UNITED THROUGH READING

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

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Independent Auditor's Report

To the Board of Trustees
United Through Reading

Opinion

We have audited the accompanying financial statements of United Through Reading (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 United Through Reading as of December 31, 2023 and 2022, 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 United Through Reading, 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 United Through Reading's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

San Diego, California
June _____, 2024

UNITED THROUGH READING
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

		2023		2022
Assets: (Notes 2, 4, 5, 6, 7 and 8)				
Cash and cash equivalents	$	628,363	$	928,283
Investment		67,713		63,894
Contributions receivable		66,455		54,908
Prepaid expenses		16,675		24,431
Beneficial interest in endowment funds		86,606		78,582
Furniture and equipment, net		75,965		108,311
TOTAL ASSETS	$	941,777	$	1,258,409

LIABILITIES AND NET ASSETS

		2023		2022
Liabilities: (Note 2)				
Accounts payable and accrued expenses	$	119,019	$	155,796
Total Liabilities		119,019		155,796
Net Assets: (Notes 2, 9 and 10)				
Without Donor Restrictions		364,617		555,363
With Donor Restrictions:				
Purpose restrictions		398,033		490,966
Perpetual in nature		60,108		56,284
Total Net Assets With Donor Restrictions		458,141		547,250
Total Net Assets		822,758		1,102,613
TOTAL LIABILITIES AND NET ASSETS	$	941,777	$	1,258,409

The accompanying notes are integral part of the financial statements.

UNITED THROUGH READING
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Other Revenue:						
Contributions:						
Corporations and corporate foundations	$ 1,152,462	$ 267,878	$ 1,420,340	$ 1,592,439	$ 115,041	$ 1,707,480
Foundations and civic groups	256,798	88,976	345,774	(52,082)	339,936	287,854
Individuals	311,485	-	311,485	228,756	-	228,756
In-kind contributions	187,880	-	187,880	130,751	-	130,751
Net assets released from restrictions	453,987	(453,987)	-	333,562	(333,562)	-
Total Contributions	2,362,612	(97,133)	2,265,479	2,233,426	121,415	2,354,841
Other Revenue:						
Special event revenue	227,246	-	227,246	292,096	-	292,096
Less: Cost of direct benefits to donors	(81,161)	-	(81,161)	(77,876)	-	(77,876)
Investment income (loss)	5,151	8,024	13,175	(3,587)	(9,147)	(12,734)
Program revenue	-	-	-	43,259	-	43,259
Loss on disposal of equipment	-	-	-	(1,369)	-	(1,369)
Total Other Revenue	151,236	8,024	159,260	252,523	(9,147)	243,376
Total Support and Other Revenue	2,513,848	(89,109)	2,424,739	2,485,949	112,268	2,598,217
Expenses:						
Program Services	2,308,505	-	2,308,505	2,746,192	-	2,746,192
Supporting Services:						
Management and general	122,699	-	122,699	161,549	-	161,549
Fundraising	273,390	-	273,390	317,092	-	317,092
Total Supporting Services	396,089	-	396,089	478,641	-	478,641
Total Expenses	2,704,594	-	2,704,594	3,224,833	-	3,224,833
Change in Net Assets	(190,746)	(89,109)	(279,855)	(738,884)	112,268	(626,616)
Net Assets at Beginning of Year	555,363	547,250	1,102,613	1,294,247	434,982	1,729,229
NET ASSETS AT END OF YEAR	$ 364,617	$ 458,141	$ 822,758	$ 555,363	$ 547,250	$ 1,102,613

The accompanying notes are integral part of the financial statements.

UNITED THROUGH READING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Personnel:				
Educational/resource expenses	$ 2,385	$ 238	$ 358	$ 2,981
Salaries, payroll taxes and benefits	1,161,656	91,642	163,580	1,416,878
Total Personnel	1,164,041	91,880	163,938	1,419,859
Occupancy:				
Equipment	19,718	1,960	2,939	24,617
Office rent	3,558	356	534	4,448
Telephone/internet	5,145	677	610	6,432
Transportation/mileage/meals	11,087	1,109	1,663	13,859
Total Occupancy	39,508	4,102	5,746	49,356
Insurance/License Registrations/Tax Expenses	8,779	878	1,317	10,974
Office:				
Deposit processing fee	8,451	778	2,108	11,337
Miscellaneous	843	(57)	126	912
Office supplies/copies	626	62	102	790
Printing/reproduction/postage	23,979	2,398	3,597	29,974
Total Office	33,899	3,181	5,933	43,013
Professional Fees	46,583	22,658	6,978	76,219
Other:				
Books	233,980	-	-	233,980
Depreciation - Mobile story station	32,346	-	-	32,346
Educational/resource expenses	129,750	-	-	129,750
Equipment	54,899	-	-	54,899
Miscellaneous	752	-	-	752
Mobile story station van expenses	20,500	-	-	20,500
Printing/design/postage	49,929	-	-	49,929
Program materials	70,435	-	-	70,435
Professional fees	87,159	-	-	87,159
Rent	9,220	-	-	9,220
Special events	75,471	-	83,094	158,565
Supplies	5,924	-	-	5,924
Telephone/internet	9,350	-	-	9,350
Transportation/lodging/meals	54,484	-	-	54,484
Total Other	834,199	-	83,094	917,293
Total Expenses Before In-Kind Expenses	2,127,009	122,699	267,006	2,516,714
In-Kind Expenses	181,496	-	6,384	187,880
Total Program and Supporting Services Expenses	$ 2,308,505	$ 122,699	$ 273,390	$ 2,704,594

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

UNITED THROUGH READING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Personnel:				
Educational/resource expenses	$ 20,599	$ 2,537	$ 3,154	$ 26,290
Salaries, payroll taxes and benefits	1,186,167	88,197	171,719	1,446,083
Total Personnel	1,206,766	90,734	174,873	1,472,373
Occupancy:				
Equipment	15,844	1,459	2,069	19,372
Office rent	4,517	384	577	5,478
Telephone/internet	5,653	566	833	7,052
Transportation/mileage/meals	29,034	2,903	4,352	36,289
Total Occupancy	55,048	5,312	7,831	68,191
Insurance/License Registrations/Tax Expenses	8,854	885	1,328	11,067
Office:				
Deposit processing fee	7,964	1,734	1,189	10,887
Miscellaneous	299	186	73	558
Office supplies/copies	971	53	79	1,103
Printing/reproduction/postage	9,444	711	1,067	11,222
Total Office	18,678	2,684	2,408	23,770
Professional Fees	87,782	32,491	12,734	133,007
Other:				
Books	232,520	-	-	232,520
Depreciation - Mobile story station	26,578	-	-	26,578
Educational/resource expenses	286,408	-	-	286,408
Equipment	60,756	-	-	60,756
Miscellaneous	1,342	-	-	1,342
Mobile story station van expenses	18,134	-	-	18,134
Printing/design/postage	42,879	-	-	42,879
Program materials	109,833	-	-	109,833
Programmatic research	100,000	-	-	100,000
Professional fees	13,813	-	-	13,813
Rent	7,041	-	-	7,041
Special events	3,749	-	117,918	121,667
Supplies	22,168	-	-	22,168
Telephone/internet	9,485	-	-	9,485
Transportation/lodging/meals	81,941	-	-	81,941
Tribute to Military Families	251,109	-	-	251,109
Total Other	1,267,756	-	117,918	1,385,674
Total Expenses Before In-Kind Expenses	2,644,884	132,106	317,092	3,094,082
In-Kind Expenses	101,308	29,443	-	130,751
Total Program and Supporting Services Expenses	$ 2,746,192	$ 161,549	$ 317,092	$ 3,224,833

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

UNITED THROUGH READING
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets	$ (279,855)	$ (626,616)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	32,346	26,578
Realized and unrealized (gain) loss on investments	(2,357)	4,630
Change in perpetual restricted net assets	(3,824)	5,201
Loss on disposal of equipment	-	1,369
(Increase) Decrease in:		
Contributions receivable	(11,547)	(21,313)
Prepaid expenses	7,756	41,405
Increase (Decrease) in:		
Accounts payable and accrued expenses	(36,777)	(48,957)
Net Cash Used in Operating Activities	(294,258)	(617,703)
Cash Flows From Investing Activities:		
Investment purchases	(1,462)	(64,294)
(Increase) Decrease in beneficial interest in endowment funds	(8,024)	9,147
Purchase of furniture and equipment	-	(37,639)
Net Cash Used in Investing Activities	(9,486)	(92,786)
Cash Flows From Financing Activities:		
Change in perpetual restricted net assets	3,824	(5,201)
Net Cash Provided by (Used in) Financing Activities	3,824	(5,201)
Net Decrease in Cash and Cash Equivalents	(299,920)	(715,690)
Cash and Cash Equivalents at Beginning of Year	928,283	1,643,973
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 628,363	$ 928,283

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

Note 1 - Organization:

United Through Reading (the "Organization"), a California Nonprofit Corporation, connects military families through storytime experiences, no matter the distance between the child and the parent or caregiver due to military duties. These connections are forged through ensuring military families' home libraries include age-appropriate children's books, encouraging shared reading in the home and strong reading habits for military children, and through recording service members reading children's books so the military-connected children in their lives have storytime on demand, regardless of location or time. This program creates and strengthens between military parents/guardians/caregivers, and the military-connected children in their lives, while enhancing children's literacy development and positively impacting the morale and well-being of the entire military family.

According to surveys, 93% of families responding said that United Through Reading made family bonds stronger, 98% of respondents said United Through Reading is a critical family readiness and resiliency took, 97% of respondents said United Through Reading made deployments and other separations easier, and 90% of respondents reported an increase in their child's love of reading.

In 2023, United Through Reading served 960 military units and military/veteran-service organizations, through 1,288 fixed and event-driven story stations with a presence in all 50 states, 3 US territories, and numerous countries overseas. Military parents/guardians/caregivers recorded 7,410 stories that military children can access on demand. United Through Reading also distributed 86,863 new children's books. These combined efforts resulted in United Through Reading serving 347,452 military family members in 2023.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

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

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) 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.

Note 2 - Significant Accounting Policies: (Continued)

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Organization invests in various types of investment securities which 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 such changes could materially affect the amounts reported in the statements of financial position.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value, and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The Organization's statement of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investment in common stock is considered a Level 1 asset and is reported at fair value based on quoted prices in active markets for identical assets at the measurement date.
- Beneficial interest in endowment funds are considered Level 3 assets, and are reported at the fair value of the underlying assets as reported by the fund manager.

Note 2 - Significant Accounting Policies: (Continued)

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses on accounts receivable to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the statement of financial position date, aging reports and historical information. Accounts receivable are written off when the Organization determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Management believes that all accounts receivable were fully collectible; therefore, no allowance for credit losses on accounts receivable were recorded at December 31, 2023 and 2022.

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of $1,000 for furniture and equipment at cost, while donations of furniture and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire furniture and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Furniture and equipment is depreciated using the straight-line method over the estimated useful lives as follows:

Furniture and equipment	5 years

Depreciation totaled $32,346 and $26,578 for the years ended December 31, 2023 and 2022, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of furniture and equipment, the asset account is reduced by the cost, and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling $68,438 and $61,611 at December 31, 2023 and 2022, respectively, is accrued when incurred, and included in accounts payable and accrued expenses.

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give in writing to the Organization that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional - that is, when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Special event revenue is recognized in the period that the event occurs.

Program revenue includes the Tribute to Military Families and is earned when the program occurs.

Donated Services and Support

The Organization received the following in-kind contributions for the year ending December 31:

	2023	2022
Books and supplies	$ 175,898	$ 102,858
Auction items	11,532	20,893
Consulting services	450	7,000
Total Contributed Nonfinancial Assets	$ 187,880	$ 130,751

Contributed books and supplies received by the Organization are recorded as in-kind contribution revenue. The Organization values the books and supplies by current prices located on a publicly available website for similar items. Contributed books and supplies were utilized in the Organization's programs.

The Organization receives items to be sold at its annual auction. Contributed auction items are valued at the gross selling price received by the donor. The proceeds from the sale of auction items are used to support the Organization's programs.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets, or they require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed consulting and legal services that are reported using current rates for similar services. The Organization also receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities for these fundraising and special projects because the criteria for recognition have not been satisfied.

Note 2 - Significant Accounting Policies: (Continued)

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records and estimates made by the Organization's management.

Income Taxes Status

The Organization is a public charity, and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is not a private foundation.

The Organization's Return of Organization Exempt from Income Tax for the years ended December 31, 2023 2022, 2021 and 2020 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use to be cash equivalents.

Accounting Pronouncements Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Financial Instruments – Credit Losses ("Topic 326")* to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. FASB ASU 2016-13 affects loans, debt securities, accounts receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset.

FASB ASU 2016-13 was adopted January 1, 2023 on a prospective transition approach. With respect to accounts receivables, ASU 2016-13 did not have a material impact on the financial statements.

Note 2 - Significant Accounting Policies: (Continued)

Subsequent Events

The Organization has evaluated subsequent events through June ____, 2024, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Note 3 - Liquidity and Availability:

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Organization considers contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support those activities, to be general expenditures.

Financial assets available for general expenditure, within one year, are comprised of the following at December 31:

	2023	2022
Financial Assets at Year-End:		
Cash and cash equivalents	$ 628,363	$ 928,283
Investment	67,713	63,894
Contributions receivable	66,455	54,908
Financial assets available for general expenditures within one year	$ 762,531	$ 1,047,085

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 4 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at December 31:

	2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2023
Common stock	$ 67,713	$ -	$ -	$ 67,713
Beneficial interest in endowment funds (Note 8)	-	-	86,606	86,606
	$ 67,713	$ -	$ 86,606	$ 154,319

Note 4 - Fair Value Measurements: (Continued)

	2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2022
Common stock	$ 63,894	$ -	$ -	$ 63,894
Beneficial interest in endowment funds (Note 8)	-	-	78,582	78,582
	$ 63,894	$ -	$ 78,582	$ 142,476

The reconciliation for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are included in Note 8 as indicated above.

The following table represents the Organization's Level 3 financial instrument, the valuation techniques used to measure the fair value of the financial instrument, and the significant unobservable inputs and the range of values for those inputs for the year ended December 31:

2023

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	$ 86,606	Valuation of underlying assets as provided by San Diego Foundation and Rancho Santa Fe Foundation	Base price	N/A

2022

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Significant Input Values
Beneficial interest in endowment funds	$ 78,582	Valuation of underlying assets as provided by San Diego Foundation and Rancho Santa Fe Foundation	Base price	N/A

Note 5 - Investment:

Investment consist of the following at December 31:

	2023	2022
Common stock	$ 67,713	$ 63,894
Total Investments	$ 67,713	$ 63,894

Note 5 - Investment: (Continued)

The following schedule summarizes the investment income (loss) and its classification in the statements of activities for the years ended December 31:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 2,794	$ -	$ 2,794
Realized and unrealized gain on investments	2,357	-	2,357
Investment return on beneficial interest in endowment funds	-	8,024	8,023
Total Investment Income	$ 5,151	$ 8,024	$ 13,175

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 1,043	$ -	$ 1,043
Realized and unrealized (loss) on investments	(4,630)	-	(4,630)
Investment return on beneficial interest in endowment funds	-	(9,147)	(9,147)
Total Investment Loss	$ (3,587)	$ (9,147)	$ (12,734)

Note 6 - Contributions Receivable:

Contributions receivable totaled $66,455 and $54,908 at December 31, 2023 and 2022, respectively, and are due in less than one year.

Note 7 - Furniture and Equipment:

Furniture and equipment consist of the following at December 31:

	2023	2022
Vehicle - Mobile story station van	$ 169,579	$ 169,579
Office equipment and furniture	1,369	1,369
Subtotal	170,948	170,948
Less: Accumulated depreciation	(94,983)	(62,637)
Furniture and Equipment, Net	$ 75,965	$ 108,311

Note 8 - Beneficial Interest in Endowment Funds:

The Organization has a beneficial interest in endowment funds held at Rancho Santa Fe Foundation and San Diego Foundation. The beneficial interest in endowment funds held at Rancho Santa Fe Foundation is held in an investment pool, which is structured for long-term, total return consisting of 41.5% domestic equities, 20.1% international equities, 24.4% fixed income, 5.4% real assets, and 8.6% in cash and cash equivalents. The beneficial interest in endowment funds held at San Diego Foundation is invested in a portfolio of equity and debt securities, which is structured for long-term total return, consisting of 46.2% global/international equities, 18.5% alternative investments, 10.1% fixed income, 7.5% real estate investments, 14.0% hedge funds, 3.0% real assets, and 0.7% in cash and cash equivalents. The activity of the beneficial interests in endowment funds consisted of the following for the years ended December 31:

	Rancho Santa Fe Foundation	San Diego Foundation	Total
Balance at December 31, 2021	$ 40,915	$ 46,814	$ 87,729
Investment return	(5,201)	(3,946)	(9,147)
Balance at December 31, 2022	35,714	42,868	78,582
Investment return	3,824	4,200	8,024
Balance at December 31, 2023	$ 39,538	$ 47,068	$ 86,606

Note 9 - Net Assets With Donor Restrictions:

	2023	2022
Subject to Expenditure for Specified Purpose:		
Books and supplies	$ 283,793	$ 246,064
Program awareness	85,000	164,013
Unappropriated endowment earnings	26,498	22,298
Other	2,742	5,741
Recording sites	-	52,850
Total Subject to Expenditure for Specified Purpose	398,033	490,966
Perpetual in Nature:		
Endowments (Note 10)	60,108	56,284
Total Net Assets with Donor Restrictions	$ 458,141	$ 547,250

Note 9 - Net Assets With Donor Restrictions: (Continued)

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the years ended December 31:

	2023	2022
Purpose Restrictions Accomplished:		
Books and supplies	$ 234,124	$ 220,029
Program awareness	164,013	53,246
Recording sites	52,850	-
Other	3,000	5,287
STEAM the Summer Slide	-	30,000
Mobile story station van	-	20,000
Employee engagement	-	5,000
Total Net Assets Released From Restrictions	$ 453,987	$ 333,562

Note 10 - Endowment Net Assets:

The Organization has a beneficial interest in endowment funds that are held at Rancho Santa Fe Foundation ("RSFF") and San Diego Foundation ("SDF") collectively referred as the "Foundations". As required by generally accepted accounting principles net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. The Foundations manage the funds in accordance with the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The investment objective is to maintain the purchasing power (real value) of the endowment funds. From time to time, the fair value of the assets in an endowment fund may fall below the level that the donors require the Organization to retain as a fund of perpetual duration.

The Organization considers a fund to be underwater if the value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Organization has no underwater endowment funds at December 31, 2023 and 2022.

Net assets with donor restrictions in perpetuity held are comprised of:

- The original value of gifts donated to the fund.
- The original value of Organization funds transferred to the fund.
- The original value of the subsequent gifts donated to the fund.
- Investment income and realized and unrealized gains and losses on investments.
- Distributions from the fund in accordance with spending policy.

Note 10 - Endowment Net Assets: (Continued)

RSFF endowment funds are invested in permanent funds with long-term investment objectives and strategies that will accommodate relevant, reasonable or probable events. Management of the assets is designed to preserve the principal of the funds and provide a source of funds for current operations and programs. The Organization's spending policy allows for annual distributions of equity to 5% of the current value, which includes contributions to the fund, income earned on such contributions and all gains and losses on such funds.

SDF endowment funds are invested in a portfolio of equity and debt securities, which are structured for long-term total return. SDF's spending policy is to disburse 5% annually, based upon endowment principal market value over the last 36 months. These calculations are made on a monthly basis. If the market value of the endowment principal of any fund, at the end of each month, is less than the initial value of all contributions made to the endowment principal, then distributions will be limited to interest and dividends received.

Endowment composition by type of fund at December 31:

	2023		
	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
San Diego Foundation	$ 26,498	$ 20,570	$ 47,068
Rancho Santa Fe Foundation	-	39,538	39,538
Total	$ 26,498	$ 60,108	$ 86,606

	2022		
	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
San Diego Foundation	$ 22,298	$ 20,570	$ 42,868
Rancho Santa Fe Foundation	-	35,714	35,714
Total	$ 22,298	$ 56,284	$ 78,582

Changes in endowment net assets for the years ended December 31:

	2023		
	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Endowment Net Assets at December 31, 2022	$ 22,298	$ 56,284	$ 78,582
Investment return	4,200	3,824	8,024
Endowment Net Assets at December 31, 2023	$ 26,498	$ 60,108	$ 86,606

Note 10 - Endowment Net Assets: (Continued)

	2022		
	With Donor Restrictions	With Donor Restrictions - Perpetual	Total
Endowment Net Assets at December 31, 2021	$ 26,244	$ 61,485	$ 87,729
Investment return	(3,946)	(5,201)	(9,147)
Endowment Net Assets at December 31, 2022	$ 22,298	$ 56,284	$ 78,582