

FOSTER ARIZONA

**Consolidated Financial Statements and
Independent Auditor's Report**

Year Ended December 31, 2024



FOSTER ARIZONA
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December 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Foster Arizona
Mesa, Arizona

Opinion

We have audited the accompanying consolidated financial statements of Foster Arizona (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Foster Arizona as of December 31, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foster Arizona 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 consolidated 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 Foster Arizona'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, 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 Foster Arizona'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 Foster Arizona'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.

Snyder & Brown CPAs, PLLC

Snyder & Brown, CPAs, PLLC
Tempe, Arizona
July 22, 2025

Foster Arizona
Consolidated Statement of Financial Position
December 31, 2024

Assets

Current assets:	
Cash	\$ 287,148
Contributions receivable	21,777
Participant fees receivable, net	3,747
Prepaid expenses and other current assets	16,955
Total current assets	<u>329,627</u>
 Property and equipment, net	 1,411,741
Total assets	<u><u>\$ 1,741,368</u></u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 409
Accrued expenses	6,270
Notes payable, current	22,961
Total current liabilities	<u>29,640</u>
	-
Notes payable, net of current	<u>375,325</u>
Total liabilities	<u>404,965</u>
 Net Assets:	
Without donor restrictions	1,335,883
With donor restrictions	520
Total net assets	<u>1,336,403</u>
Total liabilities and net assets	<u><u>\$ 1,741,368</u></u>

See accompanying notes to consolidated financial statements.

Foster Arizona
Consolidated Statement of Activities
For the Years Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Revenue and other support:			
Contributions	\$ 275,374	\$ 520	\$ 275,894
Grants	270,782	-	270,782
Donations of services and materials	116,990	-	116,990
Participant fees and registrations	77,973	-	77,973
Other income	7,178	-	7,178
Total revenue and support before special events revenue	<u>748,297</u>	<u>520</u>	<u>748,817</u>
Special events:			
Revenue from special events	96,536	-	96,536
Less cost of direct donor benefits	<u>(67,495)</u>	<u>-</u>	<u>(67,495)</u>
Special events, net	29,041	-	29,041
Net assets released from restriction	<u>43,334</u>	<u>(43,334)</u>	<u>-</u>
Total revenue and other support	<u>820,672</u>	<u>(42,814)</u>	<u>777,858</u>
Expenses			
Program services	721,699	-	721,699
Management and general	41,910	-	41,910
Fundraising	<u>66,724</u>	<u>-</u>	<u>66,724</u>
Total expenses	<u>830,333</u>	<u>-</u>	<u>830,333</u>
Change in net assets	<u>(9,661)</u>	<u>(42,814)</u>	<u>(52,475)</u>
Net assets at beginning of year	<u>1,345,544</u>	<u>43,334</u>	<u>1,388,878</u>
Net assets at end of year	<u><u>\$ 1,335,883</u></u>	<u><u>\$ 520</u></u>	<u><u>\$ 1,336,403</u></u>

See accompanying notes to consolidated financial statements.

Foster Arizona
Consolidated Statement of Functional Expenses
For the Years Ended December 31, 2024

		<u>Supporting Services</u>		Cost of Direct	
	Program	Management and	Fundraising	Benefits to	
	Services	General		Donors	Total
Personnel expenses:					
Salaries and wages	\$ 197,746	\$ 10,635	\$ 10,151	\$ -	\$ 218,532
Payroll taxes and employee benefits	25,359	5,593	2,100	-	33,052
Total personnel expense	<u>223,105</u>	<u>16,228</u>	<u>12,251</u>	<u>-</u>	<u>251,584</u>
Other expenses:					
Housing participant support	76,331	-	-	-	76,331
Kids initiatives	42,212	-	-	-	42,212
Foster cooperative	85,372	-	-	-	85,372
Public outreach	15,315	-	1,800	-	17,115
Professional services	66,391	16,202	36,972	-	119,565
Advertising and marketing	36,507	-	10,000	-	46,507
Dues and subscriptions	12,440	349	832	-	13,621
Postage and printing	491	-	68	-	559
Supplies	2,150	613	-	-	2,763
Staff meetings and events	2,433	2,905	-	-	5,338
Repairs and maintenance	23,790	2,701	-	-	26,491
Utilities	29,608	-	-	-	29,608
Telephone and communications	7,429	-	-	-	7,429
Equipment and software	93	693	-	-	786
Insurance	16,047	439	-	-	16,486
Interest	21,006	-	-	-	21,006
Bank and merchant fees	686	1,780	4,788	-	7,254
Depreciation	48,053	-	-	-	48,053
Event costs	-	-	-	67,495	67,495
Other	12,240	-	13	-	12,253
	<u>721,699</u>	<u>41,910</u>	<u>66,724</u>	<u>67,495</u>	<u>897,828</u>
Less amount reported in revenue and support on the statement of activities:					
Cost of direct benefit to donors	-	-	-	(67,495)	(67,495)
Total expenses	<u>\$ 721,699</u>	<u>\$ 41,910</u>	<u>\$ 66,724</u>	<u>\$ -</u>	<u>\$ 830,333</u>

See accompanying notes to consolidated financial statements.

Foster Arizona
Consolidated Statement of Cash Flows
For the Years Ended December 31, 2024

Cash Flows From Operating Activities

Change in net assets	\$ (52,475)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation expense	48,053
Donated securities	(6,065)
(Gain) loss on donated securities	11
(Increase) decrease in assets:	
Undeposited Funds	19,175
Participant fees receivable	1,148
Prepaid expenses and other assets	(670)
Increase (decrease) in liabilities:	
Accounts payable	(10,358)
Accrued expenses	2,785
Refundable advances of conditional contributions	(41,310)
Net cash provided (used) by operating activities	<u>(39,706)</u>

Cash Flows From Investing Activities

Proceeds from sales of donated securities	6,054
Purchases of property and equipment	(23,409)
Net cash used in investing activities	<u>(17,355)</u>

Cash Flows From Financing Activities

Payments on long-term debt	(43,352)
Net cash used in financing activities	<u>(43,352)</u>

Net decrease in cash	(100,413)
Cash, at beginning of year	387,561
Cash, at end of year	<u><u>\$ 287,148</u></u>

Supplemental disclosures:

Cash paid for interest	<u><u>\$ 21,202</u></u>
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See accompanying notes to consolidated financial statements.

Foster Arizona
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Foster Arizona was incorporated under the laws of the State of Arizona in September 2013 with the mission to educate, empower, and engage at-risk and foster youth, families, and the community to offer hope through connections. In April 2018, Foster Arizona Housing Project was incorporated with the same mission under the laws of the State of Arizona. The Housing Project is a six-unit, 26-bed transitional housing program that provides a safe place to reside, basic provisions, and supportive services for youth ages 18-to-24.

Both not-for-profit corporations (collectively referred to as the “Organization”) believe that every child deserves to be valued and supported by their local community, and that children thrive in a family setting with parental figures empowered to succeed, equipped with quality resources, and connected to the community around them.

The accompanying consolidated financial statements include the activities of Foster Arizona and Foster Arizona Housing Project. The financial statements are consolidated to reflect Foster Arizona’s economic interest and control of Foster Arizona Housing Project. All material intercompany accounts and transactions have been eliminated in consolidation.

The Organization offers the following programs and services:

First Night Essentials:

Equipping foster families with essential items during their first week as a foster family (diapers, hygiene products, and more).

Housing Project:

A 26-bed transitional housing program for young adults, ages 18-to-24, who have experienced the foster care system and are on the verge of becoming unhoused.

Kid Connections Initiative:

The program aspires to make a multi-targeted impact, striving to benefit not only the thousands of kids in foster care but also members of our own community who can connect with foster children and youth in a normalized environment. The impact is profound, yet the strategy is simple. The kids get the chance to be, well, kids.

Foster Cooperative Parent Training:

The program hosts a bi-yearly one-day training course where community experts deliver keynote speeches while also providing quality resources and tools to empower those caring for children and youth to succeed.

Foster Cooperative: Portal:

This program is an open-sourced online portal composed of community resources, videos from subject experts, peer support, and other invaluable resources for champions of foster and adoptive children, including the at-risk youth population.

Education Initiatives:

Through Real Stories, Fostering Voices Podcast, Educational Videos, and more, we strive to connect the community in meaningful ways to foster care.

Foster Arizona
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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.

Basis of Consolidation

The accompanying consolidated financial statements (collectively "the financial statements"), include the accounts of Foster Arizona and Foster Arizona Housing Project (collectively referred to as the "Organization"). The financial statements are consolidated as a result of the fact that Foster Arizona has both an economic interest in and control of Foster Arizona Housing Project. Intercompany transactions consist primarily of rental revenue paid or due to Foster Arizona from Foster Arizona Housing Project. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

Cash includes cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. At December 31, 2024, the Organization's cash balances did not exceed federally insured limits. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Foster Arizona
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Receivables

Contributions receivable

Contributions receivable consist primarily of undeposited funds at year-end and unconditional promises to give. Unconditional promises to give are recognized as revenues in the period the promise is received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. At December 31, 2024, management considers all contributions receivable to be fully collectible and, therefore, no allowance for doubtful accounts has been provided. At December 31, 2024, all contributions receivable were due accordingly, management does not consider a discount necessary.

Participant fees receivable

Participant fees receivable consists of outstanding fees charged to participants in its housing programs on a monthly fee to participate in the program, due within one year. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. At December 31, 2024, all participant fees receivable were due in less than 1 year and considered to be fully collectible.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment that materially prolong the useful life of an asset in excess of \$5,000. Property and equipment is carried at cost or fair value at the date of donation. Depreciation is recognized using the straight-line method over the assets' estimated life as follows:

Buildings	30 years
Building Improvements	10 to 30 years
Software	5 years

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulate depreciation are removed from the accounts and gains and losses are included in operations.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

Foster Arizona
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is a public charity, nonprofit organization as defined in the Internal Revenue Code Section 501(c)(3) and is therefore exempt from federal and state income taxes. It is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

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

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited based on management's estimate of time and or/ resources devoted to each activity. Such allocations are determined by management on an equitable basis.

Revenue Recognition

Contributions and Grants

Unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. The organization did not receive any conditional support for which conditions had not been met by fiscal year end 2024. In fiscal year 2023 there was \$41,310 reported as refundable advances for conditional contributions for which the conditions were satisfied in 2024 and corresponding revenue was reported.

Special Event Revenue

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special

Foster Arizona
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Contributed Property and Equipment

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated Services and Materials

Contributions of donated non-monetary assets are recorded at their fair value in the period received. Donated services are recognized as contributions 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.

Additionally, volunteers donate a significant amount of time to the Organization's program services. The fair value of these donated services is not recognized in the statement of activities since they do not meet the criteria for recognition under generally accepted accounting principles. In the year ended December 31, 2024, volunteers contributed 1,296 hours of donated services valued at \$50,706 based on the estimated value of volunteer time as published in the Economic Reports of the President and reported by Independent Sector.

Exchange transaction revenue recognition

Exchange transaction revenue is measured based on a consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Since the amortization period for any incremental costs of obtaining any contract is one year or less, the Organization has elected the practical expedient under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-65-1.

The Organization has elected to apply the practical expedient allowed under FASB ASC 606-10-10-4 for applying the revenue standard to a portfolio of contracts with similar characteristics. The Organization accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics within each portfolio. Based on historical collection trends and other analysis, management has concluded that revenue for each portfolio type would not be materially different than if accounting for revenue on a contract-by-contract basis. Exchange transaction revenue is included in revenue on the accompanying statement of activities and consists of the following:

Participant fees – The Organization charges participants in its housing programs a monthly fee to participate in the program. In exchange for the fee, the Organization provides the participant with housing, housing supplies, and other program services. The transaction price is based upon a predetermined monthly amount as stated in the participant agreement. The participant agreement operates on a month-to-month basis and the performance obligations are satisfied and fees are recognized on a monthly basis. Because the performance obligations relate to contracts with a duration of less than one year, the Organization has

Foster Arizona
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

elected to apply the exemption provided under FASB ASC 606-10-50-14(a), and is not required to disclose the aggregate amount of the transaction price allocated to the

performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. The Organization did not have any unsatisfied or partially satisfied performance obligations or liabilities, related to participant fees at December 31, 2024.

Registration Fees – The Organization charges individuals for attendance at its Kids Connection and Foster Cooperative Training events. The transaction price is based upon a predetermined monthly amount determined prior to the event. The performance obligations are satisfied, and fees are recognized as revenue on the date of the event. Because the performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the exemption provided under FASB ASC 606-10-50-14(a), and is not required to disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. The Organization did not have any unsatisfied or partially satisfied performance obligations or liabilities, related to registration fees at December 31, 2024.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflects the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

The Organization categorizes its assets and liabilities measured at fair value into a three- level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). For the year ended December 31, 2024, the Organization did not have any assets or liabilities subject to fair value measurement other than at initial recognition.

Date of Management's Review

In preparing these consolidated financial statements, the Organization's management has evaluated events and transactions for potential recognition or disclosure through July 22, 2025, the date the consolidated financial statements were available for issuance.

Foster Arizona
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Note 2 – Availability and Liquidity

The Organization strives to maintain liquid financial assets sufficient to cover 12 months of general expenditures. As part of its liquidity plan, the entity maintains the majority of its short term assets in cash accounts. The following represents the Organization's financial assets that are available to meet its operations as of December 31, 2024:

Cash	\$ 287,148
Contributions receivable	21,777
Participant fees receivable	3,747
Less assets restricted by donors	<u>(520)</u>
Financial assets available to be used within one year	<u><u>\$ 312,152</u></u>

Note 3 - Property and Equipment

Property and equipment consist of the following at December 31, 2024:

Building and facilities	\$ 857,400
Building improvements	5,500
Foster Cooperative Online community platform	88,698
Less: accumulated depreciation	<u>(166,617)</u>
Net depreciable property and equipment	784,981
Construction in progress	269,750
Foster Cooperative Online development in progress	94,293
Land and land improvements	262,717
Net property and equipment	<u><u>\$ 1,411,741</u></u>

Depreciation expense totaled \$48,053 for the year ended December 31, 2024.

Note 4 – Accrued Liabilities

Accrued expense liabilities consist of the following at December 31, 2024:

Accrued payroll taxes payable	\$ 4,610
Accrued interest payable	<u>1,660</u>
Total accrued payroll liabilities	<u><u>\$ 6,270</u></u>

Note 5 – Notes Payable

On December 29, 2021, the Organization received two interest-bearing loans, each in the amount of \$255,000, from two different related party board members. Each loan bears an annual interest rate of 5% and is payable in monthly installments that began on February 1, 2022. Interest accrued on the outstanding note balance is added to the principal balance of the note. The loans mature on December 30, 2051, at which time the final payment of principal and interest is due.

Foster Arizona
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Note 5 –Notes Payable (Continued)

The remaining principal payments on the loan subsequent to December 31, 2024, are as follows:

Year Ending December 31,	Amount
2025	\$ 22,961
2026	24,136
2027	25,371
2028	26,669
2029	28,034
Thereafter	271,115
Total	<u>\$ 398,286</u>

Note 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2024:

Subject to expenditure for specified purpose:

Christmas presents	\$ 120
Housing participant savings match	400
Total net assets with donor restrictions	<u>\$ 520</u>

Net assets with donor restrictions released from purpose and time restrictions during the year ended December 31, 2024, consisted of the following:

Subject to expenditure for specified purpose:

First night essentials	\$ 2,150
Program supplies	232
	<u>2,382</u>

Subject to passage of time:

Contributions receivable	<u>40,952</u>
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Total net assets released from restrictions	<u>\$ 43,334</u>
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Note 7 – Donated Services and Materials

The Organization received donated services, materials, and other non-financial assets during the year ended December 31, 2024 that the Organization would have otherwise paid for. Donated services and materials are recorded as revenue in the year they were received, without donor restrictions, and an equal amount is recorded in program expenses within the consolidated statement of activities resulting in no net impact on the changes in net assets during the year.

Foster Arizona
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2024

Note 7 – Donated Services and Materials (Continued)

The estimated fair value of donated services and materials received and used for programmatic purposes are as follows as of December 31, 2024:

Type	Estimated Fair Value	Utilization	Donor restrictions	Valuation Techniques and Inputs
Professional services:				
Accounting services	\$ 6,832	Management & general	No donor restrictions	Estimated fair value based on current rates for similar services
Creative services (graphic design, photography)	17,005	Program, management & general activities	No donor restrictions	Estimated fair value based on current rates for similar services
Materials and other non-financial assets:				
Artwork	2,620	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Books	2,432	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Kid games & toys	5,683	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Clothing	40,385	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Event space	335	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Gift cards	2,165	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Bedding House supplies	1,054	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Food & Drinks	2,961	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Hygiene product	5,144	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Kitchen utensils&supplies	2,107	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Luggage & Bags	1,902	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Supplies	2,165	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Electronics	3,135	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Stock donated	6,065	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Facilities	15,000	Program activities	No donor restrictions	Estimated retail value for similar items in the United States
Total donated services and materials:	<u>\$ 116,990</u>			

Note 8 – Related Party Transactions

The Organization received various contributions during the year from both employees and members of the board of directors. Total contributions (including in-kind donations) received during the year ended December 31, 2024, amount to \$61,763.

The Organization owes debt with an outstanding balance of \$199,143 that is payable to one of the founding members of the Organization's board of directors.

The Organization owes debt with an outstanding balance of \$199,143 that is payable to the vice chair of the Organization's board of directors.

Supplemental Information

Foster Arizona
Consolidating Schedule of Financial Position
December 31, 2024

	Foster Arizona	Foster Arizona Housing Project	Eliminations	Consolidated
Assets				
Current assets:				
Cash	\$ 273,930	\$ 13,218	\$ -	\$ 287,148
Contributions receivable	16,714	5,063	-	21,777
Participant fees receivable, net	1,447	2,300	-	3,747
Prepaid expenses and other current assets	16,955	-	-	16,955
Total current assets	<u>309,046</u>	<u>20,581</u>	<u>-</u>	<u>329,627</u>
Property and equipment, net	1,411,741	-	-	1,411,741
Total assets	<u>\$ 1,720,787</u>	<u>\$ 20,581</u>	<u>\$ -</u>	<u>\$ 1,741,368</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 409	\$ -	\$ -	\$ 409
Accrued expenses	6,270	-	-	6,270
Notes payable, current	22,961	-	-	22,961
Refundable advances	-	-	-	-
Total current liabilities	<u>29,640</u>	<u>-</u>	<u>-</u>	<u>29,640</u>
Notes payable, net of current portion	375,325	-	-	375,325
Total liabilities	<u>404,965</u>	<u>-</u>	<u>-</u>	<u>404,965</u>
Net Assets:				
Without donor restrictions	1,315,702	20,181	-	1,335,883
With donor restrictions	120	400	-	520
Total net assets	<u>1,315,822</u>	<u>20,581</u>	<u>-</u>	<u>1,336,403</u>
Total liabilities and net assets	<u>\$ 1,720,787</u>	<u>\$ 20,581</u>	<u>\$ -</u>	<u>\$ 1,741,368</u>

Foster Arizona
Consolidating Schedule of Activities
For the Year Ended December 31, 2024

	Foster Arizona	Foster Arizona Housing Project	Eliminations	Total
Changes in net assets without donor restrictions				
Revenue and other support				
Contributions	\$ 215,119	60,255	\$ -	\$ 275,374
Grants	270,782	-	-	270,782
Donations of services and materials	116,990	-	-	116,990
Participant fees and registrations	34,969	43,004	-	77,973
Rental income from FAHP	52,800	-	(52,800)	-
Other income	7,178	-	-	7,178
Total revenue and other support before special events	697,838	103,259	(52,800)	748,297
Special events:				
Revenue from special events	96,536	-	-	96,536
Less cost of direct donor benefits	(67,495)	-	-	(67,495)
Special events, net	29,041	-	-	29,041
Net assets released from restriction	43,334	-	-	43,334
Total revenue and support	770,213	103,259	(52,800)	820,672
Expenses				
Program services	700,536	73,963	(52,800)	721,699
Management and general	39,208	2,702	-	41,910
Fundraising	40,971	25,753	-	66,724
Total expenses	780,715	102,418	(52,800)	830,333
Change in net assets without donor restrictions	(10,502)	841	-	(9,661)
Change in net assets with donor restrictions				
Revenue and other support				
Contributions	120	400	-	520
Grants	-	-	-	-
Net assets released from restriction	(43,334)	-	-	(43,334)
Change in net assets with donor restrictions	(43,214)	400	-	(42,814)
Change in net assets	(53,716)	1,241	-	(52,475)
Net assets at beginning of year	1,369,538	19,340	-	1,388,878
Net assets at end of year	<u>\$ 1,315,822</u>	<u>\$ 20,581</u>	<u>\$ -</u>	<u>\$ 1,336,403</u>