

SOLDIERS' ANGELS.

Audited Financial Statements

December 31, 2024



ADKF

CERTIFIED PUBLIC ACCOUNTANTS

SOLDIERS' ANGELS
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December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Soldiers' Angels
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of Soldiers' Angels, (the "Organization") which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Soldiers' Angels as of December 31, 2024 and 2023, and the results of its activities and 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 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.

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Auditor's Responsibilities for the Audit of the Financial Statements – continued

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.

ADKF, PC

ADKF, P.C.

San Antonio, Texas

April 23, 2025

SOLDIERS' ANGELS
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,073,468	\$ 4,545,175
Investments, at fair value	9,720	52,346
Contributions receivable	283,023	271,937
Purchased inventory, net	375,662	411,708
Contributed goods inventory	-	71,547
Prepaid expenses	87,368	93,478
Total current assets	<u>5,829,241</u>	<u>5,446,191</u>
Other Assets:		
Property and equipment, net	244,623	274,011
Deposits and other assets	11,290	9,460
Operating lease right-of-use asset	176,272	13,977
Total other assets	<u>432,185</u>	<u>297,448</u>
Total Assets	<u><u>\$ 6,261,426</u></u>	<u><u>\$ 5,743,639</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 451,415	\$ 252,977
Accrued expenses	147,409	171,799
Operating lease liability, current portion	126,098	14,936
Total current liabilities	<u>724,922</u>	<u>439,712</u>
Long Term Liabilities:		
Operating lease liability, net of current portion	51,755	-
Total liabilities	<u>776,677</u>	<u>439,712</u>
Net Assets:		
Without donor restrictions	5,484,749	5,303,927
Total net assets	<u>5,484,749</u>	<u>5,303,927</u>
Total Liabilities and Net Assets	<u><u>\$ 6,261,426</u></u>	<u><u>\$ 5,743,639</u></u>

See notes to audited financial statements.

SOLDIERS' ANGELS
Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Gifts in-kind	\$ 24,762,447	\$ -	\$ 24,762,447
Contributions	4,042,477	-	4,042,477
Fundraising - auto auctions, net of direct expenses of \$4,480,874	2,151,870	-	2,151,870
Fundraising - third party events	159,219	-	159,219
Total support and revenues	31,116,013	-	31,116,013
Expenses			
Program services	29,497,495	-	29,497,495
General and administrative	408,957	-	408,957
Fundraising	1,235,241	-	1,235,241
Total expenses	31,141,693	-	31,141,693
(Loss) from Operations	(25,680)	-	(25,680)
Other Income			
Investment earnings, net	194,844	-	194,844
Other income	11,658	-	11,658
Total other income	206,502	-	206,502
Change in Net Assets	180,822	-	180,822
Net assets released from restrictions	-	-	-
Net assets at beginning of year	5,303,927	-	5,303,927
Net Assets at Year End	<u>\$ 5,484,749</u>	<u>\$ -</u>	<u>\$ 5,484,749</u>

See notes to audited financial statements.

SOLDIERS' ANGELS
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Gifts in-kind	\$ 23,213,151	\$ -	\$ 23,213,151
Contributions	3,757,814	-	3,757,814
Fundraising - auto auctions, net of direct expenses of \$3,824,551	1,718,541	-	1,718,541
Fundraising - third party events	231,327	-	231,327
Total support and revenues	28,920,833	-	28,920,833
Expenses			
Program services	28,082,191	-	28,082,191
General and administrative	460,546	-	460,546
Fundraising	1,171,704	-	1,171,704
Total expenses	29,714,441	-	29,714,441
(Loss) from Operations	(793,608)	-	(793,608)
Other Income			
Investment earnings, net	89,243	-	89,243
Other income	22,248	-	22,248
Total other income	111,491	-	111,491
Change in Net Assets	(682,117)	-	(682,117)
Net assets released from restrictions	-	-	-
Net assets at beginning of year	5,986,044	-	5,986,044
Net Assets at Year End	<u>\$ 5,303,927</u>	<u>\$ -</u>	<u>\$ 5,303,927</u>

See notes to audited financial statements.

SOLDIERS' ANGELS
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services	General and Administrative	Fundraising	Total
Salaries, taxes and employee benefits	\$ 1,539,306	\$ 172,890	\$ 326,206	\$ 2,038,402
In-kind expense	24,834,192	-	-	24,834,192
Conferences and meetings	2,804	13,857	20	16,681
Insurance	18,791	1,674	1,880	22,345
Memberships and dues	2,825	2,663	1,491	6,979
Postage and shipping	56,965	1,559	68,843	127,367
Printing and publications	223,082	310	221,664	445,056
Professional services	627,686	59,034	445,644	1,132,364
Rent and maintenance	178,737	21,364	22,738	222,839
Specific assistance	1,818,153	(66)	10,846	1,828,933
Supplies	33,181	13,888	14,041	61,110
Telephone and internet	27,858	4,682	3,016	35,556
Third party event expenses	-	-	648	648
Travel	63,854	1,583	6,073	71,510
Volunteer expense	45,962	-	-	45,962
Depreciation	-	94,033	-	94,033
Other	24,099	21,486	112,131	157,716
	<u>\$ 29,497,495</u>	<u>\$ 408,957</u>	<u>\$ 1,235,241</u>	<u>\$ 31,141,693</u>
Total expenses				
Other expenses not included above:				
Auto auction, direct costs			<u>4,480,874</u>	

See notes to audited financial statements.

SOLDIERS' ANGELS
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Total
Salaries, taxes and employee benefits	\$ 1,734,491	\$ 204,634	\$ 306,364	\$ 2,245,489
In-kind expense	23,103,154	-	-	23,103,154
Conferences and meetings	4,054	7,786	2,758	14,598
Insurance	3,476	6,824	427	10,727
Memberships and dues	3,411	2,379	2,445	8,235
Postage and shipping	167,607	12,667	260,095	440,369
Printing and publications	234,995	609	236,292	471,896
Professional services	671,062	69,819	309,992	1,050,873
Rent and maintenance	204,740	25,435	20,388	250,563
Specific assistance	1,745,074	-	-	1,745,074
Supplies	44,306	25,619	6,507	76,432
Telephone and internet	24,994	9,544	2,589	37,127
Third party event expenses	719	-	4,284	5,003
Travel	87,130	2,573	6,670	96,373
Volunteer expense	50,406	1,624	46	52,076
Depreciation	-	81,030	-	81,030
Other	2,572	10,003	12,847	25,422
Total expenses	<u>\$ 28,082,191</u>	<u>\$ 460,546</u>	<u>\$ 1,171,704</u>	<u>\$ 29,714,441</u>
Other expenses not included above:				
Auto auction, direct costs			<u>\$ 3,824,551</u>	

See notes to audited financial statements.

SOLDIERS' ANGELS
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ 180,822	\$ (682,117)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	94,033	81,030
Net realized and unrealized (gain) loss on investments	236	(1,104)
Contributed investments	(8,788)	(5,105)
(Contributed) used inventory, net	71,547	(71,547)
Noncash operating lease expense	100,136	83,999
Changes in operating assets and liabilities:		
Accounts receivable	(11,086)	394,039
Purchased inventory	36,046	(258,960)
Prepaid expenses	6,110	58,097
Deposits	(1,830)	(500)
Accounts payable	198,438	(85,278)
Accrued expenses	(24,390)	129,752
Operating lease liability	(99,514)	(89,280)
Net cash provided (used) by operating activities	<u>541,760</u>	<u>(446,974)</u>
Investing Activities		
Purchase of equipment	(64,645)	(217,266)
Investment proceeds (purchases), net	<u>51,178</u>	<u>127</u>
Net cash (used) by investing activities	<u>(13,467)</u>	<u>(217,139)</u>
 Change in cash and cash equivalents	 528,293	 (664,113)
Cash and cash equivalents at beginning of year	<u>4,545,175</u>	<u>5,209,288</u>
 Cash and Cash Equivalents at End of Year	 <u><u>\$ 5,073,468</u></u>	 <u><u>\$ 4,545,175</u></u>
 Supplemental Disclosures		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-
Non-cash donations, in-kind	24,762,447	23,213,151
Right of use assets obtained in exchange for new operating lease liabilities	262,431	-

See notes to audited financial statements.

SOLDIERS' ANGELS
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Soldiers' Angels (Organization) is a not-for-profit organization incorporated on December 26, 2003, with a mission to provide aid, comfort, and resources to military personnel, veterans, and their families. The Organization offers Critical Assistance, Virtual programs and services, VA Hospital Support, and Community Support. These support areas allow the Organization to best serve the military, veterans, and their families while also ensuring that dedicated volunteers are fully utilized.

Soldiers' Angels Critical Assistance program provides much-needed resources to low-income, homeless, and at-risk veterans as well as active-duty service members, including:

- Military & Veteran Food Drives
- Transportation Services
- Homeless Veteran Housing Packs
- Canteen Gift Cards
- Hygiene Kits
- Box Lunches
- Food Pantries

The Organization operates virtual programs and services that include volunteers from all over the country and internationally who participate in supporting U.S. military families and U.S. veterans. The Organization's virtual programs and services include:

- Adopting a Service Member
- Care Packages
- Letters/Cards
- Special Operation Support
- Homemade Baked Goods
- Chaplain Support
- Caregiver Support

Soldiers' Angels VA Hospital Support services are geared primarily to supporting veterans through a partnership with VA Medical Centers and other veteran support agencies. Soldiers' Angels provides support to veteran patients and homeless veterans to include:

- Patient Visits
- Hygiene Kits
- Box Lunches
- Coffee Carts
- BBQ's
- Luncheons/Dinners
- Bingo Nights
- Baby Showers
- Holiday Events

Soldiers' Angels Community Support offers a wide range of services to Active Duty, Guard, Reserves, and Veterans, which truly allows us to provide a full circle of support, including:

- Pre-Deployment Event Support
- Holiday Adopt-A-Family
- Luncheons/Dinners/BBQs in the community vs at a VA facility
- Stand Downs
- Cards of Support
- Baby Showers
- Seasonal Campaigns
- Handmade Items

SOLDIERS' ANGELS
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

These key service areas are provided through the contribution of goods, gift cards and other services which are recognized at fair value and reflected in the accompanying financial statements as contributed goods, services and facilities which are offset by a like amount included as in-kind expense.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered “restricted” under GAAP, though for internal reporting management tracks such donations and contributions to verify the disbursement matches the donor’s intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, Board designated.

With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than the Organization’s mission and purpose. 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. Donor imposed restrictions are released when the 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: The Organization recognizes contributions and grants either when a valid promise to give (generally in writing) is received or as collected in the case of most smaller denomination gifts. Contributions are reported as without or with donor restriction, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Donated goods and services are reported as “in-kind contributions” by the Organization. Donated goods are recorded at fair value at the time of donation. The value of donated services is based on an amount determined to be appropriate if individuals were employed by the Organization to perform such services and is recorded as contributed services revenue and expense in the period during which the services are rendered.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on hand and deposits held by financial institutions with original maturities of three months or less.

Investments: Investments are reported at fair value. Gains and losses (realized and unrealized) are reported as investment earnings, net of fees in the accompanying statements of activities. Donated investment instruments are recorded at fair value at the date of donation.

SOLDIERS' ANGELS
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Contributions Receivable: Contributions receivable are reported at the outstanding principal, net of an allowance for doubtful accounts, if deemed necessary. The allowance is generally determined based on an account-by-account review and historic trends. Accounts are charged off when collection efforts have failed, and the account is deemed uncollectible. An allowance was not required at December 31, 2024 and 2023. Interest is generally not charged on the receivables.

Inventories: Inventories consist of care packages which are gifts to be sent to deployed soldiers or their families, promotional items and contributed goods for distribution and use in the Organization's programs. The distribution of these contributed goods for the Organization programs are recorded as program expenses in the statements of functional expenses. Cost is determined using the first-in, first-out method. Donated items are recorded at their estimated fair value at the date of donation. The Organization evaluates its inventory for potential obsolescence or overstatement and records an inventory provision as necessary to reflect net realizable value. As of December 31, 2024 and 2023, the allowance was \$50,000 and \$0, respectively.

Property and Equipment: Property, improvements and equipment are valued at historical cost or estimated fair value at the date of donation. Expenditures for betterments greater than \$5,000 that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which is generally three to five years for furniture, equipment and vehicles and five years for improvements.

Operating Leases: For all operating leases with a term greater than 12 months, lease assets and obligations are recognized at the lease commencement date based on the present value of lease payments over the term of the lease. The Organization utilizes the risk-free discount rate, according to the Organization's elected policy for this class of assets. Operating lease expense is recognized in operating expenses on a straight-line basis over the lease term. In determining lease asset values, the Organization considers fixed and variable payment terms, prepayments, incentives, and options to extend, terminate or purchase. Renewal, termination, or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised. The Company's leases may include a non-lease component representing additional services transferred to the Company. The Company elected an accounting policy to treat each separate lease component and its related non-lease components as a single lease component. Non-lease components are variable in nature and are recorded in variable lease expense in the period incurred.

Income Taxes: Soldiers' Angels is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3). In addition, the Organization is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Organization is not subject to Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

Employee Benefit Plan: The Organization has a Simple IRA plan which covers substantially all employees. Employees may contribute a percentage of their annual compensation as allowed by the federal tax code. The Organization matches up to 3% of employees' contributions. The Organization matched approximately \$49,000 in 2024 and \$30,000 in 2023 to the Plan.

SOLDIERS' ANGELS
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Functional Allocation of Expenses: The costs of providing the services and other activities of the Organization have been summarized on a functional basis in the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of estimates of time and effort, as well as depreciation, office and occupancy, which are allocated on square-footage or another reasonable basis.

Advertising: Advertising and marketing costs are expensed as incurred and totaled approximately \$264,000 in 2024 and \$334,000 in 2023.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

Reclassifications: Certain amounts for 2023, none of which are significant, have been reclassified for comparative purposes to the 2024 presentation.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. The Organization may from time to time have cash balances or investments in excess of that insured by the FDIC and SIPC.

The Federal Deposit Insurance Corporation (FDIC) insures cash up to \$250,000 in three of the institutions that hold the Organization's deposits. The amount in excess of the insured limits in these financial institutions totaled approximately \$562,000 at December 31, 2024. The Organization also holds cash in money market accounts with three brokerage firms. These funds are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 per account. The uninsured cash and cash equivalents held in the money market accounts totaled approximately \$3,560,000 at December 31, 2024.

SOLDIERS' ANGELS
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE B – INVESTMENTS

Investments are stated at fair value. Investment earnings (including interest earned on accounts classified as cash and cash equivalents) is summarized as follows at December 31:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 195,260	\$ 88,290
Net realized and unrealized (loss) gain on change in market value	(236)	1,104
Investment fees	<u>(180)</u>	<u>(151)</u>
Investment earnings, net	<u><u>\$ 194,844</u></u>	<u><u>\$ 89,243</u></u>

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Vehicles	\$ 77,427	\$ 71,627
Furniture and equipment	31,926	31,926
Leasehold improvements	21,800	21,800
Software	<u>487,852</u>	<u>429,008</u>
Total property and equipment	619,005	554,361
Less accumulated depreciation	<u>(374,382)</u>	<u>(280,350)</u>
Property and equipment, net	<u><u>\$ 244,623</u></u>	<u><u>\$ 274,011</u></u>

SOLDIERS' ANGELS
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE D – GIFTS IN-KIND

Gifts in-kind included the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Goods	\$ 24,641,016	\$ 23,082,033
Facilities	3,575	6,000
Professional services	113,786	121,048
Gift cards	<u>4,070</u>	<u>4,070</u>
Total gifts in-kind	<u><u>\$ 24,762,447</u></u>	<u><u>\$ 23,213,151</u></u>

All gift in-kind items are valued using estimated wholesale prices of identical or similar products and considering the goods condition and utility for use at the time of the contribution.

No gifts in-kind were considered donor restricted in 2024 or 2023 as all gifts were directed towards the Organization's primary mission. The Organization does not sell donated gifts in-kind and only distributes goods for program use. It disbursed \$24,668,654 in 2024 and \$21,131,334 in 2023 in donated goods to various active duty, guard, and reservists as well as veterans and military families in the community. These disbursements are included in in-kind expenses in the statement of functional expenses.

Volunteers donated approximately 226,000 hours in 2024 and 212,000 hours in 2023 to the Organization's program services; however, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition under U.S. generally accepted accounting principles, which limits recognition of donated services to professional services.

Board Member Donations: The Organization received approximately \$93,000 in 2024 and \$170,000 in 2023 for in-kind donations from Board Members (considered related parties to the Organization). These amounts are included in contributed goods and facilities in the statements of activities.

NOTE E – LEASES

The Organization has third-party operating leases for office space. Office lease expense is recognized in occupancy, general, and administrative expenses on a straight-line basis over the lease term.

Office lease expense, including variable expenses, totaled approximately \$173,000 in 2024 and \$194,000 in 2023.

SOLDIERS' ANGELS
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE E – LEASES – continued

At December 31, 2024 and 2023, the weighted-average remaining lease term was 1.77 and .17 years and the weighted-average discount rate was 4.69% and 1.26%, respectively. Future commitments relating to these lease agreements are as follows:

<u>Year Ending December 31,</u>	
2025	\$ 131,715
2026	36,043
2027	7,929
2028	7,929
2029	1,982
Thereafter	<u>-</u>
Total minimum future payments	185,598
Less: imputed interest	<u>(7,745)</u>
Present value of lease liability	<u><u>\$ 177,853</u></u>

NOTE F – FAIR VALUE MEASUREMENTS

In accordance with U.S. generally accepted accounting principles, the Organization utilizes a fair value hierarchy that prioritizes the inputs for the valuation techniques used to measure fair value. 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 as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in inactive markets
 - inputs other than quoted prices that are observable for the asset or liability
 - 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.

SOLDIERS' ANGELS
Notes to Audited Financial Statements
December 31, 2024 and 2023

NOTE F – FAIR VALUE MEASUREMENTS – continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies nor transfers between levels. Following is a description of the valuation methodologies used for investments measured at fair value:

Cash and cash equivalents: Valued at its carrying amount due to short-term maturity of the instrument.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the fair value hierarchy, investments measured at fair value:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<i>December 31, 2024</i>				
Cash and cash equivalents	\$ 9,720	\$ -	\$ -	\$ 9,720
Total investments at fair value	<u>\$ 9,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,720</u>
<i>December 31, 2023</i>				
Cash and cash equivalents	\$ 52,346	\$ -	\$ -	\$ 52,346
Total investments at fair value	<u>\$ 52,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,346</u>

NOTE G – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization has approximately \$5,400,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. This consists of cash of approximately \$5,100,000, accounts receivable of \$280,000 and investments (which are not endowed) of \$9,700. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets on hand to meet at least 60 days of normal operating expenses which, on the average, total approximately \$530,000 per month given full programmatic expenditures.