SPOON FOUNDATION

Audited Financial Statements

For the Year Ended September 30, 2024

McDONALD JACOBS

McDonald Jacobs
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SPOON Foundation

Opinion

We have audited the accompanying financial statements of SPOON Foundation (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 SPOON Foundation as of September 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 SPOON Foundation 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 SPOON Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

121 SW Salmon Street Suite 1100 Portland, Oregon 97204
P: 503 227 0581 F: 503 274 7611
mail@mcdonaldjacobs.com mcdonaldjacobs.com

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.

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 SPOON Foundation'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 SPOON Foundation'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.

Report on Summarized Comparative Information
We have previously audited SPOON Foundation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobs, P.C.

Portland, Oregon
January 28, 2025

SPOON FOUNDATION
STATEMENT OF FINANCIAL POSITION
September 30, 2024
(With comparative totals for 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	$ 159,379	$ 83,621
Investments - money market fund	1,762	1,130
Accounts receivable	9,025	1,789
Pledges and grants receivable	151,695	292,397
Prepaid and other assets	49,487	33,623
Property and equipment, net	284,690	220,232
TOTAL ASSETS	$ 656,038	$ 632,792
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 43,659	$ 52,129
Deferred revenue	16,916	31,818
Notes payable	199,968	188,239
Total liabilities	260,543	272,186
Net assets (deficit):		
Without donor restrictions:		
Undesignated	52,058	(15,654)
Board designated	25,049	25,049
Net property and equipment	84,722	31,993
Total without donor restrictions	161,829	41,388
With donor restrictions	233,666	319,218
Total net assets	395,495	360,606
TOTAL LIABILITIES AND NET ASSETS	$ 656,038	$ 632,792

See notes to financial statements.

SPOON FOUNDATION
STATEMENT OF ACTIVITIES
For the year ended September 30, 2024
(With comparative totals for 2023)

	2024			
	Without Donor Restrictions	With Donor Restrictions	Total	2023 Total
Support and revenue:				
Contributions and grants	$ 699,419	$ 211,227	$ 910,646	$ 1,045,648
Government grants	130,673	-	130,673	4,274
Program service revenue	61,954	-	61,954	141,868
In-kind donations	59,104	27,662	86,766	19,252
Special events, net of direct costs of $41,135 in 2024 and $38,388 in 2023	118,731	-	118,731	141,746
Investment and other income	4,199	-	4,199	984
Net assets released from restrictions:				
Satisfaction of purpose restrictions	324,441	(324,441)	-	-
Total support and revenue	1,398,521	(85,552)	1,312,969	1,353,772
Expenses:				
Program services	885,156	-	885,156	1,152,020
Management and general	174,281	-	174,281	99,619
Fundraising	218,643	-	218,643	310,617
Total expenses	1,278,080	-	1,278,080	1,562,256
Change in net assets	120,441	(85,552)	34,889	(208,484)
Net assets:				
Beginning of year	41,388	319,218	360,606	569,090
End of year	$ 161,829	$ 233,666	$ 395,495	360,606

See notes to financial statements.

SPOON FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2024
(With comparative totals for 2023)

	2024				
	Program Services	Management and General	Fundraising	Total	2023 Total
Salaries	$ 484,730	$ 51,185	$ 104,948	$ 640,863	$ 873,561
Payroll taxes and benefits	88,247	8,345	21,825	118,417	152,683
Professional fees and consulting	269,172	66,198	14,564	349,934	327,768
Information technology/website	6,677	3,257	5,091	15,025	12,803
Supplies	1,571	1,258	41,576	44,405	42,230
Rent	14,093	-	-	14,093	23,635
Printing and postage	212	15	7,236	7,463	4,482
Marketing	257	-	1,608	1,865	365
Travel	14,428	567	1,609	16,604	65,581
Conferences and meetings	1,232	196	102	1,530	4,167
Interest expense	2,849	24,228	-	27,077	16,410
Professional development	786	-	600	1,386	2,157
Office utilities	12,731	-	-	12,731	11,607
Insurance	5,416	2,300	-	7,716	7,595
Fees, licenses, dues	6,090	2,535	10,895	19,520	14,527
Depreciation and amortization	40,586	-	-	40,586	41,073
Allocated overhead costs	(63,921)	14,197	49,724	-	-
Total expenses	885,156	174,281	259,778	1,319,215	1,600,644
Less special event direct benefit costs netted with revenue	-	-	(41,135)	(41,135)	(38,388)
Total expenses per statement of activities	$ 885,156	$ 174,281	$ 218,643	$ 1,278,080	$ 1,562,256

See notes to financial statements.

SPOON FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended September 30, 2024
(With comparative totals for 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 34,889	$ (208,484)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	40,586	41,073
Loss on asset disposal	2,701	-
(Increase) decrease in:		
Accounts and other receivables	(7,236)	98,634
Pledges and grants receivable	140,702	63,436
Prepaid and other assets	(15,864)	(5,406)
Increase (decrease) in:		
Accounts payable	(8,470)	(43,803)
Deferred revenue	(14,902)	31,818
Net cash flows from operating activities	172,406	(22,732)
Cash flows from investing activities:		
Purchase of property and equipment	(107,745)	(6,355)
Additions to money market fund	(632)	(46)
Net cash flows from investing activities	(108,377)	(6,401)
Cash flows from financing activities:		
Repayment of short-term debt	-	(100,000)
Proceeds from long-term debt	43,109	100,000
Principal payments on long-term debt	(31,380)	(12,886)
Net cash flows from financing activities	11,729	(12,886)
Net change in cash and cash equivalents	75,758	(42,019)
Cash and cash equivalents - beginning of year	83,621	125,640
Cash and cash equivalents - end of year	$ 159,379	$ 83,621
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 20,283	$ 15,655

See notes to financial statements.

1. NATURE OF ACTIVITIES

Description of Organization

SPOON Foundation (SPOON or the Organization) is the only organization with the mission to eliminate malnutrition for children with disabilities and children without family care.

Around the world, at least 250 million children with disabilities or without family care are susceptible to malnutrition because their needs are unaddressed by existing systems. When unaddressed, malnutrition in early childhood can lead to life-long impacts such as increased risk of illness and disease, poor school performance, family separation, and death. Forty five percent of all child deaths are related to undernutrition.

Globally, children with disabilities are three times more likely to be malnourished than those without disabilities and twice as likely to die from malnutrition. A lack of support for caregivers of children with disabilities also can lead to institutionalization, which exacerbates malnutrition. Without access to services in their communities, caregivers often think their children will receive better care in residential institutions. However, rates of malnutrition can be as high as 91 percent for children in institutions.

SPOON's strategic goal is to ensure that the 250 million children with disabilities and children without family care with limited access to nutrition and feeding support are reached by systems that prioritize, include, and meet their nutrition and feeding needs. To do this, they scale proven solutions to eradicate malnutrition using an innovative, evidence-based approach that is applicable worldwide. Their approach combines three interrelated components:

Training

SPOON equips in-country service providers worldwide to provide disability-inclusive nutrition and feeding care. Trainings cover critical areas of children's health, screening for developmental delays, and use of SPOON's app, Count Me In. They use a training-of-trainers model to cascade knowledge throughout the caregiving community, and the robust training programs are sustained through local partnerships.

Nutrition & Feeding App

Service providers implement proven solutions to reduce malnutrition using SPOON's innovative app, Count Me In. Count Me In ensures the uptake and implementation of SPOON's training, allowing service providers to screen children for developmental delays, assess and monitor children's health over time, generate individualized care plans, and use the app's recommendations to counsel families and caregivers to safely feed and nourish their children. Count Me In collects unprecedented data on both the prevalence of malnutrition among the children SPOON serves across sites worldwide and the solutions that work to eradicate it.

1. NATURE OF ACTIVITIES, Continued

Advocacy
SPOON leverages the data collected through Count Me In to push for systems that prioritize, include, and meet the nutrition and feeding needs of ALL children. SPOON works with local partners and coalitions to lead a movement for inclusive national and global policies, services, and investments, ensuring that millions of children who were previously underserved and excluded by systems receive the nutrition and feeding support they need.

SPOON is funded primarily through private grants and individual contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets
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.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Pledges, Grants, and Accounts Receivable
Pledges, grants, and accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Leases

The Organization determines if an arrangement is or contains a lease at inception. Under FASB ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Property and Equipment

Acquisitions of property and equipment in excess of $1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 15 years.

Capitalized Software

Internally-developed software, reported in property and equipment, is stated at cost less accumulated amortization and is amortized using the straight-line method over the estimated useful life of the software. Software assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable over the remaining lives of the assets. During the period which the software is determined to be technologically feasible to the period the software is made available for general use, capitalized costs include internal payroll and payroll-related costs for employees who are directly associated with the software project and indirect costs limited to a percentage of total direct costs. Software maintenance, training, and business process costs are expensed in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition

Revenue is recognized as follows:

Contributions and Grants: Contributions and grants, which include unconditional promises to give (pledges), are recognized as revenues in the period SPOON is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time SPOON has an established right to the bequest and the proceeds are measurable.

Government Grants: Government grants are conditioned upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as advances in the statement of financial position.

The Organization has been awarded cost-reimbursable grants of approximately $23,600 for the period through August 2025 that have not been recognized at September 30, 2024 because qualifying expenditures have not yet been incurred.

Program Service Revenue: Program service revenue is from contracts and is recognized in the period services are provided and expenses incurred. Fees received in advance of the service are deferred and recorded as deferred revenue on the statement of financial position and recognized as revenue at the time the service is provided.

In-kind Donations: Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donation to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

Special Events: The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Sponsorships are recorded as revenue at the time of the commitment unless commensurate value is included a part of the agreements. The portion of the sponsorship revenue that relates to commensurate value that the sponsor received in return is recognized when the related events are held and performance obligations are met. At September 30, 2024 and 2023, advance event fees and refundable sponsorship contributions of approximately $16,900 and $25,400, respectively, are reflected as deferred revenue.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses, and insurance, which are allocated on the basis of full-time employee equivalents. Occupancy costs (rent, depreciation and amortization, office utilities) are allocated based on estimated usage.

Income Tax Status

SPOON Foundation is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. Organization is not a private foundation.

The Organization follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Use of Estimates

The preparation of financial statements in accordance 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 the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Financial Information for 2023

The financial information as of September 30, 2023 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Subsequent Events

The Organization has evaluated all subsequent events through January 28, 2025, the date the financial statements were available to be issued.

3. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets available for general expenditure consist of the following at September 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	$ 159,379	$ 83,621
Investments-money market fund	1,762	1,130
Accounts receivable	9,025	1,789
Pledges and grants receivable	151,695	292,397
	321,861	378,937
Less amounts unavailable for general expenditure:		
Net assets with donor purpose restrictions	233,666	319,218
Board designations	25,049	25,049
Financial assets available for general expenditure	$ 63,146	$ 34,670

The board-designated operating reserve is based on three months of organizational operating expenses. See Note 7 regarding board designated net assets.

4. PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable are unsecured and receivable as follows at September 30, 2024 and 2023:

	2024	2023
Within one year	$ 141,695	$ 292,397
Within two to five years	10,000	-
Total pledges and grants receivable	$ 151,695	$ 292,397

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2024 and 2023:

	2024	2023
Furniture and equipment	$ 31,563	$ 46,367
Website	77,508	77,508
Leasehold improvements	-	5,110
Software and trademarks	370,900	263,155
	479,971	392,140
Accumulated depreciation	(92,366)	(95,308)
Accumulated amortization	(102,915)	(76,600)
Property and equipment, net	$ 284,690	$ 220,232

6. NOTES PAYABLE

Notes payable consists of the following at September 30, 2024 and 2023:

	2024	2023
Note payable to Craft3 effective August 2022, interest accrued through December 2022; payable thereafter in monthly installments of $2,075 including interest at 9% through December 2027; secured by substantially all assets of the Organization and subject to certain financial covenants.	$ 69,968	$ 87,703
Note payable to Craft3 effective September 202; maximum allowable credit of $130,000; monthly interest-only payments at an interest rate of 11.5%; principal maturity on December 1, 2025, secured by substantially all assets of the Organization and subject to certain financial covenants; paid $65,000 November 2024.	130,000	100,536
Total notes payable	$ 199,968	$ 188,239

6. NOTES PAYABLE, Continued

Future maturities of notes payable are as follows:

Year ending September 30, 2025	$ 85,329
2026	85,896
2027	22,856
2028	5,887
	$ 199,968

7. BOARD DESIGNATED NET ASSETS

Board designated net assets consist of amounts designated by the board of directors for an operating reserve. The board strives for approximately three months of operating expenses but the designated amount may vary from time to time.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2024 and 2023 consist of:

	2024	2023
Oregon program	$ 7,189	$ 25,500
Business development	-	38,357
Lesotho program	40,193	-
India program	87	7,642
Uganda program	111,249	-
Feeding chair	1,518	6,276
Zambia program	73,430	226,134
Foundational course	-	15,309
Total net assets with donor restrictions	$ 233,666	$ 319,218

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in contract assets from billed accounts receivable or unbilled accounts receivable and contract liabilities, including deferred revenue on the statement of financial position.

- Revenue from program services is funded under a cost reimbursement agreement and revenue is recognized over time as costs are incurred and the funding agency billed.
- Revenue from contract services is funded under a deliverable model and revenue is recognized at a point in time as deliverables are achieved.

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods or services:

	2024	2023
Over time:		
Program service fees	$ 34,879	$ 18,368
Leased employee services	27,075	-
Point in time:		
Contract services	-	123,500
	$ 61,954	$ 141,868

Contract assets and contract liabilities associated with these revenue streams for the years ended September 30, 2023, 2022, and 2021 are as follows:

	2024	2023	2022
Accounts receivable (contract assets)	$ 9,025	$ 1,789	$ -
Deferred revenue (contract liabilities)	-	6,400	-

Contract liabilities of $6,400 were recognized as revenue during the year ended September 30, 2024.

10. CONTRIBUTED NONFINANCIAL ASSETS (IN-KIND DONATIONS)

In-kind donations received during the years ended September 30, 2024 and 2023 consist of the following:

	2024	2023
Professional fees and consulting	$ 52,540	$ 16,389
Supplies	60,809	23,965
	113,349	40,354
Less donated items netted with special events	(26,583)	(21,102)
Total in-kind donations	$ 86,766	$ 19,252

Contributed nonfinancial assets are reported in the statement of functional expenses as follows:

	2024	2023
Professional fees and consulting:		
Program	$ 23,630	$ 1,000
Management and general	23,655	14,389
Fundraising	5,255	1,000
	52,540	16,389
Supplies-program	34,226	2,863
	$ 86,766	$ 19,252

Contributed professional services are recorded at their estimated fair value using current market rates from similar vendors and comparable professionals.

The Organization received contributed professional services related to legal work and program consulting. These services are used to support programs and operations.

Contributed professional services are recorded at their estimated fair value using current market rates from similar vendors and comparable professionals.

The Organization received supplies that are restricted for use within designated programs. Donated supplies are recorded at fair value and are used to support programs and operations. Fair value is based on the current cost to acquire the supplies and the sales price of comparable supplies.

11. OPERATING LEASE

The Organization evaluated current contracts to determine which met the criteria of a lease. Right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from these leases. ROU assets and lease liabilities, all of which arise from operating leases, are calculated based on the present value of future lease payments over the lease terms.

The Organization has an office lease expiring in October 2023 which was treated as a short-term lease. The lease was converted to a month-to-month lease upon renewal effective November 2023. The lease was terminated in March 2024.

For the years ended September 30, 2024 and 2023, total short-term operating lease cost of approximately $14,100 and $23,600 is included in rent in the accompanying statement of functional expenses.

12. RETIREMENT PLAN

The Organization adopted a 401(k) defined contribution plan that is made available to substantially all regular, full-time employees after one year from the employee's date of hire. Participants may elect to contribute up to 100% of annual compensation, up to the maximum allowed by law. The Organization will match the participant's contributions up to 2.5%. Employer contributions to the plan for the years ended September 30, 2024 and 2023 were approximately $17,000 and $19,200, respectively.

13. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in one financial institution. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The balances, at times, may exceed the federally insured limit.

Pledges receivable represent a credit risk for the Organization in that 47% of the total balance is due from one foundation at September 30, 2024 (85% from three foundations at September 30, 2023). The Organization's revenues are also concentrated with 18% of total revenues coming from two funders (one government entity, one foundation) in 2024 (40% from two funders in 2023).

14. RELATED PARTY TRANSACTION

The Organization has a signed commitment to a vendor, which shares a Board member with the Organization, for work in Vietnam. The payments are based on the performance obligations of the contractor. The Organization paid the vendor $53,000 during the year ended September 30, 2023.