

SUPPORT THE ENLISTED PROJECT, INC.
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

SUPPORT THE ENLISTED PROJECT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Support The Enlisted Project, Inc.

Opinion

We have audited the accompanying financial statements of Support The Enlisted Project, Inc., a nonprofit foundation, which comprise the statements of financial position as of June 30, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Support The Enlisted Project, Inc. as of June 30, 2024 and 2023, and the results of its activities 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Support The Enlisted Project, Inc., 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 Support The Enlisted Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Support The Enlisted Project, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about Support The Enlisted Project, Inc.'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.



CONSIDINE & CONSIDINE
An accountancy corporation

December 17, 2024

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

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	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 642,413	\$ 619,783
Certificate of deposit	710,523	787,781
Pledges receivable - current (note 3)	647,340	303,266
Prepaid expenses	4,326	4,808
Inventory	-	450
	2,004,602	1,716,088
PROPERTY AND EQUIPMENT (note 4)	48,913	72,518
OTHER ASSETS		
Pledges receivable - long-term (note 3)	395,607	518,417
Investments (note 5)	103,037	91,678
Endowment investments (note 6)	114,088	104,658
Right-of-use assets (note 12)	164,148	284,008
Security deposits	11,293	11,293
	788,173	1,010,054
TOTAL ASSETS	2,841,688	2,798,660
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	10,449	1,928
Accrued liabilities (note 8)	163,838	152,585
Lease liabilities - current (note 12)	126,436	118,871
	300,723	273,384
LONG-TERM LIABILITIES		
Lease liabilities - long-term (note 12)	43,551	169,987
	43,551	169,987
TOTAL LIABILITIES	344,274	443,371
NET ASSETS (note 9)		
Without donor restrictions	1,162,959	851,128
With donor restrictions	1,334,455	1,504,161
	2,497,414	2,355,289
TOTAL NET ASSETS	2,497,414	2,355,289
TOTAL LIABILITIES AND NET ASSETS	\$ 2,841,688	\$ 2,798,660

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total
REVENUE			
In-kind goods and services (note 10)	\$ 1,624,858	\$ -	\$ 1,624,858
Grants	766,745	306,065	1,072,810
Contributions	772,416	296,124	1,068,540
Net gain on investments (note 5)	59,695	-	59,695
Interest income	10,473	-	10,473
Net gain on endowment investments (note 6)	9,430	-	9,430
	3,243,617	602,189	3,845,806
Special events			
Special events revenue	110,817	-	110,817
Direct benefits to donors	(25,296)	-	(25,296)
	85,521	-	85,521
Net assets released from restrictions	771,895	(771,895)	-
TOTAL REVENUE	4,101,033	(169,706)	3,931,327
EXPENSES			
Program services	3,058,442	-	3,058,442
Management and general	366,262	-	366,262
Development	364,498	-	364,498
	3,789,202	-	3,789,202
CHANGE IN NET ASSETS	311,831	(169,706)	142,125
NET ASSETS, BEGINNING	851,128	1,504,161	2,355,289
NET ASSETS, ENDING	\$ 1,162,959	\$ 1,334,455	\$ 2,497,414

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	Total
REVENUE			
Grants	\$ 635,970	\$ 1,100,000	\$ 1,735,970
In-kind goods and services (note 10)	1,546,294	-	1,546,294
Contributions	685,340	640,000	1,325,340
Net gain on investments (note 5)	30,209	-	30,209
Net gain on endowment investments (note 6)	6,792	-	6,792
Gain on sale of donated vehicle	2,067	-	2,067
	<u>2,906,672</u>	<u>1,740,000</u>	<u>4,646,672</u>
Special events			
Special events revenue	108,123	-	108,123
Direct benefits to donors	(29,059)	-	(29,059)
	<u>79,064</u>	<u>-</u>	<u>79,064</u>
Net assets released from restrictions	<u>322,084</u>	<u>(322,084)</u>	<u>-</u>
TOTAL REVENUE	3,307,820	1,417,916	4,725,736
EXPENSES			
Program services	3,080,172	-	3,080,172
Management and general	236,248	-	236,248
Development	341,548	-	341,548
	<u>3,657,968</u>	<u>-</u>	<u>3,657,968</u>
CHANGE IN NET ASSETS	(350,148)	1,417,916	1,067,768
NET ASSETS, BEGINNING	<u>1,201,276</u>	<u>86,245</u>	<u>1,287,521</u>
NET ASSETS, ENDING	<u>\$ 851,128</u>	<u>\$ 1,504,161</u>	<u>\$ 2,355,289</u>

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	TOTAL
EXPENSES				
Personnel				
Salaries	\$ 832,082	\$ 281,834	\$ 228,151	\$ 1,342,067
Payroll taxes	1,087	368	298	1,753
Health benefits	16,272	5,511	4,462	26,245
Active duty assistance				
Auto assistance	100,860	-	-	100,860
Food, furniture and appliance assistance	53,341	-	-	53,341
Housing assistance	93,003	-	-	93,003
Other program assistance	153,271	-	-	153,271
Veterans' assistance				
Auto assistance	5,878	-	-	5,878
Food assistance	394	-	-	394
Housing assistance	82,667	-	-	82,667
Advertising	11,926	712	1,014	13,652
Depreciation	14,635	4,957	4,013	23,605
Dues and subscriptions	928	186	124	1,238
Employee development	5,864	1,173	782	7,819
Equipment rent and repairs and maintenance	12,848	2,384	1,590	16,822
Information technology	36,679	7,316	4,911	48,906
Insurance	25,435	6,204	3,391	35,030
Meetings and special events	18,228	6	18,260	36,494
Morale support programs	86,252	-	-	86,252
Occupancy (notes 10 and 12)	275,174	25,992	17,329	318,495
Other secondary support programs (note 11)	841,887	-	-	841,887
Outside services	215,032	-	-	215,032
Postage, shipping and delivery	5,065	989	659	6,713
Printing, copying and publications (note 12)	17,394	2,692	8,291	28,377
Professional fees	100,307	12,326	89,392	202,025
Supplies	15,947	6,408	2,109	24,464
Telephone	3,490	698	465	4,653
Travel and meals	32,497	6,505	4,553	43,555
	3,058,442	366,262	389,794	3,814,498
TOTAL EXPENSES				
Less: direct benefit to donors at special events included in revenue	-	-	(25,296)	(25,296)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	\$ 3,058,442	\$ 366,262	\$ 364,498	\$ 3,789,202

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

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	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	Total
EXPENSES				
Personnel				
Salaries	\$ 772,032	\$ 152,067	\$ 245,647	\$ 1,169,746
Payroll taxes	811	160	258	1,229
Health benefits	16,343	3,219	5,200	24,762
Active duty assistance				
Auto assistance	97,330	-	-	97,330
Food, furniture and appliance	492,733	-	-	492,733
Housing assistance	67,200	-	-	67,200
Other program assistance	107,094	-	-	107,094
Veterans' assistance				
Auto assistance	16,369	-	-	16,369
Housing assistance	50,598	-	-	50,598
Advertising	18,786	2,899	5,208	26,893
Depreciation	19,629	3,866	6,245	29,740
Employee development	7,028	1,406	937	9,371
Equipment rent and repairs and maintenance	12,141	2,350	1,618	16,109
Information technology	30,101	6,018	4,015	40,134
Insurance	21,837	4,230	2,131	28,198
Meetings and special events	30,957	6	30,930	61,893
Morale support programs	83,798	-	-	83,798
Occupancy (notes 10 and 12)	277,148	23,324	15,549	316,021
Other secondary support programs (note 11)	494,599	-	-	494,599
Outside services	175,287	-	-	175,287
Postage, shipping and delivery	3,333	588	392	4,313
Printing, copying and publications (note 12)	23,070	3,796	2,530	29,396
Professional fees	122,265	16,620	43,686	182,571
Supplies	94,112	6,801	280	101,193
Telephone	6,664	1,333	888	8,885
Travel and meals	38,907	7,565	5,093	51,565
	3,080,172	236,248	370,607	3,687,027
TOTAL EXPENSES				
Less: direct benefit to donors at special events included in revenue	-	-	(29,059)	(29,059)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	\$ 3,080,172	\$ 236,248	\$ 341,548	\$ 3,657,968

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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	2024	2023
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 142,125	\$ 1,067,768
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Depreciation expense	23,605	29,740
Operating lease amortization	989	4,850
Sale of donated vehicle	-	933
Net gain on investments	(59,695)	(30,209)
Net gain on endowment investments	(9,430)	(6,792)
Change in operating assets and liabilities:		
Pledges receivable	(221,264)	(743,183)
Prepaid expenses	482	(1,256)
Inventory	450	25
Accounts payable	8,521	(1,795)
Accrued liabilities	11,253	(16,089)
	<u>(245,089)</u>	<u>(763,776)</u>
CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES	(102,964)	303,992
CASH FLOWS PROVIDED/(USED) BY INVESTING ACTIVITIES		
Purchase of investments	(35,573)	(64,197)
Proceeds from sale of investments	32,616	87,799
Purchase of certificates of deposit	(1,306,000)	(1,490,000)
Proceeds from maturity of certificates of deposit	1,434,551	1,592,592
Purchase of property and equipment	-	(21,022)
	<u>125,594</u>	<u>105,172</u>
NET INCREASE IN CASH	22,630	409,164
CASH, BEGINNING OF YEAR	<u>619,783</u>	<u>210,619</u>
CASH, END OF YEAR	<u>\$ 642,413</u>	<u>\$ 619,783</u>

See accompanying notes

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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NOTE 1 THE ORGANIZATION

Support The Enlisted Project, Inc. (the "Organization") is a California non-profit organization that was incorporated in 2005. The Organization improves financial wellness to combat food insecurity, homelessness, mental health conditions, suicide and other crises through counseling, education and financial support for enlisted service-members, veterans and their families. The Organization provides aid to those in and from the lower six military pay grades. Many of these active duty military families living on meager incomes and struggle each month trying to make ends meet as they are directed to live and work in areas commonly with high costs of living. The Organization also offers emergency financial assistance to junior active duty service-members, veterans and their immediate families within the first 18 months after honorable discharge from service to assist in their successful reintegration back into civilian life. The Organization offers a multitude of services and programs to strengthen health and well-being for these families who demonstrate verified need. The Organization provides the following services and programs to active duty and recently discharged military families per board approved standard operating procedures:

Emergency Financial Assistance financial support for: Emergency food, rent and mortgage, utilities assistance, critical baby items, emergency dental care, vision care, emergency child care and in-home health care, auto repair, auto payment and insurance, emergency travel, essential home items and other emergency financial assistance.

Morale Programs - Holiday assistance, financial planning seminars/classes, and distribution of in-kind goods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) in the United States.

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

Financial statement presentation - The Organization follows the recommendation of Financial Accounting Standards Board's (FASB) Financial Statements of Not-for-Profit Organizations for presentation of its financial statements which requires that net assets, support, revenue and gains, expenses and losses be classified as with donor restrictions and without donor restrictions.

Net assets without donor restriction - Net assets without donor restriction represent expendable funds available for operations that are not otherwise limited by donor restrictions. Net assets without donor restriction also include amounts designated for certain purposes by the Board of Directors. At June 30, 2024 and 2023 the Organization had \$1,186,259 and \$851,128 of net assets without donor restriction, respectively.

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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Net assets with donor restriction - Net assets with donor restriction consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may recognize the funds or the support. At June 30, 2024 and 2023, the Organization had net assets with donor restrictions of \$1,334,455 and \$1,504,161, respectively.

Cash and cash equivalents - The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Organization maintains two checking accounts at a national bank and a cash account at a national investment firm. At various times, cash balances may exceed federally insured deposit limits. As of June 30, 2024, the accounts had amounts in excess of the FDIC deposit limits of \$299,910. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Certificate of deposit - The Organization held certificates of deposit totaling \$710,523 and \$787,781 at June 30, 2024 and 2023, respectively. The certificates of deposit included accrued interest of \$8,048 and \$7,609 for the years ended June 30, 2024 and 2023, respectively. The certificates of deposit held at June 30, 2024 mature between July 2024 and March 2025. Certificates of deposit are insured by the FDIC up to \$250,000.

Pledges receivable - The pledges receivable consist of donor promises to give. It is the Organization's policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. As of June 30, 2024 and 2023, all pledges are considered collectible.

Inventory - Inventory is comprised of gift cards, gift cards are stated at cost, and are to be distributed to program participants.

Property and equipment - Property and equipment are stated at cost or fair market value at the date of donation, if donated. Depreciation is calculated on a straight line basis over the estimated useful lives of the depreciable assets of 3 to 5 years. Repairs and maintenance are charged to expense as incurred. It is the Organization's policy to capitalize all property and equipment greater than or equal to a cost or fair value of \$1,000. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recognized in the current period financial statements.

Fair value measurement - The Organization follows accounting standards consistent with the FASB Codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Investments - The Organization carries investments in marketable securities with readily determinable values at fair value in the statement of financial position. Realized and unrealized gains and losses are included in the accompanying statement of activities and changes in net assets. Investment income is recognized as revenue in the period it is earned.

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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Revenue recognition - The financial statements of the Organization are presented on the accrual method of accounting. Under this method of accounting, revenues are recognized when earned or a donor makes a promise to give that is, in substance, unconditional. Revenue from cost reimbursement of grants is generally recorded when the costs are billed to the granting agency.

The Organization follows the FASB Accounting Standards Codification ("ASC") Topic 606 ("ASC 606") Revenue from Contracts with Customers, which provides guidance for revenue recognition. This ASC's core principle requires an organization to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods and services. The standard also clarifies the principal versus agent considerations, providing the evaluation must focus on whether the entity has control of the goods or services before they are transferred to the customer.

The Organization follows the FASB-issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made which provides clarification regarding the accounting for contracts and agreements as exchange transactions or contributions and provides improved guidance to better distinguish between conditional and unconditional contributions.

Conditional grants - During the year ended June 30, 2023, the Organization received a restricted grant of \$2,000,000 that contained donor conditions, of which \$1,000,000 has matching fund requirements. During the year ended June 30, 2024, the Organization received a restricted grant of \$100,000 containing donor conditions, of which the full amount has requirements to be reimbursed. In addition, during the year ended June 30, 2024, the Organization received a restricted grant of \$400,000 that contained donor conditions towards the Capacity Building Campaign. Since these grants represent conditional promises to give, they are not recorded as contribution revenue until the donor conditions are met. As of June 30, 2024 and 2023, the donor conditions have not been met.

Donor-imposed restrictions - All contributions received are considered to be without donor restrictions and available for general use unless designated by the donor for a specific purpose. Amounts received designated for future periods or restricted by the donor for specific purpose are reported as an increase in net assets with donor restrictions. 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 reported in the statement of activities and changes in net assets as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as net assets with donor restrictions and then released from restriction in the same period.

In-kind goods - The Organization recognizes the value of donated goods by recording the donations at fair value. The fair value of donated goods has been measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). See note 10 for additional information.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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In-kind services - The Organization follows standards relating to contributions received and contributions made consistent with FASB codification. These standards require recording the value of donated services that create or enhance non-financial assets or require specialized skills. Volunteers have contributed significant amounts of their time to the activities of the Organization; however, only the services that meet the above requirements are recorded in the financial statements. The fair value of donated services has been measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). See note 10 for additional information.

Advertising - Advertising expenses are charged to expenses as incurred.

Functional expense allocation - The Organization allocates its expenses on a functional basis among its program and support services. Directly identifiable expenses are charged to program and supporting services. There are certain categories of expenses that are attributable to more than one program or supporting function and require allocation on a reasonable basis. Expenses like compensation and benefits, utilities, advertising and marketing, and rent are allocated on the basis of estimates of time and effort. Other expenses related to more than one function are charged to program and supporting services on the basis of periodic and expense studies.

Income taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The Organization follows accounting standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. As of June 30, 2024, the Organization has no accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California.

Reclassification - Net assets with donor restrictions of \$15,000 have been reclassified to net assets without donor restrictions in the June 30, 2023 financial statements. There is no effect on the total of net assets or total change in net assets.

Recent accounting pronouncements

In July 2016, FASB issued ASU 2016-13 Financial Instruments - Credit Losses (Topic 326). The new standard is effective for fiscal years beginning after December 15, 2022. The Organization adopted Topic 326 and all related amendments as of July 1, 2023. The standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to trading receivables, financing receivables, held-to-maturity debt securities, and receivables relating to repurchase agreements and securities lending agreements. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor in accordance with Topic 842 on leases. Pledges receivable held by the Organization are subject to this guidance.

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The Organization adopted ASC 326 using a modified retrospective transition approach. Under this approach, an entity records an adjustment to retained earnings for the cumulative effect of adopting the standard. The adjustment is made to opening retained earnings as of the start of the reporting period in which the ASU becomes effective. The Organization has performed a review of the new guidance as compared to its current accounting policies to determine the impact of this standard on their financial assets presentation. Upon completion of its review, the Organization has made a determination that there is no material impact to their financial assets presentation upon adoption of the new standard.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30, 2024:

	2024	2023
Current:		
Due in less than one year	\$ 647,340	\$ 303,266
Noncurrent:		
Due in one to five years	437,309	578,334
Less: Discount to present value	(41,702)	(59,917)
Total noncurrent, net	395,607	518,417
Total pledges receivable, net	\$ 1,042,947	\$ 821,683

Pledges receivable were discounted to their present value using a discount rate of 4.52% and 4.49% for the years ended June 30, 2024 and 2023, respectively.

NOTE 4 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

	2024	2023
Vehicles	\$ 182,980	\$ 182,980
Office equipment	11,440	11,440
Furniture and fixtures	4,552	4,552
	198,972	198,972
Accumulated depreciation	(150,059)	(126,454)
	\$ 48,913	\$ 72,518

Depreciation expense was \$23,605 and \$29,740 for the years ended June 30, 2024 and 2023, respectively.

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 INVESTMENTS

Investments were stated at fair value and consisted of the following at June 30, 2024:

	Cost	Fair value
Mutual funds	\$ 56,594	\$ 58,638
Exchange-traded funds	38,846	44,399
	\$ 95,440	\$ 103,037

The following schedule summarizes the Organization's return on investments and its classification in the statement of activities and changes in net assets for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends	\$ 51,659	\$ -	\$ 51,659
Unrealized gains	10,982	-	10,982
Investment fees	(1,108)	-	(1,108)
Realized loss	(1,839)	-	(1,839)
	\$ 59,695	\$ -	\$ 59,695

Investments were stated at fair value and consisted of the following at June 30, 2023:

	Cost	Fair value
Mutual funds	\$ 65,548	\$ 61,547
Exchange-traded funds	28,803	30,131
	\$ 94,352	\$ 91,678

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
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The following schedule summarizes the Organization's return on investments and its classification in the statement of activities and changes in net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Unrealized gains	\$ 19,654	\$ -	\$ 19,654
Interest and dividends	18,350	-	18,350
Investment fees	(1,032)	-	(1,032)
Realized loss	(6,763)	-	(6,763)
	\$ 30,209	\$ -	\$ 30,209

NOTE 6 ENDOWMENT FUND

Effective January 1, 2009, California enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. Based on its interpretation of the provisions of UPMIFA, the Organization is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Organization classifies as net assets without donor restrictions the value of its initial investment.

Amounts are to be given by the Organization to the Rancho Santa Fe Foundation (the "Foundation") for the establishment of an endowment fund to support the mission of the Organization (see note 1). The nature of the promises to give require the amounts to be classified as net assets without donor restrictions. These funds are to help support the general purpose of the Organization. The Foundation makes all investment decisions related to the endowment fund.

The Policy Manual of the Foundation states their primary goals as preservation of capital with appropriate liquidity, sufficient growth of capital to offset the effects of inflation and provide for future needs, and enhancement of the realization of the philanthropic goals of the Foundation and its constituent organizations.

Losses on the investments of the funds reduce the net assets without donor restrictions. The Organization's unrestricted endowment fund investments are held and managed by the Foundation. Investments are stated at fair value, measured at quoted market price, and consist of the long-term pool of investments with the Foundation. Cost basis information is not provided by the Foundation.

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Composition of and changes in endowment net assets for the year ended June 30, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ 104,658	\$ -	\$ 104,658
Realized and unrealized gains, net	7,268	-	7,268
Earnings on investments	3,230	-	3,230
Investments fees	(1,068)	-	(1,068)
Ending balance	<u>\$ 114,088</u>	<u>\$ -</u>	<u>\$ 114,088</u>

Composition of and changes in endowment net assets for the year ended June 30, 2023 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ 97,866	\$ -	\$ 97,866
Realized and unrealized gains, net	5,324	-	5,324
Earnings on investments	2,444	-	2,444
Investments fees	(976)	-	(976)
Ending balance	<u>\$ 104,658</u>	<u>\$ -</u>	<u>\$ 104,658</u>

NOTE 7 FAIR VALUE MEASUREMENT

The Organization follows the method of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

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Financial assets carried at fair value and measured on a recurring basis at June 30, 2024 were classified below in one of the three levels described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Endowment investments	\$ 114,088	\$ -	\$ -	\$ 114,088
Mutual funds	58,638	-	-	58,638
Exchange-traded funds	44,399	-	-	44,399
	<u>\$ 217,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,125</u>

Financial assets carried at fair value and measured on a recurring basis at June 30, 2023 were classified below in one of the three levels described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Endowment investments	\$ 104,658	\$ -	\$ -	\$ 104,658
Mutual funds	61,547	-	-	61,547
Exchange-traded funds	30,131	-	-	30,131
	<u>\$ 196,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,336</u>

Level 1 - Investments in mutual funds and exchange-traded funds are revalued at market prices in active markets and are classified as Level 1. The endowment investments are held and managed by the Foundation. The funds are held in the Foundation's endowment and long-term pool of investments. The values are based on the fair market value of the underlying securities.

NOTE 8 ACCRUED LIABILITIES

Accrued liabilities consisted of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Accrued vacation	\$ 55,687	\$ 52,752
Accrued payroll	49,586	54,934
Credit cards payable	29,861	36,168
Accrued payroll taxes	5,404	3,547
Funds held in trust for joint events	-	3,680
Other	-	1,504
	<u>\$ 140,538</u>	<u>\$ 152,585</u>

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NOTE 9 NET ASSETS

Net assets were available for the following purposes as of June 30:

	2024	2023
With donor restrictions:		
Subject to expenditure for specific purpose:		
General program restrictions	\$ 60,790	\$ 420,881
Capacity building campaign - operations	1,138,665	948,280
Capacity building campaign - general	135,000	135,000
	1,334,455	1,504,161
Without donor restrictions		
Board designated endowment	114,088	104,658
Unrestricted and undesignated	1,048,871	746,470
	1,162,959	851,128
Total net assets	\$ 2,497,414	\$ 2,355,289

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by donors during the years ended June 30 were as follows:

	2024	2023
Purpose restrictions accomplished:		
Emergency financial assistance	\$ 513,821	\$ 175,364
Capacity building campaign - operations	170,964	51,720
Operational assistance	87,110	95,000
	\$ 771,895	\$ 322,084

During the year ended June 30, 2023, the Organization commenced a capacity building capital campaign. The campaign will raise funds for three purposes:

- Operations
- Funds to be held in perpetuity in an endowment
- To purchase a building

As donors give or pledge to this campaign, they can identify which purpose or purposes they wish to give to. If they don't identify a purpose, the Organization will be noted as capacity building campaign – general and used appropriately among those three purposes as determined by management and the board of directors.

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NOTE 10 IN-KIND GOODS AND SERVICES

The donations consisted of supplies and goods that are distributed to junior active duty enlisted members and recently discharged enlisted veterans and their families and services for program support as shown below:

	Revenue Recognized		Valuation Techniques
	2024	2023	
Food	\$ 308,127	\$ 485,350	Estimated fair value
Clothing	264,958	321,172	Estimated fair value
Outside services	215,312	175,287	Current rates for similar services
Household items	154,113	57,416	Estimated fair value
Infant items	144,097	103,816	Estimated fair value
Toys	91,710	68,454	Estimated fair value
Supplies	46,272	91,709	Estimated fair value
Legal services	38,399	37,704	Current rates for similar services
Event tickets	9,590	32,545	Estimated fair value
Gift cards	9,031	12,259	Estimated fair value
Others	252	4,907	Estimated fair value
	<u>\$ 1,281,861</u>	<u>\$ 1,390,619</u>	

The donations also consisted of office space and goods that contributed to the Organization's daily operations. During the year ended June 30, 2024, the Organization received a pledged donation of a truck and a freezer that is expected to be collected after year-end for operational use, and they will be capitalized as property, plant, and equipment accordingly. Donations for daily operations are shown below:

	Revenue Recognized		Valuation Techniques
	2024	2023	
Truck	\$ 161,624	\$ -	Estimated fair value
Space usage	144,223	155,675	Current rates for similar services
Freezer	37,150	-	Estimated fair value
	<u>\$ 342,997</u>	<u>\$ 155,675</u>	

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NOTE 11 OTHER SECONDARY SUPPORT PROGRAMS

Other secondary support programs consisted of the following:

	2024	2023
Clothing, toys, school and household items	\$ 823,266	\$ 449,715
Event tickets	9,590	32,625
Gift cards	9,031	12,259
	\$ 841,887	\$ 494,599

NOTE 12 LEASES

The Organization has entered into two operating lease agreements for the use of a copier and office space. The leases have thirty-nine and sixty-three month lease terms without an extension option, respectively. Lease expiration dates are March 2025 and October 2025, respectively. The Organization is obligated for utilities, insurance, taxes, and repairs.

As leases do not provide an implicit rate, the Organization uses a risk-free discount rate. For existing leases, the Organization elected to use the remaining lease term Treasury bill rate as of the transition date as the risk-free discount rate.

The following summarizes the cash flow information related to operating leases for the year ended June 30, 2024:

Operating cash flows for operating leases	\$ 127,104
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Future minimum lease payments related to operating lease liabilities for the years ended June 30, 2024:

	2025	\$ 131,281
	2026	44,790
	Total undiscounted lease payments	176,071
	Less: present value discount	(6,084)
	Total lease liability	\$ 169,987

Operating lease costs included in printing, copying, and publication were \$957 for the years ended June 30, 2024 and June 30, 2023. Operating lease costs included in occupancy were \$126,147 and \$111,691, respectively, for the years ended June 30, 2024 and 2023.

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NOTE 13 RETIREMENT PLAN

The Organization maintains a 403(b) Retirement Plan (the “Plan”) for employees. Eligible employees may elect to make salary deferral contributions to the Plan. The Plan may provide discretionary contributions for eligible employees. The total discretionary contribution for the years ended June 30, 2024 and 2023 was \$0. All contributions to the Plan are 100% vested.

NOTE 14 LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by contributions without restrictions. Contributions and expenses are monitored on a monthly basis by the Organization’s leadership and board. The level of assets are monitored on a quarterly basis. The Organization’s goal is to be able to function within the boundaries of the income received throughout the year.

Occasionally, the Organization receives donations with restrictions. As of June 30, 2024 and 2023, the Organization had \$2,520,714 and \$2,355,289, respectively, of net assets, of which \$1,334,455 and \$1,504,161 were classified as net assets with donor restrictions as of June 30, 2024 and 2023, respectively (see note 9). These restricted funds can be used for expenditures within the guidelines established by the donor with time or purpose restrictions. Amounts without restrictions totaled \$1,186,259 and \$851,128 as of June 30, 2024 and 2023, respectively.

As part of the Organization’s liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization manages its liquidity following these guiding principles: operating within a prudent range of financial stewardship and stability and maintaining adequate liquid assets to fund near-term operating needs, to provide reasonable assurance that long-term obligations will be discharged. For evaluating financial assets that meet the criteria for general expenditures over the next fiscal year, the Organization considers all expenditures related to its program activities including services performed to facilitate those activities to be general expenditures.

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The following reflect the Organization's financial assets as of June 30, 2024 and 2023, reduced by the amounts not available for general expenditures because of donor-imposed restrictions within one year of the statement of financial position date:

Financial assets, at year-end	2024	2023
Cash	\$ 642,413	\$ 619,783
Certificates of deposit	710,523	787,781
Pledges receivable - current	647,340	303,266
Investments	103,037	91,678
Endowment investments	114,088	104,658
	2,217,401	1,907,166
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions		
Donor-restricted to programs	(1,334,455)	(1,504,161)
Board designated endowment	(114,088)	(104,658)
	(1,448,543)	(1,608,819)
Financial assets available to meet cash needs for general expenditures within one year	\$ 768,858	\$ 298,347

NOTE 15 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 17, 2024, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts of disclosures in the financial statements.