

INFANT CRISIS SERVICES, INC.

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
MARCH 31, 2024 AND 2023

TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT



INFANT CRISIS SERVICES, INC.
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March 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Infant Crisis Services, Inc.
Oklahoma City, Oklahoma

Opinion

We have audited the accompanying financial statements of Infant Crisis Services, Inc., (a nonprofit organization) ("Organization"), which comprise the statements of financial position as of March 31, 2024, and 2023, and the related statements of activities, 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 Infant Crisis Services, Inc., as of March 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Infant Crisis Services, 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 these 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 Organization'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 Responsibility 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.

HSPG & ASSOCIATES, PC

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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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

HSPG & Associates, P.C.

July 25, 2024

INFANT CRISIS SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 2,636,001	\$ 2,503,034
Investments	2,833,102	2,440,032
Contributions receivable, net	2,308,629	349,243
Beneficial interest in assets held by others	109,164	98,836
Inventory	627,315	471,141
Prepaid expenses	92,594	31,646
Artwork	201,321	201,321
Property and equipment, net	<u>5,840,105</u>	<u>5,955,767</u>
 TOTAL ASSETS	 <u>\$ 14,648,231</u>	 <u>\$ 12,051,020</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 151,315	\$ 144,915
Accrued compensation	97,098	77,717
Other liabilities	<u>6,213</u>	<u>14,497</u>
 TOTAL LIABILITIES	 <u>254,626</u>	 <u>237,129</u>
 NET ASSETS		
Without donor restrictions:		
Undesignated	4,839,161	4,314,239
Designated by the Board for maintenance reserve	819,791	787,338
Designated by the Board for program reserve	256,494	254,754
Invested in property and equipment, net	5,833,892	5,941,270
With donor restrictions	<u>2,644,267</u>	<u>516,290</u>
 TOTAL NET ASSETS	 <u>14,393,605</u>	 <u>11,813,891</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 14,648,231</u>	 <u>\$ 12,051,020</u>

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

INFANT CRISIS SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024 (with comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Comparative Total
REVENUE AND SUPPORT				
Contributions	\$ 1,271,930	\$ 2,185,680	\$ 3,457,610	\$ 1,269,786
In-kind donations	1,034,443	-	1,034,443	814,274
Grants and sponsorships	721,491	-	721,491	578,643
Investment income, net	470,682	-	470,682	(142,384)
Special event revenues	1,226,824	-	1,226,824	1,048,507
Release from restrictions	57,703	(57,703)	-	-
Total revenue and support	<u>4,783,073</u>	<u>2,127,977</u>	<u>6,911,050</u>	<u>3,568,826</u>
EXPENSES				
Program services	3,317,138	-	3,317,138	3,130,344
Management and general	197,831	-	197,831	176,514
Cost of direct benefit to donors	369,633	-	369,633	267,147
Fundraising	446,734	-	446,734	395,710
Total expenses	<u>4,331,336</u>	<u>-</u>	<u>4,331,336</u>	<u>3,969,715</u>
Change in net assets	451,737	2,127,977	2,579,714	(400,889)
NET ASSETS, BEGINNING OF YEAR	11,297,601	516,290	11,813,891	12,214,780
NET ASSETS, END OF YEAR	<u>\$ 11,749,338</u>	<u>\$ 2,644,267</u>	<u>\$14,393,605</u>	<u>\$ 11,813,891</u>

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

INFANT CRISIS SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 1,235,150	\$ 34,636	\$ 1,269,786
In-kind donations	814,274	-	814,274
Grants and sponsorships	578,643	-	578,643
Investment income, net	(142,384)	-	(142,384)
Special event revenues	1,048,507	-	1,048,507
Release from restrictions	49,168	(49,168)	-
	<hr/>	<hr/>	<hr/>
Total revenue and support	3,583,358	(14,532)	3,568,826
EXPENSES			
Program services	3,130,344	-	3,130,344
Management and general	176,514	-	176,514
Cost of direct benefit to donors	267,147	-	267,147
Fundraising	395,710	-	395,710
	<hr/>	<hr/>	<hr/>
Total expenses	3,969,715	-	3,969,715
	<hr/>	<hr/>	<hr/>
Change in net assets	(386,357)	(14,532)	(400,889)
	<hr/>	<hr/>	<hr/>
NET ASSETS, BEGINNING OF YEAR	11,683,958	530,822	12,214,780
	<hr/>	<hr/>	<hr/>
NET ASSETS, END OF YEAR	<u>\$ 11,297,601</u>	<u>\$ 516,290</u>	<u>\$11,813,891</u>

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

INFANT CRISIS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024

	Program Services	Management and General	Cost of Direct Benefit to Donors	Fundraising	Total
Salaries	\$ 1,186,734	\$ 107,885	\$ -	\$ 246,594	\$ 1,541,213
Benefits	124,229	11,294	-	25,815	161,338
Payroll taxes	105,877	9,625	-	22,001	137,503
	<u>1,416,840</u>	<u>128,804</u>	<u>-</u>	<u>294,410</u>	<u>1,840,054</u>
Essential program items	1,274,382	-	-	-	1,274,382
Professional fees	30,398	29,705	-	5,262	65,365
Supplies, printing and postage	32,811	6,617	-	50,464	89,892
Occupancy	93,304	1,941	-	1,941	97,186
Advertising, community awareness	50,762	4,259	-	36,249	91,270
Travel and local transportation	39,205	160	-	139	39,504
Insurance	58,208	1,672	-	2,540	62,420
Appreciation, gifts and awards	11,867	501	-	654	13,022
Conferences and meetings	2,058	14,606	-	1,401	18,065
Bad debts	-	-	-	44,509	44,509
Information technology	58,715	4,400	-	3,999	67,114
Special events	-	-	369,633	-	369,633
Other Expenses	601	-	-	-	601
	<u>1,652,311</u>	<u>63,861</u>	<u>369,633</u>	<u>147,158</u>	<u>2,232,963</u>
Total expenses before depreciation	3,069,151	192,665	369,633	441,568	4,073,017
Depreciation	247,987	5,166	-	5,166	258,319
Total expenses	<u>\$ 3,317,138</u>	<u>\$ 197,831</u>	<u>\$ 369,633</u>	<u>\$ 446,734</u>	<u>\$ 4,331,336</u>

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

INFANT CRISIS SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

	Program Services	Management and General	Cost of Direct Benefit to Donors	Fundraising	Total
Salaries	\$ 1,081,606	\$ 103,737	\$ -	\$ 236,965	\$ 1,422,308
Benefits	106,969	10,707	-	24,172	141,848
Payroll taxes	89,920	8,647	-	19,752	118,319
	<u>1,278,495</u>	<u>123,091</u>	<u>-</u>	<u>280,889</u>	<u>1,682,475</u>
Essential program items	1,229,853	-	-	-	1,229,853
Professional fees	23,762	26,777	-	5,474	56,013
Supplies, printing and postage	30,633	5,579	-	46,848	83,060
Occupancy	109,853	2,255	-	2,255	114,363
Advertising, community awareness	51,476	-	-	31,058	82,534
Travel and local transportation	33,310	475	-	991	34,776
Insurance	55,181	1,469	-	2,306	58,956
Appreciation, gifts and awards	8,297	199	-	1,539	10,035
Conferences and meetings	2,196	7,639	-	451	10,286
Bad debts	-	-	-	15,337	15,337
Information technology	49,715	3,664	-	3,196	56,575
Special events	-	-	267,147	-	267,147
	<u>1,594,276</u>	<u>48,057</u>	<u>267,147</u>	<u>109,455</u>	<u>2,018,935</u>
Total expenses before depreciation	2,872,771	171,148	267,147	390,344	3,701,410
Depreciation	257,573	5,366	-	5,366	268,305
Total expenses	<u>\$ 3,130,344</u>	<u>\$ 176,514</u>	<u>\$ 267,147</u>	<u>\$ 395,710</u>	<u>\$ 3,969,715</u>

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

INFANT CRISIS SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,579,714	\$ (400,889)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	258,319	268,305
Investment loss / (income), net	(408,534)	152,345
Bad debt expense	44,509	15,337
Endowment contributions received	(100,000)	-
Noncash property and equipment contribution	(80,000)	-
Change in operating assets and liabilities:		
Inventory	(156,174)	(25,278)
Contributions receivable	(2,003,895)	(41,031)
Prepaid expenses	(60,948)	29,509
Accounts payable	6,400	44,229
Accrued compensation	19,381	19,989
Net cash provided by operating activities	<u>98,772</u>	<u>62,516</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(62,657)	(77,200)
Proceeds from beneficial interest in assets held by others	5,136	4,615
Net cash used in investing activities	<u>(57,521)</u>	<u>(72,585)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments made on other liabilities	(8,284)	(8,285)
Endowment contributions received	100,000	-
Net cash provided by (used in) financing activities	<u>91,716</u>	<u>(8,285)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	132,967	(18,354)
CASH AND CASH EQUIVALENTS, Beginning of year	2,503,034	2,521,388
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 2,636,001</u>	<u>\$ 2,503,034</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:		
Contribution of property and equipment	<u>\$ 80,000</u>	<u>\$ -</u>

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

INFANT CRISIS SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – Infant Crisis Services, Inc. (“ICS”) operates as a voluntary not-for-profit organization providing food, formula, diapers and clothing for infants and toddlers in need throughout central Oklahoma. Services are provided at its main location in Oklahoma City and also through the BabyMobile, a mobile food and diaper pantry currently serving Oklahoma county and 26 surrounding counties. ICS was founded in 1984 and operated as a branch organization of the Westminster Presbyterian Church, Inc. until January 4, 1991, when it was incorporated as a separate and independent organization. ICS funding sources are from the private sector and include individuals, corporations, foundations, religious, and other organizations.

Basis of accounting – The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation – Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets with and without donor restrictions are defined as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash equivalents – ICS considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents except those cash equivalents included in ICS’ investment accounts.

In-kind donations – Donated marketable securities and other non-cash donations with readily determinable fair values are recorded as contributions at their estimated fair values at the date of the donation.

Individuals, businesses, and other organizations contribute substantial amounts of goods and services (consisting primarily of formula, food, clothing, and similar items for infants) toward the fulfillment of projects initiated by ICS. To the extent that contributions of goods and services are made under the control of ICS, are objectively measurable, and represent program or support expenditures which would otherwise be incurred by ICS, they are reflected in contributions and program expense, property and equipment, or inventory in the accompanying financial statements. These goods and services have been valued at their estimated fair market value at the date of receipt. The fair market value was determined based on prices for similar goods listed in local retail markets as of the date the donation was received. Donated assets are distributed by ICS to clients in need or otherwise utilized in the course of normal program operations.

For the years ended March 31, 2024, and 2023, ICS has reported the following contributed nonfinancial assets as contributions in the accompanying statements of activities.

	<u>2024</u>	<u>2023</u>
Formula	\$ 26,591	\$ 37,397
Diapers	162,318	140,198
Food	57,086	69,327
Clothing	231,695	314,690
Automobile	80,000	-
Wipes	47,150	42,939
Bottles	6,003	4,789
Toys	30,728	46,843
Baby and household items	392,872	158,091
	<u>\$1,034,443</u>	<u>\$ 814,274</u>

Revenue Recognition – Contributions are recognized when the donor makes a promise to unconditionally give to ICS. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recorded when the conditions on which they depend are substantially met. Unconditional promises to give that are receivable within the next 12 months are recorded at their net realizable value. Unconditional promises to give that are receivable in subsequent years are reported at their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. ICS uses the allowance method to estimate the amount of unconditional promises receivable for which collection is not probable. The allowance is based upon prior years' experience and management's analysis of specific promises made. At March 31, 2024 and 2023, ICS recorded an allowance for uncollectible promises to give of \$28,227 and \$25,740, respectively.

Special event revenues and payments under cost-reimbursable grants received in advance are deferred to the applicable period in which the related event occurs, or expenditures are incurred, respectively.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the statement of financial position. Fair values are based on quoted market prices or otherwise determined as provided by a financial institution or fund manager. Investment income and gains and losses are reported as unrestricted unless a specific restriction applies. Net investment income (loss) is reported in the statement of activities and consists of the following:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 137,474	\$ 67,537
Unrealized and realized gains (losses)	342,664	(200,755)
Investment management fees	(9,456)	(9,166)
	<u>\$ 470,682</u>	<u>\$ (142,384)</u>

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, changes in the values of investment

securities will occur in the near term and such change could materially affect the amounts reported in the accompanying financial statements.

Beneficial interest in assets held by others – ICS follows the Accounting Standards Codification (“ASC”) guidance which requires a not-for-profit organization that transfers assets to a community foundation and specifies itself as the beneficiary to recognize its beneficial interest in the assets transferred (see Note 4). ICS carries its beneficial interest in the assets held by the Oklahoma City Community Foundation, Inc. (“OCCF”) and Communities Foundation of Oklahoma (“CFO”) at fair value.

Inventory – Inventory is comprised of formula, food, diapers, clothing, and similar items. Donated inventories are recorded at estimated fair market value at the date of the gift.

Artwork – ICS received a restricted contribution of artwork requiring ICS to hold the artwork in perpetuity or return it to the donor.

Property and equipment – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. ICS’s capitalization threshold is \$1,000 for assets acquired with an economic useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are five to seven years for equipment and automobiles and twenty to forty years for buildings and improvements.

ICS reports gifts of property and equipment as net assets without donor restriction unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction. Absent explicit donor restrictions addressing the length of time those long-lived assets must be maintained, ICS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Concentration of credit risk – ICS maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. As of March 31, 2024, and 2023, ICS’ balances with financial institutions subject to FDIC coverage exceeded such coverage by \$1,397,709 and \$949,716, respectively.

Income tax status – ICS is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as other than a private foundation. ICS is subject to routine audits by taxing jurisdictions. None of ICS’ federal or state income tax returns are currently under examination by the Internal Revenue Service or the Oklahoma tax commission. Management believes it is no longer subject to income tax examinations for years prior to 2021.

Functional allocation of expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between programs, fundraising, cost of direct benefit to donors, and management and general based on evaluations of the related activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of ICS. ICS policy is to allocate the administrative expenses of the program services based on the various direct costs related to each program. The joint costs of informational materials and activities that include a fundraising appeal are allocated between the program expenses,

management and general, and fundraising expenses based upon the programs and supporting services benefitted.

The principal programs of ICS are comprised of:

Main location services – This program serves clients through its main Oklahoma City office. Services offered include food, formula, diapers and clothing. Additional services provided include referrals to other community resources and car seat distribution events.

BabyMobile services – This mobile unit program provides food, formula and diapers to targeted neighborhoods across Oklahoma County and multiple counties throughout Oklahoma. Emergency disaster relief is also provided through the BabyMobile when needed.

The funds spent on these programs are accounted for as essential program items in the statement of functional expenses.

Concentrations – As of March 31, 2024 and 2023, 86% and 21% of the Organization’s pledges receivable are due from four and one donors, respectively. During the year ended March 31, 2024, 40% of the Organization’s contribution and grant revenue is from four donors (no significant concentrations of contributions and grant revenues for the year ended March 31, 2023).

Fair value measurements – ICS reports certain assets at fair value in the 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 in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that ICS can access at the measurement date.

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

Level 3: Inputs that are unobservable and significant to the overall fair value measurement. In these situations, ICS develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the

asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Assets subject to fair value measurement disclosure requirements include investments and beneficial interest in assets held by others (see Note 6). ICS has no liabilities carried at fair value on a recurring basis and no assets or liabilities carried at fair value on a non-recurring basis at March 31, 2024 or 2023.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

Advertising – Advertising costs are expensed as incurred and totaled \$91,270 and \$82,534 for the years ended March 31, 2024 and 2023, respectively.

Subsequent events – ICS has evaluated subsequent events through July 25, 2024, the date the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the 2024 financial statements.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following:

	2024	2023
Cash and cash equivalents	\$2,636,001	\$2,503,034
Investments	2,833,102	2,440,032
Current operating contributions receivable	121,141	208,041
Distributions from beneficial interests in assets held by others	5,673	4,121
	<u>5,595,917</u>	<u>5,155,228</u>
Less:		
Board designated assets - maintenance reserve	(819,791)	(787,338)
Board designated assets - program reserve	(256,494)	(254,754)
Endowment contributions received	<u>(100,000)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$4,419,632</u></u>	<u><u>\$4,113,136</u></u>

In addition to financial assets available for general expenditures, ICS' board designated reserves are also available subject to approval by the board of directors for building maintenance or program expenditures.

ICS receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. ICS manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

3. PROMISES TO GIVE

Promises to give are expected to be realized as follows as of March 31:

	<u>2024</u>	<u>2023</u>
Due in less than one year	\$ 679,260	\$ 208,041
Due in one to five years	1,810,999	181,726
Due in more than five years	<u>23,417</u>	<u>50</u>
	2,513,676	389,817
Less: Allowance	(28,227)	(25,740)
Less: Discount to present value at a rate of 5%	<u>(176,820)</u>	<u>(14,834)</u>
	<u>\$ 2,308,629</u>	<u>\$ 349,243</u>

4. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

ICS is the designated beneficiary of donor advised funds at OCCF and CFO (collectively referred to as the "Community Foundations"). These funds were contributed to the Community Foundations by ICS and other third-party contributors. The Community Foundations have variance power over all contributions. ICS follows the standard, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others" to account for these funds. Assets transferred by ICS remain on the statement of financial position as beneficial interests in assets held by others. Contributions from third parties are disclosed below, but not recognized as assets of ICS. ICS receives a distribution from funds held at OCCF and CFO each year based on a percentage of the average fair market value of the funds over the previous eight quarters. The balance of the funds at March 31, 2024 and 2023 was as follows:

	<u>2024</u>		<u>2023</u>	
	Beneficial Interest in Assets Held by Others	Donated by third parties (disclosure only)	Beneficial Interest in Assets Held by Others	Donated by third parties (disclosure only)
OCCF	\$ 97,604	\$ 239,299	\$ 88,104	\$ 214,517
CFO	<u>11,560</u>	<u>7,368</u>	<u>10,732</u>	<u>6,854</u>
	<u>\$ 109,164</u>	<u>\$ 246,667</u>	<u>\$ 98,836</u>	<u>\$ 221,371</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of March 31:

	<u>2024</u>	<u>2023</u>
Land	\$ 458,809	\$ 458,809
Building and improvements	7,524,312	7,508,002
Office furniture and equipment	1,608,528	1,562,181
Automobiles	<u>303,046</u>	<u>223,046</u>
	9,894,695	9,752,038
Less: accumulated depreciation	<u>(4,054,590)</u>	<u>(3,796,271)</u>
	<u>\$ 5,840,105</u>	<u>\$ 5,955,767</u>

Depreciation expense charged to operations was \$258,319 and \$268,305 for the years ended March 31, 2024 and 2023, respectively.

6. FAIR VALUE MEASUREMENTS

Assets measured at fair value consist of the following:

	<u>As of March 31, 2024</u>				
	<u>Carrying Amount</u>	<u>Total Fair Value</u>	<u>Fair Value Measurements Using</u>		
			<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS					
Investments:					
Cash equivalents	\$ 264,691	\$ 264,691	\$ 264,691	\$ -	\$ -
Fixed income securities:					
Mutual funds	667,683	667,683	667,683	-	-
Equity securities:					
Mutual funds	<u>1,900,728</u>	<u>1,900,728</u>	<u>1,900,728</u>	<u>-</u>	<u>-</u>
Total investments	2,833,102	2,833,102	2,833,102	-	-
Beneficial interest in assets held by others					
	<u>109,164</u>	<u>109,164</u>	<u>-</u>	<u>-</u>	<u>109,164</u>
	<u>\$ 2,942,266</u>	<u>\$ 2,942,266</u>	<u>\$ 2,833,102</u>	<u>\$ -</u>	<u>\$ 109,164</u>

	As of March 31, 2023				
	Carrying Amount	Total Fair Value	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
ASSETS					
Investments:					
Cash equivalents	\$ 266,014	\$ 266,014	\$ 266,014	\$ -	\$ -
Fixed income securities:					
Mutual funds	539,507	539,507	539,507	-	-
Equity securities:					
Mutual funds	1,634,511	1,634,511	1,634,511	-	-
Total investments	2,440,032	2,440,032	2,440,032	-	-
Beneficial interest in assets held by others					
	98,836	98,836	-	-	98,836
	<u>\$ 2,538,868</u>	<u>\$ 2,538,868</u>	<u>\$ 2,440,032</u>	<u>\$ -</u>	<u>\$ 98,836</u>

Following is a description of methodologies used for instruments measured at fair value.

Fixed income and equity securities – When quoted prices are available in an active market, securities are classified within Level 1 of the hierarchy. Investments classified as Level 1 include mutual funds. Other investments, such as corporate bonds are classified within Level 2 of the hierarchy due to their proprietary nature and are independently valued by the fund manager or quoted market prices in nonactive markets.

Beneficial interest in assets held by others – The fair value of ICS’ beneficial interest in assets held by others is based on the fair value of fund investments as reported by the Community Foundations. These are considered to be level 3 investments.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2024	2023
Subject to expenditure for specified purposes:		
Car Seat operations	\$ 53,148	\$ 53,313
Warehouse equipment	14,752	31,062
Fresh food	61,142	28,369
Safe Sleep operations	15,287	15,287
Other	5,272	20,500
	149,601	148,531
Subject to passage of time	163,567	166,438
Endowments:		
Subject to endowment spending policy and appropriation	2,129,778	-
Not subject to spending policy or appropriation:		
Artwork	201,321	201,321
Total net assets with donor restrictions	<u>\$ 2,644,267</u>	<u>\$ 516,290</u>

8. ENDOWMENT DISCLOSURES

ICS' endowment funds consist of both a donor-restricted endowment fund and board-designated endowment fund. The donor-restricted endowment fund is managed and controlled by ICS while the board-designated endowment funds result from the reciprocal transfer of funds to the Community Foundations. These funds were established to provide future financial support to ICS' general operations. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment funds held by ICS are managed and controlled by ICS in accordance with the following policies.

Interpretation of Relevant Law – ICS follows the ASC's guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). The Board of Directors of ICS has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ICS retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful account) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. ICS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net asset composition by type of fund as of March 31, 2024 and 2023 is as follows:

March 31, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 2,129,778	\$ 2,129,778
Board-designated endowment funds	109,164	-	109,164
Total endowment funds	<u>\$ 109,164</u>	<u>\$ 2,129,778</u>	<u>\$ 2,238,942</u>
March 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ -
Board-designated endowment funds	98,836	-	98,836
Total endowment funds	<u>\$ 98,836</u>	<u>\$ -</u>	<u>\$ 98,836</u>

Change in endowment net assets for the years ended March 31, 2024 and 2023 are as follows:

Year ended March 31, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 98,836	\$ -	\$ 98,836
Investment return	15,464	-	15,464
Contributions	-	2,129,778	2,129,778
Appropriation of endowment assets for expenditure	(5,136)	-	(5,136)
Endowment net assets, end of year	\$ 109,164	\$ 2,129,778	\$ 2,238,942

Year ended March 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 110,681	\$ -	\$ 110,681
Investment return	(7,230)	-	(7,230)
Appropriation of endowment assets for expenditure	(4,615)	-	(4,615)
Endowment net assets, end of year	\$ 98,836	\$ -	\$ 98,836

Funds with deficiencies – From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent spending measure required under law. At March 31, 2024 and 2023, there were no underwater endowments.

Return Objectives and Risk Parameters – ICS has adopted investment and spending policies for donor-restricted endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that ICS must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested with investment policies which emphasize preservation of capital, protection against inflation and a continuing source of income. The board has authorized investments in equity securities up to 65% of the portfolio, fixed income securities up to 35% of the portfolio, and cash up to 15% of the portfolio.

Spending Policy – The endowment earnings above corpus are available for distribution within donor restriction guidelines. Distributions are not allowed when funds are underwater. Distributions from the Community Foundations in accordance with their respective distribution guidelines are available for unrestricted use.

9. RETIREMENT PLAN

ICS maintains a Simple IRA salary deferral retirement plan for eligible employees. ICS has elected to contribute up to 3% of compensation for participating employees. Employer contributions for 2024 and 2023 totaled \$41,572 and \$37,609, respectively.

10. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, building insurance, maintenance, and depreciation, which are allocated on a square footage basis; salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort; and office expenses, and information technology, which are allocated on a blended rate of square footage and time and effort.

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