ASC 842 provides for certain practical expedients that the Foundation has elected to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the standard, effective April 1, 2022, the Foundation recognized an operating lease liability of $59,593, which represented the present value of the remaining operating lease payments of $59,850, discounted using a discount rate of 0.33%. Additionally, in connection with the adoption of the standard, the Foundation recognized a corresponding ROU asset of $59,593. The adoption of the standard did not have an impact on net assets.

## Note 1: Summary of Significant Accounting Policies (Continued)

### Leases

The Foundation leases office space. The Foundation determines if an arrangement is a lease at the inception of the agreement. Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the statement of financial position. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Foundation's leases do not provide an implicit rate, the Foundation uses a discount rate based on the information available at commencement date in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Foundation applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

### Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation.

### Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 11, 2023, the date these financial statements were available to be issued. As of such date, management was not aware of any subsequent events requiring additional disclosure.

## Note 2: Property and Equipment

Property and equipment consisted of the following at March 31, 2023:

| | | |
|---|---|---|
| Furniture and fixtures | $ | 3,389 |
| Warehouse equipment | | 2,709 |
| Total property and equipment | | 6,098 |
| Less: Accumulated depreciation | | (90) |
| Property and equipment, net | $ | 6,008 |

Depreciation expense for the year ended March 31, 2023, was $90, which was included in the accompanying statement of activities and changes in net assets.

## Note 3: Leases

The Foundation maintains operating leases for office space. The leases have remaining lease terms of one and a half years.

For the Foundation's operating leases, the weighted average remaining lease term is one and a half years and the weighted average discount rate is 0.33%.

Future minimum payments under non-cancellable leases were as follows:

| For the year ending March 31, | | |
|---|---|---|
| 2024 | $ | 24,150 |
| 2025 | | 12,253 |
| Total future minimum lease payments | | 36,403 |
| Less: Imputed interest | | (95) |
| Total operating lease liabilities | | 36,308 |
| Less: Operating lease liabilities, current portion | | (24,066) |
| Operating lease liabilities, net of current portion | $ | 12,242 |

Rent expense under these operating leases for the year ended March 31, 2023, was $68,304, which was included in the accompanying statement of activities and changes in net assets.

## Note 4: Paycheck Protection Program Loan Forgiveness

In May 2021, the Foundation applied for and obtained a Small Business Administration Paycheck Protection Program (PPP) loan from a financial institution in the amount of $81,408. Under the terms of the program, the loan amount would be forgiven to the extent that the loan proceeds were used to pay eligible expenses within a specified 24-week period that commenced on the loan funding date. During the year ended March 2022, the Foundation received full forgiveness of its PPP loan, and recognized forgiveness income of $81,408.

## Note 5: Employee Retention Credit Income

During the year ended March 31, 2022, the Foundation qualified for Employee Retention Credits (ERC) totaling $26,462. The Foundation received refunds associated with these credits totaling $26,462 during the year ended March 31, 2022, which were included in the accompanying statement of activities and changes in net assets.

### Note 6: Retirement Plan

The Foundation maintains a SIMPLE IRA covering all employees who have completed at least $5,000 in compensation during any two preceding years, and who are expected to receive at least $5,000 in compensation during the current year. Participants in the Foundation are 100% vested in the Foundation's contributions. The Foundation may match the employee's elective deferral contributions up to 3% of an employee's contributions. Contributions of $13,024 and $9,603 were made to the plan during the years ended March 31, 2023 and 2022, respectively, which were included in the accompanying statements of activities and changes in net assets.

### Note 7: Related Party Transactions

Some officers and directors of the Foundation are also employees or officers of Bunker Wilson, LLC. As a result, Bunker Wilson, LLC is a related party to the Foundation.

Bunker Wilson, LLC provides limited administrative resources, primarily accounting services, to the Foundation. The Foundation reimburses Bunker Wilson, LLC for the administrative resources and support which it provides and the related expense is recorded as management fees in the accompanying statements of activities. During the years ended March 31, 2023 and 2022, the Foundation recorded $38,400 and $39,147, respectively, in management fees from Bunker Wilson, LLC, which were included in the accompanying statements of activities and changes in net assets.

### Note 8: Functional Allocation of Expenses

The Foundation allocates its expenses on a functional basis between its program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural classification. Any expenses that are common to several functions are allocated among the programs and support services benefited. For the years ended March 31, 2023 and 2022, these expenses were approximately 96% and 97%, respectively, for program expense and 4% and 3%, respectively, for support services.

### Note 9: Contingencies

The Foundation is subject to various claims that arise in the normal course of business. In the opinion of management, the ultimate disposition of such claims will not have a material adverse effect on the financial position or results of operations of the Association.