

Financial Statements

A GIFT FOR TEACHING, INC.

June 30, 2024

A GIFT FOR TEACHING, INC.

Financial Statements

June 30, 2024

(With Independent Auditor's Report Thereon)

A GIFT FOR TEACHING, INC.

Table of Contents

Independent Auditor's Report.....1

Financial Statements:

 Statements of Financial Position.....4

 Statement of Activities.....5

 Statement of Functional Expenses.....6

 Statements of Cash Flows.....7

Notes to Financial Statements.....8

Independent Auditor's Report

The Board of Directors
A Gift For Teaching, Inc.:

Opinion

We have audited the accompanying financial statements of A Gift For Teaching, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of A Gift For Teaching, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of A Gift For Teaching, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 A Gift For Teaching, Inc.'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 A Gift For Teaching, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about A Gift For Teaching, Inc.'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.

Report on Summarized Comparative Information

We have previously audited the A Gift For Teaching, Inc.'s 2023 financial statements, and our report dated September 14, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Maitland, Florida
_____, 2024

A GIFT FOR TEACHING, INC.

Statements of Financial Position

June 30, 2024 and 2023

Assets

	<u>2024</u>	<u>2023</u>
Cash	\$ 368,833	480,449
Certificates of deposit	246,962	188,002
Pledges receivable (note 3)	117,622	90,872
Inventory (note 6)	3,628,542	4,067,977
Furniture, equipment, and instruments, net (note 4)	214,452	213,760
Beneficial interest in assets held by Central Florida Foundation, Inc. (note 5)	<u>14,727</u>	<u>13,915</u>
Total assets	<u><u>\$ 4,591,138</u></u>	<u><u>5,054,975</u></u>

Liabilities and Net Assets

Accounts payable and accrued expenses	<u>\$ 8,655</u>	<u>8,730</u>
Total liabilities	8,655	8,730
Net assets:		
Without donor restrictions	4,249,098	4,648,139
With donor restrictions:		
Purpose (note 7)	318,658	384,191
Perpetual (note 5)	<u>14,727</u>	<u>13,915</u>
Total net assets	<u>4,582,483</u>	<u>5,046,245</u>
Total liabilities and net assets	<u><u>\$ 4,591,138</u></u>	<u><u>5,054,975</u></u>

See accompanying notes to financial statements.

A GIFT FOR TEACHING, INC.

Statement of Activities

Year ended June 30, 2024

(With summarized comparative information for the year ended June 30, 2023)

	2024			2023 Total	
	Without Donor Restrictions	With Donor Restrictions			
		Purpose	Perpetual	Total	
Revenue and support:					
Contributions and grants	\$ 337,682	543,819	-	1,306,501	1,165,089
Contributed goods and facilities (note 6)	425,000	-	-	425,000	300,000
Contributed store inventory (note 6)	10,877,785	-	-	10,877,785	10,602,282
Special events, less direct benefits to donors of \$93,522	216,801	-	-	216,801	187,110
Investment income	12,970	-	812	13,782	6,181
Net assets released from restrictions (note 9)	609,352	(609,352)	-	-	-
Total revenue and support	12,479,590	(65,533)	812	12,839,869	12,260,662
Expenses:					
Program services	12,842,957	-	-	12,842,957	12,103,653
General and administrative	252,566	-	-	252,566	231,308
Development	208,108	-	-	208,108	194,981
Total expenses	13,303,631	-	-	13,303,631	12,529,942
Change in net assets	(824,041)	(65,533)	812	(463,762)	(269,280)
Net assets, beginning of year	4,648,139	384,191	13,915	5,046,245	5,315,525
Net assets, end of year	\$ 3,824,098	318,658	14,727	4,582,483	5,046,245

See accompanying note to financial statements.

A GIFT FOR TEACHING, INC.

Statement of Functional Expenses

Year ended June 30, 2024
(With summarized comparative information for the year ended June 30, 2023)

	Program Services			Supporting Services			2024 Total Expenses	2023 Total Expenses
	A Gift for Music	Store	Total	General and Administrative	Development	Total		
\$	-	-	-	8,047	1,631	9,678	9,678	5,961
Bank service charge	425	6,706	7,131	759	405	1,164	8,295	6,503
Dues and subscriptions	-	7,350	7,350	-	-	-	7,350	17,814
Equipment	6,000	-	6,000	33,828	-	33,828	39,828	30,525
Insurance	-	-	-	627	-	627	627	1,049
Licenses and permits	-	-	-	123	-	123	2,828	2,155
Marketing and public relations	1,276	1,792	3,068	4,777	2,705	2,828	11,365	8,839
Meeting expense	63	36,945	37,008	731	3,520	8,297	38,302	918
Miscellaneous	186	3,781	3,967	1,124	80	1,204	5,171	1,592
Office supplies	122,945	446,540	569,485	161,359	192,281	353,640	923,125	854,482
Payroll and benefits	-	44,273	44,273	-	-	-	44,273	23,430
Pickup and delivery	-	-	-	648	53	701	701	1,229
Postage	-	5,422	5,422	873	110	983	6,405	4,884
Printing	27,580	9,395	36,975	10,855	3,930	14,785	51,760	19,026
Professional fees	-	11,317,220	11,317,220	-	-	-	11,317,220	11,006,097
Donated merchandise (note 7)	99	52	151	107	646	753	904	950
Recognition	403,000	(3,000)	400,000	27,102	-	27,102	427,102	328,614
Occupancy	-	29,162	29,162	1,042	-	1,042	30,204	30,187
Repairs and maintenance	95	7,288	7,383	-	1,360	1,360	8,743	9,137
Software	400	696	1,096	564	824	1,388	2,484	1,823
Travel	-	313,884	313,884	-	-	-	313,884	139,800
Purchased inventory	14,105	-	14,105	-	-	-	14,105	-
Summer camp	3,535	-	3,535	-	-	-	3,535	-
Instruments and music supplies	579,709	12,227,506	12,807,215	252,566	208,108	460,674	13,267,889	12,496,629
Total expenses before depreciation	-	35,742	35,742	-	-	-	35,742	33,313
Depreciation	579,709	12,263,248	12,842,957	252,566	208,108	460,674	13,303,631	12,529,942
Total expenses	-	-	-	-	-	-	-	-

See accompanying notes to financial statements.

A GIFT FOR TEACHING, INC.

Statements of Cash Flows

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ (463,762)	(269,280)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	35,742	33,313
Donated inventory	439,435	403,815
Changes in operating assets and liabilities:		
Pledges receivable	(26,750)	71,703
Assets held by the Central Florida Foundation	(812)	(369)
Accounts payable and accrued expenses	(75)	(4,374)
Cash provided by (used in) operating activities	<u>(16,222)</u>	<u>234,808</u>
Cash flows from investing activities:		
Purchase of vehicle	<u>(36,434)</u>	-
Cash used in investing activities	<u>(36,434)</u>	-
Cash flows from financing activities:		
Purchase of certificates of deposit	<u>(58,960)</u>	(188,002)
Cash used in financing activities	<u>(58,960)</u>	(188,002)
Net change in cash	(111,616)	46,806
Cash at beginning of year	<u>480,449</u>	<u>433,643</u>
Cash at end of year	<u><u>\$ 368,833</u></u>	<u><u>480,449</u></u>

See accompanying notes to financial statements.

A GIFT FOR TEACHING, INC.

Notes to Financial Statements

June 30, 2024 and 2023

(1) **Organization and Summary of Significant Accounting Policies**

(a) **Organization and Purpose**

A Gift For Teaching, Inc. (the “Organization”) was formed as a not-for-profit corporation under the laws of the State of Florida and has obtained recognition of its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. A Gift For Teaching, Inc. was formed to ensure that students and classrooms in Central Florida have the basic tools for learning by transferring, at no cost, the community’s surplus supplies and merchandise into the hands of teachers and school children in need. In addition to the A Gift For Teaching Free Store in Orlando where teachers shop, the Organization provides support and supplies to Free Stores in Osceola County, which are operated by the local public school foundations. Approximately 20% of product is distributed through this Free Store. Additionally, included in these financial statements are the accounts for A Gift for Music. A Gift for Music provides access to musical instruments and instruction to inner city students at no charge to the students.

(b) **Basis of Accounting**

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization prepares its financial statements on an entity wide basis, focusing on the organization as a whole. Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations and, therefore, available for use in general operations.
- Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donor-imposed restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(c) **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(d) **Revenue and Revenue Recognition**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting

For the year ended June 30, 2024, the Organization did not have any conditional promises to give.

(e) **Unconditional Promises to Give**

Unconditional promises to give, less an allowance for uncollectible accounts, are recognized as revenues in the period received. Pledges are discounted, using a market discount rate, to present value for collections expected in future years. Accretion of the discount in subsequent years is also recorded as contribution revenue.

(f) **Furniture, Equipment and Instruments**

Furniture, equipment and instruments are recorded at cost or estimated value at the date of purchase or contribution. Expenditures for repairs and maintenance are expensed as incurred. Assets are being depreciated using the straight-line method over various estimated useful lives ranging from three to seven years. The Organization has a capitalization threshold of \$2,000.

A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(g) **Income Taxes**

A Gift For Teaching, Inc. is exempt from federal income tax under provision of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

In accordance with “Income Taxes” FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2024, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization’s income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2021 to 2023 are open to examination by federal authorities.

(h) **Beneficial Interest In Assets Held By Community Foundation**

The Organization has an interest in the Central Florida Foundation (CFF), which carries investments in marketable securities with readily determinable fair values, and all investments in debt securities are at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(1) **Organization and Summary of Significant Accounting Policies (Continued)**

(i) **Concentration of Credit Risks**

The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) provides for insurance on deposits in the amount of \$250,000 per depositor and fully insures deposits held in non-interest-bearing transaction accounts regardless of amount. During the year, the Organization from time to time may have had amounts on deposit in excess of the insured limits. Management believes the associated risk is minimized by placing such assets with quality financial institutions. The Organization has not experienced any losses on such accounts.

(j) **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(k) **Functional Allocation of Expenses**

The costs of providing the program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited.

(l) **Prior Year Comparative Data**

The financial statements include certain prior year summarized comparative information. This information has been presented in order to provide an understanding of changes in the Organization's financial position and activities. The prior year information in the statement of activities is presented in total but not by net asset class and, as such, does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In addition, certain amounts have been reclassified in order to conform with the current year's presentation.

(m) **Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through _____, 2024, which is the date the financial statements were available to be issued.

A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(2) Liquidity and Availability

As of June 30, 2024, the Organization has \$416,881 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. Financial assets subject to donor or other restrictions that make them unavailable for general expenditure within one year of the balance sheet date were \$316,536 as of June 30, 2024. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table reflects the Organization's financial assets as of June 30, 2024 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	\$ 368,833
Certificates of deposit	246,962
Pledges receivable	<u>117,622</u>
Total financial assets	733,417
Less:	
Restricted cash	<u>(316,536)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 416,881</u>

(3) Pledges Receivable

Pledges receivable, net of discount to present value (at a rate of 3%) and allowance for uncollectible contributions are as follows:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 121,258	91,546
Receivable in one to five years	688	3,692
	<u>121,946</u>	<u>95,238</u>
Less discount to present value	(324)	(366)
	<u>121,622</u>	<u>94,872</u>
Less: allowance for uncollectible contributions	(4,000)	(4,000)
Pledges receivable, net	<u>\$ 117,622</u>	<u>90,872</u>

The discount will be recognized as contribution income as the discount is amortized using an effective yield over the duration of the pledge.

A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(4) Furniture, Equipment and Instruments

At June 30, 2024 and 2023, furniture, equipment and instruments consisted of the following:

	<u>2024</u>	<u>2023</u>
Computers and Software	\$ -	21,972
Equipment and fixtures	35,718	35,718
Instruments	67,824	67,824
Leasehold improvements	840,880	840,880
Vehicle	139,580	103,144
	<u>1,084,002</u>	<u>1,069,538</u>
Less: accumulated depreciation	<u>(869,550)</u>	<u>(855,778)</u>
	<u>\$ 214,452</u>	<u>213,760</u>

(5) Beneficial Interest in Assets Held by Central Florida Foundation

The Organization has transferred funds to CFF to establish a fund, which is considered component funds of CFF. The terms of the fund agreement with CFF provide, among other things, that distributions are subject to CFF's policies. The Organization may recommend distribution from certain funds at any time; however, all recommendations are solely advisory and may be accepted or rejected by CFF. At the time of the transfers, the Organization granted variance power to CFF. That power gives CFF the right to modify or eliminate any restrictions, limitation or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations.

The fund is presented in the statements of financial position as beneficial interests in assets held by CFF and are considered Level 3 financial instruments, as they are pooled into various investment funds held by CFF.

(6) Donated Goods and Facilities

Donated merchandise is recorded at fair market value at the time of receipt.

Contributed use of facilities, leasehold improvements, and equipment are recorded at fair value at the date of the donation.

Contributed services are reported as contributions at their fair market value if such services create or enhance nonfinancial assets, or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(6) Donated Goods and Facilities (Continued)

On August 31, 2004, the Organization entered into an Agreement to Use and Occupy Portion of Warehouse with the Orange County Public School System (“OCPS”). The Agreement provides the Organization with a facility to consolidate all of its retail, warehouse, and administrative operations for a minimum period of 25 years. The Organization has no lease payments related to this agreement. The estimated value of this agreement of \$400,000 and \$300,000 for the years ended June 30, 2024 and 2023, respectively, has been recorded as contributed goods, services, and occupancy cost in the accompanying statements of activities and functional expenses. The lease may be terminated at any time by OCPS provided that the Organization is reimbursed for its unamortized leasehold improvements as disclosed in note 4.

A substantial number of unpaid volunteers have made significant contributions of their time toward the mission and vision of A Gift For Teaching. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement of valuation. A summary of donated items included in revenue and support in the accompanying statements of activities and changes in net assets is as follows:

	<u>2024</u>	<u>2023</u>
Donated use of facilities and equipment	\$ 425,000	300,000
Donated merchandise	<u>10,877,785</u>	<u>10,602,282</u>
Total donated use of facilities and merchandise	<u>\$ 11,302,785</u>	<u>10,902,282</u>

Inventory is valued at estimated fair market value at the time of donation. Inventory levels at June 30, 2024 and 2023 are determined based on a physical count of all items and fluctuate based on the timing of donated product received and the timing of goods distributed.

	<u>2024</u>	<u>2023</u>
Inventory at beginning of year	\$ 4,067,977	4,471,792
Donated product received	10,877,785	10,602,282
Value of product distributed	<u>(11,317,220)</u>	<u>(11,006,097)</u>
	<u>\$ 3,628,542</u>	<u>4,067,977</u>

A GIFT FOR TEACHING, INC.

Notes to Financial Statements

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	<u>2024</u>	<u>2023</u>
Purpose restrictions:		
Gift for Music	\$ 77,310	63,451
Art Programs	107,079	114,789
Big School House maintenance	24,715	30,648
Technology	-	52,297
Launch Box	52,614	38,107
Kits for kids	5,589	213
25 for 25 - Supplying Student Success	48,327	74,578
Various designated supplies	902	5,126
	<u>316,536</u>	<u>379,209</u>
For periods after June 30	<u>2,122</u>	<u>4,982</u>
	<u>\$ 318,658</u>	<u>384,191</u>

(8) Net Assets Released From Restrictions

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purposes or by occurrence of other events as specified by the donors as follows:

	<u>2024</u>	<u>2023</u>
Purpose restriction accomplished:		
Gift for Music	\$ 159,464	116,103
Art Programs	102,885	70,239
Launch Box	85,493	-
Technology	52,297	61,893
Big School House maintenance	5,933	-
Kits for kids	69,945	22,493
25 for 25 - Supplying Student Success	126,251	25,422
Various designated supplies	4,224	914
	<u>606,492</u>	<u>297,064</u>
Time restriction expired on pledges receivable	<u>2,860</u>	<u>6,643</u>
	<u>\$ 609,352</u>	<u>303,707</u>