

MIRACLES FOR KIDS
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2023



MIRACLES FOR KIDS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
Miracles for Kids:

Opinion

We have audited the accompanying financial statements of Miracles for Kids, a non-profit organization, (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and change 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 Organization as of December 31, 2023, and the changes in their net assets and their 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Irvine, California
May 17, 2024

MIRACLES FOR KIDS
STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31,

2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 495,158
Investments	3,972,923
Pledges receivable	1,064,340
Pledges receivable - related party	178,000
Prepaid expenses and other current assets	71,126
Program inventory	15,329

Total current assets 5,796,876

Property, net	202,524
Pledges receivable, net of current portion and discount	11,620
Pledges receivable - related party, net of current portion and discount	106,934
Right-of-use assets	7,049,852
Other assets	39,131

Total assets \$ 13,206,937

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 70,013
Accrued expenses and other current liabilities	97,774

Total current liabilities 167,787

Lease liabilities 7,184,675

Total liabilities 7,352,462

Commitments and contingencies (see Notes)

Net assets

Without donor restrictions - undesignated	5,604,475
Without donor restrictions - Board designated operating reserves	250,000

Total net assets 5,854,475

Total liabilities and net assets \$ 13,206,937

See accompanying notes to financial statements.

MIRACLES FOR KIDS

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31,

2023

Support, revenue and gains - without donor restrictions:

Contributions - individuals	\$	322,895
Contributions - corporations and foundations		1,006,097
Grants - corporations		252,815
Donated supplies and program inventory		839,595
Special event revenue	\$	4,032,058
Less: direct cost of benefits provided to donors	(1,373,097)	2,658,961
Rental income, net of concessions of \$246,163 and vacancy loss of \$6,990		107,555
Miscellaneous income, gains and losses		70,837
Total support, revenue and gains - without donor restrictions		5,258,755

Expenses and losses:

Program services		3,952,298
Supporting services:		
Management and general		311,789
Fundraising		543,471
Total supporting services		855,260

Total expenses 4,807,558

Loss on pledges receivable 50,000

Total expenses and losses 4,857,558

Change in net assets without donor restrictions 401,197

Net assets without donor restrictions - beginning of the year 5,453,278

Net assets without donor restrictions - end of the year \$ 5,854,475

See accompanying notes to financial statements.

MIRACLES FOR KIDS
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023	Program Services			Supporting Services			Total
	Grants	Wellness		Management and General	Fundraising	Subtotal	
		Housing	and Support				
Salaries, benefits, and taxes	\$ 827,357	\$ 275,786	\$ 45,964	\$ 149,935	\$ 402,743	\$ 552,678	\$ 1,701,785
Occupancy	65,201	387,872	26,710	17,340	48,178	65,518	545,301
Grants	1,557,269	-	-	-	-	-	1,557,269
Special events - facilities, rentals, fees and other production expenses	-	-	-	-	1,373,097	1,373,097	1,373,097
Professional services	30,568	-	10,251	134,660	-	134,660	175,479
Program supplies	248,173	82,724	379,557	-	-	-	710,454
Depreciation and amortization	35,583	11,861	1,976	1,688	5,860	7,548	56,968
Other expenses	152,358	50,785	8,466	8,166	86,690	94,856	306,465
Total expenses	2,916,509	809,028	472,924	311,789	1,916,568	2,228,357	6,426,818
Less: rental concessions granted to tenants	(246,163)	-	-	-	-	-	(246,163)
Less: direct costs of benefits provided to donors	-	-	-	-	(1,373,097)	(1,373,097)	(1,373,097)
Total functional expenses	\$ 2,670,346	\$ 809,028	\$ 472,924	\$ 311,789	\$ 543,471	\$ 855,260	\$ 4,807,558

See accompanying notes to financial statements.

MIRACLES FOR KIDS
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,

2023

Cash flows from operating activities:

Change in net assets without donor restrictions	\$ 401,197
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:	
Depreciation and amortization	56,968
Amortization of operating lease	32,715
Contributed equity securities	(1,265,801)
Sale of contributed equity securities	1,269,097
Net realized and unrealized gain on investments	(5,737)
Provision for losses on pledges receivable	50,000
Discount on pledges receivable	8,331
Donated vehicle	(40,844)
In-kind contributions included in program inventory	15,329
Changes in operating assets and liabilities:	
Pledges receivable	443,520
Prepaid expenses and other current assets	(4,137)
Program inventory	(1,412)
Accounts payable	51,484
Accrued expenses and other current liabilities	(9,605)

Net cash provided by operating activities 1,001,105

Cash flows from investing activities:

Purchases of investments	(3,970,482)
Purchases on property	(77,490)

Cash used in investing activities (4,047,972)

Net change in cash and cash equivalents (3,046,867)

Cash and cash equivalents at beginning of year 3,542,025

Cash and cash equivalents at end of year \$ 495,158

See accompanying notes to financial statements.

1. ORGANIZATION AND NATURE OF BUSINESS

Miracles for Kids (Miracles, or the Organization) helps families with critically-ill children battle bankruptcy, homelessness, hunger and depression so they can concentrate on what is most important – fighting for their child’s life. As one of the only organizations on the West Coast dedicated to alleviating these stressors, Miracles for Kids’ focuses on stabilizing families through its major programs:

- **Grants Program** Monthly grants pay rent, help keep the lights on, food on the table, the water running and so much more.
- **Housing Program** Families at risk of homelessness have an affordable and safe place to call home with Miracle Manor, which includes a 12-unit apartment complex (Miracle Manor I) and a 10-unit apartment complex (Miracle Manor II), both located in Orange County, CA, within close proximity to Children’s Hospital of Orange County (CHOC).
- **Wellness and Basic Needs Support Programs**
 - Mental health services, educational sessions and outdoor wellness activities help families better cope with trauma and stress associated with life-threatening illnesses.
 - The Basket of Miracles and Box of Miracles programs help provide food, clothing, home goods, and other essential items to ensure families in crisis are getting necessities.
- **Pillars Program** Families are provided with access to higher education, financial literacy, and employment support to aid in long-term stability.

These programs serve families living at or near the poverty level, with a critically-ill child in treatment at leading children’s hospitals: CHOC, Children’s Hospital Los Angeles, Mattel Children’s Hospital UCLA, UCSF Benioff Children’s Hospital in the Bay Area, Rady Children’s Hospital in San Diego, Loma Linda University Children’s Health, Phoenix Children’s Hospital, and City of Hope. The monthly financial assistance, subsidized housing, mental health services and wellness activities provided by Miracles for Kids help to create stability when families are crumbling from the financial and emotional devastation of fighting for their child’s life.

In 2023, Miracles for Kids helped 1,618 family members remain housed, fed, and stable. The children battle over 106 unique illnesses and conditions. Although 67% of the patients served have been diagnosed with a type of pediatric cancer, the remaining patients have blood-based diseases and rare medical conditions where few, if any, support services are available. Specific support in 2023 included:

- 367 families received monthly financial assistance for 3,119 essential bills covered by Grants program.
- 19 families were provided 18,492 nights of sleep in stable, subsidized housing at Miracle Manor.
- 414 wellness sessions were held and 447 unique individuals participated in one or more therapy sessions.
- 3,606 basic needs deliveries were provided to 462 families.

Based in Southern California, Miracles for Kids was founded in 2002 and incorporated in California as a nonprofit organization. The Organization continues to advance its mission through the leadership of the Co-Founder and Chief Executive Officer, Autumn Strier, and a team of 22 employees. They operate a main office in Irvine, CA and two subsidized housing complexes, Miracle Manor I and II, in Orange County, CA. To learn more about how Miracles for Kids has joined forces with parents and loved ones, visit miraclesforkids.org.

Miracle Manor, LLC Miracle Manor, LLC (LLC), was formed on December 18, 2014, to own and operate a 12-unit apartment complex used to provide subsidized housing to families with critically-ill children. The housing program was operated by Miracles for Kids, which is the sole member of the LLC. During 2019, the LLC sold all of its property and Miracles concurrently entered into a master lease agreement with the new property owner. The LLC was dissolved in February 2023. For the period from January 1, 2023, through the date of dissolution, the LLC had no activity; as such, no intercompany accounts or transactions were required to be eliminated in consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The Organization maintains its accounting records under the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America (US GAAP).

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

- **With Donor Restrictions** Resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources must be maintained in perpetuity. When a donor restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.
- **Without Donor Restrictions** Net assets available to support operations and not subject to donor-imposed stipulations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specific in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- **Board Designated – Operating Reserves** - the part of the net assets of the Organization without donor restrictions that the board of directors (the Board) approved to be available for use at the discretion of the board of directors and/or management for general operating purposes.

Functional Allocation of Expenses The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation and amortization (allocated on a square footage basis), as well as wages, benefits,

payroll taxes, professional services, office expenses, information technology, interest, insurance, and other (all of which are allocated on the basis of estimates of time and effort).

The allocation methodology is periodically reviewed by management for relevancy and accuracy.

The functional classifications are defined as follows:

- Program expenses consist of costs incurred in connection with providing services and conducting programs.
- Management and general expenses consist of costs incurred in connection with the overall activities, which are not allocable to another functional expense category.
- Fundraising expenses consist of costs incurred in connection with activities related to obtaining grants and activities designed to generate revenue.

Use of Estimates In preparing financial statements in conformity with US GAAP, management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates include the collectability of pledges receivable during the year ended December 31, 2023. Actual results could differ from those estimates.

Cash and Cash Equivalents Cash and cash equivalents consist primarily of cash on hand and short term investments, which mature within three months from the date of original purchase.

Investments Investments are reported at their fair value based on quoted market prices. Net unrealized gains and losses on investments are recorded in the statements of activities and change in net assets for changes in fair value of the investments at the financial statement date. Investment sales and purchases are recorded on the trade date, which could result in receivables and payables on trades that have not yet settled at the financial statement date.

Dividend and interest income are recorded when earned. Realized gains and losses are recorded on their respective trade dates. Realized gains and losses from the sale of securities are determined using the specific identification method. Investment income (loss) reflected within misc. income, gains and losses in the accompanying statement of activities and change in net assets includes dividend and interest income and realized and unrealized gains (loss), net of investment fees.

Concentration of Business and Credit Risk The Organization maintains cash and cash equivalents balances in excess of the Federal Deposit Insurance Corporation insurance limit. During 2023, the Organization reevaluated its banking relationships and determined to diversify accounts in an effort to minimize exposure to losses. Cash and cash equivalents balances are maintained in accounts with various financial institutions which are monitored by management. The Organization has not experienced any losses in these accounts and does not believe it is exposed to significant credit risk with respect to cash and cash equivalents at December 31, 2023.

The Organization had 2 donors that accounted for more than 10% of revenues during the year ended December 31, 2023, of which 1 donor's pledge accounted for more than 10% of total receivables.

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Marketing Costs Marketing costs are charged to expense as incurred. Total marketing costs for the year ended December 31, 2023 were \$28,340.

Property Property consists of long-lived assets of the Organization acquired for use in the Organization's normal business operations and are not intended for resale. These assets are recorded at cost, net of accumulated depreciation and amortization. Renewals and betterments that increase the useful lives of the assets are capitalized. Repair and maintenance expenditures are expensed as incurred. Cost and accumulated depreciation and amortization applicable to assets retired or otherwise disposed of are eliminated from the accounts, and any gain or loss on such dispositions are reflected in the statement of activities and change in net assets.

Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Description	Useful Life
Office furniture and fixtures	10 years
Computers and other equipment	5 years
Leasehold Improvements	Lesser of useful life or term of lease
Software	5 years
Vehicles	5 years

Donations of property are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization reviews its property for impairment whenever events or circumstances indicate the carrying amount of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended December 31, 2023.

Contributions and Pledges Receivable Unconditional contributions are recorded at estimated fair value and are recognized as revenue in the period received. The Organization reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions or unconditional promises to give with payments due in future periods are discounted to present value and reported as donor-restricted revenue. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

As of December 31, 2023, the Organization had pledges receivables from unrelated parties \$1,076,465, of which \$1,053,562 was originally due in 2023, which are expected to be received in 2024. As of December 31, 2023, the Organization also had pledges receivable from related parties (Note 4).

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance recorded as of December 31, 2023.

Leases The Organization accounts for its leases under Accounting Standards Codification (ASC) 842, *Leases* (ASC 842). ASC 842 requires the recognition of right-of-use (ROU) assets and lease liabilities for leases classified as operating leases. ROU assets represent the Organization's right to use leased assets over the term of the lease. Lease liabilities represent the Organization's contractual obligation to make lease payments over the lease term. All leases the Organization entered into as of December 31, 2023, are operating leases.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the future minimum lease payments over the lease term. When the rate implicit in the lease is not determinable, ASC 842 prescribes the use of the Organization's incremental borrowing rate at the commencement date of the lease to determine the present value of the minimum lease payments. The Organization elected the practical expedient allowing the use of the risk-free discount rate in lieu of their incremental borrowing rate at the commencement date of the lease. ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Organization if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term and is included in occupancy expenses in the accompanying statement of functional expenses.

The Organization has elected the practical expedient allowing management not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

To the extent a lease arrangement includes both lease and non-lease components, the components are accounted for separately. The transaction price is allocated to the lease and non-lease components based on a relative stand-alone price basis.

Donated Supplies, Facilities and Services Donated noncash assets, such as use of facilities and supplies, are recorded at their fair values using comparable market rates, in the period received. Contributed goods consist primarily of silent auction items and supplies, such as clothing, cleaning, and personal hygiene necessities, which are used in the Organization's programs at the time of donation. The use of contributed goods are recorded in the functional expense classification for the program in which the goods were used. The Organization received \$839,595 in contributions without donor restrictions of a vehicle, supplies, and program inventory used in the wellness and support program during the year ended December 31, 2023, of which, approximately \$15,329, was included in program inventory as of December 31, 2023. Program inventory is expected to be used by December 31, 2024.

Donations of services are recognized in the financial statements if the services received: (1) create or enhance nonfinancial assets or require specialized skills; (2) are provided by individuals possessing those skills; and (3) would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the accompanying

financial statements. The Organization did not receive any donated services during the year ended December 31, 2023.

Contributions of Equity Securities Contributions of equity securities are recorded at fair value at the date of donation. If the donor has not imposed any restrictions, then contributions of equity securities are recorded as net assets without donor restrictions. Sale proceeds from contributed securities that are immediately converted to cash are classified as cash flows from operating activities on the statement of cash flows.

Pledges Payable Pledges to other organizations are recognized when the Organization makes a promise to give that is, in substance, unconditional. Such pledges that are authorized but unpaid as of the end of the year are recognized as liabilities. Unconditional promises to give that are expected to be paid in more than one year are recorded at the present value of the future cash flows. The discounts on those amounts are recorded using risk-free interest rates applicable to those years in which the promises are received. There were no pledges payable at December 31, 2023.

Income Taxes The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Organization does not have any income which management believes would subject the Organization to unrelated business income taxes. Accordingly, these financial statements do not reflect a provision for income taxes and there are no other tax positions which must be considered for disclosure. The Organization is required to file tax returns with the Internal Revenue Service (IRS) and other state taxing authorities. With few exceptions, the Organization is no longer subject to income tax examinations by tax authorities for fiscal years before 2019. There are no current tax examinations pending.

No provision for income taxes has been made for the LLC as any income or loss throughout the date of dissolution is included in the tax returns of the member and there are no other tax positions which must be considered for disclosure. The federal tax status as a pass-through entity is based on its legal status as a limited liability company. LLC is required to file tax returns with the IRS and other taxing authorities and is required to pay an \$800 fee to the California Franchise Tax Board. With few exceptions, the LLC is no longer subject to income tax examinations by tax authorities for years before 2019. The final tax return for the LLC was filed in February 2023. There are no current tax examinations pending.

Fair Value of Financial Instruments The Organization accounts for their financial instruments using fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value measurement hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable.

The Organization's management used the following methods and assumptions to estimate the fair value of their investments:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

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- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as 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; or other inputs that are observable or can be corroborated by observable market data (for substantially the full term of the assets or liabilities).
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

3. PROPERTY

Property consists of the following:

As of December 31,	2023
Office furniture and fixtures	\$ 132,703
Computers and other equipment	107,998
Leasehold improvements	254,347
Vehicles	92,511
Software	50,000
Total property	637,559
Less: accumulated depreciation and amortization	(435,035)
Property, net	\$ 202,524

Depreciation and amortization expense related to property amounted to \$56,968 for the year ended December 31, 2023.

4. RELATED PARTY TRANSACTIONS

Pledges Receivable – Related Parties The Organization has received pledges from various related parties, including members of the board of directors, due through 2028. Pledges receivable from other related parties totaled \$292,760 as of December 31, 2023, and have been discounted at rates ranging from 0.16% to 2.45%.

Future pledges receivables from related parties to be collected are as follows:

Years Ending December 31,	Amount
2024	\$ 178,000
2025	26,000
2026	18,260
2027	6,000
2028	64,500
Total pledges receivable – related party	292,760
Less: discount	(7,826)
Pledges receivable – related party, net	\$ 284,934

Related Party Contributions During 2023, the Organization received approximately \$501,514 in contributions from board members.

5. COMMITMENTS AND CONTINGENCIES

Miracle Manor I Master Lease Effective June 15, 2019, the Organization entered into a master lease with an unrelated party to lease the Miracle Manor I building. The lease requires base monthly rent of \$22,917, escalating annually, for a term of 10 years with an option to extend for 2 consecutive 5-year periods. An ROU asset of \$1,633,467 and lease liability of \$1,746,870 were recorded as of December 31, 2023.

Miracle Manor II Master Lease Effective September 27, 2023, the Organization entered into a master lease with an unrelated party to lease the Miracle Manor II building. The master lease requires base monthly rent of \$25,390, escalating annually, for a term of 10 years with an option to extend for 2 consecutive 5-year periods. An ROU asset of \$5,092,701 and lease liability of \$5,109,754 were recorded as of December 31, 2023.

Office Leases The Organization renewed its non-cancellable office lease through March 2026. Base monthly rent consists of monthly payments of approximately \$12,000, increasing annually. The office lease is classified as an operating lease. An ROU asset of \$323,684 and lease liability of \$328,051 were recorded as of December 31, 2023.

Operating lease expenses included in occupancy in the accompanying statement of functional expenses for the year ended December 31, 2023 were approximately \$497,544.

Future minimum payments on the Organization’s operating leases as of December 31, 2023 are as follows:

Years Ending December 31,	Amount
2024	\$ 763,591
2025	793,323
2026	683,339
2027	677,054
2028	697,363
Thereafter	6,719,251
Total	\$10,333,921

Litigation In the ordinary course of doing business, the Organization, from time to time, becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against the Organization which may have an impact on changes in net assets. The Organization does not believe that these proceedings, individually or in the aggregate, would have a material effect on the accompanying financial statements.

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6. INVESTMENTS

Investments are reported at fair value using quoted prices in active markets (Level 1 inputs).

The fair value of investments held at December 31, 2023 are as follows:

Fair Value at December 31,	2023
Money market funds	\$ 3,172,068
Mutual funds	800,855
Total	\$ 3,972,923

7. LIQUIDITY AND AVAILABILITY

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets without donor restrictions or other restrictions limiting their use that can be readily made available within one year of the statement of financial position date, comprise the following:

At December 31,	2023
Financial assets at year end:	
Cash and cash equivalents	\$ 495,158
Investments	3,972,923
Pledges receivable, current portion	1,064,340
Pledges receivable – related party, current portion	178,000
Financial assets available to meet general expenditures within one year	\$ 5,710,421

As part of its policy to manage liquidity and availability, the Organization holds in its operating checking account a balance equal to at least three months of operating expenses that can be readily liquidated to pay for operating needs.

Short-term pledges receivable consists of unconditional promises to give expected to be received within one year from December 31, 2023. Unrestricted short-term pledges receivable will be available to support general operations of the Organization.

8. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events that have occurred through the date of the independent auditor's report, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.