

ROOTS & WINGS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**ROOTS & WINGS FOUNDATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Roots & Wings Foundation
Denville, New Jersey

Opinion

We have audited the accompanying financial statements of Roots & Wings Foundation (the Foundation), a nonprofit corporation, which comprise the statement of financial position as of December 31, 2024, and the related statement of activities and changes in net assets, 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 the Foundation, as of December 31, 2024, and the change 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements

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

Other Matters

The financial statements of the Foundation as of December 31, 2023, were audited by other auditors. Their report dated July 18, 2024 expressed an unmodified opinion on the financial statements.



CliftonLarsonAllen LLP

Livingston, New Jersey
May 22, 2025

**ROOTS & WINGS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,231,715	\$ 1,729,819
Contributions Receivable	5,260	14,731
Grants Receivable	21,689	28,855
Pledges Receivable	-	10,000
Prepaid Expenses	22,404	22,701
Gift Cards	2,275	600
Intangible Assets, Net	<u>2,329</u>	<u>15,467</u>
Total Current Assets	2,285,672	1,822,173
PROPERTY AND EQUIPMENT, NET	428,949	437,024
SECURITY DEPOSIT	19,393	17,163
OTHER ASSETS		
Right-of-Use Asset, Net of Accumulated Amortization	<u>14,133</u>	<u>12,515</u>
Total Assets	<u><u>\$ 2,748,147</u></u>	<u><u>\$ 2,288,875</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 6,052	\$ 7,189
Accrued Expenses	39,224	38,835
Deferred Revenue	25,000	-
Operating Lease Liability, Current Portion	3,378	6,728
Other Liabilities	<u>18,706</u>	<u>12,412</u>
Total Current Liabilities	92,360	65,164
LONG-TERM LIABILITIES		
Operating Lease Liability, Net of Current Portion	10,755	14,133
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,914,264	1,425,562
Designated by the Board for General Operations	<u>400,000</u>	<u>400,000</u>
Total Without Donor Restrictions	2,314,264	1,825,562
With Donor Restrictions	<u>330,768</u>	<u>384,016</u>
Total Net Assets	<u><u>2,645,032</u></u>	<u><u>2,209,578</u></u>
Total Liabilities and Net Assets	<u><u>\$ 2,748,147</u></u>	<u><u>\$ 2,288,875</u></u>

See accompanying Notes to Financial Statements

ROOTS & WINGS FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Fundraising, Net of Direct Donor Costs	\$ 292,242	\$ -	\$ 292,242
Private and Corporate Foundation and Grant Income	386,322	246,719	633,041
Morris and Union County Grant Income	65,859	-	65,859
Contributions of Cash and Other Financial Assets	309,485	64,279	373,764
Contributions of Nonfinancial Assets	47,531	-	47,531
Lease Income	56,294	-	56,294
Interest Income	44,630	-	44,630
Investment Loss	(177)	-	(177)
Other Income	514	-	514
Net Assets Released From Restrictions	364,246	(364,246)	-
Total Revenue And Support	1,566,946	(53,248)	1,513,698
EXPENSES			
Program Services:			
Youth Support	521,281	-	521,281
Youth Housing	225,982	-	225,982
Total Program Services	747,263	-	747,263
Supporting Services:			
Management And General	155,624	-	155,624
Fundraising	175,357	-	175,357
Total Supporting Services	330,981	-	330,981
Total Expenses	1,078,244	-	1,078,244
CHANGES IN NET ASSETS	488,702	(53,248)	435,454
Net Assets - Beginning of Year	1,825,562	384,016	2,209,578
NET ASSETS - END OF YEAR	<u>\$ 2,314,264</u>	<u>\$ 330,768</u>	<u>\$ 2,645,032</u>

See accompanying Notes to Financial Statements

ROOTS & WINGS FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Fundraising, Net of Direct Donor Costs	\$ 253,501	\$ -	\$ 253,501
Private and Corporate Foundation and Grant Income	194,877	27,218	222,095
Morris and Union County Grant Income	94,734		94,734
Contributions of Cash and Other Financial Assets	323,084	346,798	669,882
Contributions of Nonfinancial Assets	57,537	-	57,537
Lease Income	51,042	-	51,042
Interest Income	21,685	-	21,685
Loss on Disposal of Right-of-Use Asset	(3,170)	-	(3,170)
Investment Loss	(426)	-	(426)
Net Assets Released From Restrictions	36,165	(36,165)	-
Total Revenue And Support	1,029,029	337,851	1,366,880
EXPENSES			
Program Services:			
Youth Support	657,793	-	657,793
Youth Housing	225,008	-	225,008
Total Program Services	882,801	-	882,801
Supporting Services:			
Management and General	93,006	-	93,006
Fundraising	141,708	-	141,708
Total Supporting Services	234,714	-	234,714
Total Expenses	1,117,515	-	1,117,515
CHANGES IN NET ASSETS	(88,486)	337,851	249,365
Net Assets - Beginning of Year	1,914,048	46,165	1,960,213
NET ASSETS - END OF YEAR	<u>\$ 1,825,562</u>	<u>\$ 384,016</u>	<u>\$ 2,209,578</u>

See accompanying Notes to Financial Statements.

**ROOTS & WINGS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024**

	Program Services			Supporting Services			
	Youth Support	Youth Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Personnel Services:							
Salaries	\$ 259,089	\$ -	\$ 259,089	\$ 74,433	\$ 112,354	\$ 186,787	\$ 445,876
Payroll Taxes and Employee Benefits	39,176	-	39,176	8,853	12,511	21,364	60,540
Total Personnel Services	298,265	-	298,265	83,286	124,865	208,151	506,416
Lease And Occupancy	-	225,982	225,982	-	-	-	225,982
Building Expense	35,355	-	35,355	16,756	3,741	20,497	55,852
Insurance	10,593	-	10,593	6,610	837	7,447	18,040
Travel and Meeting Expenses	1,059	-	1,059	530	176	706	1,765
Client Support	105,596	-	105,596	-	-	-	105,596
Professional Fees	47,053	-	47,053	32,291	4,438	36,729	83,782
Office Expense	4,613	-	4,613	5,668	11,887	17,555	22,168
Special Events	-	-	-	-	71,272	71,272	71,272
Advertising Expenses	3,847	-	3,847	3,034	1,388	4,422	8,269
Depreciation and Amortization	14,900	-	14,900	7,449	2,484	9,933	24,833
Total	223,016	225,982	448,998	72,338	96,223	168,561	617,559
Less: Expenses Included with Revenues and Support on the Statement of Activities and Changes in Net Assets:							
Cost of Direct Benefits to Donors	-	-	-	-	(45,731)	(45,731)	(45,731)
Total Expenses by Function	<u>\$ 521,281</u>	<u>\$ 225,982</u>	<u>\$ 747,263</u>	<u>\$ 155,624</u>	<u>\$ 175,357</u>	<u>\$ 330,981</u>	<u>\$ 1,078,244</u>

See accompanying Notes to Financial Statements.

ROOTS & WINGS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services			
	Youth Support	Youth Housing	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Personnel Services:							
Salaries	\$ 351,995	\$ -	\$ 351,995	\$ 31,589	\$ 67,691	\$ 99,280	\$ 451,275
Payroll Taxes and Employee Benefits	48,046	-	48,046	4,992	9,359	14,351	62,397
Total Personnel Services	400,041	-	400,041	36,581	77,050	113,631	513,672
Lease And Occupancy	-	225,008	225,008	-	-	-	225,008
Building Expense	43,080	-	43,080	5,069	2,534	7,603	50,683
Insurance	19,278	-	19,278	6,694	804	7,498	26,776
Training	746	-	746	745	-	745	1,491
Travel and Meeting Expenses	4,412	-	4,412	565	-	565	4,977
Client Support	61,567	-	61,567	-	-	-	61,567
Professional Fees	80,762	-	80,762	20,533	14,860	35,393	116,155
Office Expense	20,121	-	20,121	10,062	10,059	20,121	40,242
Special Events	-	-	-	-	125,597	125,597	125,597
Advertising Expenses	6,935	-	6,935	6,715	6,729	13,444	20,379
Credit Loss Expense	-	-	-	4,079	-	4,079	4,079
Depreciation and Amortization	20,851	-	20,851	1,963	1,717	3,680	24,531
Total	257,752	225,008	482,760	56,425	162,300	218,725	701,485
Less: Expenses Included with Revenues and Support on the Statement of Activities and Changes in Net Assets:							
Cost of Direct Benefits to Donors	-	-	-	-	(97,642)	(97,642)	(97,642)
Total Expenses by Function	<u>\$ 657,793</u>	<u>\$ 225,008</u>	<u>\$ 882,801</u>	<u>\$ 93,006</u>	<u>\$ 141,708</u>	<u>\$ 234,714</u>	<u>\$ 1,117,515</u>

See accompanying Notes to Financial Statements.

**ROOTS & WINGS FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 435,454	\$ 249,365
Adjustments to Reconcile Changes in Net Assets		
Provided by Operating Activities:		
Depreciation and Amortization	24,833	24,531
Bad Debt Expense	-	4,079
Loss on Disposal of Right-of-Use Asset	-	3,170
Donated Securities	(19,822)	(30,985)
Realized Loss on Donated Securities	(177)	(426)
Noncash Lease Expense	(8,346)	5,176
Changes in Certain Assets and Liabilities:		
Contributions Receivable	9,471	(5,180)
Grants Receivable	7,166	(16,355)
Pledges Receivable	10,000	10,000
Prepaid Expenses	297	(9,239)
Security Deposits	(2,230)	3,648
Gift Cards	(1,675)	2,479
Accounts Payable	(1,137)	3,448
Accrued Expenses	389	10,142
Deferred Revenue	25,000	-
Other Liabilities	6,294	8,394
Net Cash Provided by Operating Activities	<u>485,517</u>	<u>262,247</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(3,620)	(6,500)
Proceeds from Sale of Investments	19,999	31,411
Net Cash Provided by Investing Activities	<u>16,379</u>	<u>24,911</u>
NET CHANGE IN CASH	501,896	287,158
Cash - Beginning of Year	<u>1,729,819</u>	<u>1,442,661</u>
CASH - END OF YEAR	<u><u>\$ 2,231,715</u></u>	<u><u>\$ 1,729,819</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
Donated Investment Securities	<u>\$ 19,822</u>	<u>\$ 30,985</u>
Right-of-Use Asset - Operating	<u>\$ -</u>	<u>\$ 13,233</u>
Right-of-Use Liabilities - Operating	<u>\$ -</u>	<u>\$ 18,409</u>

See accompanying Notes to Financial Statements.

**ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Roots & Wings Foundation (the Foundation) is a New Jersey nonprofit corporation, formed in 1999. The Foundation provides young adults who age out of the foster care system in New Jersey with safe housing, emotional support, life skills, and practical opportunities, inspiring them to rise toward their greatest potential.

Basis of Accounting

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

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. Net assets without donor restrictions also include those designated net assets amounting to \$400,000 as of December 31, 2024 and 2023, which are to be used as a reserve in the event the Foundation has difficulty meeting cash flow needs.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Foundation had net assets with donor restrictions in the amount of \$330,768 and \$384,016 as of December 31, 2024 and 2023, respectively.

Use of Estimates

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

**ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash.

Revenue and Support Recognition

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

A portion of the Foundation's revenue comes from cost-reimbursable county contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received before incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions and increase in net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase in net assets without donor restrictions. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Revenue is measured based on consideration specified in a contract with a customer, occurring with the transfer of control at a specific point in time. The Foundation recognizes fundraising and special event revenue at the time the event occurs. The Foundation records special events revenue equal to the fair value of direct benefits to donors and contribution revenue for the excess received when the events take place. Any event or services revenue received in advance of the event or services being performed is recorded as deferred revenue. The Foundation had \$25,000 recorded as deferred revenue related to a sponsorship for a 2025 special event as of December 31, 2024. There was no deferred revenue as of December 31, 2023 or January 1, 2023. The Foundation did not have any contract receivables as of December 31, 2024 or 2023 or January 1, 2023.

**ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Grants, Pledges Receivable, and Allowance

Contributions, grants, and pledges receivable are recorded at the amounts management expects to collect from outstanding balances. Management accounts for probable uncollectible amounts by charging earnings and crediting a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after reasonable collection efforts are written off by charging the valuation allowance and crediting receivables. Write-offs are determined on a case-by-case basis. As of December 31, 2024 and 2023, no allowance for uncollectible accounts was established, as management believes all receivables will be collected in the normal course of operations.

Property and Equipment

The Foundation records property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

In accordance with the provisions for accounting for the impairment or disposal of long-lived assets, the Foundation reviews its long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances suggest that the carrying amount of these assets may not be fully recoverable. Management has determined that no impairment adjustment was required to be recorded for the years ended December 31, 2024 and 2023.

Leases

In accordance with ASC 842, the Foundation determines if an arrangement is or contains a lease at contract inception and recognizes a right-of-use asset and lease liability at the lease commencement date. Contract terms determine if a lease will be accounted for as an operating lease or finance lease. Finance leases are generally those leases that allow the Foundation to substantially utilize or pay for the entire asset over its estimated useful life. All other leases are categorized as operating leases. The Foundation has no financing leases. Based on the lease contracts, nonlease components are separated and recorded as other liabilities, as applicable. As a result, the nonlease components are not included in the lease calculation. The lease terms used to calculate the right-of-use asset and related lease liability include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option.

**ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Several key estimates and judgements are used to determine the right-of-assets and operating lease liabilities, including the discount rate used to discount the unpaid lease payments to present value, lease term, and lease payments. ASC 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease unless an entity elects the practical expedient to use the risk-free rate. The Foundation has elected the practical expedient to utilize the risk-free rate of return for U.S. Treasury securities of similar term at the date of inception.

For operating leases, the lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on the risk-free rate. Right-of-use assets are recognized based on the initial present value of the fixed lease payments, plus initial direct costs from executing the lease. Lease assets are tested for impairment in the same manner as long-lived assets used in operations. Lease expense for operating lease is recognized on a straight-line basis over the lease term and is included in office expense in the statements of activities and changes in net assets.

The Foundation has elected not to recognize right-of-use assets and lease liabilities that have a term of 12 months or less. The Foundation recognizes the lease payments associates with short-term leases as an expense on a straight-line basis over the lease term.

Intangible Assets

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350-40, *Intangible Goodwill and Other – Internal Use Software and Website Development Costs*, internal and external costs incurred during the application development stage to create computer software and websites solely for the Foundation's internal needs are capitalized. Costs incurred during the preliminary project stage and post-implementation/operation stage are expensed as incurred. Capitalized software and website costs are amortized on a straight-line basis over their estimated useful lives.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities and changes in net assets and statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

**ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to each program based on a percentage of use determined by cost allocation techniques such as time and effort. Program expenses are those related to client assistance activities and are allocated based on direct expenditures incurred. Management and general expenses relate to supporting expenses, both direct and indirect, associated with those programs and are allocated based on salaries associated with the office administrative staff. Fundraising expenses include the direct costs of special events and the allocation of employees' salaries and other costs involved in fundraising and special events based on methods considered by management to be reasonable.

Income Taxes

The Foundation follows the provisions of FASB ASC 740, *Income Taxes* is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, accordingly, is not liable for federal and state income taxes.

The Foundation follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Foundation's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. The Foundation's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended December 31, 2024 and 2023. At December 31, 2024 and 2023, there are no significant income tax uncertainties.

Fair Value Measurements

The Foundation reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

**ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The following is a description of valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2024, and 2023.

The Foundation considers contributions and grants receivable at December 31, 2024 and 2023 to be current assets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation 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.

**ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation Pay Accrual

The Foundation's policy regarding accrued vacation is to allow employees to carry forward up to five vacation days into the following year. The Foundation calculates unused vacation days as of the end of the calendar year, December 31. All unused time must be utilized by March 31 of the following year, or it will be forfeited. There was no accrual vacation as of December 31, 2024 and 2023.

Advertising

The Foundation expenses the costs of advertising the first time advertising takes place. The Foundation incurred \$8,269 and \$20,379 in advertising expenses for the years ended December 31, 2024 and 2023, respectively. And are included in advertising expenses on the statements of functional expenses.

Donated Services and In-Kind Contributions

Contributed nonfinancial assets include donated professional services and other in-kind contributions which are recorded at the respective fair values of the goods or services received. The Foundation does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Foundation has evaluated its subsequent events and transactions occurring after December 31, 2024 through May 22, 2025, the date that the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Foundation regularly monitors the liquidity required to meet its operating needs and other obligations as they become due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities to be general expenditures.

ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The following represents the Foundation's financial assets, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2024	2023
Financial Assets at Year-End:		
Cash	\$ 2,231,715	\$ 1,729,819
Contributions Receivable	5,260	14,731
Grants Receivable	21,689	28,855
Pledges Receivable	-	10,000
Total Financial Assets	<u>2,258,664</u>	<u>1,783,405</u>
Less Amounts Not Available to be Used Within One Year Due to:		
Board-Designated Funds for Reserves	400,000	400,000
Net Assets With Donor Restrictions	<u>330,768</u>	<u>384,016</u>
	<u>730,768</u>	<u>784,016</u>
 Financial Assets Available to Meet General Expenditures Over the Next 12 Months	 <u>\$ 1,527,896</u>	 <u>\$ 999,389</u>

The Foundation has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$270,000. In addition to these financial assets, a significant portion of the Foundation's annual expenditures will be funded by current-year operating revenues including fundraising, private foundations and grant income, and donations. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations becomes due. The Foundation also has a \$25,000 line of credit available to meet cash flow needs. In the events the need arose to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution as well.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment and their related estimated useful lives consist of the following at December 31:

	Estimated Useful Life	2024	2023
Land		\$ 180,800	\$ 180,800
Building	39 Years	311,280	311,280
Building Improvements	10 Years	52,184	52,184
Furniture and Fixtures	7 Years	31,414	27,793
Vehicles	5 Years	23,550	23,550
Computers	5 Years	11,014	11,014
Total		<u>610,242</u>	<u>606,621</u>
Less: Accumulated Depreciation		<u>(181,293)</u>	<u>(169,597)</u>
Property and Equipment, Net		<u>\$ 428,949</u>	<u>\$ 437,024</u>

**ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 3 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense charged to operations for the years ended December 31, 2024, and 2023 totaled \$11,695 and \$15,748, respectively, which is included in depreciation and amortization on the statements of functional expense.

NOTE 4 LEASES

The Foundation leases equipment for operations. The Foundation entered into equipment lease set to expire in December 2028. In the normal course of business, it is expected that this lease will be renewed or placed by a similar lease.

The following table provides quantitative information concerning the Foundation's leases as of December 31:

	<u>2024</u>	<u>2023</u>
Operating Lease Costs	<u>\$ 7,434</u>	<u>\$ 6,747</u>
Other Information:		
Operating Cash Flows from Operating Leases	\$ 7,434	\$ (12,742)
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 13,233
Weighted-Average Remaining Lease Term - Operating Leases	3.8 Years	4.22 Years
Weighted-Average Discount Rate - Operating Leases	4.45%	3.88%

The Foundation classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2024, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 3,924
2026	3,924
2027	3,924
2028	<u>3,597</u>
Undiscounted Cash Flows	15,369
Less: Imputed Interest	<u>(1,236)</u>
Total Present Value	<u>\$ 14,133</u>
Short-Term Lease Liabilities	\$ 3,378
Long-Term lease liabilities	<u>10,755</u>
Total	<u>\$ 14,133</u>

ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 INTANGIBLE ASSETS

Intangible assets and their related estimated useful lives consist of the following at December 31:

	Estimated Useful Life	2024	2023
Computer Software	3 Years	\$ 42,775	\$ 42,775
Website	3 Years	13,750	13,750
Total		56,525	56,525
Less: Accumulated Amortization		(54,196)	(41,058)
Intangible Assets, Net		<u>\$ 2,329</u>	<u>\$ 15,467</u>

Amortization expense charged to operation for the years ended December 31, 2024 and 2023 totaled \$13,138 and \$8,783, respectively, which is included in depreciation and amortization on the statements of functional expense.

NOTE 6 LINE OF CREDIT

The Foundation had an unsecured line of credit with TD Bank in the amount of \$25,000. The interest rate on this line of credit is subject to change from time to time based on independent index, the Wall Street Journal Prime Rate, which is added to the margin of 3%. The index at December 31, 2024 and 2023 was 10.5% and 11.5% per annum, respectively. There were no borrowing made during 2024 and 2023, nor were there any amount outstanding against the line of credit at December 31, 2024 and 2023.

NOTE 7 CONTRIBUTED NONFINANCIAL ASSETS

The Foundation received contributed nonfinancial assets composed of food and supplies, gift cards, fundraising auction items, and professional services during the years ended December 31, 2024 and 2023 in support of its programs and operations which are recognized in the statements of activities and changes in net assets as follows:

Nonfinancial Contributions Category	Type of Contribution	Valuation	2024	2023
Client Support	Food and Supplies	Fair Market Value for Similar Item	\$ 15,834	\$ 16,687
Client Support	Gift Cards	Fair Market Value for Gift Card	-	2,520
Special Events	Auction Items	Donor-Provided Fair Market Value	25,541	27,955
Special Events	Marketing Services	Donor-Provided Current Billing Rates	-	1,000
Professional Fees	Marketing Services	Donor-Provided Current Billing Rates	-	9,375
Professional Fees	Legal Services	Donor-Provided Current Billing Rates	6,156	-
	Total		<u>\$ 47,531</u>	<u>\$ 57,537</u>

**ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 7 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

Contributed nonfinancial assets are reflected as contributions at their fair value on the date of the donation and are reported as support without donor restrictions unless explicit donor stipulation specify how donated assets must be used. The Foundation benefited from donated food and supplies, gift cards, and auction items, which amounts to \$41,375 and \$47,162 and have been reported as contribution of nonfinancial assets on the statements of activities and changes in net assets and within their functional expenses category of the years ended December 31, 2024 and 2023, respectively. Donated marketing and legal services in the amount of \$6,156 and \$10,375 have been reported as contributions of nonfinancial assets on the statements of activities and changes in net assets and within their functional expenses category for the years ended December 31, 2024 and 2023, respectively. All donated services were utilized by the Foundation's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

NOTE 8 LEASE INCOME

The Foundation entered into a lease agreement with the state of New Jersey to rent out office space beginning in 2016. The lease requires the state of New Jersey to make monthly payments of \$4,079 from February 1, 2022 through January 31, 2024. The Foundation agreed to a renewal with state of New Jersey for a term of two years. This renewed lease's effective term is from February 1, 2024 through January 2026 with monthly payments of \$4,201. This agreement also includes an option for an additional two-year extension with payment of \$4,327.

In September 2021, the Foundation entered into a two-year lease agreement with Project Readiness, a New Jersey nonprofit corporation, to rent out office space. The lease required the tenant to make monthly payments of \$500 from October 4, 2021 through October 4, 2023. During 2023, a renewal was signed, with an effective term of October 4, 2023 through September 29, 2024. Subsequent to September 2024, the Project Readiness paid month-to-month until a new lease was signed in March 2025. There was no change in monthly payments.

Future lease income associated with these leases for years ending December 31 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 50,412
2026	4,201
Total	<u>\$ 54,613</u>

Lease income amounted to \$56,294 and \$51,402, respectively, for the years ended December 31, 2024 and 2023.

ROOTS & WINGS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31:

	2024	2023
Purchases of Permanent Housing	\$ 10,000	\$ 10,000
Program Expenses	320,768	374,016
	<u>\$ 330,768</u>	<u>\$ 384,016</u>

Net assets released from donor restrictions by incurring expenses satisfying the specified restrictions placed by donors amounted to \$364,246 and \$36,165 for the years ended December 31, 2024 and 2023, respectively.

NOTE 10 PLEDGES RECEIVABLE

Pledges receivables consist of the following at December 31:

	2024	2023
Within One Year or Less	\$ -	\$ 10,000
Total	<u>\$ -</u>	<u>\$ 10,000</u>

NOTE 11 FUNDRAISING

The Foundation held several fundraising events during the years ended December 31, 2024 and 2023. The gross receipts from these events totaled \$337,973 and \$351,143 for 2024 and 2023, respectively. Direct expenses consisting of raffles tickets, facility costs, and other related expenses totaled \$45,731 and \$97,642 for 2024 and 2023, respectively, leaving net proceeds of \$292,242 and \$253,501 for 2024 and 2023, respectively.

NOTE 12 CONCENTRATIONS

The Foundation has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. This risk is mitigated by deposits made through an IntraFi program, in which cash balances are collateralized through certification of deposits by the bank at which funds are held. Therefore, despite significant cash balances, it is unlikely that any loss incurred or a lack of access to such funds would have significant adverse impact on the Foundation's financial condition, results of operations, and cash flows.

Funding for the Foundation comes from private foundations and grants, fundraising, donations, rental income, and government sources. As of December 31, 2024 and 2023, approximately 35% and 22% of the funding for the Foundation came from three donors and one donor, respectively. There is no guarantee that such funding will continue. Additionally, some net asset balances are dependent upon approval of disbursement monies by the granting agencies.

