INSTITUTE FOR LOCAL SELF-RELIANCE

MINNEAPOLIS, MN

COMPARATIVE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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Kendall, Prebola and Jones, LLC
Certified Public Accountants

Board of Directors
Institute for Local Self-Reliance
2720 E. 22nd Street
Minneapolis, MN 55406

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of the Institute for Local Self-Reliance (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 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 the Institute for Local Self-Reliance as of June 30, 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 Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute for Local Self-Reliance 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the Institute for Local Self-Reliance replaced its incurred loss method of measuring financial assets with an expected loss method as of July 1, 2023, due to the adoption of Financial Accounting Standards Board's Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326), as amended. Our opinion is not modified with respect to this matter.

As discussed in Note 3 to the financial statements, the Institute for Local Self-Reliance has changed its method of accounting for leasing transactions as of July 1, 2022, due to the adoption of Financial Accounting Standards Board's Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), as amended. Our opinion is not modified with respect to this matter.

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.

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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 Institute for Local Self-Reliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute for Local Self-Reliance'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 Institute for Local Self-Reliance'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.

Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
February 19, 2025

INSTITUTE FOR LOCAL SELF-RELIANCE
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	June 30, 2024	June 30, 2023
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 863,625	$ 2,192,842
Certificates of Deposit	2,076,579	1,010,089
Investments	2,459,094	1,609,530
Accounts Receivable	499,767	492,287
Interest Receivable	19,028	11,572
Promises to Give	1,763,697	765,831
Prepaid Expenses	72,245	41,862
Total Current Assets	$ 7,754,035	$ 6,124,013
Fixed Assets:		
Office Furniture and Equipment	$ 31,354	$ 132,898
Website	125,837	-
Leasehold Improvements	4,295	4,295
Less: Accumulated Depreciation and Amortization	(51,445)	(85,718)
Total Fixed Assets	$ 110,041	$ 51,475
Other Assets:		
Promises Receivable - Non-Current	$ 471,525	$ -
Security Deposits	3,089	3,089
Operating Lease, Right-of-Use Asset	44,391	-
Total Other Assets	$ 519,005	$ 3,089
TOTAL ASSETS	$ 8,383,081	$ 6,178,577
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 819,913	$ 156,601
Accrued Salaries, Vacation and Benefits	192,301	157,060
Refundable Advance	9,417	83,516
Operating Lease Liability, Current Portion	29,279	-
Total Current Liabilities	$ 1,050,910	$ 397,177
Long-Term Liabilities:		
Operating Lease Liability, Net of Current Portion	$ 15,112	$ -
Total Long-Term Liabilities	$ 15,112	$ -
Total Liabilities	$ 1,066,022	$ 397,177
Net Assets:		
Without Donor Restrictions	$ 2,958,495	$ 3,036,666
With Donor Restrictions	4,358,564	2,744,734
Total Net Assets	$ 7,317,059	$ 5,781,400
TOTAL LIABILITIES AND NET ASSETS	$ 8,383,081	$ 6,178,577

(See Accompanying Notes and Auditor's Report)

INSTITUTE FOR LOCAL SELF-RELIANCE
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	For the Year Ended June 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Contributions	$ 1,251,269	$ 6,154,010	$ 7,405,279
Contract Revenue	381,006	-	381,006
Program Fees and Registration Fees	11,160	-	11,160
Honoraria and Consulting	167,538	-	167,538
Interest and Dividends	213,942	-	213,942
Realized and Unrealized Gains/(Losses)	(992)	-	(992)
Government Grants - Employee Retention Credit	-	-	-
Other Revenues	3,133	-	3,133
Net Assets Released from Restriction			
Satisfaction of Program Restrictions	4,540,180	(4,540,180)	-
Total Revenues, Gains and Other Support	$ 6,567,236	$ 1,613,830	$ 8,181,066
Expenses:			
Program Services	$ 6,086,894	$ -	$ 6,086,894
Management and General	358,221	-	358,221
Fundraising	200,292	-	200,292
Total Expenses	$ 6,645,407	$ -	$ 6,645,407
Change in Net Assets	$ (78,171)	$ 1,613,830	$ 1,535,659
Net Assets at Beginning of Year	3,036,666	2,744,734	5,781,400
Net Assets at End of Year	$ 2,958,495	$ 4,358,564	$ 7,317,059

INSTITUTE FOR LOCAL SELF-RELIANCE
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	For the Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:			
Contributions	$ 1,662,230	$ 1,524,707	$ 3,186,937
Contract Revenue	314,203	-	314,203
Program Fees and Registration Fees	10,316	-	10,316
Honoraria and Consulting	20,843	-	20,843
Interest and Dividends	101,560	-	101,560
Realized and Unrealized Gains/(Losses)	1,529	-	1,529
Government Grants - Employee Retention Credit	380,737	-	380,737
Other Revenues	4,964	-	4,964
Net Assets Released from Restriction Satisfaction of Program Restrictions	3,385,009	(3,385,009)	-
Total Revenues, Gains and Other Support	$ 5,881,391	$ (1,860,302)	$ 4,021,089
Expenses:			
Program Services	$ 4,842,651	$ -	$ 4,842,651
Management and General	317,238	-	317,238
Fundraising	152,072	-	152,072
Total Expenses	$ 5,311,961	$ -	$ 5,311,961
Change in Net Assets	$ 569,430	$ (1,860,302)	$ (1,290,872)
Net Assets at Beginning of Year	2,467,236	4,605,036	7,072,272
Net Assets at End of Year	$ 3,036,666	$ 2,744,734	$ 5,781,400

(See Accompanying Notes and Auditor's Report)

INSTITUTE FOR LOCAL SELF-RELIANCE
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	June 30, 2024											
			Program Services								Supporting Services	
	Total	Total Program Services	Community Broadband Networks	Energy Democracy	Independent Business	The Public Good	Composting for Community	Waste to Wealth	Communications	Total Supporting Services	General and Administrative	Fundraising
Expenses:												
Salaries	$ 2,651,516	$ 2,376,909	$ 699,848	$ 329,639	$ 602,703	$ 34,179	$ 450,868	$ -	$ 259,672	$ 274,607	$ 154,908	$ 119,699
Payroll Taxes	218,599	187,067	54,224	25,901	47,469	2,700	36,461	-	20,313	31,532	22,269	9,262
Benefits	627,321	561,892	167,826	79,924	146,690	8,363	95,872	-	62,217	65,429	36,783	28,646
Total Salaries, Payroll Taxes and Benefits	$ 3,497,436	$ 3,125,869	$ 921,898	$ 435,464	$ 796,862	$ 45,242	$ 583,201	$ -	$ 343,202	$ 371,567	$ 213,960	$ 157,607
Consultants	$ 832,477	$ 824,661	$ 399,914	$ 247,172	$ 50,833	$ 72	$ 32,511	$ 26,413	$ 67,746	$ 7,816	$ 7,086	$ 730
Subgrants	1,653,720	1,653,720	-	335,018	133,490	-	237,500	-	947,712	-	-	-
Professional Fees	83,081	3,114	2,256	-	-	-	858	-	-	79,967	79,967	-
Website and Design	49,590	48,341	34,178	1,341	8,291	72	1,155	-	3,304	1,249	992	257
Telephone and Internet	15,573	14,252	4,658	1,776	3,510	184	2,488	-	1,636	1,321	687	634
Office Expenses	100,024	80,310	40,932	5,183	5,948	258	18,637	-	9,352	19,714	8,373	11,341
Postage and Shipping	3,607	1,921	1,725	6	21	-	41	-	128	1,686	136	1,550
Travel and Meals	151,776	147,531	73,987	4,100	11,763	18	19,337	-	38,326	4,245	2,009	2,236
Conferences and Meeting Expense	121,571	99,999	79,388	4,506	1,527	14	6,341	-	8,223	21,572	1,766	19,806
Printing and Copying	2,130	159	-	57	-	-	-	-	102	1,971	4	1,967
Publications and Dues	23,206	13,071	3,690	683	3,542	49	2,448	-	2,659	10,135	9,961	174
Equipment Rental and Maintenance	7,914	7,914	7,815	99	-	-	-	-	-	-	-	-
Occupancy	47,211	40,695	11,576	5,605	10,713	591	7,949	-	4,261	6,516	4,506	2,010
Insurance	10,864	5,218	1,605	666	1,367	94	831	-	655	5,646	5,219	427
Taxes and Other Filing Fees	24,132	437	-	-	-	-	437	-	-	23,695	22,406	1,289
Depreciation and Amortization	21,095	19,682	16,359	621	1,340	75	674	-	613	1,413	1,149	264
Total Expenses	$ 6,645,407	$ 6,086,894	$ 1,599,981	$ 1,042,297	$ 1,029,207	$ 46,669	$ 914,408	$ 26,413	$ 1,427,919	$ 558,513	$ 358,221	$ 200,292

(See Accompanying Notes and Auditor's Report)

INSTITUTE FOR LOCAL SELF-RELIANCE
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	June 30, 2023											
			Program Services								Supporting Services	
	Total	Total Program Services	Community Broadband Networks	Energy Democracy	Independent Business	The Public Good	Composting for Community	Waste to Wealth	Communications	Total Supporting Services	General and Administrative	Fundraising
Expenses:												
Salaries	$ 2,184,696	$ 1,932,515	$ 511,569	$ 241,933	$ 572,101	$ 33,332	$ 333,710	$ 12,696	$ 227,174	$ 252,181	$ 146,875	$ 105,306
Payroll Taxes	164,128	150,488	39,877	18,918	44,196	2,584	25,947	1,012	17,954	13,640	7,892	5,748
Benefits	470,854	414,932	111,844	52,981	125,080	7,387	64,623	2,926	50,091	55,922	32,758	23,164
Total Salaries, Payroll Taxes and Benefits	$ 2,819,678	$ 2,497,935	$ 663,290	$ 313,832	$ 741,377	$ 43,303	$ 424,280	$ 16,634	$ 295,219	$ 321,743	$ 187,525	$ 134,218
Consultants	$ 875,626	$ 857,721	$ 133,945	$ 204,524	$ 304,702	$ 124	$ 8,150	$ 172,324	$ 33,952	$ 17,905	$ 15,539	$ 2,366
Subgrant Expense	1,168,500	1,168,500	160,000	454,500	-	-	-	-	554,000	-	-	-
Professional Fees	67,830	-	-	-	-	-	-	-	-	67,830	67,830	-
Website and Design	11,146	9,917	1,805	582	5,042	60	630	54	1,744	1,229	280	949
Telephone and Internet	13,479	12,017	3,510	1,422	3,393	202	1,992	76	1,422	1,462	815	647
Office Expenses	61,736	43,900	18,281	3,311	6,981	362	11,050	16	3,899	17,836	11,411	6,425
Postage and Shipping	2,078	638	135	-	451	-	52	-	-	1,440	94	1,346
Travel and Meals	82,207	74,844	34,382	2,169	10,419	30	9,162	40	18,642	7,363	6,556	807
Conferences and Meeting Expense	107,112	103,976	14,939	3,990	4,961	2	50,746	-	29,338	3,136	3,001	135
Printing and Copying	2,206	195	-	-	-	-	129	-	66	2,011	75	1,936
Publications and Dues	22,876	17,528	6,098	2,267	3,301	167	1,981	46	3,668	5,348	4,815	533
Equipment Rental and Maintenance	784	504	504	-	-	-	-	-	-	280	280	-
Occupancy	44,870	38,052	8,586	9,775	9,512	561	5,576	237	3,805	6,818	5,119	1,699
Insurance	11,548	9,771	2,463	1,318	2,775	151	1,736	40	1,288	1,777	1,325	452
Taxes and Other Filing Fees	12,292	44	-	44	-	-	-	-	-	12,248	12,020	228
Depreciation and Amortization	7,993	7,109	1,881	875	2,037	124	1,229	66	897	884	553	331
Total Expenses	$ 5,311,961	$ 4,842,651	$ 1,049,819	$ 998,609	$ 1,094,951	$ 45,086	$ 516,713	$ 189,533	$ 947,940	$ 469,310	$ 317,238	$ 152,072

INSTITUTE FOR LOCAL SELF-RELIANCE
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	June 30, 2024	June 30, 2023
Cash Flows (for) Operating Activities		
Change in Net Assets	$ 1,535,659	$ (1,290,872)
Adjustments to Reconcile Change in Net Assets to Net Cash (for) Operating Activities:		
Depreciation Expense	21,096	7,993
Unrealized (Gain)/Loss on Investments	2,128	(36,352)
Amortization of Right-of-Use Assets, Operating Leases	14,388	-
Reduction of Lease Obligation, Operating Leases	(14,388)	-
(Increase)/Decrease in Assets:		
Accounts Receivable	(7,480)	(489,686)
Promises to Give	(1,469,391)	1,640,708
Prepaid Expenses	(30,383)	(8,848)
Security Deposits	-	(99)
Interest Receivable	(7,456)	(5,906)
Increase/(Decrease) in Liabilities:		
Accounts Payable	663,312	49,543
Refundable Advance	(74,099)	26,842
Accrued Salaries, Vacation and Benefits	35,241	37,560
Net Cash Flows (for) Operating Activities	$ 668,627	$ (69,117)
Cash Flows (for) Investing Activities		
Purchase of Property and Equipment	$ (79,662)	$ (47,075)
Purchase of Investments	(3,323,115)	(1,727,438)
Purchase of Certificates of Deposit	(1,066,490)	(1,010,089)
Sale of Investments	2,471,423	1,304,719
Net Cash Flows (for) Investing Activities	$ (1,997,844)	$ (1,479,883)
Net Increase/(Decrease) in Cash	$ (1,329,217)	$ (1,549,000)
Cash and Cash Equivalents at Beginning of Year	2,192,842	3,741,842
Cash and Cash Equivalents at End of Year	$ 863,625	$ 2,192,842

Supplemental Disclosures:

a) Interest in the amount of $912 was paid during the year ended June 30, 2024. No interest was paid during the year ended June 30, 2023.
b) No income taxes were paid during the years ended June 30, 2024 or 2023.

(See Accompanying Notes and Auditor's Report)

(1) ORGANIZATION:

The Institute for Local Self-Reliance, Inc. (ILSR), was incorporated on May 1, 1974, pursuant to the provisions of the District of Columbia Nonprofit Corporation Act. The mission of the Institute for Local Self-Reliance, Inc., is to provide the conceptual framework, strategies, and information to aid the creation of ecologically sound and equitable communities. To that end, ILSR works with citizens, activists, policymakers, and entrepreneurs to design systems, policies, and industries that meet local or regional needs; to maximize local human, material, natural, and financial resources; and to ensure that the benefits of these systems and resources accrue to all local citizens.

ILSR is a national research and technical assistance organization providing the foundation upon which communities can take charge of their local economies and build a more equitable and environmentally sound future.

Basic Programs

For the year ended June 30, 2024, the Organization had seven main programs. These programs are described below.

Community Broadband Networks
The Community Broadband Network Initiative promotes locally rooted, democratically accountable broadband networks that provide fast, affordable and reliable Internet access to all Americans.

Energy Democracy
Our Energy Democracy Initiative empowers households and communities to produce their own local, clean, and renewable energy and oppose the excessive power of monopoly utilities.

Independent Business
The Independent Business Initiative champions locally owned businesses, leads efforts to fight the unchecked power of corporate giants like Walmart and Amazon, and seeks to reverse the government policies that work against these small, independent businesses.

The Public Good
Changing the narrative that currently views the private sector as sacred and the public sector as inherently harmful. Identifies research that challenges this narrative and educates the general public about the benefits of public goods and the risks attendant to a culture providing immense subsidies to privatization in all sectors.

Composting for Community
Our Composting for Community Initiative is advancing local composting to cut food loss, enhance soils, protect the climate, and create jobs through advocacy, training, research, education, and coalition building.

Waste to Wealth
The Waste to Wealth Initiative provides hands-on technical assistance, as well as vital research, to help community organizations, government agencies, and private businesses convert discarded materials from environmental and economic liabilities into valuable resources that add value to the local economy while enhancing community resilience and development opportunities.

(1) ORGANIZATION: (Continued)

Basic Programs (Continued)

Communications

ILSR's communications outreach program builds relationships with reporters, media outlets, and other allies to gain widespread coverage of our reports, activities, and perspectives on critical policy issues. Our communications team is responsible for our web site, social media networks and delivering content via ILSR's various newsletters and podcasts, including our flagship channel, Building Local Power, which continues to lift up successful grassroots campaigns and popularize understanding of anti-monopoly strategy and policy across a range of economic sectors. Our communications program also holds pass-through grant funds from a number of foundations that are distributed to a network of grassroots organizations that are part of the Athena Coalition.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of the Institute for Local Self-Reliance are summarized below:

(a) Basis of Accounting and Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting, which presents financial position, activities, functional expenses and cash flows in accordance with accounting principles generally accepted in the United States of America.

(b) Revenue Recognition:

Contributions

The Organization has implemented the accounting and reporting standards surrounding contributions. These standards affect financial statement reporting and disclosures included within the body of the financial statements. The standards promulgate clarity for distinguishing between exchange transactions and those of a non-reciprocal arrangement leading to a contribution, while providing rules and guidance on what constitutes an underlying condition that may be associated with a contribution.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

Conditional contributions are determined on the basis of whether or not an underlying agreement includes both a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If both exist, then the contribution is conditional.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

Contributions (Continued)

Barriers include and are not limited to:

- Measurable performance-related barrier(s) (e.g., specified level of service, specific output, or outcome, matching requirement);
- Extent to which a stipulation limits discretion on conduct of activity (e.g., qualifying expenses, specific protocols); and
- Extent to which a stipulation is related to the purpose of the agreement (excludes administrative or trivial).

Conditional contributions are not recognized as revenue until they become unconditional, that is, until all conditions on which they depend are substantially met. Therefore, any respective advance payments received are recorded as refundable advances and subsequently recognized as contribution revenue when the underlying conditions are fulfilled.

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

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restriction, if any, on the contribution. An allowance for uncollectible contributions receivable is provided based upon management's judgement, including such factors as prior collection history, economic conditions, and type of contribution.

Exchange Transactions

The Organization has adopted the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue for Contracts with Customers," and a series of amendments which together hereinafter are referred to as "ASC Topic 606." This standard outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers (donors).

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

Exchange Transactions (Continued)

Central to the revenue recognition framework is a five-step revenue recognition model that requires reporting entities to:

1. Identify the contract;
2. Identify the performance obligations of the contract;
3. Determine the transaction price of the contract;
4. Allocate the transaction price to the performance obligations, and;
5. Recognize revenue.

Program Fees and Registrations

These fees consist of exchange transactions such as consulting and conference registration fees. These revenues are recognized at the time the services are provided or the conference is held.

(c) Income Taxes:

The Organization is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. Accordingly, no income taxes have been provided for in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation.

The Organization is also exempt from District of Columbia sales, real estate, and personal property taxes.

(d) Net Assets:

The Organization reports information regarding its financial position and activities according to two classes of net assets. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of restrictions on use that are placed by the donor. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and over which the Board of Directors has discretionary control. The only limits on the use of these net assets are the broad limits resulting from the Organization’s purpose, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(d) Net Assets: (Continued)

Net Assets without Donor Restrictions (Continued)

Designation of Net Assets - From time to time, the Board of Directors designates a portion of the Organization's unrestricted net assets for purposes that are of importance to the Organization. Board designated net assets at year-end were as follows:

	June 30, 2024	June 30, 2023
Board Reserve Fund	$ 400,000	$ 400,000

The Board reserve fund is intended for future use in a situation of significant financial need by the Organization.

Net Assets with Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature whereby the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service, unless the donor provides more specific directions about the period of its use.

Net assets with donor restrictions were available at year end for the following programs:

	June 30, 2024	June 30, 2023
Composting for Community	$ 209,334	$ 206,511
Energy Democracy	325,000	650,000
Independent Business	1,103,788	405,235
Community Broadband Networks	1,966,917	1,112,321
Time Restricted	721,525	370,667
Sponsorships	32,000	-
Total Net Assets Available	$ 4,358,564	$ 2,744,734

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(d) Net Assets: (Continued)

Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time, or by the occurrence of other events specified by the donors for the following programs:

	June 30, 2024	June 30, 2023
Composting for Community	$ 638,179	$ 351,616
Energy Democracy	818,000	766,683
Independent Business	1,293,946	743,589
Community Broadband Networks	1,136,738	984,175
Waste to Wealth	-	15,000
Sponsorships	282,650	37,500
Time Restricted	370,667	486,446
Total Net Assets Released from Restrictions	$ 4,540,180	$ 3,385,009

(e) Contributed Nonfinancial Assets:

Donated services and materials are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized.

There were no donated services or materials recorded in the financial statements for the years ended June 30, 2024 and 2023.

(f) Functional Expense Allocation Policies and Procedures:

The Statement of Functional Expenses presents an allocation of each expense category between program services, administrative, and fundraising activities. Program service costs consist of those expenses incurred to fulfill the Organization's mission. Administrative costs pertain to supporting activities. Fundraising expenses relate to fundraising activities such as generating contributions and seeking unsolicited financial support and grants.

Management has established functional expense allocation policies and procedures based on a reasonable analysis of cost drivers and reasonable allocation methodologies based on financial results and industry standards.

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(f) Functional Expense Allocation Policies and Procedures: (Continued)

Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Personnel expense for salaries, payroll taxes and employee benefit plans are allocated based on activity reports of time spent on particular activities.

- Cost for facilities, office supplies, telephone, insurance, dues and subscriptions, and other expenses are allocated between administrative and program functions on a percentage basis that is equivalent to the hours worked by each employee.

- Costs of consultants, professional fees, travel and meeting expenses are allocated based on the underlying use of these costs by various programs determined by management and evaluated annually.

Administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

(g) Use of Estimates:

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

(h) Fair Value of Certain Financial Instruments:

Some of the Organization's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such assets include cash and cash equivalents, accounts receivable, promises to give, prepaid expenses, accounts payable, and accrued expenses.

(i) Certificates of Deposit:

Certificates of deposit are other investments with original maturities greater than three months and are carried at cost. The certificates of deposit do not qualify as securities as defined in Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 320, *Investments - Debt and Equity Securities*, thus the fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*, are not provided.

(j) Recognition of Salary Expense:

Salary expense is recognized in the year the service is rendered, which coincides with the fiscal year. Salaries unpaid at June 30 are recognized as expense and accrued.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(k) Right-of-Use ("ROU") Assets (Operating and Finance Leases):

A right-of-use asset is measured at the commencement date of a lease at the amount of the initially measured liability plus any lease payments made to the lessor before or after the commencement date, minus any lease incentives received, plus any initial direct costs. This is completed for leases greater than twelve (12) months in duration. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received.) Operating lease payments are recognized on a straight-line basis over the lease term. Finance Lease ROU assets are amortized on a straight-line basis of the shorter of the lease term or the remaining useful life of the asset.

(l) Lease Liability:

The Institute accounts for leases in accordance with FASB ASC Topic 842. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term. Variable lease expenses, if any, are recognized when incurred. A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date.

(m) Reclassifications:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the change in the net assets or to total net assets from prior years.

(3) CHANGE IN ACCOUNTING PRINCIPLES:

Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) 2016-13 Topic 326

On July 1, 2023, the Institute adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic *326): Measurement of Credit Losses on Financial Instruments*, and all related subsequent amendments thereto. This Accounting Standard Update replaced the incurred loss method of measuring financial assets (the impairment loss model) with an expected loss method, which is referred to as the current expected credit loss (CECL) method. The current expected credit loss method requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. For the Institute, the ASU applies to the measurement of its trade receivables. Accounts receivable are now presented by using an allowance for credit losses to reduce the receivables balance to the net amount expected to be collected over the lives of the receivables.

(3) CHANGE IN ACCOUNTING PRINCIPLES: (Continued)

Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) 2016-13 Topic 326 (Continued)

The Institute adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Institute's financial statements but did change how the allowance for credit losses is determined.

Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) 2016-02 Topic 842

Effective July 1, 2022, the Institute adopted the Financial Accounting Standard Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases.

The Institute adopted FASB ASC Topic 842, with an initial application of July 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Institute elected not to restate prior comparative periods as provided under ASC Topic 842, and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022, was necessary for the cumulative impact of the adoption of FASB ASC Topic 842.

In applying the provisions FASB ASC Topic 842, the Institute determines if an arrangement contains a lease at inception based on whether the Institute has the right to control the asset during the contract period and other facts and circumstances. In addition, the Institute assesses the allocation of consideration within a contract containing a lease for appropriate accounting treatment.

The adoption of FASB ASU 2016-02 did not have a material impact on the Institute’s Statement of Activities.

As part of the transition, the Institute implemented new controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

“Package of Three” Transition Relief

- No reassessment of whether any expired or existing contracts contain a lease,
- No reassessment of the lease classification for any expired or existing leases, and
- No reassessment of initial direct costs for any existing leases as of the effective date.

(3) CHANGE IN ACCOUNTING PRINCIPLES: (Continued)

Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) 2016-02 Topic 842 (Continued)

Policy Elections Beyond Initial Year of Transition

- In calculating the Right-of-Use assets and lease liabilities, the Institute has elected to combine lease and non-lease components (except for building leases).
- As an accounting policy, the Institute has elected to apply the short-term lease exception to all leases having initial terms of 12 months or less.
- As an accounting policy, the Institute has elected the risk-free discount rate to be applied to all leases.

The Institute has chosen not to elect the "Hindsight Expedient."

(4) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

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

The Organization has certain donor-restricted net assets that are considered to be available for general expenditures, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

	June 30, 2024	June 30, 2023
Financial Assets at Year End:		
Cash and Cash Equivalents	$ 863,625	$ 2,192,842
Certificates of Deposit	2,076,579	1,010,089
Investments	2,459,094	1,609,530
Interest Receivable	19,028	11,572
Accounts Receivable	499,767	492,287
Promises to Give	2,235,222	765,831
Total Financial Assets	$ 8,153,315	$ 6,082,151
Less Amounts Not Available for General Expenditure Within One Year Due to:		
Long-Term Promises to Give	$ 471,525	$ -
Board Designated Funds	400,000	400,000
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$ 7,281,790	$ 5,682,151

As part of the Institute's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due.

(5) ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in the Organization's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Institute for Local Self-Reliance performed an evaluation of uncertain tax positions for the year ended June 30, 2024, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2024, the statute of limitations for tax years 2020 through 2022 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2024, the Organization had no accruals for interest and/or penalties.

(6) CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT:

The carrying amount of cash and cash equivalents at year end consisted of the following:

	June 30, 2024	June 30, 2023
Checking Account - Interest Bearing	$ 259,326	$ 226,852
Savings Accounts	473,449	1,762,390
Money Market Accounts	89,080	175,939
Cash on Hand	41,770	27,661
Total	$ 863,625	$ 2,192,842

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with maturities of three months or less.

Certificates of deposit are valued at cost. As of June 30, 2024 and 2023, $2,076,579 and $1,010,089 was held in certificates of deposit, respectively.

At times during the years ended June 30, 2024 and 2023, the Organization maintained cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk or cash and cash equivalents.

(7) INVESTMENTS:

The Institute for Local Self-Reliance invested in debt securities during the year, which are subject to market fluctuations. Investments in debt securities have been measured at fair value and are recorded as such in the Statement of Financial Position. The fair values for marketable debt securities are based on quoted market prices. Unrealized gains and losses are included in the change in net assets. The Institute for Local Self-Reliance has the intent and ability to hold its investment securities until maturity. Investments were not impaired during or subsequent to the period ended June 30, 2024.

(7) INVESTMENTS: (Continued)

A comparison of the carrying value of those financial instruments at year end was as follows:

June 30, 2024

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investments:				
Debt Securities				
Government Bonds	$ 125,286	$ -	$ (73)	$ 125,213
Corporate Bonds	2,325,460	8,421	-	2,333,881
Total - Investments	$ 2,450,746	$ 8,421	$ (73)	$ 2,459,094

June 30, 2023

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investments:				
Debt Securities				
Government Bonds	$ 75,047	$ 73	$ -	$ 75,120
Corporate Bonds	1,534,617	-	(207)	1,534,410
Total - Investments	$ 1,609,664	$ 73	$ (207)	$ 1,609,530

Unrealized gains and losses on investments are based on the difference between cost and fair value. Net unrealized gains/(losses) at June 30, 2024 and 2023 were $8,348 and $(134), respectively.

The composition of investment return and its classification in the Statement of Activities for the years ended June 30, 2024 and 2023 is as follows:

	June 30, 2024	June 30, 2023
Interest and Dividends	$ 213,942	$ 101,560
Realized and Unrealized Gain/(Loss) on Investments	(992)	1,529
Total	$ 212,950	$ 103,089

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could affect the amounts reported in the Statement of Financial Position. The Institute attempts to limit its credit risk associated with investments by investing in U.S. Government securities.

(8) FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board ASC No. 820-10, *Fair Value Measurements,* establishes a framework for measuring fair value. 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. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC No. 820-10 are described below:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability (such as interest note and yield curves);
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable (Supported by little or no market activity) and not corroborated by market data. Unobservable inputs reflect the organization’s estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The asset’s 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 methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

Government Bonds and Corporate Bonds: Valued at the price of bonds and notes held by the organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(8) FAIR VALUE MEASUREMENTS: (Continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2024 and 2023.

June 30, 2024

	Level 1	Level 2	Level 3	Total
Government Bonds	$ 125,213	$ -	$ -	$ 125,213
Corporate Bonds	2,333,881	-	-	2,333,881
Total	$ 2,459,094	$ -	$ -	$ 2,459,094

June 30, 2023

	Level 1	Level 2	Level 3	Total
Government Bonds	$ 75,120	$ -	$ -	$ 75,120
Corporate Bonds	1,534,410	-	-	1,534,410
Total	$ 1,609,530	$ -	$ -	$ 1,609,530

(9) ACCOUNTS AND CONTRACTS RECEIVABLE AND PROMISES TO GIVE:

Accounts and Contracts Receivable

Accounts receivable as presented are considered fully collectible by management. Balances at June 30, 2024 and 2023 were $499,767 and $492,287, respectively, which consisted of reimbursable expenses, contract revenues receivable, and the employee retention credit.

Accounts receivable are reported at the net amount expected to be collected, which is the amount the Institute has an unconditional right to receive less management's estimate of amounts that may not be collectible (the allowance for credit losses). The Institute uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has remained consistent with prior years.

In determining the allowance for credit losses, the Institute separates its accounts receivable into risk pools based on their aging and type. In determining the amount of the allowance, the Institute develops a loss rate for each risk pool. Expected credit losses are estimated using three-year historical loss information due to the make-up of the receivables during the historical period being similar to the receivables outstanding at year end. The Institute adjusts its calculated historical loss rates when needed relative to current economic conditions.

(9) ACCOUNTS AND CONTRACTS RECEIVABLE AND PROMISES TO GIVE: (Continued)

Accounts and Contracts Receivable (Continued)

Receivables are evaluated for potential credit loss based on three aging categories: current, performing, and nonperforming. Current receivables are those for which the participants and funding sources remain current with all contractual terms. Performing receivables are those in which the participants and funding sources are not current with all contractual terms but have made payments within the last 60 days. Nonperforming receivables are those in which the participant and funding sources have defaulted on the contractual terms and no payments have been received for more than 60 days.

Trade receivables related to program service fees (i.e., consulting fees, participant fees etc.) are recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. 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, typically when no payments have been received for one year. Based on the analysis of each of the risk pools, there were no credit losses requiring recognition during the year ended June 30, 2024.

Because the Institute does not require collateral to secure accounts receivable, it is at credit risk for the amounts owed to it throughout the year and at year end.

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Promises to give represent amounts committed by donors that have not been received by the Organization. The Organization uses the allowance method to determine uncollectible promises to give. Balances at June 30, 2024 and 2023 consisted of the following:

	June 30, 2024	June 30, 2023
Purpose Restricted	$ 1,513,697	$ 415,831
Time Restricted	721,525	350,000
Total Promises to Give	$ 2,235,222	$ 765,831

The above promises to give are due to be received as follows:

	As of June 30, 2024	As of June 30, 2023
Less Than One Year	$ 1,763,697	$ 765,831
One to Five Years	471,525	-
Total	$ 2,235,222	$ 765,831

(10) FIXED ASSETS:

Furniture and office equipment are recorded at cost. Contributed assets are recorded at fair value. If an expenditure in excess of $3,000 results in an asset having an estimated useful life, which extends substantially beyond the year of acquisition, the expenditure is capitalized at cost and depreciated over the estimated useful life of the asset. Depreciation has been provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2024 and 2023 was $21,095 and $7,993, respectively. Maintenance and repairs are charged to expenses as incurred. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in operating results for the period.

Classification of fixed assets and their estimated useful lives are as summarized below:

June 30, 2024:

		Cost	Accumulated Depreciation	Net Book Value
Office Furniture and Equipment	3-7 years	$ 31,354	$ 29,545	$ 1,809
Leasehold Improvements	Lease Term	4,295	4,295	-
Website	3 years	125,837	17,605	108,232
Total		$ 161,486	$ 51,445	$ 110,041

June 30, 2023:

		Cost	Accumulated Depreciation	Net Book Value
Office Furniture and Equipment	3-7 years	$ 132,898	$ 81,423	$ 51,475
Leasehold Improvements	Lease Term	4,295	4,295	-
Total		$ 137,193	$ 85,718	$ 51,475

(11) EMPLOYEE RETENTION TAX CREDIT:

The Employee Retention Tax Credit (ERC) is an incentive originally created within the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) intended to encourage employers to keep employees on the payroll throughout the pandemic. The ERC is a refundable payroll tax credit for wages paid and health coverage provided by an employer whose operations were either fully or partially suspended due to a COVID-19-related governmental order or that experienced a significant reduction in gross receipts.

Under the CARES Act, organizations could take advantage of either the Paycheck Protection Program or the Employee Retention Tax Credit, but not both. The Consolidated Appropriations Act of December 2020 (Relief Act) eliminated this limitation and permitted organizations to claim both the ERC and participate in the Paycheck Protection Program retroactive to March 12, 2020. The Organization applied for a refund in the amount of $385,691 which has been recognized as revenue during the year ended June 30, 2023.

(12) RETIREMENT PLAN:

The Organization has a defined contribution retirement plan for its employees. After two years of employment, the Organization provides matching contributions to the plan of five percent (5%) of gross salaries. The matching contribution increases to seven percent (7%) after three years of employment. Pension expense was $114,854 and $81,739 for the years ended June 30, 2024 and 2023, respectively.

(13) OPERATING LEASES:

The Organization leased office space in three locations: Washington, DC, Minnesota, and Maine.

Washington, DC Lease

The Organization rents space as a virtual office in Washington, DC, on a month-to-month basis at a cost of $75 per month.

Minnesota Lease

This Organization leases office space located at 2720 East 22nd Street, Minneapolis, MN. This lease began on January 1, 2024, and extends through December 31, 2025. The monthly payment is $2,550. This agreement was recorded in accordance with ASC Topic 842 and resulted in the recognition of $58,779 of an operating lease Right-of-Use (ROU) asset and an operating lease liability in the same amount during the year ended June 30, 2024. Prior to January 1, 2024, this was a month-to-month lease.

Maine Lease

The Organization leases office space located at 44 Exchange Street, Portland, ME. The monthly rent is $938 on this lease. This lease began on March 1, 2023, and extended through February 28, 2024. This lease is now on a month-to-month basis.

Total rental expenses for the years ended June 30, 2024 and 2023 were $46,650 and $43,967, respectively. These amounts are included on the occupancy expense line in the Schedule of Functional Expenses.

The following summarizes the line items in the Statement of Financial Position that include amounts for operating leases as of June 30, 2024. There were no right-of-use assets recorded at June 30, 2023.

	June 30, 2024
Operating Lease Right-of-Use Assets	$ 44,391
Operating Lease Liability, Current	$ 29,279
Operating Lease Liability, Non-Current	15,112
Total Operating Lease Liability	$ 44,391

(13) OPERATING LEASES: (Continued)

Quantitative Lease Disclosures Summary

The following summarizes certain presented and additional quantitative lease disclosures required under ASC Topic 842:

	June 30, 2024	June 30, 2023
Lease Cost		
Operating Lease Cost	$ 15,300	$ -
Short-term Lease Cost	31,350	43,967
Variable Lease Cost	-	-
Total Lease Cost	$ 46,650	$ 43,967
Other Information		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flow from Operating Leases	$ 14,388	
Weighted-Average Remaining Lease Term-Operating	1.5 years	
Weighted-Average Discount Rate-Operating Leases	4.25%	
Maturity Analysis for Operating Lease Liabilities:		
Undiscounted Cash Flows:		
2025	$ 30,600	
2026	15,300	
Total Payments	$ 45,900	
Less: Interest	(1,509)	
Present Value of Operating Lease Liability	$ 44,391	

(14) FUNDRAISING:

Expenses in the amount of $200,292 and $152,072 were incurred for the purposes of fundraising during the years ended June 30, 2024 and 2023, respectively.

(15) EMPLOYEE BENEFITS:

Fringe Benefits and Payroll Tax Expense

The fringe benefits for the years ended June 30, 2024 and 2023, consisted of the following:

	June 30, 2024	June 30, 2023
Social Security and Unemployment	$ 218,599	$ 164,128
Medical Insurance	507,848	383,411
Retirement	114,854	81,739
Workers Comp	4,619	5,704
Total	$ 845,920	$ 634,982

(16) CONCENTRATIONS:

Based on the nature and purpose of the Organization, significant revenues are received through parties interested in supporting the mission of the Organization. In addition, approximately ninety-one percent (91%) and eighty-seven percent (87%) of revenues were derived from grants and contributions for each of the years ended June 30, 2024 and 2023, respectively.

(17) SUBSEQUENT EVENTS:

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through February 19, 2025, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.