First Book

Financial Statements and Independent Auditor's Report
Years Ended December 31, 2024 and 2023

First Book

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Contents

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8401 Greensboro Drive, Suite 800
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Independent Auditor's Report

The Board of Directors
First Book
Washington, D.C.

We have audited the financial statements of First Book (the 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 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 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 audit.

BDO USA, P.C.

McLean, Virginia
June 2, 2025

Financial Statements

First Book

Statements of Financial Position

December 31,		**2024**		2023
Assets				
Cash and cash equivalents	$	**3,837,713**	$	6,565,256
Accounts receivable, net of allowance for credit losses of $10,688 and $18,424, respectively		**1,115,031**		1,214,696
Contributions receivable, net of allowance of $0 and $33,754, respectively		**5,053,817**		6,389,779
Prepaid expenses and other current assets		**476,950**		603,331
Inventory, net				
Donated inventory, net		**20,279,736**		15,624,452
Purchased inventory		**3,846,220**		3,353,573
Right-of-use asset		**1,375,572**		1,898,244
Total assets	$	**35,985,039**	$	35,649,331
Liabilities				
Accounts payable	$	**5,338,065**	$	3,223,263
Accrued expenses		**535,657**		534,208
Grants payable		**1,502,989**		1,035,250
Deferred revenue		**224,731**		479,451
Operating lease liability		**1,397,731**		1,907,354
Total liabilities		**8,999,173**		7,179,526
Net assets				
Without donor restrictions		**17,533,649**		14,603,419
With donor restrictions		**9,452,217**		13,866,386
Total net assets		**26,985,866**		28,469,805
Total liabilities and net assets	$	**35,985,039**	$	35,649,331

See accompanying notes to financial statements.

First Book

Statement of Activities

Year Ended December 31, 2024	Without donor Restrictions	With donor Restrictions	Total
Support and Revenue			
Contributed goods	$ 55,808,804	$ -	$ 55,808,804
Contributions, grants and contracts	3,631,576	10,418,945	14,050,521
Marketplace activity	16,500,551	5,745,846	22,246,397
Other income	222,935	-	222,935
Net assets released from restrictions	20,578,960	(20,578,960)	-
Total support and revenue	96,742,826	(4,414,169)	92,328,657
Expenses			
Program services	87,637,193	-	87,637,193
Management and general	3,689,322	-	3,689,322
Fundraising	2,486,081	-	2,486,081
Total expenses	93,812,596	-	93,812,596
Change in net assets	2,930,230	(4,414,169)	(1,483,939)
Net assets, beginning of year	14,603,419	13,866,386	28,469,805
Net assets, end of year	$ 17,533,649	$ 9,452,217	$ 26,985,866

See accompanying notes to financial statements.

First Book

Statement of Activities

Year Ended December 31, 2023	Without donor Restrictions	With donor Restrictions	Total
Support and Revenue			
Contributed goods	$ 46,458,497	$ 1,530,000	$ 47,988,497
Contributions, grants and contracts	3,875,188	16,874,881	20,750,069
Marketplace activity	16,199,446	-	16,199,446
Other income	188,606	-	188,606
Net assets released from restrictions	13,043,007	(13,043,007)	-
Total support and revenue	79,764,744	5,361,874	85,126,618
Expenses			
Program services	82,365,082	-	82,365,082
Management and general	3,198,440	-	3,198,440
Fundraising	2,823,142	-	2,823,142
Total expenses	88,386,664	-	88,386,664
Change in net assets	(8,621,920)	5,361,874	(3,260,046)
Net assets, beginning of year	23,225,339	8,504,512	31,729,851
Net assets, end of year	$ 14,603,419	$ 13,866,386	$ 28,469,805

See accompanying notes to financial statements.

First Book

Statement of Functional Expenses

Year Ended December 31, 2024	Program Services	Management and General	Fundraising	Total Expenses
Donated books and other educational materials	$ 51,513,520	$ -	$ -	$ 51,513,520
Purchased books and other educational materials	14,674,604	-	-	14,674,604
Subgrants	5,747,631	-	-	5,747,631
Salaries	4,736,727	2,023,785	1,221,384	7,981,896
Shipping	3,945,435	-	-	3,945,435
Warehouse and fulfillment	2,353,302	-	-	2,353,302
Employee benefits and taxes	1,078,479	460,784	278,090	1,817,353
Contract labor	943,226	61,619	298,820	1,303,665
Equipment and technology	597,123	171,346	185,962	954,431
Consulting	464,552	306,180	159,944	930,676
Other marketplace fees	380,804	-	-	380,804
Rent	322,403	137,748	83,133	543,284
Program supplies	151,742	24,064	9,211	185,017
Travel and lodging	140,258	45,365	26,340	211,963
Printing and publications	126,765	6,462	3,900	137,127
Marketing and advertising	90,051	120,918	120,424	331,393
Bank charges	68,610	29,314	17,691	115,615
Office supplies	52,530	22,444	13,545	88,519
Insurance	52,152	22,282	13,447	87,881
Meetings and conferences	48,788	34,924	10,392	94,104
Telephone and utilities	45,850	19,589	11,823	77,262
Bad debt	38,428	-	-	38,428
Dues and subscriptions	30,549	35,342	23,294	89,185
Professional fees	17,004	160,038	4,385	181,427
Fees, licenses and permits	16,660	7,118	4,296	28,074
	$ 87,637,193	$ 3,689,322	$ 2,486,081	$ 93,812,596

See accompanying notes to financial statements.

First Book

Statement of Functional Expenses

Year Ended December 31, 2023		Program Services		Management and General		Fundraising		Total Expenses
Donated books and other educational materials	$	52,098,258	$	-	$	-	$	52,098,258
Purchased books and other educational materials		14,337,580		-		-		14,337,580
Salaries		4,801,600		1,892,702		1,250,519		7,944,821
Shipping		4,027,444		-		-		4,027,444
Consulting		1,784,273		178,686		459,842		2,422,801
Warehouse and fulfillment		2,266,792		-		-		2,266,792
Employee benefits and taxes		1,056,720		416,539		275,210		1,748,469
Equipment and technology		500,868		115,822		76,512		693,202
Contract labor		62,179		234,249		294,942		591,370
Rent		295,503		109,008		140,528		545,039
Marketing and advertising		256,505		44,539		40,318		341,362
Dues and subscriptions		119,233		46,999		31,053		197,285
Travel and lodging		103,419		42,994		28,407		174,820
Professional fees		10,150		1,450		149,531		161,131
Other marketplace fees		129,698		-		-		129,698
Telephone and utilities		66,936		26,385		17,433		110,754
Printing and publications		65,266		25,727		16,998		107,991
Subgrants		93,180		-		-		93,180
Meetings and conferences		49,222		19,402		12,819		81,443
Bank charges		48,569		19,145		12,649		80,363
Program supplies		79,964		-		-		79,964
Insurance		38,951		15,354		10,144		64,449
Office supplies		23,947		9,439		6,237		39,623
Bad debt		29,606		-		-		29,606
Fees, licenses and permits		19,219		-		-		19,219
	$	82,365,082	$	3,198,440	$	2,823,142	$	88,386,664

See accompanying notes to financial statements.

First Book

Statements of Cash Flows

Years Ended December 31,		2024		2023
Cash flows from operating activities:				
Change in net assets	$	**(1,483,939)**	$	(3,260,046)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
In-kind contributions of donated inventory		**(55,808,804)**		(46,458,497)
Distribution of donated inventory		**49,078,427**		51,703,824
Write-off of donated inventory		**138,309**		394,434
Change in inventory reserve		**1,936,784**		-
Net change in allowance for credit losses		**(7,736)**		18,424
Non-cash lease expense		**522,672**		519,331
(Increase) decrease in assets:				
Accounts receivable		**107,401**		194,021
Contributions receivable		**1,335,962**		(5,385,286)
Prepaid expenses and other current assets		**126,381**		(164,691)
Purchased inventory		**(492,647)**		290,855
Increase (decrease) in liabilities:				
Accounts payable		**2,114,802**		(359,617)
Accrued expenses		**1,449**		52,494
Grants payable		**467,739**		(766,500)
Deferred revenue		**(254,720)**		121,652
Operating lease liability		**(509,623)**		(494,489)
Net cash used in operating activities		**(2,727,543)**		(3,594,091)
Net change in cash and cash equivalents		**(2,727,543)**		(3,594,091)
Cash and cash equivalents, beginning of year		**6,565,256**		10,159,347
Cash and cash equivalents, end of year	$	**3,837,713**	$	6,565,256

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies

First Book (the Organization) was organized as a District of Columbia (DC) nonprofit organization in 1992. First Book believes that education transforms lives. The Organization is building a world where every child has access to a quality education. The Organization works to remove barriers to education and level the playing field for kids in need. At the heart of its work are the 600,000+ members of the First Book Network (Network), the largest online community of individual educators, professionals and volunteers dedicated to supporting children living in low-income communities across North America. This Network is the key to creating lasting change. Through its research division, First Book Research & Insights, studies are conducted that aggregate their voices to identify challenges, needs, and solutions. To address their needs, the Organization provides free and low-cost books, resources and access to leading experts through the First Book Marketplace, which uses aggregated buying power to support this work. First Book is dedicated to eliminating barriers to learning and inspiring young minds.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash includes currency on hand, as well as demand deposits with banks. The Organization considers all highly liquid financial instruments purchased with original maturities of three months or less to be cash equivalents. The carrying value of these instruments approximates fair value due to the nature of the investments and the maturity period.

Accounts Receivable

Accounts receivable consist of amounts owed to the Organization for program-related purchases. The Organization provides for allowances on accounts receivable using the credit loss method. The allowance is determined based on historical collection experience. Under this method, First Book records credit losses based on financial condition, credit history, and current economic conditions. Management has recorded an allowance for credit losses based on the credit losses expected to arise over the life of the asset. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off.

Contributions Receivable

Contributions receivable consist of unconditional promises to give, which are recorded as contribution revenue upon receipt of the promise. Promises that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected beyond one year are recorded at their net present value. Management evaluates the collectability of contributions receivable and records an allowance for doubtful receivables based on a review of specific donor accounts, historical experience, and other relevant factors.

Inventory

Inventory primarily consists of books and other educational resources that are both donated and purchased. As the inventory is shipped, it is released from inventory and classified as books and other educational resources expense in the accompanying statements of functional expenses.

Purchased inventory is stated at the lower of cost or net realizable value. The donated inventory has been stated at fair value, determined through an annual market pricing assessment and recorded as a discounted percentage of the estimated retail value to approximate the wholesale value.

The Organization makes every effort to distribute all books and resources directly to children in need in accordance with their mission. Management regularly reviews its inventory and provides for a reserve to estimate for items for a variety of reasons such as mission misalignment, product lifecycle expiration, physical condition, cost-prohibitive to distribute, or slow moving inventory. Once items are deemed obsolete, they are then written off if not previously reserved for. The write downs of the value of donated inventory are included in the donated books and other educational resources expenses in the accompanying statements of functional expenses. The Organization recorded $138,309 and $394,434 in donated inventory write downs for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the Organization recorded reserves for excess or obsolete inventory of $1,936,784 and $0, respectively.

Prepaid Expenses and Other Current Assets

As of December 31, 2024 and 2023, prepaid expenses and other current assets primarily consist of insurance, software license costs, and other various services. Expenses paid prior to the related services being rendered are recorded as prepaid expenses.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of $5,000 per item. Items that met the capitalization policy threshold are classified as furniture and equipment and are recorded at cost, while donated assets are recorded at fair value on the date of donation. The Organization depreciates furniture and equipment over five years. As of December 31, 2024 and 2023, the Organization did not have any capitalized property and equipment.

Leases

The Organization determines if an arrangement is a lease at inception and classifies its leases at commencement. Operating leases are presented as right-of-use (ROU) assets and the corresponding lease liabilities are included in operating lease liabilities on the statement of financial position. Operating lease liabilities represent the Organization's obligation for lease payments in exchange for the ability to use the asset for the duration of the lease term and the ROU assets represent the operating lease liability adjusted for initial direct costs and lease incentives.

ROU assets and lease liabilities are recognized at the commencement date of the lease and determined using the present value of the future minimum lease payments over the lease term. The Organization uses a discount rate based on the risk-free rate for the lease, as the Organization has elected the practical expedient outlined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*. The risk-free rate for each lease is determined by using the U.S. treasury bill rates when a lease is recorded. The lease term may include options to extend when it is reasonably certain that the Organization will exercise that option. In addition, the Organization does not recognize short-term leases that have a term of twelve months or less as ROU assets or lease liabilities. The Organization recognizes operating lease expense on a straight-line basis over the lease term.

The Organization has lease agreements which contain both lease and non-lease components, which it has elected to account for as a single lease component when the payments are fixed. As such, variable lease payments, including those not dependent on an index or rate, such as real estate taxes, common area maintenance, and other costs that are subject to fluctuation from period to period are not included in the measurement of the lease liability and ROU asset. For the years ended December 31, 2024 and 2023, there were no variable lease payments.

Grants Payable

Grants payable are amounts owed to grantees for program implementation in future years in accordance with unconditional agreements or conditional agreements once the grantee has met the related conditions.

Deferred Revenue

Deferred revenue represents cash received related to unearned marketplace revenue until the Organization has met the related performance obligations.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed stipulations. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the purpose for which the restriction was restricted has been fulfilled, or both. Net assets with donor restrictions are restricted for the following purposes:

December 31,	**2024**	2023
Education equity	**$ 6,875,002**	$ 12,016,386
Youth empowerment	**2,577,215**	1,850,000
	$ 9,452,217	$ 13,866,386

Net assets with donor restrictions were released from restriction for the following purposes during the years ended:

December 31,	**2024**	2023
Education equity	**$ 13,937,205**	$ 11,895,507
Youth empowerment	**6,641,755**	1,147,500
	$ 20,578,960	$ 13,043,007

Revenue Recognition

Contributed Goods

Contributed goods include non-cash contributions of books of $41,865,200 and $37,050,154 and other education materials of $13,943,604 and $10,938,343 for the years ended December 31, 2024 and 2023, respectively. The Organization treats contributed goods as contributions without donor restrictions unless the donor imposes a restriction outside of the general mission of the Organization, resulting in the contribution being recorded as with donor restrictions. Contributed goods are recorded at a discounted percentage of the estimated retail value at the date of donation, which approximates fair value.

Contribution of goods are recorded as in-kind revenue at fair value when received and expensed at fair value when distributed. Receipt of donated goods in one year not being distributed until the next year has an impact on change in net assets in a given year but has no impact over time as the revenue and expense recorded offset each other once the goods are distributed.

The Organization distributes all contributed goods for program services and those contributed goods are not monetized.

In-kind contributions of services are recognized if the services received create or enhance nonfinancial assets or if the services require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions of services are recognized at their fair value at the time the services are rendered. There were no in-kind contributions of services recognized for the years ended December 31, 2024 or 2023.

Contributions of Cash and Other Financial Assets

Contributions, including unconditional promises to give, are recognized on the date received and recorded at fair value. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, as applicable. Amounts are reclassified to net assets without donor restrictions once restrictions expire or the donor restriction has been satisfied. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. There were no pledges received during the year ended December 31, 2024 that required present value discount. The interest rate used in computing the discount of the estimated future cash flows was 4.13% for pledges received in 2023. The discount will be recognized as contributions revenue in future fiscal years as the discount is amortized over the duration of the contributions. Conditional promises to give are recognized when the conditions are substantially met. As of December 31, 2024 and 2023, the Organization has no conditional contributions for which the conditions have not yet been met.

Marketplace Activity

Marketplace activity revenue relates to the eCommerce sale of books and other educational resources. Revenue is recognized at a point-in-time when the performance obligation of transferring the products is met through shipment of the books or other tangible goods. The Organization does not accept returns and all orders from the Marketplace are final. As of December 31, 2024 and 2023, the Organization has deferred revenue totaling $224,731 and $479,451, respectively, in which the performance obligation of transferring the product has not yet been fulfilled.

Functional Expenses

Expenses are recognized by the Organization during the period in which they are incurred. The costs of providing various programs and supporting services have been allocated on a functional basis. Costs that can be identified with a specific program or support service are charged directly. Other costs are allocated in the proportion benefited among the program and supporting services in the statement of activities. Salary related costs are allocated between the functions based on a labor study analysis. Costs related to the office space are allocated between the functions based on headcount.

Following is a description of the Organization's program and support services:

Program Services

The Organization provides access to new books and educational resources through a network of educators serving programs and classrooms throughout the United States. Through First Book Research & Insights, the Organization conducts studies that aggregate their voices to identify barriers to equitable education and inform strategic solutions. The Organization also operates The Accelerator, a program that provides access to leading experts in critical fields relevant to the educators and the children they serve.

Management and General Services

Management and general service expenditures include expenses necessary to provide for the management of staff, facilities, and the financial controls of the Organization.

Fundraising

Provides the structure necessary to encourage and secure financial support from individuals, foundations, corporations, and other grant makers.

Income Taxes

The Organization has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is classified as a public charity and not a private foundation. Therefore, contributions made to the Organization are tax deductible by the donors.

Management has evaluated the Organization's tax positions for open tax years (tax years subsequent to 2020) and concluded that a provision for uncertain tax positions is not required. The Organization has taken no uncertain tax positions nor are there any unrelated penalties or interest that require adjustment to the accompanying financial statements.

2. Concentrations and Credit Risks

Credit Risks

The Organization maintains demand deposits and money market funds at financial institutions. At times, certain balances held within these accounts may exceed Federal Deposit Insurance Corporation (FDIC) limits. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. The failure of an underlying institution could result in financial loss to the Organization, however, the Organization has not experienced losses on these accounts in the past, and management believes the risk of loss, if any, to be minimal. The amount in excess of FDIC limits is approximately $3.3 million as of December 31, 2024.

Concentrations

One donor contributed 13% and 29% of the Organization's total support and revenue for the years ended December 31, 2024 and 2023, respectively. This donor has a long- term relationship with the Organization and has historically provided significant in-kind support, particularly in the form of palletized book donations. During 2024, the donor informed the Organization of its intention to reduce the level of in-kind contributions in future periods. While the Organization values the continued relationship, this change may impact the level and timing of in-kind support received in future periods. Management is actively assessing the operational and financial implications of this shift and is pursuing alternative sources of in-kind contributions to mitigate the potential impact.

3. Line-of-Credit

The Organization entered into a line-of-credit (LOC) agreement for $1,500,000 on October 16, 2024 for use in operations with an interest rate at the bank's Prime Rate minus 0.8 percentage points (6.7% at December 31, 2024). The LOC requires certain financial covenants to be met. As of December 31, 2024, the Organization had no outstanding borrowings under the LOC and it will expire, if not renewed, on October 31, 2025.

4. Retirement Plans

The Organization sponsors a defined contribution 401(k) plan (the Plan) with an annual employer optional profit sharing benefit. The plan covers all full-time employees, not considered leased employees, who have completed one year of service, are employed on the last day of the year, and have completed 1,000 hours of service. When applicable, the Organization, on behalf of each eligible participant, according to employee class, makes contributions to the Plan. The Organization recorded contributions to the Plan during the years ended December 31, 2024 and 2023, of $333,013 and $339,816, respectively. This amount is included in employee benefits and taxes in the statements of functional expenses. Participants become 50% vested in employer contributions after the completion of two years of employment and 100% vested after the completion of the third year of employment.

5. Related Parties

The Organization has a Canadian affiliate, First Book/Le Premiere Livre (LPL), which provides books to children in need throughout Canada. LPL is a registered charity under paragraph 149(1)(f) of the Income Tax Act in Canada. LPL maintains a separate Board of Directors, reflecting majority representation by independent, Canadian-based board members. Two of the Organization's board members are on the LPL board.

As of December 31, 2024 and 2023, LPL owed the Organization a balance of $464,714 and $527,347, respectively. The amount is included in accounts receivable in the statements of financial position. In 2023, the board of directors of the Organization approved a payment plan from LPL to reduce the balance owed in quarterly payments through the second quarter of 2026.

6. Leases

The Organization has a lease for office space that expires on July 31, 2027. The lease agreement does not provide an implicit borrowing rate. Therefore, the Organization elected to apply a risk-free rate as of January 1, 2022, to derive an appropriate rate to discount remaining lease payments by class of underlying asset for the initial and subsequent measurement of lease liabilities. The Organization used a risk-free rate of 1.04%. The remaining lease term is 2.6 years. Expense of $543,284 and $545,039 was recorded as rent expense in the statements of functional expenses during the years ended December 2024 and 2023, respectively.

Minimum future rental payments under this non-cancellable operating lease having a remaining term exceeding one year as of December 31, 2024 is as follows:

Years Ending December 31,		
2025	$	536,536
2026		552,633
2027		337,477
Total minimum future rental payments		1,426,646
Less: imputed interest		(28,915)
Operating Lease Liability	$	1,397,731

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7. Liquidity and Availability

The following reflects management's financial assets as of the statement of financial position date, reduced by the amounts not available for general use because of restrictions:

December 31,		**2024**		2023
Cash and cash equivalents	**$**	**3,837,713**	$	6,565,256
Accounts receivable		**1,115,031**		1,214,696
Contributions receivable		**5,053,817**		6,389,779
Financial assets at year-end		**10,006,561**		14,169,731
Less:				
Assets restricted by donor for time or purpose		**(9,452,217)**		(13,866,387)
Financial assets available to meet cash needs for general expenditures within one year	**$**	**554,344**	$	303,344

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenditures within one year, the Organization considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, and general and administrative expenses, to be general expenditures.

The Organization holds inventory on the balance sheet intended to generate revenue over the next twelve months. The nature of the Organization’s donor-restricted net assets is primarily programmatic, supporting general expenditures such as marketplace credits, personnel time, and indirect costs. A significant portion of these restricted net assets is expected to be released from restrictions and made available to support operations within the next twelve-month period.

While the Organization’s current liquidity position reflects limited unrestricted financial assets, management actively monitors cash flow and has taken proactive steps to support financial sustainability. The Organization has secured a $1.5 million line-of-credit to manage short-term cash flow needs and to support operations during periods of uneven revenue.

8. Subsequent Events

The Organization has evaluated subsequent events through June 2, 2025, the date the financial statements are available to be issued. There were no events that would require recognition or disclosure in the financial statements.