MEDSHARE INTERNATIONAL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

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Warren Averett
CPAs AND ADVISORS

3500 Lenox Road, Suite 1600
Atlanta, GA 30326
770.396.1100
warrenaverett.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
MedShare International, Inc.

Opinion
We have audited the accompanying statements of MedShare International, Inc. (a Georgia not-for-profit organization) (the 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 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 the Organization 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 MedShare International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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.

Warren Averett, LLC

Atlanta, Georgia
May 28, 2026

MEDSHARE INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 3,269,071	$ 439,294
Unconditional promises to give, current portion	45,000	105,000
Other receivables	-	47,965
Inventory, net	14,654,029	17,647,868
Prepaid expenses	59,262	58,798
Total current assets	18,027,362	18,298,925
PROPERTY AND EQUIPMENT		
Land	-	340,552
Building and improvements	12,229	1,932,048
Furniture and equipment	625,998	625,998
Computer software	71,774	71,774
Total property and equipment	710,001	2,970,372
Accumulated depreciation	(648,034)	(1,655,731)
Total property and equipment – net	61,967	1,314,641
OTHER ASSETS		
Other receivables	700,981	700,981
Investments	1,462,476	1,369,845
Operating lease right-of-use assets, net	1,001,788	224,748
Other assets	527,318	15,318
Total other assets	3,692,563	2,310,892
TOTAL ASSETS	$ 21,781,892	$ 21,924,458

See notes to the financial statements.

MEDSHARE INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 232,911	$ 575,661
Operating lease liabilities, current	455,695	128,828
Total current liabilities	688,606	704,489
LONG-TERM OPERATING LEASE LIABILITIES	557,654	99,106
TOTAL LIABILITIES	1,246,260	803,595
NET ASSETS		
Without donor restrictions	17,722,741	18,342,906
With donor restrictions		
Restricted by purpose or time	1,812,891	1,777,957
Restricted in perpetuity	1,000,000	1,000,000
Total with donor restrictions	2,812,891	2,777,957
Total net assets	20,535,632	21,120,863
TOTAL LIABILITIES AND NET ASSETS	$ 21,781,892	$ 21,924,458

See notes to the financial statements.

MEDSHARE INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(*with comparative totals for 2023*)

	2024			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**2023 Total**
REVENUE AND SUPPORT				
Grants and contributions	$ 2,977,789	$ 1,355,491	$ 4,333,280	$ 3,698,417
Special events, net of direct expenses ($4,000 and $120,555)	15,924	-	15,924	118,930
In-kind contributions				
Equipment and supplies	30,640,779	-	30,640,779	16,930,333
Income on investments, net	-	92,631	92,631	90,010
Other income	14,410	-	14,410	8,211
Gain on sale of property	3,519,955	-	3,519,955	-
Net assets released from restrictions	1,413,188	(1,413,188)	-	-
TOTAL REVENUE AND SUPPORT	38,582,045	34,934	38,616,979	20,845,901
EXPENSES				
Program expenses	37,479,043	-	37,479,043	25,934,025
Fundraising expenses	773,357	-	773,357	1,041,459
Management and general expenses	949,810	-	949,810	1,143,656
TOTAL EXPENSES	39,202,210	-	39,202,210	28,119,140
(DECREASE) INCREASE IN NET ASSETS	(620,165)	34,934	(585,231)	(7,273,239)
NET ASSETS AT:				
BEGINNING OF YEAR	18,342,906	2,777,957	21,120,863	28,394,102
END OF YEAR	$ 17,722,741	$ 2,812,891	$ 20,535,632	$ 21,120,863

See notes to the financial statements.

MEDSHARE INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	$ 2,286,986	$ 1,411,431	$ 3,698,417
Special events, net of direct expenses ($120,555)	118,930	-	118,930
In-kind contributions			
Equipment and supplies	16,930,333	-	16,930,333
Loss on investments, net	-	90,010	90,010
Other income	8,211	-	8,211
Net assets released from restrictions	1,604,779	(1,604,779)	-
TOTAL REVENUE AND SUPPORT	20,949,239	(103,338)	20,845,901
EXPENSES			
Program expenses	25,934,025	-	25,934,025
Fundraising expenses	1,041,459	-	1,041,459
Management and general expenses	1,143,656	-	1,143,656
TOTAL EXPENSES	28,119,140	-	28,119,140
DECREASE IN NET ASSETS	(7,169,901)	(103,338)	(7,273,239)
NET ASSETS AT:			
BEGINNING OF YEAR	25,512,807	2,881,295	28,394,102
END OF YEAR	$ 18,342,906	$ 2,777,957	$ 21,120,863

See notes to the financial statements.

MEDSHARE INTERNATIONAL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Program Services	Fundraising	General and Administrative	Total
Year Ended June 30, 2024				
Equipment and supplies shipped	$ 34,073,373	$ -	$ -	$ 34,073,373
Personnel	1,652,083	647,654	369,850	2,669,587
Shipping	884,092	-	219,195	1,103,287
Occupancy	539,099	17,205	42,415	598,718
Office expenses	45,161	75,613	144,927	265,701
Professional fees	121,495	16,844	135,146	273,484
Depreciation	47,629	-	-	47,629
Travel	37,503	8,690	18,298	64,491
Insurance	72,660	512	17,471	90,644
Marketing	-	5,910	92	6,002
Other expenses	5,948	929	2,416	9,294
Total expenses	$ 37,479,043	$ 773,357	$ 949,810	$ 39,202,210

	Program Services	Fundraising	General and Administrative	Total
Year Ended June 30, 2023				
Equipment and supplies shipped	$ 21,603,957	$ -	$ -	$ 21,603,957
Personnel	2,242,572	879,139	502,043	3,623,754
Shipping	1,045,091	-	259,112	1,304,203
Occupancy	547,275	17,466	43,058	607,799
Office expenses	42,671	71,445	136,936	251,052
Professional fees	88,642	12,289	98,602	199,533
Depreciation	98,683	-	-	98,683
Travel	92,463	21,424	45,113	159,000
Insurance	70,687	498	16,997	88,182
Marketing	-	23,263	364	23,627
Other expenses	101,984	15,935	41,431	159,350
Total expenses	$ 25,934,025	$ 1,041,459	$ 1,143,656	$ 28,119,140

See notes to the financial statements.

MEDSHARE INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS USED IN OPERATING ACTIVITIES		
Change in net assets:	$ (585,231)	$ (7,273,239)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation expense	47,629	98,683
Realized and unrealized gain on investments, net	(62,062)	(57,558)
Gain on sale of property	(3,519,955)	-
Decrease in inventory – donated	2,982,325	4,691,630
Amortization of operating lease right-of-use assets	333,183	127,776
Change in assets and liabilities:		
Decrease in unconditional promises to give	60,000	185,000
Decrease in other receivables	47,965	48,035
Decrease in inventory – purchased	11,514	27,051
(Increase) decrease in prepaid expense	(464)	55,269
(Increase) decrease in other assets	(512,000)	20,101
(Decrease) increase in accounts payable and accrued expenses	(342,750)	143,336
Operating lease liabilities	(324,808)	(124,590)
Net cash used in operating activities	(1,864,654)	(2,058,506)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Reinvestment in investments	(30,569)	(32,452)
Proceeds from sale of property	4,725,000	-
Net cash provided by (used in) investing activities	4,694,431	(32,452)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,829,777	(2,090,958)
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	439,294	2,530,252
END OF YEAR	$ 3,269,071	$ 439,294
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Non-cash activity:		
Additions to right-of-use asset and lease liability	$ 1,110,223	$ 352,524

See notes to the financial statements.

1. DESCRIPTION OF BUSINESS

Description of Business
Incorporated in December 1998, MedShare International, Inc. (MedShare or the Organization) is a 501(c)(3) humanitarian aid organization dedicated to improving the quality of life of people, communities and our planet by sourcing and directly delivering surplus medical supplies and equipment to communities in need around the world. MedShare helps increase health system capacity and drives sustainability by providing biomedical equipment training and service to health care organizations and medical professionals serving populations in need. MedShare's efforts to examine and address global health disparities are reflected by our four programs and one service: Disaster Relief Program, Primary Care Program, Maternal & Child Health Program, Infectious Disease Control & Prevention Program and Biomedical Equipment Training & Repair Service. Focusing on these areas increases health systems' capacity to treat patients and prepares them to respond effectively to natural disasters and epidemics, all while improving the overall quality of care in the developing world. MedShare's deliveries of vital medical supplies and equipment have decreased our nation's carbon footprint and brought health, healing and the promise of better lives to 100 countries and countless patients.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities at year-end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Therefore, the net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are available for use in general operations and results from revenues that were not restricted by donors or the donor-imposed restrictions have expired.

With Donor Restrictions – Net assets that result from contributions and other inflows of assets (such as investment income and gains) whose use by MedShare is limited by donor-imposed stipulations that require MedShare to use or expend the donated assets as specified and are satisfied either by the passage of time or the actions of MedShare. This category also results from contributions and other inflows of assets whose use by MedShare is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Board pursuant to those stipulations.

Cash and Cash Equivalents
Cash and cash equivalents include all highly liquid investments purchased with an initial maturity of three months or less.

Concentrations and Credit and Market Risk
The Organization maintains its cash in bank deposit accounts at financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits. The Organization's cash balances periodically exceed the federally insured limit.

Two donors represent 82% of the balance of unconditional promises to give at June 30, 2024. Four donors represent 100% of the balance of unconditional promises to give at June 30, 2023.

There were no concentrations of contributions received for the years ended June 30, 2024 and 2023.

Contributions and Unconditional Promises to Give
Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recorded as received.

The Organization uses the allowance method to determine the uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises received. Since all unconditional promises to give were deemed to be collectible, there is no allowance for doubtful promises to give at June 30, 2024 or 2023.

Donor-restricted contributions are reported as increases in net assets with or without donor restrictions depending on the nature of the restrictions. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without restrictions.

In-Kind Contributions
The Organization utilizes in-kind contributions to carry out its mission. All in-kind contributions received during the years ended June 30, 2024 and 2023, were considered without donor restrictions and able to be used by the Organization as determined by the Board of Trustees (the Board) and management. The Organization values in-kind contributions received and made at amounts that approximate their fair value at the date received or distributed.

Donated Equipment and Supplies: Donated equipment and supplies are reflected as contributions at their estimated value at the date of receipt. See Inventory section below for additional information regarding valuation of donated equipment and supplies.

Contributed Services: Contributed services are recognized at fair value as contributions and expenses if the services: (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. During the years ended June 30, 2024 and 2023, many individuals volunteered their time in support of the Organization's programs. The individuals' time did not meet the above criteria to be recorded as contributions in the financial statements

Inventory
The Organization values its inventory of donated medical supplies at 50% of the average wholesale price for the item (or similar items). The average wholesale price approximates the fair value measurement of the inventory if sold in North America in an orderly transaction between market participants.

The Organization values donated biomedical equipment based on average wholesale prices. However, the price is not discounted by 50% because MedShare's biomedical team believes that the average price considers the range of ages and conditions of equipment that is donated. The Organization believes that this measurement is more reflective of actual fair value.

Property and Equipment

The Organization capitalizes all expenditures for property, furniture and equipment in excess of $5,000. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using the straight-line method as follows:

Building and improvements	30 years
Furniture and equipment	5 years
Computer software	3 years

Depreciation expense in the amount of $47,629 and $98,683 has been charged to operations for the years ended 2024 and 2023, respectively.

Investments

Investments are carried at fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Investments – Debt and Equity Securities for Not-for-Profit Organizations.* Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value measurements are disclosed by level within the fair value hierarchy.

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that MedShare has the ability to access at the measurement date.
- Level 2 – Valuations based on quoted prices in markets that are not active or based on valuation models for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All of the Organization's investments are Level 1 investments and are U.S. investments.

Right-of-use Assets and Lease Liabilities

In accordance with Topic 842, at lease commencement, the Organization initially measures the lease liability at the present value of payments expected to be made during the lease term. The right-of-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Key estimates and judgments related to leases include how the Organization determines: (1) the discount rate used to discount the expected lease payments to present value, (2) lease term and (3) lease payments. The Organization uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Organization generally uses the risk-free interest rate as the discount rate for leases. The lease term includes the noncancellable period of the lease, as well as expected renewal terms. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The Organization monitors changes in circumstances that would require a remeasurement of its leases and will remeasure right-of-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability.

Income Taxes
The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is classified as an organization. which is not a private foundation under Section 509(a) of the IRC. The Organization qualifies for the charitable contribution deduction.

Fair Value of Financial Instruments
Financial instruments, primarily cash and cash equivalents, investments, accounts payable and the line of credit are reported at values which the Organization believes are not significantly different from fair values. The Organization believes no significant credit risk exists with respect to any of its financial instruments.

Functional Allocation of Expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, personnel, travel and insurance costs have been allocated among the programs and supporting services benefited based on time and effort of the personnel. Depreciation and occupancy costs have been allocated based on square footage.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Events Occurring After Report Date
Management has evaluated events and transactions that occurred between June 30, 2024 and May 28, 2026, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2024 and 2023, are receivable as follows:

	2024	2023
For the Year Ending June 30:		
2024	$ -	$ 105,000
2025	45,000	-
	$ 45,000	$ 105,000

4. INVESTMENTS

The Organization's endowment fund investments, (see Note 7), are comprised of the following:

	2024	2023
Cash	$ 18,687	$ 43,147
Common stock	670,671	608,996
Mutual funds – equities	387,947	328,082
Corporate bonds	365,286	216,359
Government bonds	-	95,777
Money market funds	-	65,000
Other	19,885	12,484
Total investments	$ 1,462,476	$ 1,369,845

Investment return for the years ended June 30, 2024 and 2023, is comprised of:

	2024	2023
Interest and dividend income	$ 38,578	$ 39,675
Net realized and unrealized gain on investments	62,062	57,558
Brokerage fees	(8,009)	(7,223)
	$ 92,631	$ 90,010

5. RIGHT-OF-USE LEASE ASSET AND LEASE LIABILITY

The Organization holds two long-term leases. The first lease relates to the Organization's warehouse space in Secaucus, New Jersey under an operating lease that extended through March 2025. This lease was not renewed and the inventory located at this warehouse was transferred to the warehouse space located in Decatur, Georgia. The second lease relates to the Organization's primary warehouse and office space located in Decatur, Georgia. On October 10, 2023, the Organization entered into a purchase and sales agreement with a third party. Per the terms of the agreement, the Organization sold land and a building in Decatur, Georgia for a purchase price of $4,725,000. On December 1, 2023, the Organization entered into a lease agreement to lease the space for 36 months with monthly rent of $31,571 for the first twelve months and a 4% annual escalation. Additionally, the Organization paid $512,000 as a security deposit which is included in other assets on the statements of financial position as of June 30, 2024.

Operating right-of-use assets and lease liabilities are classified as follows on the statements of financial position as of June 30, 2024 and 2023:

	2024	2023
Operating lease right-of-use assets, net	$ 1,001,788	$ 224,748
Current portion of operating lease liabilities	$ 455,695	$ 128,828
Operating lease liabilities, net of current portion	557,654	99,106
Total operating lease liabilities	$ 1,013,349	$ 227,934

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024 and 2023:

	2024	2023
Weighted Average Remaining Lease Term	2.26	1.75
Weighted Average Discount Rate	3.94%	0.37%

Future minimum lease payments for the years ending June 30 are as follows:

For the Year Ending June 30:	
2025	$ 256,841
2026	428,395
2027	375,616
Total lease payments	1,060,852
Less interest	(47,503)
Present value of lease liabilities	$ 1,013,349

Rent expense under operating leases for the years ended June 30, 2024 and 2023, amounted to approximately $405,000 and $409,000, respectively.

6. NET ASSETS RESTRICTIONS

Net assets with donor restrictions are comprised primarily of contributions subject to donor-imposed restrictions and income earned on endowment fund assets. The composition of these assets as of June 30, 2024 and 2023 is as follows:

	2024	2023
Subject to expenditure for specified purpose:		
Container sponsorships and operating grants	$ 1,049,298	$ 835,422
Other	301,117	572,690
Subject to spending policy and appropriation:		
Accumulated gains on endowment		
(restricted for building maintenance)	462,476	369,845
Endowment restricted in perpetuity	1,000,000	1,000,000
Total net assets with donor restrictions	$ 2,812,891	$ 2,777,957

Net assets with donor restrictions released from restrictions during the years ended June 30, 2024 and 2023, were as follows:

	2024	2023
Container sponsorships and operating grants	$ 347,562	$ 877,420
Disaster relief	672,746	642,884
Other	392,880	84,475
	$ 1,413,188	$ 1,604,779

7. ENDOWMENT FUND

The Organization established the MedShare Building Maintenance Endowment Fund (the endowment) from capital campaign contributions for the purpose of providing funds for the maintenance and repair of its headquarters building in Decatur, Georgia.

Interpretation of Relevant Law

The Organization has interpreted the Georgia Prudent Management of Institutional Funds Act (GPMIFA) 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, the Organization classifies as net assets restricted in perpetuity: (a) the original value of gift(s) donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the

Organization in a manner consistent with the standard of prudence prescribed by GPMIFA. In accordance with GPMIFA, the Organization 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
7) The investment policies of the Organization

Investment and Spending Policy

In June 2010, the Organization's Board of Trustees (the Board) adopted an investment and spending policy for endowment assets which attempts to provide a predictable stream of funding to support building maintenance while seeking to maintain the purchasing power of the endowment assets. Under this policy as approved by the Board, the endowed assets were invested in a manner which was intended to maximize the results while assuming a moderate level of investment risk. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation which places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Organization expects its endowment funds, over time, to provide an average annual rate of return of approximately 5-7%. Actual returns in any given year may vary from this amount.

The Organization has a policy of appropriating for distribution each year up to 4.5% of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, the Organization expects the current spending policy to allow its endowment to grow over the long-term at an average of 0.5% to 7%. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The Organization's endowment net asset composition as of June 30, 2024 and 2023, is as follows:

	Original Gift Amount	Accumulated Gains (Losses) and Other	Total Funds
June 30, 2024	$ 1,000,000	$ 462,476	$ 1,462,476
June 30, 2023	$ 1,000,000	$ 369,845	$ 1,369,845

Changes in the Organization's endowment for the years ended June 30, 2024 and 2023, are as follows:

	Original Gift Amount	Accumulated Gains (Losses) and Other	Total Funds
Beginning Balance July 1, 2023	$ 1,000,000	$ 279,835	$ 1,279,835
Investment gain, net	-	32,452	32,452
Unrealized loss	-	57,558	57,558
Ending Balance June 30, 2023	1,000,000	369,845	1,369,845
Investment gain, net	-	30,569	30,569
Unrealized gain	-	62,062	62,062
Ending Balance at June 30, 2024	$ 1,000,000	$ 462,476	$ 1,462,476

8. LINE OF CREDIT

The Organization had a line of credit with a commercial bank allowing the Organization to borrow up to $1,000,000, secured by substantially all of the Organization's assets. The credit line bore interest at the prime rate with a 3.00% floor and matured on May 18, 2024. There were no outstanding balances at June 30, 2024 and 2023. The line of credit was not renewed.

9. FOUNDER'S WELFARE BENEFIT PLAN

The Organization sponsors a welfare benefit plan for the benefit of a founder and former key executive which allows the purchase of life insurance to provide post-employment retirement benefits. Each premium or contribution provided by the Organization on behalf of the former executive is treated for tax purposes and financial purposes as a premium loan from the Organization. These premium loans totaling $700,981 at June 30, 2024 and 2023, are established as allowed by IRC Section 26 CFR Section 1.7872-15 and are included as a receivable on the Organization's statements of financial position. The receivable is required to be repaid, including cumulative interest at a rate established by the Internal Revenue Service. The Organization holds a permanent and primary interest in the death benefit of a life insurance policy that will provide a full repayment of the accumulated loan receivable at his death.

10. RETIREMENT PLAN

The Organization has a retirement savings plan which is qualified under Section 401 of the IRC. Employees are eligible to participate if they are age 21 or older and have completed three consecutive full calendar months of employment. Employees can elect salary deferrals to their Plan account up to the legally allowed amount. The Organization can, at its discretion, make contributions on behalf of employees. For the years ended June 30, 2024 and 2023, the match contribution expense was $25,336 and $26,243, respectively.

11. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one-year, perpetual endowments and accumulated earnings net of appropriations within one year or because the governing board has set aside the funds for specific contingency reserves and projects or a long-term investment as board designated endowments.

	2024	2023
Cash and cash equivalents	$ 3,269,071	$ 439,294
Unconditional promises to give, current portion	45,000	105,000
Other receivables	-	47,965
Investments	1,462,476	1,369,845
Financial assets, at year end	4,776,547	1,962,104
Less: Assets unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	1,812,891	1,777,957
Perpetual endowment	1,000,000	1,000,000
Total financial assets unavailable for general expenditure within one year	2,812,891	2,777,957
Financial assets available to meet cash needs for general expenditures within one year	1,963,656	(815,853)
Liquidity resources		
Bank line of credit (undrawn)	-	1,000,000
Total financial asset and liquidity resources available within one year	$ 1,963,656	$ 184,147

The Organization is supported by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, the Organization has a line of credit that can be used to cover expenses as needed.

12. SUBSEQUENT EVENTS

In June 2025, the Organization exited the leased space located in Hayward, California and transferred any remaining inventory to the warehouse located in Decatur, Georgia.