THE URBAN ALLIANCE FOUNDATION, INC.

Financial Statements

For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

THE URBAN ALLIANCE FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Urban Alliance Foundation, Inc.

Opinion

We have audited the financial statements of The Urban Alliance Foundation, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 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 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

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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.

Other Matter

Report on Summarized Comparative Information

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
September 3, 2024

THE URBAN ALLIANCE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 15,739,855	$ 19,519,977
Investments	3,476,660	3,018,650
Accounts receivable, net of allowance for credit losses of $73,067	658,463	644,091
Grants and contributions receivable, net	1,331,072	2,170,129
Other assets	148,475	70,271
Property and equipment, net	496,788	275,438
Right of use assets – operating	1,044,989	833,939
TOTAL ASSETS	$ 22,896,302	$ 26,532,495
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 609,302	$ 378,215
Deferred revenue	624,642	909,830
Lease liabilities – operating	1,092,727	845,544
TOTAL LIABILITIES	2,326,671	2,133,589
Net Assets		
Without donor restrictions		
Undesignated	14,158,192	14,444,296
Board-designated	3,205,500	3,205,500
Total Without Donor Restrictions	17,363,692	17,649,796
With donor restrictions	3,205,939	6,749,110
TOTAL NET ASSETS	20,569,631	24,398,906
TOTAL LIABILITIES AND NET ASSETS	$ 22,896,302	$ 26,532,495

The accompanying notes are an integral part of these financial statements.

THE URBAN ALLIANCE FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUE AND SUPPORT				
Grants and contributions	$ 1,963,437	$ 2,074,221	$ 4,037,658	$ 16,174,940
Contracts	3,784,004	-	3,784,004	4,309,002
Government grants	826,081	-	826,081	213,021
Investment income (loss), net	1,090,090	-	1,090,090	(80,589)
Donated facilities	-	-	-	20,554
Other income	64,033	-	64,033	3,876
Net assets released from restrictions:				
Satisfaction of purpose restrictions	4,657,626	(4,657,626)	-	-
Satisfaction of time restrictions	959,766	(959,766)	-	-
TOTAL REVENUE AND SUPPORT	13,345,037	(3,543,171)	9,801,866	20,640,804
EXPENSES				
Program Services:				
Workforce development programs	10,182,532	-	10,182,532	8,289,348
Program development	1,195,058	-	1,195,058	899,140
Youth programs	393,222	-	393,222	490,165
Total Program Services	11,770,812	-	11,770,812	9,678,653
Supporting Services:				
Development and fundraising	1,054,443	-	1,054,443	1,162,348
Management and general	805,886	-	805,886	614,589
Total Supporting Services	1,860,329	-	1,860,329	1,776,937
TOTAL EXPENSES	13,631,141	-	13,631,141	11,455,590
CHANGE IN NET ASSETS	(286,104)	(3,543,171)	(3,829,275)	9,185,214
NET ASSETS, BEGINNING OF YEAR	17,649,796	6,749,110	24,398,906	15,213,692
NET ASSETS, END OF YEAR	$ 17,363,692	$ 3,205,939	$ 20,569,631	$ 24,398,906

The accompanying notes are an integral part of these financial statements.

THE URBAN ALLIANCE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

	Program Services				Supporting Services				
	Workforce Development Programs	Program Development	Youth Programs	Total Program Services	Development and Fundraising	Management and General	Total Supporting Services	2023 Total	2022 Total
Staff salaries	$ 3,307,211	$ 831,307	$ 35,029	$ 4,173,547	$ 810,901	$ 430,032	$ 1,240,933	$ 5,414,480	$ 4,616,108
Program intern wages	4,186,631	1,000	283,167	4,470,798	-	-	-	4,470,798	3,429,854
Employee benefits	1,108,332	143,520	36,901	1,288,753	133,893	(28,052)	105,841	1,394,594	1,211,143
Professional fees	273,049	53,688	8,223	334,960	31,645	261,740	293,385	628,345	589,884
Student activities and training	437,998	54,799	5,994	498,791	1,078	304	1,382	500,173	254,339
Occupancy and utilities	385,698	24,434	8,040	418,172	21,559	16,719	38,278	456,450	425,727
Miscellaneous	156,697	18,189	5,841	180,727	11,821	97,410	109,231	289,958	108,567
Computer supplies	121,520	30,675	4,677	156,872	15,928	11,975	27,903	184,775	164,521
Travel	43,741	14,169	175	58,085	2,091	6,524	8,615	66,700	146,805
Printing	41,763	4,873	1,603	48,239	7,394	(734)	6,660	54,899	57,292
Dues, fees and subscriptions	24,942	8,461	1,331	34,734	9,536	5,288	14,824	49,558	22,757
Telecommunications	19,893	2,453	501	22,847	3,330	314	3,644	26,491	37,964
Insurance	18,442	2,163	712	21,317	1,909	1,480	3,389	24,706	24,476
Depreciation and amortization	18,345	2,152	708	21,205	1,899	1,472	3,371	24,576	2,246
Meals and entertainment	18,320	2,667	77	21,064	639	631	1,270	22,334	28,079
Office supplies	18,895	504	242	19,641	556	780	1,336	20,977	15,014
Public relations	1,055	4	1	1,060	264	3	267	1,327	592
Events, conferences, and meetings	-	-	-	-	-	-	-	-	320,222
TOTAL EXPENSES	$ 10,182,532	$ 1,195,058	$ 393,222	$ 11,770,812	$ 1,054,443	$ 805,886	$ 1,860,329	$ 13,631,141	$ 11,455,590

The accompanying notes are an integral part of these financial statements.

THE URBAN ALLIANCE FOUNDATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (3,829,275)	$ 9,185,214
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in present value discount for grants and contributions	(9,033)	(26,576)
Change in allowance for credit losses	(107,474)	66,001
Net realized and unrealized (gain) loss on investments	(438,056)	207,706
Depreciation and amortization	24,576	2,246
Amortization of right-of-use asset	358,873	339,587
Changes in assets and liabilities:		
Accounts receivable	93,102	(340,362)
Grants and contributions receivable	848,090	1,233,193
Other assets	(78,204)	(1,445)
Accounts payable and accrued expenses	231,087	187,526
Operating lease liabilities	(322,740)	(352,855)
Deferred revenue	(285,188)	(653,533)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(3,514,242)	9,846,702
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(51,654)	(2,604,172)
Sale of investments	188,672	1,367,675
Purchase of property and equipment	(245,926)	(273,812)
NET CASH USED IN INVESTING ACTIVITIES	(108,908)	(1,510,309)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease obligation	-	(7,446)
NET CASH USED IN FINANCING ACTIVITIES	-	(7,446)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,623,150)	8,328,947
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,976,861	11,647,914
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 16,353,711	$ 19,976,861
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	$ 15,739,855	$ 19,519,977
Cash held for investment purposes	613,856	456,884
Total Cash and Cash Equivalents	$ 16,353,711	$ 19,976,861

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

The Urban Alliance Foundation, Inc. (the Foundation) was incorporated on December 11, 1995, under the laws of the District of Columbia. The Foundation was originally founded and created by a small group of volunteers to provide the tools necessary for youth living in under-resourced Washington, DC neighborhoods to excel. The Foundation has expanded to serve youth in Washington, DC; Baltimore, MD; Montgomery County, MD; Chicago, IL, Northern Virginia (Arlington, Alexandria and Fairfax County) and Detroit, MI. The Foundation mobilizes a variety of community resources to provide youth with otherwise unavailable educational and employment opportunities. Its mission is to empower under-resourced youth to aspire, work and succeed through paid internships, professional skills training and mentoring. These activities are funded primarily from grants, contributions and contracts from businesses, corporations, nonprofit organizations, community members and the federal government.

Basis of Accounting

The accompanying 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 (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Cash Equivalents

The Foundation considers money market funds with maturities at time of purchase that are ninety days or less to be cash equivalents.

Investments

Investments consist of equity, fixed-income bond mutual funds, U.S. government securities, and cash held in its operating reserve account. Investments are reported at fair value in the accompanying financial statements. Fair value is 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.

The change in unrealized appreciation or depreciation of investments and realized gains and losses on sales of investments are included in net investment income in the accompanying statement of activities.

Fair Value Measurement

In accordance with the accounting standards for fair value measurement for those assets and liabilities measured at fair value on a recurring basis, the Foundation has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

The applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

> *Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
>
> *Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.
>
> *Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2023, only the Foundation's investments, as described in Note 2 of these financial statements, were measured at fair value on a recurring basis.

Grants and contributions receivable

Grants and contributions receivable represent unconditional contributions from foundations, individuals, state and federal funding. Unconditional grants and contributions receivable are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Grants and contributions receivable are reviewed for collectability, and a provision for doubtful grants and contributions receivable is recorded based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist of amounts due under contracts. At each statement of financial position date, the Foundation recognizes an expected allowance for credit losses. In additional, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Foundation's historical losses based on the loss rate method. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors determined relevant by the Foundation. The Foundation believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Foundation's contracts have remained constant since the Foundation's inception. At December 31, 2023 there was an allowance for credit losses recorded in the amount of $73,067.

1. Organization and Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Credit Losses (continued)

The Foundation writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from accounts previously written off, they will be recognized in income or offset to credit loss expense in the year of recovery, in accordance with the Foundation's accounting policy election. The Foundation wrote-off $156,389 during the year ended December 31, 2023.

Property and Equipment and Related Depreciation and Amortization

Property and equipment are recorded at cost. The Foundation capitalizes expenditures for property and equipment that are in excess of $1,250 and that have useful lives of more than one year. Depreciation on computers, office equipment and licenses is provided for on a straight-line basis over the estimated useful lives of the assets, which range from two to five years. The cost of property and equipment retired or disposed of is removed from the accounts, along with the related accumulated depreciation and amortization, and any gain or loss is reflected in revenue and support or expense in the accompanying statement of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Net Assets

The Foundation's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Foundation at the discretion of the Foundation's management and the Board of Directors (the Board). The Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. The Board has designated $3,205,500 of net assets without donor restrictions to be used as described in Note 5.
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of December 31, 2023, the Foundation had no net assets with donor restrictions that are required to be maintained in perpetuity.

Right of Use Assets and Lease Liabilities

The Urban Alliance Foundation, Inc. (the Foundation) determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. The ROU asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using the Foundation's estimated incremental borrowing rate or implicit rate, when readily determinable, and is adjusted for lease incentives. The ROU asset is amortized on a straight-line basis over the lease term and is reflected as lease

1. Organization and Summary of Significant Accounting Policies (continued)

Right of Use Assets and Lease Liabilities (continued)

expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Interest is charged to lease expense for the difference. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statement of financial position. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Revenue Recognition

Unconditional contributions and grants are reported as revenue and support in the year in which payments are received and/or unconditional promises to give are made. Unconditional grants and contributions are recorded as with or without donor restrictions depending upon the existence and/or nature of any donor restrictions. Unconditional support that is restricted by the donor is reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions when the restriction expires. Unconditional promises to give that have been awarded to the Foundation, but not yet received, are reflected as grants and contributions receivable in the accompanying statement of financial position. A contribution is considered conditional if the agreement includes a measurable performance or barrier and a right of return. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are met.

The Foundation has cost-reimbursable grants with U.S. government agencies and are conditioned upon certain performance requirements and are recognized as conditions have been met. Amounts related to these conditional grants that are recognized and released in the same year are included as grants and contributions without donor restrictions in the accompanying statement of activities. Revenue recognized on these grants for which billings have not been collected from the grantors is included in grants and contributions receivable in the accompanying statement of financial position.

The Foundation also has other contracts with private organizations in exchange for services. These contracts contain multiple performance obligations, and revenue under these contracts is recognized at the point in time that the performance obligations are provided under the contract. Revenue recognized on the contracts for which payments have not been received is reflected as accounts receivable in the accompanying statement of financial position. Contract payments received but not yet expended for the purpose of the contract are reflected as deferred revenue in the accompanying statement of financial position. The Foundation's deferred revenue are short-term in nature and are recognized as contract revenue in the following fiscal year when the performance obligations are met.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributable to a specific functional area have been reported as an expense of that function. Direct salaries and benefits are allocated based on time sheets. Shared costs that benefit multiple functional areas have been allocated among the various functional areas based on the percentage of direct costs to total costs.

1. Organization and Summary of Significant Accounting Policies (continued)

Estimates

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

Recently Adopted Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance FASB ASC 326, *Current Expected Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASC 326 were accounts receivable. The Foundation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

2. Investments

The following table summarizes the Foundation's investments, measured at fair value on a recurring basis, as of December 31, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds	$ 2,399,202	$ 2,399,202	$ -	$ -
Fixed-income bond mutual funds	178,565	178,565	-	-
U.S. Government securities	285,037	-	285,037	-
Total Investments Measured in the Fair Value Hierarchy	2,862,804	$ 2,577,767	$ 285,037	$ -
Cash	613,856			
Total Investments	$ 3,476,660			

2. Investments (continued)

The Foundation used the following methods and significant assumptions to estimate fair value:

Mutual funds – Valued based on quoted prices available in active markets for identical assets.

U.S. Government securities – Value is determined by the investment custodian using an outside data and pricing company that uses a market approach and spreads based on the credit risk of the issuer, maturity, current yield, trading frequency and other terms and conditions of each security. Management believes the estimates to be reasonable approximation of the fair value of the investments.

3. Grants and contributions receivable

Grants and contributions receivable represent amounts due from foundations, corporations, and individual donors. As of December 31, 2023, grants and contributions receivable totaled $1,331,072. All amounts are due within one year.

The Foundation has also received various other conditional grants from private organizations, states and the federal government totaling $4,887,594 as of December 31, 2023. During the year ended December 31, 2023, the Foundation recognized $1,248,097 of revenue from these conditional grants. As of December 31, 2023, the Foundation has yet to recognize revenue of approximately $2,584,000 related to these conditional grants as conditions have not been met by the Foundation nor approved by the grantors.

4. Property and Equipment

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

Computer and office equipment	$ 49,203
Equipment	74,460
Software	325,190
Assets in process	219,185
Total Property and Equipment	668,038
Less: Accumulated Depreciation and Amortization	(171,250)
Property and Equipment, Net	$ 496,788

Depreciation and amortization expense totaled $24,576 for the year ended December 31, 2023.

5. Net Assets

Net Assets Without Donor Restrictions

As of December 31, 2023, the Foundation's net assets without donor restrictions were as follows:

Undesignated	$ 14,258,191
Board-designated	3,205,500
Total Net Assets Without Donor Restrictions	$ 17,463,691

The Foundation's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts for an operating reserve. The Board of the Foundation has established an operating reserve fund to provide for future financial needs and special projects of the Foundation. Such funds, including all allocable investment income on the funds, are reflected as board-designated net assets in the accompanying financial statements. There were no additions to the board-designated funds and there were also no funds used during the year ended December 31, 2023. The Foundation does not consider its board-designated fund to be a quasi-endowment fund.

Net Assets With Donor Restrictions

As of December 31, 2023, net assets with donor restrictions were restricted for the following:

Workforce development programs	$ 2,040,149
Program development	82,548
Youth programs	536,994
Restricted due to time	546,248
Total Net Assets With Donor Restrictions	$ 3,205,939

Net assets were released from donor restrictions by incurring expenses that satisfied the restricted purposes. For the year ended December 31, 2023, net assets released from restrictions were as follows:

Satisfaction of purpose restrictions:	
Workforce development programs	$ 4,159,285
Program development	135,336
Youth programs	363,005
Total Satisfaction of Purpose Restrictions	4,657,626
Satisfaction of time restrictions	959,766
Total Net Assets Released from Donor Restrictions	$ 5,617,392

6. Right-of-Use Asset and Lease Liability

The Foundation evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the Foundation's right to use underlying assets for the lease term, and the lease liabilities represent the Foundation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Foundation has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

The Foundation has several operating leases for office space, the last of which expires in December 2028. These leases have an option for renewal. During the year ended December 31, 2023, the Foundation modified one of their leases to extend the lease term and entered a new lease. As a result of these changes, the Foundation recognized an incremental ROU asset and lease liability of $569,923.

For the year ended December 31, 2023, total operating lease cost was $394,989. Cash paid for operating leases for the year ended December 31, 2023 totaled $358,856.

Weighted average lease term and discount rate as of December 31, 2023 were as follows:

Weighted average remaining lease term	3.47 years
Weighted average discount rate	4.27%

Future minimum lease payments under these noncancelable operating leases were as follows as of December 31, 2023:

For the Year Ending December 31,	
2024	$ 423,239
2025	358,267
2026	128,234
2027	133,073
2028	137,911
Total	1,180,724
Less: Present value discount	(87,997)
Lease Liability	$ 1,092,727

7. Commitments and Contingencies

Concentration of Credit Risk

The Foundation maintains its cash and cash equivalents with certain commercial financial institutions. While the amounts, at times, may exceed the Federal Deposit Insurance Corporation insured limit of $250,000 per depositor per institution, the Foundation monitors the creditworthiness of these institutions and has not experienced, nor does it anticipate, any loss of funds.

8. Availability and Liquidity

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures were as follows:

Financial assets at year-end:	
Cash and cash equivalents	$ 15,739,855
Investments	3,476,660
Accounts receivable, net	658,463
Grants and contributions receivable, net	1,331,072
Total Financial Assets at Year-End	21,206,050
Less amount not available to be used within one year:	
Amounts unavailable for general expenditures within one year Based on project ending date	(346,000)
Amounts unavailable to management without Board approval: Board-designated	(3,205,500)
Financial Assets Available to Meet General Expenditures Within One Year	$ 17,654,550

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on ensuring the financial liquidity of the Foundation throughout the year. The Foundation monitors its cash flow needs on quarterly basis and is aware of the cyclical nature of cash flows related to the timing of the Foundation's various funding sources and programmatic expenditures. As part of the Foundation's liquidity plan, excess cash is invested in short-term investment vehicles, including money market funds and certificates of deposit. The Foundation can liquidate these cash equivalents at any time to make funds available for current cash flow needs. Additionally, the Foundation has a board-designated operating reserve fund that could be liquidated and made available for current operations with Board approval, if necessary.

9. Related Parties

During the year ended December 31, 2023, the Foundation leased office space from a limited liability company owned by one of the Foundation's board members. The Foundation paid approximately $275,000 under this agreement for rent, utilities, maintenance, office cleaning and other occupancy fees.

10. Pension Plan

The Foundation maintains a defined contribution pension plan under Section 403(b) of the Internal Revenue Code (the IRC) that covers substantially all of the Foundation's full-time employees. Employees may elect to defer and contribute to the plan a portion of their compensation up to the federal tax limitation. The Foundation matches employee contributions to the plan up to 3% of an employee's annual salary. The Foundation's matching contributions for the year ended December 31, 2023, totaled $76,260.

11. Income Taxes

Under the IRC Section 501(c)(3), the Foundation is exempt from federal taxes on income other than net unrelated business income. No provision for income taxes is required as of December 31, 2023, as the Foundation had no taxable net realized business income. The Foundation has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Foundation evaluated its uncertainty in income taxes for the year ended December 31, 2023, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2023, there are no audits for any tax periods pending or in progress. It is the Foundation's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense.

12. Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

13. Reclassifications

Certain items in the December 31, 2022, comparative information have been reclassified to conform to the December 31, 2023, financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

14. Subsequent Events

In preparing these financial statements, the Foundation's management has evaluated events and transactions, for potential recognition or disclosure, through September 3, 2024, the date the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure in the financial statements.