



Family Giving Tree™

**Financial Statements
April 30, 2025 and 2024**

**Together with
Independent Auditors' Report**

THE FAMILY GIVING TREE

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April 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Family Giving Tree
Milpitas, California

Opinion

We have audited the accompanying financial statements of The Family Giving Tree (the "Organization"), a California non-profit public benefit corporation, which comprise the statements of financial position as of April 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of April 30, 2025 and 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 Auditors' 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 the financial statements that is 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..

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of
The Family Giving Tree
Milpitas, California

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls. 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 audits.

RLA LLP

San Jose, California
October 3, 2025

THE FAMILY GIVING TREE
Statements of Financial Position

	April 30,	
	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,079,178	\$ 1,672,013
Investments	1,397,451	803,122
Inventories	511,694	599,505
Pledges receivable	-	20,000
Accrued revenue	55,000	-
Prepaid expenses and other current assets	77,608	113,926
Property and equipment, net	100,794	112,051
Deposits	4,850	4,850
Total assets	<u>\$ 3,226,575</u>	<u>\$ 3,325,467</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 139,749	\$ 37,209
Accrued expenses	103,562	110,273
Total liabilities	<u>243,311</u>	<u>147,482</u>
Commitment and contingency		
Net assets:		
Without donor restrictions:		
Designated by the board of directors:		
Operating reserves	750,000	750,000
Holiday gift purchase fund	500,000	500,000
Backpack purchase fund	500,000	500,000
Strategic initiative fund	750,000	750,000
Undesignated	197,227	520,087
Total without donor restrictions	2,697,227	3,020,087
With donor restrictions	286,037	157,898
Total net assets	<u>2,983,264</u>	<u>3,177,985</u>
Total liabilities and net assets	<u>\$ 3,226,575</u>	<u>\$ 3,325,467</u>

The accompanying notes are an integral part of these financial statements

THE FAMILY GIVING TREE
Statement of Activities and Changes in Net Assets

	For the Year Ended April 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Donated gifts and supplies	\$ 1,643,118	\$ -	\$ 1,643,118
Individual contributions	2,026,592	-	2,026,592
Corporate contributions	1,347,799	286,037	1,633,836
Donated facilities	427,382	-	427,382
Other donated items	13,500	-	13,500
Foundation grants	176,593	-	176,593
Investment income, net	60,852	-	60,852
Other income	216	-	216
Net assets released from restrictions	157,898	(157,898)	-
Total revenue	5,853,950	128,139	5,982,089
Expenses:			
Program services			
Holiday Wish Program	2,628,154	-	2,628,154
Back-to-School Backpack Program	2,422,887	-	2,422,887
Total program services	5,051,041	-	5,051,041
Supporting services			
Management and general	942,290	-	942,290
Fundraising	183,479	-	183,479
Total supporting services	1,125,769	-	1,125,769
Total expenses	6,176,810	-	6,176,810
Change in net assets	(322,860)	128,139	(194,721)
Net assets, beginning of year	3,020,087	157,898	3,177,985
Net assets, end of year	\$ 2,697,227	\$ 286,037	\$ 2,983,264

The accompanying notes are an integral part of these financial statements

THE FAMILY GIVING TREE
Statement of Activities and Changes in Net Assets

	For the Year Ended April 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Donated gifts and supplies	\$ 1,426,536	\$ -	\$ 1,426,536
Individual contributions	2,159,118	-	2,159,118
Corporate contributions	1,337,274	144,947	1,482,221
Donated facilities	334,008	-	334,008
Other donated items	4,570	-	4,570
Foundation grants	54,069	-	54,069
Investment income, net	84,176	-	84,176
Other income	130	-	130
Net assets released from restrictions	11,668	(11,668)	-
Total revenue	5,411,549	133,279	5,544,828
Expenses:			
Program services			
Holiday Wish Program	2,321,537	-	2,321,537
Back-to-School Backpack Program	2,185,486	-	2,185,486
Total program services	4,507,023	-	4,507,023
Supporting services			
Management and general	871,502	-	871,502
Fundraising	160,366	-	160,366
Total supporting services	1,031,868	-	1,031,868
Total expenses	5,538,891	-	5,538,891
Change in net assets	(127,342)	133,279	5,937
Net assets, beginning of year	3,147,429	24,619	3,172,048
Net assets, end of year	\$ 3,020,087	\$ 157,898	\$ 3,177,985

The accompanying notes are an integral part of these financial statements

THE FAMILY GIVING TREE

Statement of Functional Expenses

For the Year Ended April 30, 2025

	Program Services			Supporting Services			
	Holiday Wish	Back-to-School	Program	Management	Fundraising	Supporting	
	Program	Program	Services	and General		Services	Total
			Total			Total	
Compensation	\$ 658,646	\$ 633,710	\$ 1,292,356	\$ 561,847	\$ 111,891	\$ 673,738	\$ 1,966,094
Other benefits	68,697	66,096	134,793	58,601	11,670	70,271	205,064
Payroll taxes	50,837	48,912	99,749	43,365	8,636	52,001	151,750
Retirement benefits	20,211	19,446	39,657	17,241	3,433	20,674	60,331
Total salaries and benefits	798,391	768,164	1,566,555	681,054	135,630	816,684	2,383,239
Grants	1,320,214	1,182,167	2,502,381	-	-	-	2,502,381
Donated facilities	182,177	187,016	369,193	58,188	-	58,188	427,381
Information technology	67,847	35,230	103,077	25,422	22,985	48,407	151,484
Occupancy	58,632	67,112	125,744	14,715	2,927	17,642	143,386
Program supplies	80,693	59,226	139,919	-	48	48	139,967
Professional fees	24,028	16,391	40,419	72,227	2,894	75,121	115,540
Advertising and promotion	17,537	35,804	53,341	8,777	8,979	17,756	71,097
Bank and merchant fees	29,342	24,250	53,592	12,689	2,535	15,224	68,816
Travel	11,449	8,949	20,398	32,412	963	33,375	53,773
Insurance	15,075	14,504	29,579	12,859	2,561	15,420	44,999
Depreciation	13,126	12,629	25,755	11,196	2,230	13,426	39,181
Office expense	9,643	11,445	21,088	12,751	1,727	14,478	35,566
Total expenses	<u>\$ 2,628,154</u>	<u>\$ 2,422,887</u>	<u>\$ 5,051,041</u>	<u>\$ 942,290</u>	<u>\$ 183,479</u>	<u>\$ 1,125,769</u>	<u>\$ 6,176,810</u>
Percentage of total	42.5%	39.2%	81.8%	15.3%	3.0%	18.2%	100.0%

The accompanying notes are an integral part of these financial statements

THE FAMILY GIVING TREE

Statement of Functional Expenses

For the Year Ended April 30, 2024

	Program Services			Supporting Services			
	Holiday Wish	Back-to-School	Program	Management	Fundraising	Supporting	
	Program	Program	Services	and General		Services	Total
			Total			Total	
Compensation	\$ 578,393	\$ 638,840	\$ 1,217,233	\$ 502,855	\$ 107,611	\$ 610,466	\$ 1,827,699
Other benefits	61,596	68,034	129,630	53,552	11,460	65,012	194,642
Payroll taxes	43,122	47,628	90,750	37,490	8,023	45,513	136,263
Retirement benefits	18,493	20,426	38,919	16,078	3,441	19,519	58,438
Total salaries and benefits	701,604	774,928	1,476,532	609,975	130,535	740,510	2,217,042
Grants	1,181,762	1,029,907	2,211,669	-	-	-	2,211,669
Donated facilities	135,000	135,000	270,000	64,008	-	64,008	334,008
Information technology	61,303	67,710	129,013	53,297	11,406	64,703	193,716
Program and office supplies	85,581	37,825	123,406	-	-	-	123,406
Professional fees	28,321	14,789	43,110	47,056	2,491	49,547	92,657
Advertising and promotion	23,671	30,503	54,174	12,967	1,660	14,627	68,801
Bank and merchant fees	29,017	22,467	51,484	13,549	2,739	16,288	67,772
Occupancy	20,822	21,823	42,645	12,251	2,622	14,873	57,518
Office expense	12,526	11,051	23,577	25,763	994	26,757	50,334
Insurance	17,284	12,261	29,545	11,207	3,334	14,541	44,086
Depreciation	12,578	13,892	26,470	10,935	2,340	13,275	39,745
Travel	12,068	13,330	25,398	10,494	2,245	12,739	38,137
Total expenses	<u>\$ 2,321,537</u>	<u>\$ 2,185,486</u>	<u>\$ 4,507,023</u>	<u>\$ 871,502</u>	<u>\$ 160,366</u>	<u>\$ 1,031,868</u>	<u>\$ 5,538,891</u>
Percentage of total	41.9%	39.5%	81.4%	15.7%	2.9%	18.6%	100.0%

The accompanying notes are an integral part of these financial statements

THE FAMILY GIVING TREE
Statements of Cash Flows

	For the Years Ended April 30,	
	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (194,721)	\$ 5,937
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	39,181	38,137
Donated gifts received	(1,643,118)	(1,426,536)
Donated gifts distributed	1,635,987	1,422,834
Net unrealized gains on investments	(1,906)	(2,152)
Changes in operating assets and liabilities:		
Inventories	94,942	18,914
Employee retention credit receivable	-	215,521
Pledges receivable	20,000	(20,000)
Accrued revenue	(55,000)	-
Prepaid expenses and other current assets	36,318	(1,077)
Accounts payable	102,540	(86,661)
Accrued expenses	(6,711)	10,678
Net cash provided by operating activities	27,512	175,595
Cash flows from investing activities:		
Acquisition of certificate of deposits	(260,000)	-
Maturities of treasury bills	3,001,491	2,564,539
Acquisition of treasury bills	(3,333,914)	(2,360,693)
Purchases of property and equipment	(27,924)	(30,894)
Net cash provided (used) by investing activities	(620,347)	172,952
Net increase (decrease) in cash and cash equivalents	(592,835)	348,547
Cash and cash equivalents, beginning of period	1,672,013	1,323,466
Cash and cash equivalents, end of period	\$ 1,079,178	\$ 1,672,013

The accompanying notes are an integral part of these financial statements

THE FAMILY GIVING TREE

Notes to Financial Statements

April 30, 2025

Note 1 - Organization and operations:

The Family Giving Tree (the “Organization”), a California non-profit public benefit organization founded in 1990, believes that poverty should not hold the power to diminish anyone’s joy, hope, or capacity to thrive in the community. The Organization connects neighbors in the Bay Area facing financial hardship with educational tools and gifts because connecting communities through kindness, philanthropy, and volunteerism breaks past economic barriers to bring neighbors together to uplift and celebrate one another.

The Organization bridges community support from donors, sponsors, foundations, volunteers, and drive leaders with nonprofit partner agencies and schools to stage two major drives each year to serve those in need in our Bay Area communities.

Each spring/summer, the Organization works towards narrowing the educational gap for kindergarten - 12th grade students whose families face economic hardship. In partnership with community supporters across the Bay Area, Family Giving Tree collects funds and material donations to acquire and fill new backpacks with essential, grade-appropriate school supplies for Bay Area students.

During the winter holiday season, the Organization partners with foundations, corporations, small businesses, community groups, and individuals across the Bay Area to fulfill the exact holiday gift wish of a child, adult, or senior from financially under-resourced areas of our community who would otherwise go without gifts for the holidays.

By tapping into human kindness and the power of community, the Organization bridges people from across all walks of Bay Area life with innovative community exchange solutions to fill gaps created by inequitable systems. The Organization strives to bring joy, grow hope, and create community.

The Organization’s programs are classified as follows:

Holiday Wish Drive - Since its founding in 1990, the Organization has held a belief that no one should feel forgotten during the holidays. Delivering a wished-for gift brings joy and hope and delivers the priceless message, “You matter. You have value”. The Organization works with nearly 300 social services agencies (unhoused support services, community centers, rehabilitation houses, and various non-profit organizations) and schools to support its Holiday Wish Drive. These agencies supply the Organization with the name and two specific wishes of the children and individuals they serve year-round. A wish card is printed for each child or individual, detailing age, gender, first name, and the specific gift wishes. These wishes are then distributed to nearly 700 volunteer Drive Leaders (individuals, social groups, and businesses) who display wish cards - often on holiday trees - in a public area, such as a business lobby. By selecting a wish card, an individual commits to purchasing a gift to donate for those most underresourced during the holidays.

THE FAMILY GIVING TREE

Notes to Financial Statements

April 30, 2025

Note 1 - Organization and operations (continued):

Holiday Wish Drive (continued) - The Organization hosted approximately 2,100 volunteers in 50,000 square feet of donated program space in December 2024 and hosted approximately 3,000 volunteers in 50,000 square feet of donated program space in December 2023, where the donated gifts are then sorted, wrapped, and disbursed to the Organization's agency partners for distribution. In addition, the Organization maintains a Virtual Giving Tree during the holiday season at wishdrive.org.

During the years ended April 30, 2025 and 2024, the Organization provided holiday gifts to approximately 45,000 and 44,000 neighbors, respectively.

Back-to-School Drive - The Organization also holds the conviction that education is the most effective path out of poverty; and according to the US Census Bureau, almost one out of every five California children are currently living below the federal poverty line. Too often, these children lack the most basic school supplies and educational tools required for learning and homework. The Organization's Back-to-School Drive aims to close the educational gap for children from families facing economic hardship, by providing backpacks filled with essential, grade-appropriate school supplies to help level the educational playing field.

Using a similar method of operation, the Organization provided backpacks filled with essential, grade-appropriate school supplies - including STEAM (science, technology, engineering, art and mathematics) supplies - to approximately 28,000 K-12 students, who have been identified as socioeconomically disadvantaged by the California Department of Education, during the years ended April 30, 2025 and 2024. Over 300 Drive Leaders volunteered to assist in displaying backpack and school supply list cards to support the goal of the Back-to-School Drive in 2024 and 2023.

The Organization hosted approximately 300 drive leaders and 2,000 volunteers in 28,000 square feet of donated program space in August 2024 and approximately 350 drive leaders and 2,000 volunteers in 50,000 square feet of donated program space in August 2023, to sort, fill, and distribute the backpacks to qualifying schools. Approximately 250 schools and non-profit agencies received filled backpacks for distribution to qualifying K-12 students in 2024 and 2023.

Other programs - The Organization also makes in-kind grants, from in-kind donations received, to other charitable organizations from surplus food and household items that are not able to be used in the Holiday Wish Drive and Back-to-School Drive programs. Such donations were not material during the years ended April 30, 2025 and 2024.

Note 2 - Summary of significant accounting policies:

Basis of accounting - The financial statements are prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and accordingly reflect all significant payables and other liabilities.

THE FAMILY GIVING TREE

Notes to Financial Statements

April 30, 2025

Note 2 - Summary of significant accounting policies (continued):

Basis of presentation - The Organization presents information regarding its financial position and activities according to two classes of net assets:

- *Without donor restrictions* - net assets which are available to support all activities of the Organization without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation.
- *With donor restrictions* - net assets which are subject to donor-imposed restrictions that will be met rather by actions of the Organization or the passage of time. Also included in this category are net assets restricted by the donor for investment in perpetuity, such as endowments. The income from such invested assets is available to support the activities of the Organization.

Use of estimates - The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents - Cash and cash equivalents consist of cash and money market funds. The Organization considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. The carrying amount in the statements of financial position approximates fair value.

Investments - The Organization's investments are valued in accordance with Fair Value Measurements. The Organization may have risk associated with its concentration of investments in one geographic region and in certain industries.

Treasury bills - Treasury bills held for investment are recognized as "Investments" on the statements of financial position. The treasury bills are held with commercial banks and mature in various dates from October 2024 through July 2025. Treasury bills are fully backed and guaranteed by the U.S. Government.

Certificates of deposit - Certificates of deposit held for investment are recognized as "Investments" on the statements of financial position. The certificates of deposits are held with a commercial bank and mature semi-annually beginning June 2025. All deposits are subject to Federal Deposit Insurance Corporation ("FDIC") limits.

THE FAMILY GIVING TREE

Notes to Financial Statements

April 30, 2025

Note 2 - Summary of significant accounting policies (continued):

Inventories - It is the Organization's policy to make every effort to distribute its entire inventory to avoid additional program costs and maximize the impact of its programs. Any gifts remaining in inventory at year-end and during interim periods are valued at lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Pledges receivable - Pledges are either unconditional or conditional. Unconditional pledges receivable are pledges that depend only on passage of time or the demand by the donor for performance. A conditional pledge receivable is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. Unconditional pledges receivable represent the remaining pledges due from the donors who have pledged funds to the Organization for use in its programs. There were no conditional pledges at April 30, 2025 and 2024. Promises to give that are expected to be collected after one year are reported at present value based on the collectability of the pledge and the timing of the expected cash flows. An allowance reserve for uncollectable pledges has been established based on management's best estimates. The financial statements reflect pledges receivable net of the discount and allowance reserve, if any. The Organization did not recognize an allowance reserve for the years then ended April 30, 2025 and 2024.

Accrued revenue - Accrued revenue represents amounts earned but not yet collected as of the year end, primarily relating to services for corporate events. These amounts are recorded when the related services have been provided, but payment has not yet been received. At April 30, 2025, all accrued revenue are expected to be collected in the following year.

Prepaid expenses - Prepaid expenses primarily consists of payments made associated with the Organization's various insurance premiums and other prepaid expenses. Such prepayments are amortized over the term of the related insurance coverage or at the time the event occurs.

Property, equipment, depreciation, and amortization - Purchased property and equipment are stated at cost. Acquisitions of property and equipment in excess of \$1,000 are capitalized. Significant donated property and equipment is recorded at estimated fair value at the date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 15 years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease. Major repairs and maintenance costs, which extend the useful lives of equipment, are capitalized and depreciated over the remaining useful lives of the property. All other maintenance and repairs are expensed as incurred.

THE FAMILY GIVING TREE

Notes to Financial Statements

April 30, 2025

Note 2 - Summary of significant accounting policies (continued):

Fair value of financial instruments - Unless otherwise indicated, the fair values of all reported assets and liabilities approximate the carrying values of such amounts.

Revenue recognition -

Exchange revenue - The Organization recognizes revenue in accordance with Accounting Standards Codification Topic 606 (“ASC 606”), Revenue from Contracts with Customers, as amended. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization operates an ancillary program to sell donated merchandise on a retail basis to customers. The performance obligation is the delivery of the good to the customer. The Organization establishes the transaction price, often at a discount, based on quoted prices in active markets, with a discount, for identical merchandise. As each item is individually priced, no allocation of the transaction price is necessary. The Organization recognizes revenue as the customer pays and takes possession of the merchandise. No right of return exists for merchandise that is sold. The Organization recorded the exchange transaction revenue in other income within the statements of activities and changes in net assets for the years ending April 30, 2025 and 2024.

Contribution revenue - The Organization recognizes contributions when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions and depending on whether the restrictions are met in the current fiscal year. When the restriction is met on a contribution received in a prior fiscal year, the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions. These contributions are generally expected to be collected in one year. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contributions without donor restrictions.

Donated property and services - Significant donated non-financial assets (facilities, property, and equipment) are recorded as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. The estimated fair value of the donated gifts is based on a study of the average retail-selling price of the most distributed gifts in their principal markets. Donated gifts are not sold and are used and distributed for program use, unless otherwise noted. Contributed services, which require a specialized skill and which the Organization would have paid for if not contributed, have been recorded at their estimated fair market value. A substantial number of volunteers have donated significant amounts of time in promoting the Organization’s programs. These services do not require specific expertise, but are nonetheless central to the Organization’s operations. While these contributed services are not reflected in the financial statements, the estimated value of these services are disclosed in Note 8.

THE FAMILY GIVING TREE

Notes to Financial Statements

April 30, 2025

Note 2 - Summary of significant accounting policies (continued):

Functional expense allocations - The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated, principally on a direct cost basis, among the classifications. All indirect expense allocations are allocated to program and supporting services based on an analysis of personnel time.

Accounting for uncertainty for income taxes - The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of April 30, 2025, management did not identify any uncertain tax positions.

Concentration of credit risk - Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents and investments. The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments, and money market funds. At times, such amounts might exceed FDIC limits. The Organization's investments have been placed with high quality financial institutions. The Organization monitors these investments and has not experienced significant credit losses.

Advertising - Advertising costs are expensed as incurred. Advertising and marketing expenses for the years ended April 30, 2025 and 2024, were approximately \$71,000 and \$69,000, respectively.

Reclassification - Certain prior year balances have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously reported net assets or change in net assets.

Subsequent events - Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued. With the exception of a new lease entered into in fiscal year 2026 (see Note 12), management has determined that no material subsequent events require an estimate to be recorded or disclosed as of April 30, 2025.

THE FAMILY GIVING TREE

Notes to Financial Statements

April 30, 2025

Note 3 - Liquidity and availability of funds:

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are as follows:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,079,178	\$ 1,672,013
Investments	1,397,451	803,122
Pledges receivable	-	20,000
Accrued revenue	<u>55,000</u>	<u>-</u>
Total financial assets	2,531,629	2,495,135
Less amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>(286,037)</u>	<u>(157,898)</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>2,245,592</u>	\$ <u>2,337,237</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Included in financial assets are board designated net assets of \$2,500,000 for the years ended April 30, 2025 and 2024. Although the Organization does not intend to spend from its board designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board designated net assets could be made available if necessary.

Note 4 - Investments:

The Organization follows the provisions of the Fair Value Measurements and Disclosure Topic of the Financial Accounting Standards Board ("FASB") ASC. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

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Notes to Financial Statements

April 30, 2025

Note 4 - Investments (continued):

An investment's classification within a level in the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The categorization of the investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

The Organization's investments consisted of the following at:

April 30, 2025			
	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ 260,000	\$ 260,000
Treasury bills	1,137,451	-	1,137,451
Total investments	<u>\$ 1,137,451</u>	<u>\$ 260,000</u>	<u>\$ 1,397,451</u>

April 30, 2024			
	Level 1	Level 2	Total
Treasury bills	\$ 803,122	\$ -	\$ 803,122
Total investments	<u>\$ 803,122</u>	<u>\$ -</u>	<u>\$ 803,122</u>

The following schedule summarizes total investment returns for the years ended April 30:

	2025	2024
Unrealized gains, net	\$ 1,906	\$ 2,152
Interest and dividends	58,946	82,024
Total investment income	<u>\$ 60,852</u>	<u>\$ 84,176</u>

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Notes to Financial Statements

April 30, 2025

Note 5 - Property and equipment:

Property and equipment consisted of the following at April 30:

	<u>2025</u>	<u>2024</u>
Vehicles	\$ 141,878	\$ 119,657
Furniture, fixtures, and equipment	207,195	201,493
Software	-	105,018
Leasehold improvements	<u>44,638</u>	<u>44,638</u>
Total property and equipment	393,711	470,806
Less: accumulated depreciation and amortization	<u>(292,917)</u>	<u>(358,755)</u>
Property and equipment, net	<u>\$ 100,794</u>	<u>\$ 112,051</u>

Depreciation and amortization expense for the years ended April 30, 2025 and 2024, were approximately \$39,000 and \$38,000, respectively.

Note 6 - Accrued expenses:

Accrued expenses consisted of the following for the years ended April 30:

	<u>2025</u>	<u>2024</u>
Accrued PTO	\$ 92,649	\$ 98,385
Accrued wages	10,913	10,590
Other accrued expenses	<u>-</u>	<u>1,298</u>
Total accrued expenses	<u>\$ 103,562</u>	<u>\$ 110,273</u>

Note 7 - Board designated net assets:

Operating reserves - The Organization has established a reserve to stabilize cash flow and cover any revenue shortfalls that occur because of grant delays and seasonal variation in fundraising receipts that do not meet budgeted expenditures. The reserve target is six months of budgeted operating expenses. There was \$750,000 in operating reserves as of April 30, 2025 and 2024.

Holiday gift purchase fund - This fund is used to purchase gifts which may not come in via direct individual donations. It is used each year in varying degrees depending on need. There was \$500,000 reserved in the holiday gift purchase fund as of April 30, 2025 and 2024.

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Notes to Financial Statements

April 30, 2025

Note 7 - Board designated net assets (continued):

Backpack purchase fund - This fund is used to purchase school supply filled backpacks for students classified by the California Department of Education as socioeconomically disadvantage in the Back-to-School Drive which may not come in via individual donations. It is used each year in varying degrees depending on need. The remaining backpacks are provided by direct donations of backpacks by individuals who purchase them in stores. There was \$500,000 reserved in the backpack purchase fund as of April 30, 2025 and 2024.

Strategic initiative fund - This fund is used to develop a three-year strategic plan. The initial draft of the plan includes initiatives and tasks that will require specific resources to fund. There was \$750,000 reserved in the strategic initiative fund as of April 30, 2025 and 2024.

Note 8 - Net assets with donor restrictions:

Net assets with donor restrictions were restricted for the following purposes at:

April 30, 2025				
	Beginning	Additions	Releases	Ending
Back-to-School Drive	\$ 144,947	\$ 286,037	\$ (144,947)	\$ 286,037
Pallet jack campaign	12,951	-	(12,951)	-
Net assets with donor restrictions	<u>\$ 157,898</u>	<u>\$ 286,037</u>	<u>\$ (157,898)</u>	<u>\$ 286,037</u>

April 30, 2024				
	Beginning	Additions	Releases	Ending
Back-to-School Drive	\$ 1,049	\$ 144,947	\$ (1,049)	\$ 144,947
Pallet jack campaign	23,570	-	(10,619)	12,951
Net assets with donor restrictions	<u>\$ 24,619</u>	<u>\$ 144,947</u>	<u>\$ (11,668)</u>	<u>\$ 157,898</u>

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Notes to Financial Statements

April 30, 2025

Note 9 - In-kind contributions:

In-kind contributions consisted of the following at April 30:

	<u>2025</u>	<u>2024</u>	<u>Utilization in Program / Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Donated gifts:					
Backpacks	\$ 571,911	\$ 521,665	Back-to-School Drive	No associated donor restrictions	Average retail value of the items in a donated backpack
Holiday Wish	<u>1,071,207</u>	<u>904,871</u>	Holiday Wish Drive	No associated donor restrictions	Average retail value of the items available for donation in the drive
Total donated gifts	<u>1,643,118</u>	<u>1,426,536</u>			
Donated facilities:					
Program usage	369,194	270,000	Holiday Wish Drive	No associated donor restrictions	Estimated fair market value
Office usage	<u>58,188</u>	<u>64,008</u>	General and Administrative and Back-to-School Drive	No associated donor restrictions	Estimated fair market value
Total donated facilities	<u>427,382</u>	<u>334,008</u>			
Donated laptops	-	4,570	General and Administrative	No associated donor restrictions	Estimated fair market value
Professional services	<u>13,500</u>	<u>-</u>	General and Administrative	No associated donor restrictions	Estimated fair market value
Total in-kind contributions	<u>\$ 2,084,000</u>	<u>\$ 1,765,114</u>			

The Organization also receives donated services that do not require specific expertise, but which are nonetheless central to the Organization's operations. The total volunteer hours for the years ended April 30, 2025 and 2024, were approximately 12,000 and 13,000, respectively. The estimated value of these services for the years ended April 30, 2025 and 2024, based on the estimated dollar value of volunteer time calculated by Independent Sector, amounts to approximately \$482,000 and \$503,000, respectively. The value of donated volunteer services has not been recognized in the accompanying financial statements because they did not meet the criteria for specialized skill or would not have been paid for if not contributed.

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Notes to Financial Statements

April 30, 2025

Note 10 - Retirement plan:

The 401(k) Plan (“Plan”) was started in January 2020, and covers employees who have met certain service and eligibility requirements. Each eligible employee may elect to contribute to the Plan, and the Organization may make discretionary matching contributions. The Organization made discretionary contributions of approximately \$60,000 and \$53,000, respectively, during the years ended April 30, 2025 and 2024.

Note 11 - Related-party transactions:

The Organization’s volunteer members of the Board of Directors are active in oversight of fundraising events, activities, and in making private contributions. There were no contributions received from the Board of Directors, from companies with which the Board of Directors are affiliated or from employees of the Organization for the year ended April 30, 2025. Contributions received from the Board of Directors, from companies with which the Board of Directors are affiliated or from employees of the Organization was approximately \$15,000 for the year ended April 30, 2024. There were no outstanding pledge receivables from the Board of Directors or from companies with which the Board of Directors are affiliated for the years ended April 30, 2025 and 2024.

Note 12 - Commitment and contingency:

Commitment - The Organization maintained a month-to-month office lease with monthly payments of approximately \$2,000 during the fiscal year ended April 30, 2025. Total rent expense on the lease was approximately \$30,000 and \$25,000 for the years ended April 30, 2025 and 2024, respectively.

Contingency - Grants awarded to the Organization are subject to the granting agencies’ criteria and agreement terms under which expenditures may be charged and are subject to audit. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the terms of the award. In such cases, the Organization could be held responsible for repayments to the granting agency for the costs or be subject to a reduction of future awards in the amount of the costs. Management does not anticipate any material repayments for the grants administered during the year.

Note 13 - Subsequent event:

In April 2025, the Organization entered into a non-cancelable operating lease, which commences in June 2025 and expires June 2028 with an option to extend the lease for an additional two years. The monthly rent payments for the new lease ranges from approximately \$16,600 to \$17,700 for the term of the lease. The lease will be recorded under ASC 842: *Leases*. The related operating lease right-of-use (“ROU”) assets and operating lease liability will be recorded in the fiscal year ended April 30, 2026, with a risk-free interest rate of 3.87% at the date of inception.