

# Charity Navigator

***FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT***

***YEARS ENDED JUNE 30, 2024 AND 2023***

# CHARITY NAVIGATOR

Years Ended June 30, 2024 and 2023

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Charity Navigator  
Saddle Brook, New Jersey

### **Opinion**

We have audited the accompanying financial statements of Charity Navigator (a nonprofit organization), which comprise the balance sheets as of June 30, 2024 and 2023, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charity Navigator as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Charity Navigator 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 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 Charity Navigator'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 Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Charity Navigator'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 Charity Navigator'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.

*Dorfman Abrams Music, LLC*

Saddle Brook, New Jersey  
February 7, 2025

# CHARITY NAVIGATOR

## BALANCE SHEETS

### ASSETS

	June 30,	
	2024	2023
Cash and cash equivalents (Notes 2, 3 and 4)	\$ 1,716,172	\$ 762,731
Investments (Notes 2, 3, 4, 5 and 6)	6,283,092	7,270,198
Contributions receivable (Notes 2, 4 and 7)	402,893	962,634
Prepaid expenses and other assets	385,053	269,566
Security deposits	21,991	21,991
Operating lease right-of-use assets (Notes 2 and 9)	107,216	194,196
Property and equipment, net (Notes 2 and 8)	28,690	39,765
Total assets	<u>\$ 8,945,107</u>	<u>\$ 9,521,081</u>

### LIABILITIES AND NET ASSETS

Accounts payable	\$ 297,271	\$ 181,123
Accrued expenses	445,725	365,223
Operating lease obligation (Notes 2 and 9)	109,749	196,590
Total liabilities	<u>852,745</u>	<u>742,936</u>
Net assets (Notes 2, 4 and 10):		
Without donor restrictions	7,548,956	7,968,958
With donor restrictions	543,406	809,187
Total net assets	<u>8,092,362</u>	<u>8,778,145</u>
Total liabilities and net assets	<u>\$ 8,945,107</u>	<u>\$ 9,521,081</u>

See Notes to Financial Statements.

CHARITY NAVIGATOR

STATEMENTS OF ACTIVITIES

	Year ended June 30, 2024			Year ended June 30, 2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating activities:						
Support (Note 2):						
Contributions and support:						
Founders and board members	\$ 73,819	\$	\$ 73,819	\$ 120,956	\$	\$ 120,956
Individuals	4,394,471		4,394,471	4,333,354	105,000	4,438,354
Foundations	1,297,083	626,731	1,923,814	890,929	28,750	919,679
Contributions of nonfinancial assets - donated professional services				9,500		9,500
Contributions of nonfinancial assets - donated advertising	468,993		468,993	497,707		497,707
Contributions of nonfinancial assets - donated goods				10,000		10,000
Total support	6,234,366	626,731	6,861,097	5,862,446	133,750	5,996,196
Other revenues:						
Program service fees	5,172		5,172	13,672		13,672
Other revenue	10,072		10,072			
Dividend and interest income	214,531		214,531	139,002		139,002
Total other revenues	229,775		229,775	152,674		152,674
Net assets released from restrictions	892,512	(892,512)		828,938	(828,938)	
Total support and other revenues	7,356,653	(265,781)	7,090,872	6,844,058	(695,188)	6,148,870
Expenses:						
Program services:						
Charity ratings	6,431,263		6,431,263	7,064,292		7,064,292
Total program services	6,431,263		6,431,263	7,064,292		7,064,292
Supporting services:						
General and administration	1,055,203		1,055,203	952,586		952,586
Development and fundraising	837,490		837,490	844,390		844,390
Total supporting services	1,892,693		1,892,693	1,796,976		1,796,976
Total expenses	8,323,956		8,323,956	8,861,268		8,861,268
Change in net assets from operations	(967,303)	(265,781)	(1,233,084)	(2,017,210)	(695,188)	(2,712,398)
Nonoperating activities:						
Realized and unrealized gains on investments	547,301		547,301	507,813		507,813
Total nonoperating activities	547,301		547,301	507,813		507,813
Change in net assets	(420,002)	(265,781)	(685,783)	(1,509,397)	(695,188)	(2,204,585)
Net assets, beginning of year	7,968,958	809,187	8,778,145	9,478,355	1,504,375	10,982,730
Net assets, end of year	\$ 7,548,956	\$ 543,406	\$ 8,092,362	\$ 7,968,958	\$ 809,187	\$ 8,778,145

See Notes to Financial Statements.

CHARITY NAVIGATOR  
STATEMENTS OF CASH FLOWS

	Year ended June 30,	
	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (685,783)	\$ (2,204,585)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Stock donations	(43,591)	(41,334)
Depreciation	19,383	18,074
Operating lease obligation	(86,841)	(80,466)
Amortization of operating lease right-of-use assets	86,979	82,860
Discount on contributions receivable	13,343	
Realized and unrealized gains on investments	(547,301)	(507,813)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable		8,764
Contributions receivable	546,398	615,034
Prepaid expenses and other assets	(115,487)	(14,198)
Increase (decrease) in:		
Accounts payable	116,148	(135,450)
Accrued expenses	80,502	(114,817)
Net cash used by operating activities	(616,250)	(2,373,931)
Cash flows from investing activities:		
Purchase of investments	(251,825)	(7,068,110)
Proceeds from sale of investments	1,829,824	9,674,641
Purchase of property and equipment	(8,308)	(8,706)
Net cash provided by investing activities	1,569,691	2,597,825
Net change in cash and cash equivalents	953,441	223,894
Cash and cash equivalents, beginning of year	762,731	538,837
Cash and cash equivalents, end of year	\$ 1,716,172	\$ 762,731
Supplemental Disclosure of Non-Cash Operating Activities		
Right-of-use asset acquired from incurring lease obligation	\$	\$ 277,056

See Notes to Financial Statements.

CHARITY NAVIGATOR  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years Ended June 30, 2024 and 2023

	Program services expenses		Supporting services expenses				Total program and supporting services expenses	
	Charity ratings		General and administration		Development and fundraising		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Salaries and wages	\$ 2,969,091	\$ 2,586,795	\$ 511,212	\$ 393,715	\$ 485,528	\$ 467,289	\$ 996,740	\$ 861,004
Payroll taxes	239,354	202,963	41,075	30,810	37,696	37,598	78,771	68,408
Employee benefits and pension	400,334	292,123	80,976	79,918	58,449	60,944	139,425	140,862
Total personnel costs	3,608,779	3,081,881	633,263	504,443	581,673	565,831	1,214,936	1,070,274
Contracted services	931,455	2,197,653	86,552	122,171	10,211	90,210	96,763	212,381
Outreach and education	468,993	497,706						
Technology expenses	538,837	457,754	21,503	9,688	34,559	28,075	56,062	37,763
Marketing costs	588,084	513,523	20,506	8,452	46,540	17,053	67,046	25,505
Bank fees			118,850	110,039		500	118,850	110,539
Professional fees	111,832	145,625	77,807	66,824	5,745	6,011	83,552	72,835
Occupancy	80,589	77,749	14,354	12,042	13,049	14,504	27,403	26,546
Postage and shipping	27	126	1,409	11,517	47,120	25,039	48,529	36,556
Staff training and development	1,092	1,721	20,598	12,038	1,769	350	22,367	12,388
Printing and publication	842	1,057	528	6,130	56,609	60,874	57,137	67,004
Travel and transportation	43,919	25,240	18,243	30,558	14,054	7,432	32,297	37,990
Insurance	31,331	27,096	5,324	6,407	5,832	5,096	11,156	11,503
Office and miscellaneous	4,904	16,122	13,648	20,024	4,731	4,012	18,379	24,036
Telephone and internet	13,017	13,096	6,077	5,899	2,092	2,455	8,169	8,354
Depreciation	3,240	3,101	16,143	14,973			16,143	14,973
Meetings and conferences	4,322	4,842	398	11,381	5,775	3,800	6,173	15,181
Registration fees and taxes					7,731	13,148	7,731	13,148
Total expenses	\$ 6,431,263	\$ 7,064,292	\$ 1,055,203	\$ 952,586	\$ 837,490	\$ 844,390	\$ 1,892,693	\$ 1,796,976
							\$ 8,323,956	\$ 8,861,268

See Notes to Financial Statements.

CHARITY NAVIGATOR  
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

1. Nature of the Organization

Charity Navigator (the Organization) aims to make impactful giving easier for all by providing accessible information, ratings, and tools for donors and by presenting charities with information that helps them operate more effectively. The Organization democratizes philanthropy, allows donors of every wealth segment to feel confident in their giving decisions, and highlights organizations doing important work worldwide.

The Organization's expert insights and ratings are impartial and provided free of charge. The Organization's guidance helps nonprofit organizations operate efficiently, promote organizational sustainability, and inspire donor confidence.

Since 2001, it has been empowering millions of donors by providing them free access to data, tools, and resources to guide philanthropic decision-making. The ratings provide nonprofits with the sector's premier trust indicator and a powerful platform to raise awareness and funds.

As of June 30, 2024, the Organization's database includes more than 1.6 million U.S. registered nonprofits, with over 229,056 nonprofits evaluated through the Encompass Rating System. The Encompass Rating System, launched in July 2020, provides donors with comprehensive evaluations of the total impact of nonprofits rated via four beacons: Finance & Accountability (228,741), Impact & Measurement (3,762), Leadership & Adaptability (10,237), and Culture & Community (21,382).

The Organization uses its deep knowledge of charity performance to create multiple charity recommendation lists for topics ranging from natural and manmade crises to the best charities for a given cause. In 2024, the Organization produced or updated over 47 different recommended charity lists on a wide range of topics, helping donors find charities aligned with their values.

More than 8 million donors accessing the Organization each year give with confidence, knowing which organizations are highly rated, trustworthy, and impactful. While the organization has a large footprint and an established, trusted brand, the team of approximately 40 considers itself small but mighty.

Between July 1, 2023 and June 30, 2024, site visitors donated \$41,000,000+ to over 26,000 nonprofits through the Organization's Giving Basket.

Like the nonprofits it rates, the Organization is a 501(c)(3) nonprofit, too. It doesn't charge the organizations it evaluates, ensuring its ratings remain objective. In turn, it depends on the generosity of individuals, foundations, and corporations to fund its programs.



CHARITY NAVIGATOR  
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

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 (U.S. 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 its trustees.

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. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to realized and unrealized gains (losses) on investments, and other activities considered to be of a more unusual or nonrecurring nature.

Estimates

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

Cash and cash equivalents

Cash and cash equivalents consist of demand deposit accounts with maturities of three months or less and money market funds.

Investments

Investments are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values on the balance sheet. Unrealized gains and losses are included in the change in net assets without donor restriction for the gains and losses that are unrestricted, and in the change in net assets with donor restriction for the gains and losses that are restricted for the support of certain programs. Investment fees are netted against the investment income.

CHARITY NAVIGATOR  
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

2. Summary of significant accounting policies (continued)

Fair value measurement

U.S. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date;

Level 2 - Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly, including inputs that are not considered to be active;

Level 3 - Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad criteria data, liquidity statistics, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Organization's perceived risk of that investment.

Contributions receivable

Contributions receivable consists of unconditional promises to give that are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Allowance for doubtful accounts

The Organization uses the allowance method to account for uncollectible contributions receivable. The allowance, if any, is based on prior years' experience and management's analysis of possible bad debt. As of June 30, 2024 and 2023, the Organization determined that an allowance was not necessary.

CHARITY NAVIGATOR  
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

2. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated, less accumulated depreciation. The cost of property and equipment purchased in excess of \$3,000 is capitalized. Depreciation is provided in amounts sufficient to amortize the cost of the property and equipment over the estimated useful lives on a straight-line basis.

Software	3 - 5 years
Furniture and equipment	5 - 7 years
Leasehold improvements	5 - 11 years

The cost of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income except for assets traded where no cash is received. Expenditures for maintenance and repairs are charged to expenses as incurred; replacements and betterments that extend the useful lives are capitalized.

Operating leases - right-of-use assets

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the balance sheet in accordance with ASU No. 2016-02, Leases. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less) and leases below the ROU assets capitalization policy of \$50,000 per lease. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Revenue recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. 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 met.

The Organization recognizes revenue from sales during the year in which the goods (data) are provided to its customers. The performance obligation of delivering data is simultaneously received, consumed and paid for by the customers at the point of sale; therefore, revenue is recognized at the point of sale.

CHARITY NAVIGATOR  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

2. Summary of significant accounting policies (continued)

Contributions of nonfinancial assets - donated goods and services

Contributions of nonfinancial assets are recorded at their fair value at date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used.

Donated specialized services have been recognized on the accompanying financial statements. These donated services require professional skills and would typically be purchased if not provided by donation and are valued based on current rates for similar services. During the year ended June 30, 2023, the Organization benefited from donated legal services from an independent attorney valued at \$9,500 and donated software valued at \$10,000. These services were recognized as donated professional services and the software was recognized as donated goods on the statement of activities. The services were included within professional fees and the software was included within office and miscellaneous expenses on the statement of functional expenses, as follows.

	2023			
	Program services	Management and general	Fundraising	Total
<u>Donated services:</u>				
Professional fees	\$	\$ 9,500	\$	\$ 9,500
<u>Donated goods:</u>				
Office and miscellaneous expenses		10,000		10,000
	<u>\$</u>	<u>\$ 19,500</u>	<u>\$</u>	<u>\$ 19,500</u>

Contributions of nonfinancial assets - donated advertising

During the years ended June 30, 2024 and 2023, a significant amount of Google AdWords were donated to the Organization via the Google Ad Grant program. Google AdWords provides online advertising by displaying a message to people who are searching for the Organization's services. As a qualifying nonprofit, the Organization normally receives up to \$45,000 of in-kind AdWords advertising every month.

The Organization received a total of 74,936 and 94,937 ad clicks with a total value of \$468,993 and \$497,707, respectively. The Organization recognized the contributions on the statement of activities and also as Outreach and education expense on the statement of functional expenses, totaling \$468,993 and \$497,707 for the years ended June 30, 2024 and 2023, respectively, as follows.

	2024			
	Program services	Management and general	Fundraising	Total
Outreach and education	<u>\$ 468,993</u>	<u>\$</u>	<u>\$</u>	<u>\$ 468,993</u>
	2023			
	Program services	Management and general	Fundraising	Total
Outreach and education	<u>\$ 497,707</u>	<u>\$</u>	<u>\$</u>	<u>\$ 497,707</u>

CHARITY NAVIGATOR  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

2. Summary of significant accounting policies (continued)

Functional allocation of expenses

The costs of providing various programs and support services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort and square footage.

Income taxes

The Organization is a tax-exempt organization as defined by Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation.

3. Risks and uncertainties

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, and contributions receivable. The Organization maintains its cash in bank deposit accounts, the balance, of which, at times, may exceed federally insured limits. Investment securities are exposed to various risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amount reported on the financial statements. Concentrations of credit risk with respect to contributions receivable are limited due to the contributions are from various contributors and private foundations. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

CHARITY NAVIGATOR  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

4. Availability and liquidity

The following represents the Organization's financial assets at June 30, 2024:

Financial assets at year end

Cash and cash equivalents	\$ 1,716,172
Investments	6,283,092
Contributions receivable – one year or less	<u>92,097</u>
Total financial assets	<u>8,091,361</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	543,406
Less net assets with time and purpose restrictions to be met in less than a year	<u>(168,406)</u>
	<u>375,000</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,716,361</u>
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The Organization's goal is generally to maintain financial assets to meet 180 days of operating expenses, net of in-kind contributions. As part of its liquidity plan, excess cash is invested in short-term investments, including a money market account. In addition to these available financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues including grants, fees for services, and contributions.

5. Investments

Investment securities are stated at fair value and summarized as follows at June 30:

	2024		2023	
	Cost	Carrying value	Cost	Carrying value
Mutual funds	<u>\$ 5,659,424</u>	<u>\$ 6,283,092</u>	<u>\$ 7,097,017</u>	<u>\$ 7,270,198</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30:

	2024	2023
Dividend and interest income	\$ 214,531	\$ 139,002
Realized and unrealized gains on investments	<u>547,301</u>	<u>507,813</u>
	<u>\$ 761,832</u>	<u>\$ 646,815</u>

CHARITY NAVIGATOR  
NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

6. Fair value measurement

The classification of the Organization's investment securities at fair value are as follows at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 6,283,092	\$	\$	\$ 6,283,092
	<u>\$ 6,283,092</u>	<u>\$</u>	<u>\$</u>	<u>\$ 6,283,092</u>

The classification of the Organization's investment securities at fair value are as follows at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 7,270,198	\$	\$	\$ 7,270,198
	<u>\$ 7,270,198</u>	<u>\$</u>	<u>\$</u>	<u>\$ 7,270,198</u>

7. Contributions receivable

Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates at the time of the contribution, ranging from 1% to 4.57%. Contributions receivable consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
One year or less	\$ 92,097	\$ 913,495
Two to five years	325,000	50,000
	417,097	963,495
Less discount on contributions receivable	<u>14,204</u>	<u>861</u>
	<u>\$ 402,893</u>	<u>\$ 962,634</u>

8. Property and equipment

A summary of property and equipment is as follows at June 30:

	<u>2024</u>	<u>2023</u>
Furniture	\$ 24,963	\$ 24,963
Software	6,050	6,050
Equipment	141,765	133,457
Leasehold improvements	<u>17,980</u>	<u>17,980</u>
	190,758	182,450
Less accumulated depreciation	<u>162,068</u>	<u>142,685</u>
	<u>\$ 28,690</u>	<u>\$ 39,765</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$19,383 and \$18,074, respectively.

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9. Operating lease right-of-use assets

The Organization's operating lease consists of a real estate lease for its office space, which expires on August 31, 2025. The Organization evaluated the current contract to determine if it met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liability represent the Organization's obligation to make lease payments arising from the lease. The ROU asset and lease liability which arises from this operating lease was calculated based on the present value of the future lease payments over the lease term. It does not include a renewal period because it is not considered reasonably certain. The Organization has made an accounting policy election to use the Daily SOFR (Secured Overnight Financing Rate) rate to discount future lease payments.

The following summarizes the line items in the balance sheet which include amounts for operating leases as of June 30:

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use assets	\$ 107,216	\$ 194,196
Operating lease obligation	\$ 109,749	\$ 196,590

Operating lease cost is included in occupancy on the statement of functional expenses. The components of operating lease expenses for the year ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 94,494	\$ 94,494

The following summarizes the cash flow information related to operating leases for the year ended June 30:

Cash paid for amounts included in the measurement of lease liabilities:

	<u>2024</u>	<u>2023</u>
Operating cash flows for operating leases	\$ 94,355	\$ 92,100

The weighted-average lease term and discount rate applied to calculate lease liabilities as of June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term	14 months	26 months
Weighted average discount rate	5.00%	5.00%

Future maturities of operating lease liabilities are presented in the following table, for the fiscal years ending June 30:

2025	\$ 96,611
2026	<u>16,164</u>
Total lease payments	112,775
Less present value discount	<u>(3,026)</u>
Total lease obligations	<u>\$ 109,749</u>



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10. Net assets

Net assets were as follows for the years ended June 30, 2024 and 2023:

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restriction	Total
Undesignated	\$ 7,548,956	\$	\$7,548,956	\$ 7,968,958	\$	\$ 7,968,958
Specific purpose:						
Analyze trends and support local nonprofits to reach more donors		103,700	103,700			
Development of new nonprofit ratings system					556,352	556,352
Causeway acquisition					100,000	100,000
Equitable internship opportunities		961	961		2,835	2,835
Build a managed services program that will help guide donors in decision-making through funds, such as Causeway		100,000	100,000		150,000	150,000
Modernize data systems and streamline data processing		13,745	13,745			
Passage of time:						
For periods after June 30		325,000	325,000			
Total net assets	<u>\$ 7,548,956</u>	<u>\$ 543,406</u>	<u>\$8,092,362</u>	<u>\$ 7,968,958</u>	<u>\$ 809,187</u>	<u>\$ 8,778,145</u>

Releases from net assets with donor restrictions are as follows at June 30:

	2024	2023
Satisfaction of purpose restrictions		
Development of new nonprofit ratings system	\$ 556,352	\$ 694,840
Causeway acquisition	100,000	
Build new application programming interface	84,250	
Establish a customer-first measurement list	40,000	
Search and discovery		20,000
Modernize data systems and streamline data processing	16,255	
Equitable internship opportunities	5,155	9,098
Irritants for change activities		5,000
Feedback Champion Fellowship	10,000	
Analyze trends and support local nonprofits to reach more donors	30,500	
Build a managed services program that will help guide donors in decision making through funds, such as Causeway	50,000	100,000
	<u>\$ 892,512</u>	<u>\$ 828,938</u>

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11. Retirement plan

The Organization sponsors an IRA Savings Plan which covers eligible employees. The Plan requires a matching contribution equal to the employee's contribution up to 3% of the employee's salary. The amount contributed for the years ended June 30, 2024 and 2023 was \$83,354 and \$89,856, respectively.

12. Causeway acquisition

On July 30, 2023, the Organization entered into an agreement to purchase an online philanthropic giving platform from a DE corporation, Causeway Giving PBC. Under the terms of the agreement, the purchase price was \$50,000, which was paid as follows: \$25,000 at the closing and an additional \$25,000 earn-out payment upon achieving certain goals. In exchange, the Organization received the Causeway online philanthropic giving platform, which offers individuals the ability to establish automatic monthly donations into personal giving portfolios based on areas of interest, including Animal Welfare, Climate Change, Global Health, Poverty Alleviation and Racial Equity, and to track the impact of their donations. Purchase price and additional costs incurred to build this platform into the Organization's website donor tools are reported as technology expense on the statement of functional expenses. Causeway tool was launched in August 2024.

13. Significant source of support

For the year ended June 30, 2024, one donor accounted for 17% of the Organization's total support and revenue. For the year ended June 30, 2023, one donor accounted for 11% of the Organization's total support and revenue.

14. Subsequent events

Subsequent events have been evaluated through February 7, 2025, which is the date the financial statements were available to be issued. The Organization is not aware of any material subsequent events.