



CharacterPlus®
EJACE CharacterPlusWay dLACE TcLEAD ACE Schools of Character
a world where character is universal

CHARACTERPLUS

Financial Statements and Independent Auditors' Report

YEAR ENDED JUNE 30, 2024 AND 2023



ANDERS
CPAs + ADVISORS

Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 17

Independent Auditors' Report

Board of Directors
CharacterPlus
St. Louis, Missouri

Opinion

We have audited the accompanying financial statements of CharacterPlus (a not-for-profit organization) which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flow 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 CharacterPlus as of June 30, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CharacterPlus 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 CharacterPlus' 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 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 CharacterPlus' 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 CharacterPlus' 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.



January 30, 2025

CharacterPlus
Statements of Financial Position
June 30, 2024 and 2023

Assets

	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and cash equivalents	\$ 540,586	\$ 557,414
Unconditional promises to give	67,500	115,000
Grants receivable	508,338	455,276
Accounts receivable	50,424	52,716
Prepaid expenses	<u>3,552</u>	<u>3,552</u>
Total Current Assets	1,170,400	1,183,958
Investments, at Fair Value	1,369,109	1,252,645
Operating Right-of-Use Assets	<u>217,752</u>	<u>249,110</u>
 Total Assets	 <u><u>\$ 2,757,261</u></u>	 <u><u>\$ 2,685,713</u></u>

Liabilities and Net Assets

Current Liabilities		
Current maturities of operating lease liabilities	\$ 46,204	\$ 37,226
Accounts payable and accrued expenses	20,857	34,495
Deferred revenue	<u>25,500</u>	<u>18,000</u>
Total Current Liabilities	92,561	89,721
 Long-Term Operating Lease Liabilities	 <u>174,877</u>	 <u>213,882</u>
Total Liabilities	<u>267,438</u>	<u>303,603</u>
Net Assets		
Without donor restrictions		
Board designated	120,000	120,000
Undesignated	1,838,705	1,817,435
With donor restrictions	<u>531,118</u>	<u>444,675</u>
Total Net Assets	<u>2,489,823</u>	<u>2,382,110</u>
 Total Liabilities and Net Assets	 <u><u>\$ 2,757,261</u></u>	 <u><u>\$ 2,685,713</u></u>

CharacterPlus
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions and grants	\$ 451,959	\$ 22,330	\$ 474,289
Program grants	-	508,788	508,788
Program fees	218,870	-	218,870
Investment income	138,222	-	138,222
Other revenue	1,402	-	1,402
	<u>810,453</u>	<u>531,118</u>	<u>1,341,571</u>
Net assets released from restrictions:			
Satisfaction of time and usage restrictions	<u>444,675</u>	<u>(444,675)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>1,255,128</u>	<u>86,443</u>	<u>1,341,571</u>
Expenses			
Program Services	<u>1,049,612</u>	<u>-</u>	<u>1,049,612</u>
Supporting Activities			
Management and general	84,133	-	84,133
Fundraising	100,113	-	100,113
Total Supporting Activities	<u>184,246</u>	<u>-</u>	<u>184,246</u>
Total Expenses	<u>1,233,858</u>	<u>-</u>	<u>1,233,858</u>
Change in Net Assets	21,270	86,443	107,713
Net Assets, Beginning of Year	<u>1,937,435</u>	<u>444,675</u>	<u>2,382,110</u>
Net Assets, End of Year	<u>\$ 1,958,705</u>	<u>\$ 531,118</u>	<u>\$ 2,489,823</u>

CharacterPlus
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions and grants	\$ 424,265	\$ 30,000	\$ 454,265
Program fees	638,384	414,675	1,053,059
Investment income	98,461	-	98,461
Other revenue	1,819	-	1,819
	<u>1,162,929</u>	<u>444,675</u>	<u>1,607,604</u>
 Gross special events revenue	 30,237	 -	 30,237
Less cost of direct benefits to donors	4,684	-	4,684
Net special events revenue	<u>25,553</u>	<u>-</u>	<u>25,553</u>
Total Revenues, Gains and Other Support	<u>1,188,482</u>	<u>444,675</u>	<u>1,633,157</u>
 Expenses			
Program Services	<u>906,841</u>	<u>-</u>	<u>906,841</u>
Supporting Activities			
Management and general	75,629	-	75,629
Fundraising	114,751	-	114,751
Total Supporting Activities	<u>190,380</u>	<u>-</u>	<u>190,380</u>
Total Expenses	<u>1,097,221</u>	<u>-</u>	<u>1,097,221</u>
 Change in Net Assets	 91,261	 444,675	 535,936
 Net Assets, Beginning of Year	 <u>1,846,174</u>	 <u>-</u>	 <u>1,846,174</u>
 Net Assets, End of Year	 <u>\$ 1,937,435</u>	 <u>\$ 444,675</u>	 <u>\$ 2,382,110</u>

CharacterPlus
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services	Supporting Activities			Total Expenses
		Management and General	Fundraising	Total	
Wages and salaries	\$ 623,598	\$ 60,106	\$ 67,619	\$ 127,725	\$ 751,323
Contracted services	81,568	7,862	8,845	16,707	98,275
Dues and subscriptions	1,207	116	131	247	1,454
Computer expenses	13,414	1,293	1,454	2,747	16,161
Payroll taxes	47,874	4,614	5,191	9,805	57,679
Postage	5,117	493	555	1,048	6,165
Lease expense	43,639	4,206	4,732	8,938	52,577
Meals	31,561	3,042	3,422	6,464	38,025
Office expenses	29,502	1,573	1,770	3,343	32,845
Supplies	20,723	-	-	-	20,723
Miscellaneous expense	8,590	828	931	1,759	10,349
Professional fees	90,403	-	-	-	90,403
Fundraising expense	-	-	5,463	5,463	5,463
Travel	52,416	-	-	-	52,416
Total Expenses	<u>\$ 1,049,612</u>	<u>\$ 84,133</u>	<u>\$ 100,113</u>	<u>\$ 184,246</u>	<u>\$ 1,233,858</u>
Percent of Total	<u>85.1 %</u>	<u>6.8 %</u>	<u>8.1 %</u>	<u>14.9 %</u>	<u>100.0 %</u>

CharacterPlus
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Supporting Activities			Total Expenses
		Management and General	Fundraising	Total	
Wages and salaries	\$ 586,330	\$ 56,812	\$ 85,218	\$ 142,030	\$ 728,360
Contracted services	51,904	5,029	7,544	12,573	64,477
Dues and subscriptions	2,924	283	425	708	3,632
Computer expenses	7,420	719	1,078	1,797	9,217
Payroll taxes	43,424	4,208	6,311	10,519	53,943
Postage	3,069	297	446	743	3,812
Lease expense	40,219	3,897	5,846	9,743	49,962
Meals	26,859	2,602	3,904	6,506	33,365
Office expenses	14,202	1,376	2,064	3,440	17,642
Supplies	13,335	-	-	-	13,335
Miscellaneous expenses	20,084	406	1,915	2,321	22,405
Professional fees	64,601	-	-	-	64,601
Travel	32,470	-	-	-	32,470
Total Expenses	<u>\$ 906,841</u>	<u>\$ 75,629</u>	<u>\$ 114,751</u>	<u>\$ 190,380</u>	<u>\$ 1,097,221</u>
Percent of Total	<u>82.6 %</u>	<u>6.9 %</u>	<u>10.5 %</u>	<u>17.4 %</u>	<u>100 %</u>

CharacterPlus
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 107,713	\$ 535,936
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Noncash lease expense	1,331	1,998
Unrealized gain on investments	(125,331)	(86,360)
(Increase) decrease in assets		
Promises to give	47,500	(15,000)
Grants receivable	(53,062)	(455,276)
Accounts receivable	2,292	(49,966)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(13,638)	21,307
Deferred revenue	<u>7,500</u>	<u>(9,000)</u>
Net Cash Used In Operating Activities	<u>(25,695)</u>	<u>(56,361)</u>
Cash Flows From Investing Activities		
Purchases of investments	-	(198,550)
Proceeds from sale of investments	<u>8,867</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	<u>8,867</u>	<u>(198,550)</u>
Net Decrease in Cash and Cash Equivalents	(16,828)	(254,911)
Cash and Cash Equivalents, Beginning of Year	<u>557,414</u>	<u>812,325</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 540,586</u></u>	<u><u>\$ 557,414</u></u>
Supplemental Disclosure of Cash Flow Information		
Noncash Investing Activities		
During 2024 and 2023, the Organization capitalized right-of-use assets totaling \$9,900 and \$286,607, respectively, for assets under operating leases with corresponding lease liabilities of the same amount.		

CharacterPlus
Notes to Financial Statements
June 30, 2024 and 2023

1. Nature of Operations and Basis of Presentation

Organization

CharacterPlus (the "Organization") is a professional, not-for-profit organization located in metropolitan St. Louis, Missouri. The Organization originated as part of EducationPlus, a not-for-profit educational service agency. In 2019, the Organization assumed the operations of Friends of CharacterPlus, a related not-for-profit organization, whose purpose was fundraising for the Organization under EducationPlus, to further advance the missions of CharacterPlus under EducationPlus in the community.

The Organization's primary focus is to empower the next generation of leaders, inspiring them to be compassionate people of integrity. The Organization is committed to character development through the longest-running community-wide and evidence-based character education initiatives in the country. The mission of CharacterPlus is to promote positive character development in young people by partnering with schools, families, and communities to provide character education evidence-based processes, expert support, and professional resources.

Description of Program Services

The Organization helps educators and administrators develop a character-based framework to create a positive school environment where all students feel safe, and free to learn. The Organization serves 400,000+ students (K-12), 16,000+ teachers in over 50 school districts and 500 schools throughout Missouri, Illinois, and Kansas, the majority of which are in the St. Louis metropolitan area.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification (the "FASB ASC"), which is the source of authoritative, non-governmental accounting principles generally accepted in the United States of America ("GAAP"). All references to authoritative accounting guidance contained in our disclosures are based on the general accounting topics within the FASB ASC.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified into two categories of net assets, as applicable, and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may be satisfied by specific activities or the passage of time, or are required to be maintained in perpetuity by the Organization. The income earned on any related investments may be subject to donor-imposed stipulations.

CharacterPlus
Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies

Use of 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.

Fair Value Measurements

The Organization follows guidance issued by the FASB on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. The three general valuation techniques used to measure fair value are the market approach, cost approach, and income approach.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of nine months or less at the time of purchase to be cash and cash equivalents.

Investments

The Organization carries investments at fair value with unrealized holding gains and losses included in earnings. Realized gains and losses are included in earnings and are derived using the average cost method for determining the cost of securities sold. Dividend income is recognized when earned.

Accounts Receivable

Accounts receivable are recognized when the right to consideration is unconditional and subject only to the passage of time. Accounts receivable are due under normal trade terms generally requiring payment within 30 days of the invoice date. Changes in the estimate of uncollectible amounts are recorded as those circumstances become known and recognized as credit loss expense in the statement of activities. Accounts receivable totaled \$50,424, \$52,716, and \$2,750 at June 30, 2024, 2023 and 2022, respectively.

The Organization provides an allowance for credit losses equal to the estimated losses that will be incurred in the collection of accounts receivable, if any. The allowance is based on multiple factors, including historical experience, the credit quality of the customer base, the aging of accounts receivable, current economic conditions, and management's expectations of conditions in the future, as applicable. The allowance and associated accounts receivable are reduced when the receivables are determined to be uncollectible.

CharacterPlus
Notes to Financial Statements
June 30, 2024 and 2023

The Organization's accounts receivable are disaggregated and pooled by aging categories. Accounts past due 90 days or more are evaluated for loss individually on a customer by customer basis. For all other aging categories, the risk of loss is assessed over the contractual life of the accounts receivable and the historical loss amounts for each pool are adjusted for current and future conditions based on management's qualitative considerations.

Unconditional Promises to Give

Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using risk-free interest rates applicable to the years in which the promises are to be received. No discount was required to be recorded for the years ended June 30, 2024 and 2023.

The Organization provides an allowance for doubtful promises to give equal to the estimated losses that will be incurred in the collection of unconditional promises to give. This estimate is based on historical experience coupled with a review of the current status of existing promises. The allowance and associated promises are reduced when the promises are determined to be uncollectible. Currently, the Organization considers all unconditional promises to give to be fully collectible.

Leases

The Organization leases office space. The Organization assesses whether an arrangement qualifies as a lease (conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are modified. The Organization has recognized a liability representing the future lease payments and a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term. The lease does not provide an implicit rate, therefore the Organization elected to use the practical expedient to use the risk-free rate of return at the commencement date in determining the present value of lease payments. The Organization has elected to treat leases with a lease term of 12 months or less as short term leases and are not recorded on the statements of financial position. Lease expense is recognized on a straight-line basis over the lease term for short term leases, and variable lease expenses are recognized in the period in which they are incurred.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment exists as of June 30, 2024 and 2023.

CharacterPlus
Notes to Financial Statements
June 30, 2024 and 2023

Deferred Revenue

Deferred revenue at June 30, 2024 and 2023 consists of payments received for 2025 and 2024 program fees, respectively. These payments will be recognized as income in the period in which they are earned. Deferred revenue totaled \$25,500, \$18,000, and \$27,000 at June 30, 2024, 2023 and 2022, respectively.

Support and Revenue

Contributions are recorded as received, and unconditional promises to give are recorded as the promise is made. All contributions are available for general activities unless specifically restricted by the donor. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Revenue from program fees are generally recognized over time as the Organization's performance allows the users to simultaneously receive and consume the benefits as the Organization performs the service. Generally, program fees are recognized on a straight-line basis over such a period when the Organization's inputs are expended evenly, and the customer receives and consumes the benefits of the Organization's performance throughout the term.

Functional Expense Allocation

The costs of program services and supporting activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"), except on net income derived from unrelated business activities as defined in the Code. Accordingly, the Organization files as a tax exempt organization.

The Organization follows guidance issued by the FASB on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Organization's returns for tax years 2020 and later remain subject to examination by taxing authorities.

CharacterPlus
Notes to Financial Statements
June 30, 2024 and 2023

Subsequent Events

The Organization has evaluated subsequent events through January 30, 2025, the date the financial statements were available to be issued.

3. Change in Accounting Principle

Effective July 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. FASB ASC 326 replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of future credit losses for the remaining estimated lives of financial assets based on relevant information about historical experience, current conditions, and reasonable and supportable financial forecasts that affect the collectability of the reported amounts. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost. Such assets are presented at the net amount expected to be collected over their remaining contractual lives using an allowance for credit losses.

The Organization elected to adopt FASB ASC 326 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning July 1, 2023 and after are presented under FASB ASC 326, while prior period amounts continue to be reported in accordance with previously applicable accounting standards. The adoption of FASB ASC 326 resulted in no change in the allowance for credit losses.

4. Fair Value Measurements

The framework for measuring fair value establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into Levels 1, 2, and 3. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical instruments in active markets.
Level 2	Inputs to the valuation methodology include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, inputs other than quoted prices that are observable for the instrument, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CharacterPlus
Notes to Financial Statements
June 30, 2024 and 2023

The instruments' fair value measurement levels within the fair value hierarchy are based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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

Level 1 investments consist of publicly traded exchange traded and mutual funds, which are traded on national exchanges and are stated at the last reported sales price on the day of valuation.

The fair value of investments at June 30, is measured as follows:

2024				
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Exchange Traded Funds	\$ 1,309,799	\$ 1,309,799	\$ -	\$ -
Mutual Funds	59,310	59,310	-	-
Total Investments	<u>\$ 1,369,109</u>	<u>\$ 1,369,109</u>	<u>\$ -</u>	<u>\$ -</u>

2023				
	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Exchange Traded Funds	\$ 1,044,232	\$ 1,044,232	\$ -	\$ -
Mutual Funds	208,413	208,413	-	-
Total Investments	<u>\$ 1,252,645</u>	<u>\$ 1,252,645</u>	<u>\$ -</u>	<u>\$ -</u>

Investment return for the years ended June 30, is summarized as follows:

	2024	2023
Dividends	\$ 44,065	\$ 43,567
Net unrealized gain	94,157	54,894
Total Investment Income, net	<u>\$ 138,222</u>	<u>\$ 98,461</u>

5. Unconditional Promises to Give

Unconditional promises to give at June 30, is as follows:

	2024	2023
Less than one year	<u>\$ 67,500</u>	<u>\$ 115,000</u>

No discount was required to be recorded for the years ended June 30, 2024 and 2023.

CharacterPlus
Notes to Financial Statements
June 30, 2024 and 2023

6. Leases

The Organization has an operating lease for office space. The following summarizes the weighted average remaining lease term and discount rate as of June 30:

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term		
Operating lease	5.0 years	6.0 years
Weighted Average Discount Rate		
Operating lease	2.92 %	2.92 %

The maturities of the lease liability as of June 30, 2024 are as follows:

<u>Years Ending June 30,</u>	<u>Operating</u>
2025	\$ 51,821
2026	45,288
2027	45,954
2028	46,620
2029	47,286
Total Lease Payments	236,969
Less: Present Value Discount	15,888
Present Value of Lease Liability	<u>\$ 221,081</u>

The components of lease expense for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 48,888	\$ 45,288
Short term lease expense	3,689	4,674
	<u>\$ 52,577</u>	<u>\$ 49,962</u>

The following summarizes cash flow information related to the lease for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from the operating lease	<u>\$ 47,557</u>	<u>\$ 43,290</u>

CharacterPlus
Notes to Financial Statements
June 30, 2024 and 2023

7. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 540,586	\$ 557,414
Accounts receivable	50,424	52,716
Grants receivable	508,338	455,275
Investments	1,369,109	1,252,645
Unconditional promises to give	67,500	115,000
Contractual or donor-imposed restrictions or internal designations:		
Donor restrictions	(531,118)	(444,675)
Board designations	<u>(120,000)</u>	<u>(120,000)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,884,839</u>	<u>\$ 1,868,375</u>

The Organization's primary sources of support are contributions, grants, and program fees. Some support is required to be used in accordance with the purpose restrictions imposed by the donors. As part of a liquidity management plan, the Organization invest cash in excess of daily requirements in exchange traded and mutual funds.

8. Board Designated Funds

As of June 30, the Organization's board of directors has designated net assets without donor restrictions as follows:

	<u>2024</u>	<u>2023</u>
Designated for Founders' Grant	<u>\$ 120,000</u>	<u>\$ 120,000</u>

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, as follows:

	<u>2024</u>	<u>2023</u>
Subject to expenditures for specified purpose	<u>\$ 531,118</u>	<u>\$ 444,675</u>

Assets released from restrictions for the years ended June 30, is as follows:

	<u>2024</u>	<u>2023</u>
Released from restrictions of purpose	<u>\$ 444,675</u>	<u>\$ -</u>

CharacterPlus
Notes to Financial Statements
June 30, 2024 and 2023

10. Risks and Uncertainties

Business Concentrations

Accounts receivable from two customers were approximately 69 percent and 90 percent of the Organization's accounts receivable at June 30, 2024 and 2023, respectively. Promises to give from two and one organizations were approximately 100 percent and 86 percent of the Organization's promises to give at June 30, 2024 and 2023, respectively. Grants receivable from one grantor was 95 percent and 91 percent of the grants receivable at June 30, 2024 and 2023, respectively.

Revenue from one grantor was approximately 50 percent and 25 percent of the Organization's total revenue for the years ended June 30, 2024 and 2023, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents, accounts receivable, grants receivable, unconditional promises to give, and investments. The Organization maintains its cash primarily with one financial institution. Deposits at this bank is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At June 30, 2024, there were cash balances of \$242,294 in excess of FDIC limits at the bank. Although the Organization is directly affected by the financial stability of its customer and donor base, management does not believe significant credit risk exists at June 30, 2024. The Organization maintains its investments primarily with one brokerage firm. Securities held at this firm are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000. As of June 30, 2024, there were investment balances of \$869,109 in excess of SIPC limits at the brokerage firm.

Investments

The Organization invests in various investment securities. 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, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.