

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board Members

Imprints of Honor (formerly known as Veterans Heritage Project)

We have reviewed the accompanying financial statements of Imprints of Honor (formerly known as Veterans Heritage Project) (an Arizona nonprofit organization), which comprise the statement of financial position as of June 30, 2024 and the related statements 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Imprints of Honor (formerly known as Veterans Heritage Project) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The accompanying supplementary information included in the Schedule of Special Events, net on Page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Baldwin Moffitt Behm LLP

Phoenix, Arizona
September 18, 2024

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

ASSETS

CURRENT ASSETS

Cash		
Unrestricted	\$	839,715
Restricted for payment of scholarships		20,991
Total cash		<u>860,706</u>
Accounts receivable		650
Pledges receivable, current portion, net of discount		9,702
Cash surrender value of life insurance policy		28,591
Inventory of books		23,940
Prepaid insurance		3,498
Prepaid expenses, other		<u>1,169</u>

TOTAL CURRENT ASSETS \$ 928,256

**PROPERTY AND EQUIPMENT, NET
OF ACCUMULATED DEPRECIATION** 6,650

RIGHT-OF-USE ASSET, OPERATING LEASE, NET 35,472

OTHER ASSETS

Pledges receivable, net of current portion and discount	18,810
Lease deposits	<u>1,000</u>

19,810

TOTAL OTHER ASSETS

TOTAL ASSETS \$ 990,188

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	4,249
Accrued compensated absences		17,486
Credit card payable		3,287
Lease liability, operating lease, current portion		16,186
Federal withholding tax payable		<u>2,500</u>

TOTAL CURRENT LIABILITIES \$ 43,708

LONG-TERM LIABILITIES

Lease liability, operating lease, net of current portion	<u>17,897</u>
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TOTAL LIABILITIES 61,605

NET ASSETS

Without donor restrictions	888,134
With donor restrictions	<u>40,449</u>

TOTAL NET ASSETS 928,583

**TOTAL LIABILITIES AND
NET ASSETS** \$ 990,188

The accompanying notes are an integral part of this financial statement.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Corporate grants	\$ 1,000	\$ 59,500	\$ 60,500
Sponsorship			
Corporations	52,858	5,000	57,858
Matching	6,685	264	6,949
Program income	26,546	-	26,546
In-kind donations	82,591	-	82,591
Special events, net	212,065	-	212,065
Interest income	23,381	-	23,381
Net assets released from restrictions:			
Satisfaction of program restrictions	110,528	(110,528)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	515,654	(45,764)	469,890
FUNCTIONAL EXPENSES			
Programs	506,006	-	506,006
Supporting services			
Management and general	113,459	-	113,459
Fundraising	71,934	-	71,934
TOTAL FUNCTIONAL EXPENSES	691,399	-	691,399
LOSS FROM OPERATIONS	(175,745)	(45,764)	(221,509)
DONATIONS			
Individuals	148,425	53,110	201,535
Board members	12,912	-	12,912
Workforce campaigns	1,599	-	1,599
TOTAL DONATIONS	162,936	53,110	216,046
INCREASE (DECREASE) IN NET ASSETS	(12,809)	7,346	(5,463)
NET ASSETS, JULY 1, 2023	900,943	33,103	934,046
NET ASSETS, JUNE 30, 2024	\$ 888,134	\$ 40,449	\$ 928,583

The accompanying notes are an integral part of this financial statement.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
Book publishing	\$ 32,882	\$ -	\$ -	\$ 32,882
Book reception	40,310	-	-	40,310
Depreciation	2,230	955	-	3,185
Employee benefits	10,737	1,407	1,407	13,551
In-kind goods and services	54,000	-	-	54,000
Insurance	-	2,381	-	2,381
Marketing	636	-	75	711
Meals and meetings	-	684	-	684
Mentoring/chapter support	3,237	-	-	3,237
Payroll taxes	15,265	2,847	4,073	22,185
Postage	2,585	538	696	3,819
Printing expenses	11,122	1,641	-	12,763
Professional development	-	95	304	399
Professional organization member	225	315	-	540
Professional services	8,257	59,842	2,103	70,202
Rent	15,097	5,168	-	20,265
Repairs and maintenance	-	531	-	531
Salaries	211,500	34,860	56,606	302,966
Scholarships and awards	64,014	-	-	64,014
Supplies	2,997	263	34	3,294
Technology, equipment and software	15,463	-	6,416	21,879
Travel	-	-	220	220
Utilities and telephone	6,101	1,932	-	8,033
Volunteer appreciation	9,348	-	-	9,348
TOTAL FUNCTIONAL EXPENSES	\$ 506,006	\$ 113,459	\$ 71,934	\$ 691,399

The accompanying notes are an integral part of this financial statement.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$	(5,463)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation		3,185
Cash surrender value of life insurance policy		(28,591)
Changes in operating assets and liabilities		
Accounts receivable		4,600
Pledges receivable		9,406
Inventory of books		(4,685)
Deposit for future event		2,000
Prepaid insurance		(2,055)
Prepaid expenses, other		525
Right-of-use assets, operating lease		16,097
Accounts payable		943
Accrued compensated absences		(408)
Credit card payable		(4,912)
Lease liability, operating leases		(16,097)
Deferred revenue		(45,000)
Federal withholding tax payable		2,500

NET CASH USED IN OPERATING ACTIVITIES \$ (67,955)

NET DECREASE IN CASH (67,955)

CASH, JULY 1, 2023 928,661

CASH, JUNE 30, 2024 \$ 860,706

SUMMARY OF CASH

Unrestricted	\$	839,715
Restricted for payment of scholarships		<u>20,991</u>
		<u><u>\$ 860,706</u></u>

**SUPPLEMENTARY DISCLOSURES OF CASH FLOW
INFORMATION**

NON-CASH ACTIVITIES

Right-of-use asset obtained in exchange for lease liability \$ 35,472

The accompanying notes are an integral part of this financial statement.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

Veterans Heritage Project (the “Organization”) was founded in 2004 and incorporated as an Arizona nonprofit organization in 2009. The Organization’s mission is to connect students with veterans in order to honor veterans, preserve America’s heritage and develop future leaders. The Organization serves veterans, and middle school, high school, and college students primarily in Arizona, with pilot programs in Florida and Tennessee.

On May 21, 2024, the Organization changed its name to Imprints of Honor, with plans to launch the name publicly on October 1, 2024.

The Organization offers educational enrichment programming which partners with veterans as primary sources of history, to motivate and inspire students to stay in school and become responsible, active citizens. Through civic engagement activities, veteran lectures, and the after-school program, students build twenty-first century skills: critical thinking, public speaking, listening, writing, collaboration, and the ability to gather and process information. Veteran oral history interviews are archived by students in the Library of Congress and their stories are written and published by students in an annual hardbound book entitled, *Since You Asked*. Veterans help to instill in students’ civic pride, understanding of sacrifice and service, accountability, and respect – building character in our next generation of leaders.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted explicitly by donor stipulation or by law.

Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase. The Organization has cash restricted for the payment of scholarships per stipulations by the donor.

Accounts Receivable

The Organization offsets gross accounts receivable with an allowance for credit losses. The allowance for credit losses is the Organization's best estimate of the amount of probable credit losses in the Organization's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in management and general expenses.

Estimating credit losses based on risk characteristics requires significant judgment by the Organization. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Organization's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. The Organization reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets. There have been no changes in the valuation allowance on the financial statements.

Inventory of Books

Inventory of books is stated at the lower of cost (determined by the first-in, first-out method) or net realizable value. Inventories are adjusted for obsolescence and are written down to net realizable value based upon estimates of future demand, technology developments, and market conditions.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost at the date of purchase, or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Major renewals and improvements of \$500 or greater are charged to the asset accounts while replacements, maintenance and repairs, which do not improve or extend the lives of respective assets, are expensed. At the time property and equipment are retired or otherwise disposed of, the assets and related depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to income.

The Organization depreciates its property and equipment for financial reporting purposes using the straight-line method based upon the following useful lives:

Furniture and fixtures	10 years
Signs	10 years
Leasehold improvements	4-5 years
Computer hardware	3 years

Long-Lived Assets

ASC 360: “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of,” requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset in question may not be recoverable. This standard did not have a material effect on the Organization’s results of operations, cash flows or financial position.

Contributions and Voluntary Assessments

Unconditional contributions are recognized when pledged and 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. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor-restricted support if they are received with donor stipulations that limit the use of the donated assets.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Revenue Recognition

Grants – revenue is recorded when cash is received if there are no restrictions. If the grant contains restrictions, revenue is recorded in accordance with those restrictions.

Contributions, gifts and pledges, as well as any other unconditional promises to give, are recognized as contributions in the period promised, net of estimated uncollectible amounts. Amounts expected to be collected within one year are recorded at their realizable value, and amounts expected to be collected beyond one year are recorded at the present value of estimated future cash flows.

Revenue from gifts, foundations and grants are recorded when they are received and monitored if they have any restrictions.

Revenue from in-kind contributions is recorded when the goods are received or the services are performed.

Program Revenue – revenue is recorded when cash is received.

Concentrations of Credit Risk – Cash in Bank

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, marketing, rent, utilities and salaries and benefits, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is currently exempt from income tax under Internal Revenue Code (IRC) Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the IRC.

Management is required to perform an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. This evaluation is required to be performed for all open tax years, as defined by the various statutes of limitations, for federal and state purposes. Management has performed its evaluation of tax positions taken on all open tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard.

Leases

Leases are classified as operating or finance leases at the commencement date. Lease expense for operating leases and short-term leases are recognized on a straight-line basis over the lease term. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Organization uses the risk-free borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in the lease is not known. The Organization only includes lease components and excludes non-lease components in determining lease amounts.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Organization will exercise the option. The Organization has also elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on the Organization's statement of financial position and are expensed on the straight-line basis over the term of the lease.

Compensated Absences

The Organization accrues for the costs of compensated absences to the extent that the employees' right to receive payment relates to services already rendered, the obligation vests or accumulates, payment is probable, and the amount can be reasonably estimated. At June 30, 2024, the Organization had \$17,486 of accrued compensated absences.

New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) that requires entities to estimate all expected credit losses for most financial assets held at the reporting date based on an expected loss model, which requires consideration of historical experience, current conditions, and reasonable and supportable forecasts. The Organization adopted this ASU effective July 1, 2023, and the adoption of this ASU did not have a material impact on its financial statements.

Subsequent Events

The Organization has evaluated subsequent events through September 18, 2024, the date which the financial statements were available for issuance.

NOTE 3 AVAILABILITY AND LIQUIDITY

The Organization strives to maintain liquid financial assets sufficient to cover six months of general expenditures. The Organization receives contributions and grants throughout the year, which are available to meet annual cash needs for general expenditures.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of its educational program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 3 AVAILABILITY AND LIQUIDITY (CONTNUED)

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

Financial assets at year end:	
Cash and cash equivalents	\$ 860,706
Accounts receivable	650
Pledges receivable, net	28,512
Cash surrender value of life insurance policy	<u>28,591</u>
Total financial assets	918,459
Less amounts not available to be used within one year	
Net assets with donor restrictions	<u>(40,449)</u>
Financial assets available to meet general expenditures over the next twelve months	
	<u>\$ 878,010</u>

NOTE 4 ACCOUNTS RECEIVABLE

A summary of accounts receivable is as follows:

Accounts receivable	\$ 650
Less allowance for credit losses	<u>-</u>
Net accounts receivable	<u>\$ 650</u>

As of June 30, 2024, there were no accounts receivable that were over 90 days old.

NOTE 5 PLEDGES RECEIVABLE

The Organization has received an unconditional pledge that is to be received in the future and scheduled to be fulfilled by December 31, 2026. The pledge is discounted at the risk-free rate of 2.5%.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 5 PLEDGES RECEIVABLE (CONTINUED)

A summary of the pledges receivable at June 30, 2024 is as follows:

Total pledges receivable outstanding	\$	30,000
Less: Unamortized discount to present value		<u>(1,488)</u>
 Total pledges receivable, net		 28,512
Less: current portion of pledges receivable		<u>(9,702)</u>
	 \$	 <u>18,810</u>

Future payments of pledges receivable for each of the fiscal years subsequent to June 30, 2024 are as follows:

Years ending:		
June 30, 2025	\$	9,480
June 30, 2026		9,480
June 30, 2027		<u>9,552</u>
	 \$	 <u>28,512</u>

NOTE 6 CASH SURRENDER VALUE OF LIFE INSURANCE POLICY

On August 31, 2023, the Organization received a donation of a life insurance policy where the Organization became the owner and beneficiary. The cash surrender value of the policy at June 30, 2024 was \$28,591.

NOTE 7 PROPERTY AND EQUIPMENT, NET

Property and equipment and accumulated depreciation consists of the following at June 30, 2024:

Furniture and fixtures	\$	11,865
Signs		550
Leasehold improvements		7,532
Computer hardware		<u>7,567</u>
		27,514
Less accumulated depreciation		<u>20,864</u>
 Net property and equipment	 \$	 <u>6,650</u>

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 7 PROPERTY AND EQUIPMENT, NET (CONTINUED)

At June 30, 2024, the Organization had \$9,268 of property and equipment that was fully depreciated. For the year ended June 30, 2024, depreciation expense totaled \$3,185

NOTE 8 FEDERAL WITHHOLDING TAX PAYABLE

In March 2024, the Organization held a raffle with a payout in the amount of \$10,000. The Organization paid out \$7,500 to the winner of the raffle and withheld \$2,500 to be paid for federal taxes. This amount withheld for federal taxes has not been paid as of June 30, 2024.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions that are subject to expenditure for specific purpose are as follows:

Educational enrichment program	\$	<u>40,449</u>
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NOTE 10 IN-KIND DONATIONS

The Organization received donated professional services, as well as donated goods and services for an event, which values are based upon information provided by the third-party service provider and are recorded as donations in-kind for program revenues and expenses. For the year ended June 30, 2024 in-kind donations consisted of the following:

Program director services	\$	54,000
Cash surrender value of donated life insurance policy		28,591
Audio-visual services for gala		10,000
Flowers for gala		<u>3,000</u>
	<u>\$</u>	<u>95,591</u>

For the year ended June 30, 2024, the \$54,000 of in-kind expenses for program director is on the statement of functional expenses, and the \$13,000 of gala expenses are included in the Saluting Stories of Service expenses on the schedule of special events.

IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting principles generally accepted in the United States of America provide a framework for measuring fair value. The framework provides a 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 an unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted market prices 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.
- 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 and significant to the fair value measurement.

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

Following is a description of the valuation methodology used for the asset measured at fair value:

- Life insurance contract – valued at cash value of the policy which approximates fair value.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 11 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The method 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 method is 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's asset at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash surrender value of life insurance policy	\$ -	\$ -	\$ 28,591	\$ 28,591

The table below sets forth a summary of changes in the fair value of the Organization's level 3 asset for the year ended June 30, 2024:

Fair value as of September 15, 2023	\$ 27,726
Increase in cash value of life insurance	865
Fair value as of June 30, 2024	<u>\$ 28,591</u>

NOTE 12 MARKETING

The Organization expenses all marketing costs the first time the marketing takes place. For the year ended June 30, 2024, the Organization had marketing expenses of \$711.

NOTE 13 LEASE AGREEMENT

The Organization has one office lease. Monthly rental payments are \$1,459 plus operating costs and the lease terminates in June 2026.

The Organization uses the incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The Organization's incremental rate is based on the rate the Organization would get if they were to apply for a bank loan.

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 13 LEASE AGREEMENT (CONTINUED)

Right-of-use assets and lease liabilities by lease type, and the associated statements of financial position classifications are as follows:

	<u>Classification</u>	
Right-of-use assets:		
Operating leases	Right-of-use-assets, net	<u>\$ 35,472</u>
	<u>Classification</u>	
Lease liabilities:		
Operating leases	Lease liability	\$ 34,083
Less: current portion		<u>(16,186)</u>
Long-term portion		<u>\$ 17,897</u>

The components of total lease costs were as follows for the year ended June 30, 2024:

	<u>Classification</u>	
Operating lease cost	Rent expense	<u>\$ 16,670</u>

Future undiscounted lease payments for the lease which has an initial term of one year or more as of June 30, 2024 are as follows:

June 30, 2024	\$ 16,984
June 30, 2025	<u>18,779</u>
Total undiscounted lease payments	\$ 35,763
Less: imputed interest	<u>(1,680)</u>
Net lease liability	<u>\$ 34,083</u>

Supplemental lease information:

Weighted-average remaining lease term (years) - operating leases	<u>2.00</u>
Weighted-average discount rate - operating leases	<u>4.93%</u>

SUPPLEMENTARY INFORMATION

**IMPRINTS OF HONOR
(FORMERLY KNOWN AS VETERANS HERITAGE PROJECT)
SCHEDULE OF SPECIAL EVENTS, NET
FOR THE YEAR ENDED JUNE 30, 2024**

SALUTING STORIES OF SERVICE

Revenue	\$ 203,259	
In-kind donations	13,000	
Total revenue	<u>216,259</u>	
Expenses	<u>(88,432)</u>	
		\$ 127,827

HONOR, PROTECT, SERVE EVENTS

Revenue	\$ 88,636	
Expenses	<u>(4,398)</u>	
		<u>84,238</u>

TOTAL		<u>\$ 212,065</u>
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