

**New Futures**  
**Audited Financial Statements**  
**December 31, 2024 and 2023**

## Contents

	<b>Page</b>
<b>Independent Auditors' Report</b> .....	1-2
<b>Financial Statements</b>	
Statements of Financial Position .....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8-21

## **Independent Auditors Report**

To the Board of Directors  
New Futures  
Washington, DC

### **Opinion**

We have audited the accompanying financial statements of the New Futures (a nonprofit organization), which comprise the 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 financial statements referred to above present fairly, in all material respects, the financial position of New Futures as of December 31, 2024, and the changes in its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Futures 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.

### **Prior Period Financial Statements**

The financial statements of New Futures as of December 31, 2023 were audited by other auditors whose report dated July 31, 2024 expressed an unmodified opinion on those statements.

### **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 New Futures' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

*Patrick J. Leary; Smycko, LLC*

Lutherville, MD  
May 7, 2025

## New Futures

### Statements of Financial Position

December 31,	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 2,221,517	\$ 1,007,756
Contributions receivable	140,853	197,500
Accounts receivable	6,000	-
Employee retention credit receivable	165,516	165,516
Prepaid expenses	64,228	7,661
Due from employee	159	-
Total current assets	<u>2,598,273</u>	<u>1,378,433</u>
<b>Property and equipment:</b>		
Computer equipment and software	22,057	22,771
Less accumulated depreciation	<u>(8,343)</u>	<u>(20,306)</u>
Net Property and equipment	<u>13,714</u>	<u>2,465</u>
<b>Other assets:</b>		
Right-of-use assets	141,191	225,666
Investments	1,173,370	965,056
Security Deposit	<u>14,167</u>	<u>14,167</u>
Total other assets	<u>1,328,728</u>	<u>1,204,889</u>
<b>Total Assets</b>	<u>\$ 3,940,715</u>	<u>\$ 2,585,787</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 145,799	\$ 82,234
Scholarships payable, current	320,623	341,897
Operating lease liability, current	<u>93,503</u>	<u>86,172</u>
Total current liabilities	<u>559,925</u>	<u>510,303</u>
<b>Long Term Liabilities:</b>		
Scholarships payable, non-current	649,760	694,153
Operating lease liability, non-current	49,144	142,647
Sublease security deposit	<u>6,000</u>	<u>-</u>
Total long term liabilities	<u>704,904</u>	<u>836,800</u>
Total liabilities	<u>1,264,829</u>	<u>1,347,103</u>
<b>Net Assets:</b>		
Without donor restrictions	2,520,033	1,007,684
With donor restrictions	<u>155,853</u>	<u>231,000</u>
Total net assets	<u>2,675,886</u>	<u>1,238,684</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,940,715</u>	<u>\$ 2,585,787</u>

The notes to financial statements are an integral part of these statements.

## New Futures

### Statements of Activities

For the years ended December 31,

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Changes in Net Assets</b>						
<b>Revenue and Support</b>						
Contributions and grants	\$ 3,139,509	\$ 155,853	\$ 3,295,362	\$ 1,364,814	\$ 61,000	\$ 1,425,814
In-kind contributions	157,870	-	157,870	115,825	-	115,825
Special event, net of expenses (\$125,070 and \$73,646 respectively)	193,694	-	193,694	116,942	-	116,942
Net assets released from restrictions	231,000	(231,000)	-	522,000	(522,000)	-
Total Revenue and Support	<u>3,722,073</u>	<u>(75,147)</u>	<u>3,646,926</u>	<u>2,119,581</u>	<u>(461,000)</u>	<u>1,658,581</u>
<b>Expenses</b>						
Program services	1,495,839	-	1,495,839	1,489,174	-	1,489,174
Management and general	503,991	-	503,991	457,482	-	457,482
Fundraising	517,855	-	517,855	307,895	-	307,895
Total expenses	<u>2,517,685</u>	<u>-</u>	<u>2,517,685</u>	<u>2,254,551</u>	<u>-</u>	<u>2,254,551</u>
<b>Change in net assets (before other income)</b>	1,204,388	(75,147)	1,129,241	(134,970)	(461,000)	(595,970)
<b>Other Income</b>						
Employee retention credit	-	-	-	165,516	-	165,516
Investment income, net	271,727	-	271,727	216,256	-	216,256
Rental income	36,000	-	36,000	-	-	-
Miscellaneous income	234	-	234	-	-	-
Loss on disposal of fixed assets	-	-	-	375	-	375
Total Other Income	<u>307,961</u>	<u>-</u>	<u>307,961</u>	<u>382,147</u>	<u>-</u>	<u>382,147</u>
<b>Change in net assets</b>	1,512,349	(75,147)	1,437,202	247,177	(461,000)	(213,823)
<b>Net assets - beginning of year</b>	<u>1,007,684</u>	<u>231,000</u>	<u>1,238,684</u>	<u>760,507</u>	<u>692,000</u>	<u>1,452,507</u>
<b>Net assets - end of year</b>	<u>\$ 2,520,033</u>	<u>\$ 155,853</u>	<u>\$ 2,675,886</u>	<u>\$ 1,007,684</u>	<u>\$ 231,000</u>	<u>\$ 1,238,684</u>

The notes to financial statements are an integral part of these statements.

## New Futures

### Statement of Functional Expenses

For the year ended December 31, 2024 (with comparative totals for 2023)

	2024			2023	
	Program Services	Management and General	Fundraising	Total Expenses	Total Expenses
Salaries	\$ 701,385	\$ 195,312	\$ 359,650	\$ 1,256,347	\$ 1,047,442
Employee benefits and taxes	91,611	40,108	51,159	182,878	149,054
	<u>792,996</u>	<u>235,420</u>	<u>410,809</u>	<u>1,439,225</u>	<u>1,196,496</u>
Alumni engagement and support	16,656	-	-	16,656	28,404
Awards to scholars	394,608	-	-	394,608	416,462
Bad debt	-	-	-	-	5,920
Bank and credit card fees	-	3,047	9,299	12,346	11,459
Board functions	65	20,836	-	20,901	734
Contract staff	19,116	10,802	45,809	75,727	146,107
Fundraising	-	-	-	-	7,965
Insurance	-	6,750	-	6,750	5,800
Marketing and advertising	815	1,337	9,223	11,375	15,223
Meals	6,292	9,985	2,626	18,903	5,563
Office rental	55,871	10,745	27,013	93,629	93,830
Office supplies	5,014	2,620	467	8,101	9,929
Postage and delivery	104	1,649	178	1,931	2,859
Printing	-	194	8,880	9,074	1,572
Professional fees	1,609	151,896	1,167	154,672	130,801
Professional in-kind services	154,405	3,465	-	157,870	115,825
Scholar emergency fund	24,901	-	-	24,901	1,688
Scholar onboarding	11,755	30	110	11,895	22,064
Staff training	5,811	38,310	-	44,121	20,748
Taxes and licenses	-	1,308	-	1,308	1,265
Telephone	-	-	-	-	6,519
Travel	5,821	4,116	702	10,639	4,335
Venue	-	-	1,572	1,572	-
	<u>1,495,839</u>	<u>502,510</u>	<u>517,855</u>	<u>2,516,204</u>	<u>2,251,568</u>
Depreciation	-	1,481	-	1,481	2,983
<b>Total Expenses</b>	<u>\$ 1,495,839</u>	<u>\$ 503,991</u>	<u>\$ 517,855</u>	<u>\$ 2,517,685</u>	<u>\$ 2,254,551</u>

The notes to financial statements are an integral part of these statements.

## New Futures

### Statement of Functional Expenses

For the year ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 718,205	\$ 160,425	\$ 168,812	\$ 1,047,442
Employee benefits and taxes	88,719	40,092	20,243	149,054
	<u>806,924</u>	<u>200,517</u>	<u>189,055</u>	<u>1,196,496</u>
Alumni engagement and support	28,404	-	-	28,404
Awards to scholars	416,462	-	-	416,462
Bad debt	-	-	5,920	5,920
Bank and credit card fees	-	3,826	7,633	11,459
Board functions	-	734	-	734
Contract staff	21,939	53,377	70,791	146,107
Fundraising	-	198	7,767	7,965
Insurance	-	5,800	-	5,800
Marketing and advertising	12,651	1,669	903	15,223
Meals	-	2,033	3,530	5,563
Office rental	70,372	9,384	14,074	93,830
Office supplies	5,664	3,360	905	9,929
Postage and delivery	20	1,159	1,680	2,859
Printing	-	308	1,264	1,572
Professional fees	4,851	124,168	1,782	130,801
Professional in-kind services	91,088	24,737	-	115,825
Scholar emergency fund	1,688	-	-	1,688
Scholar onboarding	21,923	51	90	22,064
Staff training	1,390	18,563	795	20,748
Taxes and licenses	-	1,265	-	1,265
Telephone	4,505	1,001	1,013	6,519
Travel	1,293	2,349	693	4,335
	<u>1,489,174</u>	<u>454,499</u>	<u>307,895</u>	<u>2,251,568</u>
Depreciation	-	2,983	-	2,983
<b>Total Expenses</b>	<u>\$ 1,489,174</u>	<u>\$ 457,482</u>	<u>\$ 307,895</u>	<u>\$ 2,254,551</u>

The notes to financial statements are an integral part of these statements.

## New Futures

### Statements of Cash Flows

For the years ended December 31,	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,437,202	\$ (213,823)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized (gains) losses on investments	-	(2,591)
Unrealized (gains) losses on investments	(158,390)	(162,276)
Depreciation expense	1,481	2,983
Amortization of right-of-use asset	(1,697)	1,910
In-kind stock contributions	(31,706)	-
(Increase) decrease in:		
Contributions receivable	56,647	350,447
Accounts receivable	(6,000)	-
Employee retention credit receivable	-	(165,516)
Prepaid expenses	(56,567)	883
Due from employee	(159)	782
Increase (decrease) in:		
Accounts payable and accrued expenses	63,564	(19,762)
Scholarship payable	(65,667)	26,152
Sublease deposit liability	6,000	-
Deferred revenue	-	(2,000)
Net cash provided by (used in) operating activities	<u>1,244,708</u>	<u>(182,811)</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(18,218)	(17,135)
Proceeds from sales of investments	-	261,000
Purchase of fixed assets	<u>(12,729)</u>	<u>(3,417)</u>
Net cash (used in) provided by investing activities	<u>(30,947)</u>	<u>240,448</u>
<b>Net increase in cash and cash equivalents</b>	1,213,761	57,637
<b>Cash and cash equivalents, beginning of year</b>	<u>1,007,756</u>	<u>950,119</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,221,517</u>	<u>\$ 1,007,756</u>
<b>Supplemental disclosure of noncash activities:</b>		
Contributed services	<u>\$ 157,870</u>	<u>\$ 115,825</u>

The notes to financial statements are an integral part of these statements.

# New Futures

## Notes Financial Statements

For the years ended December 31, 2024 and 2023

### 1. Nature of the Organization

New Futures (the Organization) was established July 9, 1999, under the terms of the will of Allen Gould. The Organization was formed under the District of Columbia's Nonprofit Corporation Act. The mission of the Organization is to create educational opportunities for rewarding careers. The Organization provides a practical yet innovative program of scholarships, career education services, and support to low-income DC-area young people pursuing shorter-term post-secondary educational opportunities toward fulfilling careers. The students are funded primarily through scholarships paid directly to their post-secondary institution. The Organization partners with these young people to assist them in realizing their potential and achieving financial stability.

### 2. Summary of Significant Accounting Policies

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect receivables, payables, and other assets and liabilities. As such, revenue is recognized when earned and expenditures when incurred.

#### **Financial Statement Presentation**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions* - Net assets without donor restrictions represent the portion of net assets that is not subject to donor-imposed restrictions. Such net assets are available for use at the discretion of management and/or the Board of Directors for general operating purposes. The Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

*Net assets with donor restrictions* - Net assets with donor restrictions represent the portion of net assets that is subject to donor-imposed restrictions. Such restrictions may specify a purpose for which, or time in which, resources can be used. Some net assets with donor restrictions include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid financial instruments with an initial maturity of three months or less to be cash equivalents.

#### **Accounts Receivable and Allowance for Credit Losses**

Accounts receivable are uncollateralized obligations, stated at the invoice amount, that do not accrue interest. Accounts receivable consists of rents receivable. invoices identified in the remittance advice, or if unspecified, to the earliest unpaid invoice. Accounts receivable are stated at the amount management expects to collect from outstanding balances.

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 2. Summary of Significant Accounting Policies (continued)

##### Accounts Receivable and Allowance for Credit Losses (continued)

The allowance for credit losses is management's best estimate of the current expected credit losses from accounts receivable. Losses are estimated collectively for groups of receivables with similar risk characteristics. The allowance for credit losses considers relevant information about past events, current conditions, reasonable and supportable forecasts that affect the collectability of the financial assets, portfolio credit quality, and general economic conditions, resulting in recognition of lifetime expected credit losses at initial recognition of the related asset. General economic conditions are forecasted using economic variables which will create volatility and those variables change over time. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for credit losses based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to accounts receivable. The Organization had no allowance for credit losses at December 31, 2024 and 2023.

##### Contributions Receivable

Contributions receivable consists of reimbursements under grant agreements and contributions receivable. Contributions receivable with dues dates extending beyond one year are discounted to the present value of the estimated future cash flows. Amortization of the discount is reported in the statements of activities and changes in net assets as contribution income. The Organization provides an allowance, as needed, for amounts deemed uncollectible. The allowance is based on historical experience and management's analysis of specific contributions receivable. Management believes that contributions receivable are fully collectible and no allowance is considered necessary as of December 31, 2024 and 2023. Bad debts expense was \$-0- and \$5,920 for the years ended December 31, 2024 and 2023, respectively.

##### Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Expenditures for maintenance and repairs are charged against operations as expended. Renewals and betterments that materially extend the life of the assets are capitalized. The Organization's policy is to capitalize all property expenditures and renewals and betterments greater than \$500 with a useful life of a year or more. The cost or fair value of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. Depreciation expense amounts to \$1,481 and \$2,983 for the years ended December 31, 2024 and 2023, respectively. Upon retirement or disposal of assets, the cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is included in revenue or expense.

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 2. Summary of Significant Accounting Policies (continued)

##### **Property and Equipment** (continued)

Depreciation is provided under the straight-line method over the estimated useful lives of the respective assets as follows. At December 31, 2024 and 2023, the Organization had computer equipment with a 3 year useful life.

##### **Functional Allocation of Expenses**

Expenses are presented by both function and natural classification in the statements of functional expenses. Expenses that are directly identifiable with a particular function are charged to the program or supporting service benefited. Other expenses may benefit more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, along with other expenses which are allocated based on management's estimate of time spent on each function when the costs were incurred.

##### **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 certain reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and certain reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### **Scholarships Payable**

Scholarships payable represent the Organization's commitments made to qualified recipients and are recorded in the accompanying statement of activities as an expense in the year they are awarded. The liability is paid to the recipient by semester over the course of the recipient's post-secondary educational program.

##### **Investments**

Investments of marketable securities, fixed income, and mutual funds with readily determinable fair values are reported at their fair values based on quoted prices in active markets in the statement of financial position. Realized and unrealized gains and losses are recorded in the period in which they occur and are included in the statement of activities as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations or by law. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend basis.

##### **Fair Value Measurements**

The Organization has adopted accounting standards set forth under accounting principles generally accepted in the United States of America related to fair value measurement. Using these standards, the Organization has characterized its investments in securities based on the priority of the inputs used to value these assets, based on a three-level fair value hierarchy. 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). If the inputs used to measure the assets fall within the three

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 2. Summary of Significant Accounting Policies (continued)

##### Fair Value Measurements (continued)

different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the assets. Investments recorded in the financial statements are categorized based on the inputs to valuation techniques below:

Level 1 - These are assets where values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access. All investments currently held by the Organization are considered to be level 1.

Level 2 - These are assets where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the assets. The Organization currently has no level 2 investments.

Level 3 - These are assets where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. The Organization currently has no level 3 investments.

Estimated fair value amounts have been determined using available market information and the valuation methodologies described above. Fair value for investments in equity and debt securities is determined by reference to quoted market prices.

##### Income Taxes

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code as a public charity other than a private foundation. Accordingly, no provision for income taxes is included in these financial statements. The Organization accounts for income tax provisions in accordance with Financial Accounting Standards Board Accounting Standards Concept Topic 740-10, Accounting for Uncertainty in Income Taxes, which creates a single model to address uncertainty in tax positions and clarifies the accounting for income taxes, by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. The Organization believes that its income tax filing positions will be sustained upon examination and, accordingly, has not recorded any reserves or related accruals for interest and penalties at December 31, 2024 and 2023 for uncertain tax positions. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization has adopted a policy under which, if required to be recognized in the future, it will classify interest related to the underpayment of income taxes as a component of interest expense, and it will classify any related penalties in operating expenses in the Statement of Activities. New Futures is no longer subject to U.S. federal or state income tax examinations by tax authorities for fiscal years before 2020.

##### Contributed Services and Nonfinancial Assets

Contributed services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization received donated services valued at \$157,870 and \$115,825 for the years ended December 31, 2024 and 2023. The estimated fair value of these professional services is provided by the service providers, who estimate the fair value based on

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 2. Summary of Significant Accounting Policies (continued)

##### **Contributed Services and Nonfinancial Assets** (continued)

current fair market rates at standard industry pricing for similar services. The amounts reflected in the statements of activities as in-kind contributions are offset by like amounts in professional in-kind services in the statement of functional expenses.

Occasionally, the Organization receives donations of nonfinancial assets. The Organization's policy is to use the assets in carrying out the Organization's programs.

##### **Leases**

The Organization identifies a lease when a contract or part of a contract conveys the right to control the use of an identified property, plant, or equipment for a period of time. The Organization calculates its operating lease right-of-use asset and operating lease liability using its incremental borrowing rate and terms under the lease agreements. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized. The Organization amortizes the operating lease right-of-use asset over the lease term.

##### **Change in Accounting Principle**

Effective January 1, 2024, the Organization adopted Accounting Standards Update (*ASU*) 2016-13, "*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*", which requires entities to use a new impairment model based on current expected credit losses (CECL) rather than incurred losses. Estimated credit losses under CECL consider relevant information about past events, current conditions, and reasonable and supportable forecasts that affect the collectability of financial assets, resulting in recognition of lifetime expected credit losses at initial recognition of the related assets. *Topic 326* applies to accounts receivables. The Organization adopted *Topic 326* using the effective date method, which applies *Topic 326* prospectively from the transition date. The adoption of *Topic 326* did not have a significant impact on the Organization's financial statements.

##### **Advertising Costs**

The Organization expenses advertising production costs as they are incurred, and advertising communication costs the first time the advertising takes place. Marketing and advertising expenses were \$11,375 and \$15,223 for the years ended December 31, 2024 and 2023, respectively.

##### **Reclassifications**

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform to the current period presentation.

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 3. Pledges Receivable

Pledges receivable are expected to be realized in the following periods:

	<u>2024</u>	<u>2023</u>
Receivables to be collected in:		
Less than one year	\$ 140,853	\$ 197,500
1-5 years	-	-
	<u>140,853</u>	<u>197,500</u>
Less: allowance for uncollectible pledges	-	-
Less: discount to net present value	-	-
	<u>\$ 140,853</u>	<u>\$ 197,500</u>

#### 4. Investments and Fair Value Measurements

Investments consist of the following at December 31:

<u>2024</u>	Cost	Net Unrealized Appreciation	Fair Value (Level 1)
Stock	\$ 559	\$ 4,689	\$ 5,248
Mutual funds	680,325	477,834	1,158,159
Exchange traded products	<u>1,970</u>	<u>7,993</u>	<u>9,963</u>
Total	<u>\$ 682,854</u>	<u>\$ 490,516</u>	<u>\$ 1,173,370</u>
<u>2023</u>	Cost	Net Unrealized Appreciation	Fair Value (Level 1)
Stock	\$ 266	\$ 2,021	\$ 2,287
Mutual funds	<u>638,797</u>	<u>323,972</u>	<u>962,769</u>
Total	<u>\$ 639,063</u>	<u>\$ 325,993</u>	<u>\$ 965,056</u>

The following schedules summarize the "investment income (loss)" in the statements of activities for the years ended December 31:

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 4. Investments and Fair Value Measurements (continued)

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 113,337	\$ 51,389
Realized gains (losses)	-	2,591
Unrealized gains (losses)	<u>158,390</u>	<u>162,276</u>
Total investment income, net	<u>\$ 271,727</u>	<u>\$ 216,256</u>

#### 5. Scholarships Payable

Scholarships payable are represented by individual awards payable to qualified recipients pursuing post-secondary education in certification programs, community colleges, or four-year colleges or universities.

These recipients must apply and qualify for the scholarship based on certain eligibility requirements such as age, partner community organization participation, acceptance to a qualified school, GED or high school diploma, a demonstrated need for financial aid, and proof of a viable educational and financial plan. Scholarships awarded by the Organization are recorded in the accompanying statements of financial position as scholarships payable and an expense in the year they are awarded.

Scholarship recipients apply for payment of their award each semester they are enrolled. In order to receive the scholarship payment, students must begin their programs within one year of receiving their scholarship and maintain attendance. Management determines the cancellations annually and applied the cancellations to the total outstanding number of scholarships payable at the end of each year.

Changes in scholarship payables are as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 1,036,050	\$ 1,009,898
Scholarships awarded, net	394,608	416,462
Payments on scholarships	<u>(460,275)</u>	<u>(390,310)</u>
Scholarships payable	<u>\$ 970,383</u>	<u>\$ 1,036,050</u>

Scholarships payables are presented on the statement of financial position as follows on December 31:

	<u>2024</u>	<u>2023</u>
Current scholarships payable	\$ 320,623	\$ 341,897
Long-term scholarships payable	<u>649,760</u>	<u>694,153</u>
Total	<u>\$ 970,383</u>	<u>\$ 1,036,050</u>

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 5. Scholarships Payable (continued)

Scholarship expenses are as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Scholarships awarded	\$ 506,117	\$ 526,388
Current year cancellations	<u>(111,509)</u>	<u>(109,926)</u>
Total scholarship expense	<u>\$ 394,608</u>	<u>\$ 416,462</u>

#### 6. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2024 and 2023 consist of:

	<u>2024</u>	<u>2023</u>
Purpose restrictions, available for spending:		
Program restricted	\$ -	\$ 33,500
Time restrictions:		
Pledges receivable restricted for future periods, which are unavailable for spending until due, some of which are also purpose-restricted	<u>155,853</u>	<u>197,500</u>
Total net assets with donor restrictions	<u>\$ 155,853</u>	<u>\$ 231,000</u>

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 6. Net Assets with Donor Restrictions (continued)

Net assets with donor restrictions were released during the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Purpose restrictions:		
Programs	\$ 33,500	\$ 122,000
Time restrictions:		
Time restricted	<u>197,500</u>	<u>400,000</u>
Total net assets released from restrictions	<u>\$ 231,000</u>	<u>\$ 522,000</u>

#### 7. Revenue Recognition

##### **Revenue under ASU 2018-08 (Topic 958): Not-For-Profit Entities**

The Organization recognizes nonreciprocal contributions and grants received made at fair value on the earlier of the date of the receipt of the cash or the date an unconditional promise to give is made. Contributions received and made are reported as either revenue without donor restrictions or revenue with donor restrictions. Contributions and grants that are restricted by the awarding agency or individual for certain purposes are recorded as revenue with donor restrictions. Contributions and foundation grants received with donor-imposed restrictions that are met within the same reporting period are presented as support without donor restrictions and increase net assets without donor restrictions.

Contributions and grants may also be considered conditional contributions if both requirements to meet the definition of a condition under ASU 2018-08 are met (i.e. there is a barrier that must be overcome before the Organization is entitled to receive the funds and there is a right of return to the resource provider). Revenue under conditional contributions is recognized when the conditions are satisfied. The Organization had no conditional promises to give at December 31, 2024 and 2023.

Revenue from the Organization's special event, such as registration fees and sponsorships, is recognized when the benefit is held.

##### **Revenue under ASU No. 2014-09 (Topic 606): Revenue from Contracts with Customers**

###### *Contracts with Customers*

The Organization identifies a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when obligations under the terms of the contract with the customer are satisfied; generally, this occurs with the transfer

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 7. Revenue Recognition (continued)

##### **Revenue under ASU No. 2014-09 (Topic 606): Revenue from Contracts with Customers** (continued)

###### *Contracts with Customers (continued)*

of control of the good or service to the customer. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for transferring goods or providing services. If applicable, sales and other taxes collected concurrently with revenue-producing activities are excluded from revenue. The Organization does not incur incremental costs to obtain contracts or costs to fulfill contracts that meet the criteria for capitalization.

###### *Performance Obligations, Transaction Price and Payment Terms*

Performance obligations are satisfied over time based on the criteria that the customer receives the benefit of the Organization's performance as the Organization performs the service. There are no performance obligations related to revenue subject to ASC 606 that are satisfied over time.

The following performance obligation is satisfied at a point in time:

*Special Events* - The Organization holds several special events. Revenue related to these events is generally received in the same time period the event takes place. Therefore, revenue is recognized in the period it is received. The performance obligation is satisfied on the date of the event.

##### **Revenue under ASU No. 2016-02 (Topic 842): Leases**

*Rental income* - The Organization subleases office space to a nonprofit organization under a lease agreement expiring in August 2026. Rental income is recognized monthly as billed.

###### *Disaggregation of Revenue*

The following table disaggregates income by revenue stream at December 31:

<u>Revenue Type</u>	<u>Timing of Revenue Recognition</u>	<u>2024</u>	<u>2023</u>
Contributions and grants	Upon receipt/pledge	\$ 3,295,362	\$ 1,425,814
In-kind contributions	Upon receipt	157,870	115,825
Special events, net	Date of event	193,694	116,942
Investment income	Period earned	271,727	216,256
Other income	Point in time	234	375
Rental income	Satisfied over time	36,000	-
Employee retention credit	After condition is satisfied	-	165,516
		<u>\$ 3,954,887</u>	<u>\$ 2,040,728</u>

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 7. Revenue Recognition (continued)

##### **Revenue under ASU No. 2016-02 (Topic 842): Leases** (continued)

##### *Disaggregation of Revenue (continued)*

The Organization believes disaggregating revenue into these categories achieves the disclosure objective to show how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

#### 8. Employee Retention Credits

The Coronavirus Aid, Relief, and Economic Security (CARES) Act established the Employee Retention Credit (ERC), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, to provide economic relief to companies affected by COVID-19. The ERC is a fully refundable credit against the employer portion of Social Security taxes based on the amount of qualified wages that an eligible employer has incurred before October 1, 2021. The Organization determined it qualified for the ERC during the year ended December 31, 2023 in the amount of \$165,516. This amount has been recognized as a separate line item on the statements of activities for the year ended December 31, 2023. At December 31, 2024 and 2023, the Organization has not collected the balance and as a result, has recorded the credits as an employee retention credit receivable at December 31, 2024 and 2023, in the accompanying statements of financial position.

#### 9. Leases

In May 2021, the Organization entered into a lease agreement for office space for a period of 5 years, commencing in July 2021 and expiring in June 2026. The lease provides for base monthly rent of \$7,083, with 4% annual escalation over the term of the lease. Rent expense under this lease, including common area maintenance charges, was \$93,629 and \$93,830 for the years ended December 31, 2024 and 2023, respectively.

The following summarizes the line items in the Statements of Financial Position which include amounts for finance leases at December 31:

	<u>2024</u>	<u>2023</u>
Right-of-use asset, operating lease	\$ 141,191	\$ 225,666
Operating lease liability, current	\$ 93,503	\$ 86,172
Operating lease liability, non-current	49,144	142,647
Total operating lease liability	<u>\$ 142,647</u>	<u>\$ 228,819</u>

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 9. Leases (continued)

The following summarizes the line items in the Statements of Activities which include the components of lease expense for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Operating lease expense included in program services expense	\$ 55,871	\$ 70,372
Operating lease expense included in supporting services expense	<u>37,758</u>	<u>23,458</u>
Total operating lease costs	<u>\$ 93,629</u>	<u>\$ 93,830</u>

The following summarizes cash flow information related to long-term leases for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities	\$ 93,775	\$ 91,920
Lease assets obtained in exchange for lease obligations	-	-

The following summarizes the weighted average remaining lease terms and discount rates under long-term leases as of December 31:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term (in years)	1.50	2.50
Weighted average discount rate	4.00%	4.00%

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 9. Leases (continued)

Future maturities of long-term finance lease liabilities are as follows:

<u>Year ended December 31,</u>	
2025	\$ 97,526
2026	<u>49,719</u>
Total minimum lease payments	147,245
Less: amounts representing interest	<u>(4,598)</u>
Present value of future minimum lease payments	142,647
Less: current portion	<u>(93,503)</u>
Long-term portion	<u><u>\$ 49,144</u></u>

In January 2024, the Organization entered into a lease agreement with an unrelated third-party organization to sublease office space. The lease term under the agreement commenced in February 2024 and terminates in August 2026. Monthly payments under the lease agreement start at \$3,000 and increase by 4% annually beginning in the second year of the lease term. The Organization holds a security deposit in the amount of \$6,000 related to the lease agreement that is included on the statements of financial position under long-term liabilities. Rental income for the year ended December 31, 2024 totaled \$36,000. The undiscounted cash flows to be received from this lease agreement on an annual basis for the remainder of the sublease are:

<u>Year ended December 31,</u>	
2025	\$ 37,320
2026	<u>29,078</u>
Total	<u><u>\$ 66,398</u></u>

#### 10. Retirement Plan

The Organization sponsors a defined contribution pension plan covering substantially all employees. The plan is funded solely by employee contributions, pursuant to a salary reduction agreement.

## New Futures

### Notes Financial Statements

For the years ended December 31, 2024 and 2023

#### 11. Liquidity and Availability of Resources

The following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date as of December 31:

	<u>2024</u>	<u>2023</u>
Financial assets at year end	\$ 3,707,256	\$ 2,335,828
Less those unavailable for general expenditures within one year, due to :		
Restrictions by donors with purpose or time restrictions	<u>(155,853)</u>	<u>(231,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,551,403</u>	<u>\$ 2,104,828</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

#### 12. Concentrations of Credit and Market Risk

In the ordinary course of business, the Organization's cash and investment balances may exceed the FDIC and SIPC insurance limits. The Organization continually reviews credit concentrations as part of its asset and liability management.

The Organization may invest in various types of marketable securities. Marketable securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is possible that changes in the values of these securities may occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

#### 13. Subsequent Events

Subsequent events were evaluated through May 7, 2025, the date the financial statements were available to be issued. Except as noted below, there are no subsequent events requiring disclosure.

Subsequent to year end, the Organization received payment in full of the Employee Retention Credits receivables including \$42,800 in interest.