CRAYONS TO CLASSROOMS

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

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BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Board of Directors
Crayons to Classrooms
Dayton, Ohio

Opinion

We have audited the accompanying financial statements of **Crayons to Classrooms** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Crayons to Classrooms** as of December 31, 2024 and 2023, 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 **Crayons to Classrooms** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 **Crayons to Classrooms'** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITORS' REPORT - CONTINUED

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 **Crayons to Classrooms'** 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 **Crayons to Classrooms'** 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.

Brady, Ware & Schoenfeld, Inc.

Dayton, Ohio
June 12, 2025

CRAYONS TO CLASSROOMS

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 252,606	$ 260,679
Current portion of pledges receivable	152,299	8,624
Grants receivable	-	33,750
Inventory	3,756,223	3,591,785
Prepaid expenses and other assets	14,475	7,121
Total current assets	4,175,603	3,901,959
PROPERTY AND EQUIPMENT, NET	56,489	87,513
OPERATING LEASE RIGHT-OF-USE ASSETS	41,541	63,684
PLEDGES RECEIVABLE, LESS CURRENT PORTION	142,935	-
BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS	143,262	144,370
	$ 4,559,830	$ 4,197,526
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 72,892	$ 70,435
Current operating lease liabilities	24,394	45,069
Total current liabilities	97,286	115,504
LONG-TERM OPERATING LEASE LIABILITIES	17,147	18,615
Total liabilities	114,433	134,119
NET ASSETS		
Without donor restrictions	4,016,514	3,877,143
With donor restrictions	428,883	186,264
	4,445,397	4,063,407
	$ 4,559,830	$ 4,197,526

CRAYONS TO CLASSROOMS

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public Support		
Contributions	$ 897,710	$ 635,458
Nonfinancial asset contributions	5,267,715	5,259,937
Net assets released from restrictions	52,513	57,013
Total Public Support	6,217,938	5,952,408
Revenue		
Interest income	7,125	8,510
Change in beneficial interest in funds held by others, net	7,892	6,844
Total Revenue	15,017	15,354
Total Public Support and Revenue Without Donor Restrictions	6,232,955	5,967,762
Expenses		
Program services	5,724,197	4,710,266
Management and general	133,537	129,549
Fundraising	235,850	178,441
Total Expenses	6,093,584	5,018,256
Change in Net Assets Without Donor Restrictions	139,371	949,506
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	295,132	185,020
Net assets released from restrictions	(52,513)	(57,013)
Total Change in Net Assets With Donor Restrictions	242,619	128,007
CHANGE IN NET ASSETS	381,990	1,077,513
NET ASSETS		
Beginning of year	4,063,407	2,985,894
End of year	$ 4,445,397	$ 4,063,407

See notes to financial statements.

CRAYONS TO CLASSROOMS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Fundraising	Total Expenses
Payroll and benefits	$ 440,433	$ 57,446	$ 216,743	**$ 714,622**
School supplies distributed	5,032,707	-	-	**5,032,707**
Occupancy	165,206	9,119	-	**174,325**
Repairs and maintenance	12,004	-	2,300	**14,304**
Supplies	4,380	-	-	**4,380**
Postage and shipping	11,635	-	1,300	**12,935**
Transportation	3,302	-	2,037	**5,339**
Telephone and communication	4,046	-	-	**4,046**
Printing and publication	1,536	224	6,626	**8,386**
Meetings and conferences	9,386	-	1,761	**11,147**
Taxes, licenses, and permits	-	200	-	**200**
Dues and subscriptions	885	910	325	**2,120**
Professional fees	7,653	65,638	4,758	**78,049**
Depreciation	31,024	-	-	**31,024**
Total Functional Expenses	$ 5,724,197	$ 133,537	$ 235,850	**$ 6,093,584**

CRAYONS TO CLASSROOMS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total Expenses
Payroll and benefits	$ 370,317	$ 53,411	$ 156,224	**$ 579,952**
School supplies distributed	4,138,339	-	-	**4,138,339**
Occupancy	115,931	9,407	-	**125,338**
Repairs and maintenance	8,790	-	2,300	**11,090**
Supplies	8,637	-	-	**8,637**
Postage and shipping	9,378	-	1,600	**10,978**
Transportation	3,859	-	574	**4,433**
Telephone and communication	3,447	-	-	**3,447**
Printing and publication	1,025	475	6,450	**7,950**
Meetings and conferences	3,865	22	50	**3,937**
Taxes, licenses, and permits	-	225	-	**225**
Dues and subscriptions	510	1,006	325	**1,841**
Specific assistance	-	425	-	**425**
Professional fees	14,275	64,578	10,918	**89,771**
Depreciation	31,893	-	-	**31,893**
Total Functional Expenses	$ 4,710,266	$ 129,549	$ 178,441	**$ 5,018,256**

See notes to financial statements.

CRAYONS TO CLASSROOMS

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	$ 381,990	$ 1,077,513
Adjustments to reconcile change in net assets to net cash and cash equivalents used by operating activities:		
Depreciation	31,024	31,893
Change in beneficial interest in funds held by others	(7,892)	(6,844)
Donated inventory	(5,160,651)	(5,179,801)
Donated inventory distributed	5,032,707	4,138,339
Amortization of right-of-use assets	48,883	27,875
	326,061	88,975
Changes in operating assets and liabilities:		
Pledges receivable	(286,610)	11,938
Grants receivable	33,750	(33,750)
Inventory	(36,494)	(90,653)
Prepaid expenses and other assets	(7,354)	751
Accounts payable	2,457	18,849
Operating lease liabilities	(48,883)	(27,875)
Net Cash and Cash Equivalents Used by Operating Activities	(17,073)	(31,765)
INVESTING ACTIVITIES		
Purchases of property and equipment	-	(1,475)
Distributions from beneficial interest in funds held by others	9,000	30,000
Net Cash and Cash Equivalents Provided by Investing Activities	9,000	28,525
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,073)	(3,240)
CASH AND CASH EQUIVALENTS		
Beginning of year	260,679	263,919
End of year	$ 252,606	$ 260,679

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - **Crayons to Classrooms** (the "Organization") is a nonprofit organization. The Organization is a free store for teachers of low-income children in Dayton, Ohio. It provides donated school supplies at no charge to underfunded kindergarten through 12th grade classrooms. The Organization was incorporated in October 2007 and received their 501(c)(3) determination in March 2008. The Organization began distributing school supplies in 2009. Crayons to Classrooms is supported primarily through contributions.

Basis of Presentation - The Organization's financial statement presentation follows the recommendation of generally accepted accounting principles, which requires the Organization to record unconditional promises to give (pledges) as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. The Organization is also 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 available for use in general operations and not subject to donor restrictions.
>
> **Net Assets With Donor Restrictions** - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization currently does not have net assets that are required to be maintained in perpetuity.

Financial 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, 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 Allocation of Expenses - Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are payroll and benefits, occupancy, and professional fees.

Payroll and benefits are allocated based on time studies of where efforts were made. Occupancy and professional fees expenses are allocated according to management's judgment and assessment of these expenses.

Contributions - Gifts of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as net assets without restrictions and increase net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contribution of Nonfinancial Assets - Significant services and materials are donated to the Organization by various individuals and companies. Donated materials are recorded at fair market value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In addition to the recorded contributions, volunteers occasionally give their time to the Organization's program services and fundraising activities. Since these services do not meet the requirements for recognition, the value thereof is not reflected in the accompanying financial statements.

Contributions of nonfinancial assets of product totaling $5,160,651 and $5,179,801 were recorded for the years 2024 and 2023. For the years 2024 and 2023, one donor contributed 64% and 60% of the contributions of nonfinancial assets of product. This donor receives in-kind donations from numerous donors, which are distributed to various resource centers throughout the United States. The Organization pays an annual membership fee to participate in this distribution program. The Organization has also recorded a contribution of nonfinancial assets and expense in the amounts of $107,064 and $80,136 to recognize the fair market value of rent for years 2024 and 2023. See Note 9 for additional information regarding this arrangement.

Cash and Cash Equivalents - The Organization considers all bank accounts to be cash and cash equivalents.

Grants Receivable - Grants receivable are recorded at net realizable value.

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in one or more years are discounted to present value. Conditional promises to give are recorded only when the conditions on which they depend are substantially met and the promises become unconditional. Pledges to gift money or stock will be recorded on the books of the Organization upon receipt of a pledge agreement or signed letter of intent which specifies the terms of the pledge. The terms and timing of pledge payments are then recorded as receivables as specified in the signed pledge agreement at fair value as of the pledge date.

Gifts and gift pledges in which the donor has specified definite restrictions as to purpose with payment due in future years, will be recorded as net assets with donor restrictions and will only be used for the purpose specified.

Property and Equipment - Property and equipment is recorded at cost or, if donated, it is recorded at its fair market value at the date the donation is received. The Organization's policy is to capitalize all major expenditures in excess of $1,000. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, ranging from three to seven years. At retirement or sale, the costs of the assets, less related accumulated depreciation, are removed from the accounts and the resulting gains and losses are included in income. Routine maintenance and repairs are expensed when incurred.

The Organization reviews for impairment of long-lived assets in accordance with accounting standards. These standards require companies to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at December 31, 2024 and 2023.

Depreciation expense was $31,024 and $31,893 for the years 2024 and 2023.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases - The Organization leases a copier and additional warehouse space for inventory storage. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and current and long-term operating lease liabilities on the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization uses the risk-free borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Inventory - Inventory is stated at fair market value at the date of donation and cost is allocated using the first-in, first-out (FIFO) method. Inventory consists of purchased and donated school supplies contributed to the Organization for its free store.

Tax-Exempt Status - The Organization is operated as a nonprofit organization and is tax exempt under IRS Code Section 501(c)(3). Accordingly, no provision for income tax is presented in these financial statements.

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. No significant uncertain tax positions exist as of December 31, 2024 and 2023.

Reclassifications - Certain 2023 amounts have been reclassified to conform with 2024 presentation.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 12, 2025, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2024	2023
Financial Assets		
Cash and cash equivalents	$ 252,606	$ 260,679
Pledges receivable	295,234	8,624
Grants receivable	-	33,750
Beneficial interest in funds held by others	143,262	144,370
Total financial assets	691,102	447,423
Less those unavailable for general expenditure within one year due to:		
Pledges receivable collectible beyond one year	(142,935)	-
Beneficial interest in funds held by others, less relocation fund restricted for purpose	(142,810)	(143,940)
Purpose restrictions	(133,649)	(143,890)
Financial assets available to meet cash needs for general expenditures within one year	$ 271,708	$ 159,593

As part of their liquidity management plan, the Organization utilizes a budget and compares the actual financial results to the budget on a monthly basis. The board has not designated any funds for any specific purposes, so any funds other than those with donor restrictions can be used where most beneficial.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable at December 31, 2024 and 2023 are as follows:

	2024	2023
Less than one year	$ 152,299	$ 8,624
One to five years	150,000	-
	302,299	8,624
Less discount to net present value	7,065	-
Net pledges receivable	$ 295,234	$ 8,624

At December 31, 2024, the present value of pledges receivable was determined using a discount rate of 4.71%. The discount rate is based on the short-term, applicable federal rate at the time of the pledge. At December 31, 2023, all pledges receivable were current.

NOTE 4 - PROPERTY AND EQUIPMENT

	2024	2023
Leasehold improvements	$ **283,844**	$ 283,844
Equipment	**73,552**	73,552
Total property and equipment	**357,396**	357,396
Less accumulated depreciation	**300,907**	269,883
	$ **56,489**	$ 87,513

NOTE 5 - BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

The Organization has a beneficial interest in funds whose underlying investments are held and managed by The Dayton Foundation, a community foundation that invests and manages donors' charitable funds. The funds are subject to the investment and spending policies of The Dayton Foundation and are held exclusively for the benefit of the Organization. Requests for funding, including disbursements of fund principal, are initiated by the Organization, and approved by The Dayton Foundation's granting committee. Distributions from the funds are unrestricted.

The Organization received distributions from the funds held at The Dayton Foundation during the years ended December 31, 2024 and 2023 totaling $9,000 and $30,000.

The following funds have been created at The Dayton Foundation from which the Organization is entitled to receive certain income and benefits:

	2024	2023
Crayons to Classrooms Fund	$ **142,810**	$ 143,940
Dayton Crayons to Classrooms Relocation Fund	**452**	430
	$ **143,262**	$ 144,370

NOTE 6 - LEASING ACTIVITIES

The Organization leases a copier machine requiring monthly payments of $548 through September 2028. The Organization also leases additional warehouse space requiring monthly payments of $3,750 through May 2025. This lease includes an option for a two-year extension which has not yet been exercised.

The following summarizes the weighted average remaining operating lease term and discount rate as of December 31, 2024 and 2023:

	2024	2023
Weighted Average Remaining Lease Term		
Operating leases	2.25 years	1.39 years
Weighted Average Discount Rate		
Operating leases	4.16%	4.24%

NOTE 6 - LEASING ACTIVITIES - CONTINUED

The maturities of operating lease liabilities as of December 31, 2024 are as follows:

2025	$	25,326
2026		6,576
2027		6,576
2028		4,932
Total lease payments		43,410
Less interest		(1,869)
Present value of lease liabilities	$	41,541

The following summarizes the line items in the statements of activities which include the components of lease expense for the years ended December 31, 2024 and 2023:

		2024		2023
Operating lease expense allocated to functional expenses	**$**	**51,576**	$	29,727
Contributed facilities expense allocated to functional expenses		**107,064**		80,136
	$	**158,640**	$	109,863

The following summarizes cash flow information related to leases for the years ended December 31, 2024 and 2023:

		2024		**2023**
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	**$**	**51,576**	$	29,727
Supplemental noncash information on operating leases:				
Lease assets obtained in exchange for lease obligations:				
Operating leases	**$**	**26,740**	$	86,375

NOTE 7 - CONTRIBUTED NONFINANCIAL ASSETS

		2024		2023
Facilities	**$**	**107,064**	$	80,136
School supplies		**5,160,651**		5,179,801
	$	**5,267,715**	$	5,259,937

The Organization recognized contributed nonfinancial assets and services within revenue and support. For the years 2024 and 2023, this included the use of office facilities, as well as contributed school and education supplies provided on behalf of the Organization. Unless otherwise noted, contributed nonfinancial assets and services did not have donor-imposed restrictions.

NOTE 7 - CONTRIBUTED NONFINANCIAL ASSETS - CONTINUED

Contributed facilities consist of the Organization's use of a section of a building for its operations. The contributed facilities are valued based upon similar leasing arrangements in the local market. Contributed school supplies recognized consist of education materials such as bookbags, pens, paper, educational aids, and other teaching material directly related to the mission of the Organization. The contributed school supplies are valued based upon the cost for the same or similar supplies per retailers.

NOTE 8 - FAIR VALUE

Accounting standards define fair value, outline a framework for measuring fair value and detail the required disclosures about fair value measurements. The Organization has adopted these accounting standards. The standards require that certain non-financial assets and liabilities be recognized or disclosed at fair value. At the present time, the Organization does not have any non-financial assets or liabilities that would require fair value recognition or disclosures under these standards.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market. The Organization uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value. Level 1 inputs include quoted market prices in an active market or the price of an identical asset or liability. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data. The Organization uses valuation techniques in a consistent manner from year-to-year.

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

Following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2024 and 2023.

***Beneficial interest in funds held by others*:** Valued and held by The Dayton Foundation. There were no transfers into level 3 assets during the years 2024 and 2023. Transfers out of level 3 assets during the years 2024 and 2023 totaled $9,000 and $30,000.

Fair values of the Organization's financial assets measured on a recurring basis at December 31, 2024 and 2023 are as follows:

	2024			
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Beneficial interest in funds held by others	$ 143,262	$ -	$ -	$ 143,262

NOTE 8 - FAIR VALUE - CONTINUED

	2023			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Beneficial interest in funds held by others	$ 144,370	$ -	$ -	$ 144,370

NOTE 9 - SERVICE AND RENTAL AGREEMENTS

The Organization entered into three separate agreements with Goodwill Easter Seals Miami Valley (Goodwill) in July 2008. These agreements state that Goodwill will provide information technology equipment and services, financial services, and building space to the Organization, for a monthly fee. The total amount of expense for the information technology and financial services for the years 2024 and 2023 was $48,000. Rent is being charged at $120 yearly. The Organization is also recording an in-kind donation and expense in the amount of $107,064 and $80,136 to represent the fair market value of the rental space for the years 2024 and 2023. These agreements renew automatically for successive one-year periods unless terminated by either party.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions class includes assets of the Organization related to gifts with specific donor-imposed restrictions that have not been met as to specific purpose, or to later periods of time or after specific dates.

	2024	2023
Donor restricted funds:		
Programs	**$ 133,197**	$ 143,460
Relocation	**452**	430
Time	**295,234**	42,374
	$ 428,883	$ 186,264

NOTE 11 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets with donor restrictions are released by incurring expenses that satisfy the intended purpose or the occurrence of events specified by donors.

	2024	2023
Purpose and time restrictions:		
Programs	**$ 12,438**	$ 37,285
Passage of time	**40,075**	19,728
	$ 52,513	$ 57,013