ALL HANDS AND HEARTS
SMART RESPONSE, INC.

Financial Statements
For the Years Ended
August 31, 2024 and 2023
with
Independent Auditors' Report

ALL HANDS AND HEARTS SMART RESPONSE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
All Hands and Hearts Smart Response, Inc.
Mattapoisett, Massachusetts

Opinion

We have audited the financial statements of All Hands and Hearts Smart Response, Inc., which comprise the statements of financial position as of August 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of All Hands and Hearts Smart Response, Inc. as of August 31, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of All Hands and Hearts Smart Response, Inc. 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.

2023 Financial Statements Restated

As discussed in Note 13 to the financial statements, the 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 All Hands and Hearts Smart Response, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of All Hands and Hearts Smart Response, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about All Hands and Hearts Smart Response, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Champion Travis Besaw & Kerl LLP

December 12, 2024

ALL HANDS AND HEARTS SMART RESPONSE, INC.

STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 728,694	$ 4,763,543
Investments	4,589,056	4,602,399
Accounts receivable	7,698	26,745
Prepaid expenses	219,417	242,253
Total current assets	5,544,865	9,634,940
PROPERTY AND EQUIPMENT, NET	30,100	5,715
OTHER ASSETS	6,954	6,540
RIGHT-OF-USE ASSET	12,521	17,449
	$ 5,594,440	$ 9,664,644
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	$ 511,184	$ 603,637
Deferred revenue	-	1,124,740
Operating lease liability	12,521	17,449
Total current liabilities	523,705	1,745,826
NET ASSETS:		
Without donor restriction	4,507,516	5,839,369
With donor restriction	563,219	2,079,449
	5,070,735	7,918,818
	$ 5,594,440	$ 9,664,644

See notes to financial statements.

ALL HANDS AND HEARTS SMART RESPONSE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

	2024			2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND OTHER SUPPORT:						
Contributions	$ 1,883,029	$ 1,755,914	$ 3,638,943	$ 2,272,834	$ 6,580,945	$ 8,853,779
Grants	670,313	3,452,578	4,122,891	601,865	3,869,984	4,471,849
Contributions of nonfinancial assets	370,059	576,689	946,748	844,601	195,487	1,040,088
Special events, net of fundraising expenses of $0 and $397,376, respectively	-	-	-	123,874	-	123,874
Employee Retention Credit	-	-	-	1,166,178	-	1,166,178
Other income (expense), net	187,750	-	187,750	(3,153)	-	(3,153)
Net investment income	643,725	-	643,725	433,873	-	433,873
Net assets released from restrictions	7,301,411	(7,301,411)	-	9,262,975	(9,262,975)	-
TOTAL REVENUE AND OTHER SUPPORT	11,056,287	(1,516,230)	9,540,057	14,703,047	1,383,441	16,086,488
EXPENSES:						
Program expenses	11,615,427	-	11,615,427	13,405,247	-	13,405,247
Management and general expenses	556,830	-	556,830	548,342	-	548,342
Fundraising expenses	215,883	-	215,883	195,723	-	195,723
TOTAL EXPENSES	12,388,140	-	12,388,140	14,149,312	-	14,149,312
CHANGES IN NET ASSETS	(1,331,853)	(1,516,230)	(2,848,083)	553,735	1,383,441	1,937,176
NET ASSETS, beginning of year, as restated	5,839,369	2,079,449	7,918,818	5,285,634	696,008	5,981,642
NET ASSETS, end of year	$ 4,507,516	$ 563,219	$ 5,070,735	$ 5,839,369	$ 2,079,449	$ 7,918,818

See notes to financial statements.

ALL HANDS AND HEARTS SMART RESPONSE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

	2024				2023			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Outside contracted services	$ 4,001,019	$ 170,831	$ 31,638	$ 4,203,488	$ 2,975,856	$ 124,759	$ 30,828	$ 3,131,443
Salaries and benefits	2,587,037	270,815	130,009	2,987,861	2,219,498	277,231	113,467	2,610,196
Disaster relief supplies and expenses	1,906,875	2,041	1,451	1,910,367	4,772,263	3,417	1,190	4,776,870
Travel	564,917	10,666	3,246	578,829	494,714	7,349	2,606	504,669
Payroll taxes and benefits	489,637	47,241	30,721	567,599	417,339	47,827	27,428	492,594
Rental and occupancy related expenses	541,294	568	95	541,957	456,379	11,613	-	467,992
Insurance	402,224	10,137	3,884	416,245	483,424	13,178	1,189	497,791
Volunteer support	321,485	327	388	322,200	277,667	553	369	278,589
Stipends/professional fees	259,846	13,066	4,355	277,267	676,994	31,852	9,644	718,490
Technology services	198,410	11,049	4,188	213,647	183,096	7,563	2,818	193,477
Advertising	116,950	10,619	2,584	130,153	138,438	12,477	1,776	152,691
Bank and credit card fees	64,651	2,342	980	67,973	101,780	2,473	993	105,246
Office expense	60,121	3,478	1,236	64,835	57,510	1,526	829	59,865
Staff development	36,048	666	41	36,755	56,671	1,284	648	58,603
Telephone	32,705	1,886	266	34,857	56,589	4,713	252	61,554
Printing	5,473	585	579	6,637	4,558	23	761	5,342
Fundraising	5,761	339	-	6,100	4,469	239	3	4,711
Dues and subscriptions	4,917	174	205	5,296	7,998	191	896	9,085
Depreciation and amortization	4,184	-	-	4,184	19,936	74	26	20,036
Miscellaneous	11,873	-	17	11,890	68	-	-	68
	$ 11,615,427	$ 556,830	$ 215,883	$ 12,388,140	$ 13,405,247	$ 548,342	$ 195,723	$ 14,149,312

See notes to financial statements.

ALL HANDS AND HEARTS SMART RESPONSE, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (2,848,083)	$ 1,937,176
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,185	20,036
Amortization of right-of-use asset	25,978	35,937
Net realized and unrealized gains on investments	(462,516)	(191,736)
Gain on sale of equipment	(187,750)	(17,306)
Donated securities	(188,586)	(51,219)
Proceeds from sale of donated securities	161,742	157,440
Changes in operating assets and liabilities:		
Accounts receivable	19,047	(17,848)
Prepaid expenses	22,836	9,867
Other assets	(414)	15,327
Accounts payable and accrued expenses	(106,738)	42,012
Deferred revenue	(1,124,740)	(1,875,260)
Operating lease liability	(25,978)	(35,937)
Net cash provided by (used in) operating activities	(4,711,017)	28,489
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of investments	4,963,041	4,700,000
Purchases of investments	(4,460,338)	(6,770,150)
Purchases of property and equipment	(14,285)	-
Proceeds from sale of equipment	187,750	23,267
Net cash provided by (used in) investing activities	676,168	(2,046,883)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,034,849)	(2,018,394)
CASH AND CASH EQUIVALENTS:		
Beginning of year	4,763,543	6,781,937
End of year	$ 728,694	$ 4,763,543
SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES:		
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 21,050	$ 53,386
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:		
Purchase of property and equipment in accounts payable	$ 14,285	$ -

See notes to financial statements.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – All Hands and Hearts Smart Response, Inc. (the "Organization" or "AHAH") is a non-profit corporation incorporated in the Commonwealth of Massachusetts, whose mission is to provide community-inspired, volunteer-powered disaster relief. The Organization rebuilds safe, resilient schools, homes and other community infrastructure.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and according to current accounting standards, which require all nonprofit organizations provide a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows. A separate presentation of expenses by functional and natural classification is also required. Classification of net assets and revenues, expenses, gains, and losses is based on the existence or absence of donor-imposed restrictions. The standards also require that the amounts for each of the two classes of net assets – net assets with donor restriction and net assets without donor restriction be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities and changes in net assets.

Cash and Cash Equivalents – Cash and cash equivalents represent checking accounts, savings accounts, money market accounts and demand deposits with several financial institutions. For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains its cash balances at several banks, which, at times, may exceed insured limits, potentially subjecting the Organization to concentrations of credit risk. The Organization's management believes it is not exposed to any significant credit risk with respect to its cash and cash equivalents.

Recent Accounting Standard Adopted – On September 1, 2023, the Organization adopted Accounting Standard Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326). This standard replaces the incurred loss model with the current expected credit loss ("CECL") model to estimate credit losses for financial assets measured at amortized cost. The CECL model requires the Organization to estimate credit losses over the life of the financial assets based on historical experience, current conditions, and reasonable and supportable forecasts. Financial assets held by Organization that are subject to this standard are accounts receivable. The adoption of this standard did not have an impact on the financial statements.

Accounts Receivable and Allowance for Estimated Credit Losses – Management considers all accounts receivable outstanding for greater than the specified term to be past due, and uses factors such as historical experience, current conditions, and reasonable and supportable forecasts to determine the likelihood of collection and whether to establish an allowance for estimated credit losses. Accordingly, management periodically reviews outstanding accounts and charges operations for amounts deemed uncollectible. AHAH writes off accounts receivable against the allowance when amounts are considered to be uncollectible. At August 31, 2024 and 2023, management has determined that all accounts receivable are collectible and an allowance for estimated credit losses was not considered necessary.

Investments – Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in changes in net assets. Donated investments are included in contributions at their fair values on the date of receipt.

1. **NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Generally accepted accounting principles establish a hierarchy for the determination of fair value, as well as disclosure requirements relative to those assets and liabilities. The hierarchy identifies three levels of input. Level 1 inputs are generally quoted market prices for identical assets or liabilities, which are actively traded on an exchange. Level 2 inputs generally consist of market prices for identical assets which are not actively traded or market prices of similar assets or liabilities which are actively traded, on an exchange. Level 3 inputs are referred to as unobservable inputs and consist primarily of information derived by management where Level 1 and Level 2 inputs are not available.

Property and Equipment – Property and equipment is stated at cost at the date of acquisition or, if donated, at the approximate fair value at the date of the donation. Depreciation is provided by using the straight-line method over the estimated useful lives of the related assets (2 - 7 years) for financial statement purposes. Maintenance and repairs are charged to operations as incurred; significant renewals and betterments that materially extend the life of the assets, are capitalized.

Revenue Recognition – The Organization recognizes revenue in accordance with ASU 2014-09, which provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Contributions and Grants – The Organization recognizes revenue from contributions and grants in accordance with ASU 2018-08. The Organization evaluates whether a transfer of assets is (i) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (ii) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under ASU 2014-09. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (i) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (ii) a right of return of assets is transferred or a right of release of a promisor's obligation to transfer assets.

Contributions received are measured at their fair values and are reported as an increase in net assets in the period received. The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the contributed assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Net assets with donor restriction represent contributions received for the victims of natural disasters which have not been expended as of August 31, 2024 and 2023.

No one donor contributed more than 10% of contributions and grants revenue for the year ended August 31, 2024. For the year ended August 31, 2023, approximately 19% of contributions and grants revenue was from one donor.

Contributions of Nonfinancial Assets – The Organization recognizes donated goods and services in accordance with ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* requiring not-for-profits to present contributed nonfinancial assets as a separate line item in the statement activities and provide additional disclosures about contributions of nonfinancial assets.

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The Organization recognizes contributions of nonfinancial assets if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes contributions of nonfinancial assets as revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

Special Events – The Organization records special events net of fundraising expenses and equal to the fair value of direct benefits to donors.

Advertising – Advertising costs are expensed in the period in which the advertising takes place. Advertising expense for the years ended August 31, 2024 and 2023, was approximately $130,000 and $153,000, respectively.

Income Taxes – AHAH qualifies as an organization exempt from income tax as provided under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for income taxes. In addition, AHAH qualifies for the charitable contribution deduction under Section 170(b)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Functional Allocation of Expenses – The Organization's costs of providing its various programs and activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated to the programs and supporting services based on specific identification, time records or management estimates.

Subsequent Events – Management of the Organization has evaluated the effects of all subsequent events through December 12, 2024, the date the financial statements were available to be issued, to determine if events or transactions occurring through that date require potential adjustment or disclosure in the financial statements.

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

Reclassifications – Certain reclassifications were made to the 2023 financial statements to conform to the 2024 presentation.

2. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, approximately comprise the following as of August 31:

	2024	**2023**
Cash and cash equivalents	$ 729,000	$ 4,764,000
Investments	4,589,000	4,602,000
Accounts receivable	8,000	27,000
	5,326,000	9,393,000
Less donor restricted cash and investments	563,000	2,079,000
	$ 4,763,000	$ 7,314,000

2. LIQUIDITY (continued)

As described further in Note 6, the Organization has available a line of credit through a bank for borrowings up to $500,000, which could be drawn upon in the event of an unanticipated liquidity need.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investments of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

3. RELATED PARTY TRANSACTIONS

The Organization is affiliated via common board members with All Hands entities throughout the world, wherein the Organization does not have a majority economic interest or board control over these affiliates.

Transactions with affiliates are approximately as follows for the years ending August 31:

	2024	2023
Revenue and other support:		
Contributions	$ 321,000	$ 404,000

4. INVESTMENTS

Investments are stated at fair value and consist of exchange traded funds and US Treasury Bills held by Charles Schwab and J.P. Morgan. The marketable securities are recorded at fair value based on quoted market prices (Level 1). Investments consisted of the following at August 31:

	2024	2023
Exchange traded funds	$ 2,089,366	$ 2,638,764
US Treasury Bills	2,487,010	1,963,635
Equities	12,680	-
Total investments at fair value	$ 4,589,056	$ 4,602,399

The maturity dates for US Treasury Bills at August 31, 2024, are as follows:

	Cost	Fair Value
Due within one year	$ 1,477,220	$ 1,508,545
Due after one year through three years	961,396	978,465
	$ 2,438,616	$ 2,487,010

4. INVESTMENTS (continued)

Net investment income:

Interest and dividends	$ 188,624	$ 178,262
Net realized and unrealized gains	462,516	191,736
Employee Retention Credit interest	-	64,260
Investment advisory fees	(7,415)	(385)
	$ 643,725	$ 433,873

Current accounting standards require that impaired investments, that is, investments for which the fair value is less than its cost, be evaluated as to whether such impairment is other than temporary. Since AHAH has the ability and the intent to hold the securities until a recovery in value occurs (or until maturity if necessary), no investments have been deemed impaired as of August 31, 2024.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of August 31:

	2024	**2023**
Vehicles	$ 8,698	$ 48,199
Website design not yet in service	28,570	-
	37,268	48,199
Less accumulated depreciation	7,168	42,484
	$ 30,100	$ 5,715

Depreciation expense for the years ended August 31, 2024 and 2023 was $4,185 and $18,122, respectively.

The new website design and development is expected to be completed at the end of fiscal year 2025.

6. DEMAND NOTE PAYABLE

AHAH has an agreement with a bank for a revolving line of credit for working capital purposes, providing for borrowings up to $500,000 with interest payable at the bank's prime rate plus 1%. Borrowings are secured by substantially all assets of AHAH. Interest on the outstanding principal balance of the loan must be paid monthly. The outstanding principal balance is due on demand and is subject to an annual review by the bank. There were no outstanding amounts under this agreement as of August 31, 2024 and 2023. The Organization is required to meet certain non-financial covenants. The Organization was in compliance with such covenants as of August 31, 2024.

7. RETIREMENT PLAN

AHAH sponsors a defined contribution pension plan (the "Plan") in accordance with Internal Revenue Code Section 401(k) for all employees meeting certain age and service requirements. For each participant who contributes under the Plan, AHAH will contribute a matching contribution of 100% of deferrals, not to exceed 4% of compensation. AHAH contributed approximately $67,000 and $61,000 to the Plan, for the years ended August 31, 2024 and 2023, respectively, which is reflected in salaries and benefits on the accompanying statements of functional expenses.

8. LEASES

AHAH leases a warehouse expiring in March 2025. AHAH also leases office space and vehicles in areas affected by disasters under terms of month to month lease agreements.

The right-of-use asset and lease liability are recognized based on the present value of the lease payments over the lease terms, discounted utilizing the incremental borrowing rate at the date of the commencement of the lease. The organization recognizes operating lease expense on a straight-line basis over the lease term.

Rental expense totaled approximately $542,000 and $468,000 for the years ended August 31, 2024 and 2023, respectively.

Other information related to the Organization's operating lease was as follows:

Weighted-average remaining lease term (in years):	0.58
Weighted-average discount rate:	9.50%

Future minimum lease payments under the Organization's operating lease as of August 31, 2024, was as follows for the year ended August 31:

2025	$	12,920
Less imputed interest		399
Total operating lease liabilities	$	12,521

9. CONTINGENCIES

The Organization is involved in litigation arising in the ordinary course of business. While the ultimate effect of such litigation cannot be determined at this time, the assets or liabilities which may arise from such action would not, in the opinion of management, result in gains or losses which would materially affect the financial position of the Organization or the results of its operations.

10. DONATED GOODS AND SERVICES

The Organization's financial statements include the following donated goods and services for the years ended August 31:

	2024	2023
Materials and equipment	$ 475,013	$ 218,862
Professional fees	215,286	676,206
Transportation	132,658	23,200
Software and web services	103,014	121,820
Rental and occupancy	20,777	-
	$ 946,748	$ 1,040,088

AHAH partners with other organizations that provide building materials or funds for supplies. AHAH also receives a substantial amount of services donated by their own volunteers and project managers. Volunteers on deployment for AHAH are unpaid, and are responsible for their own transportation expenses, except as noted in the following paragraph. No amounts have been reflected in the financial statements for these services, since no objective basis is available to measure their value.

Volunteers on deployment for AHAH who are deemed to provide a specific skill set and commit their time for an extended period may be entitled to receive a stipend. These costs are included in volunteer support or stipends/professional fees in the accompanying statements of functional expenses.

Donated goods and services for the years ended August 31, 2024 and 2023, primarily consist of legal services in support of the various programs, donated equipment and materials to support housing and school rebuilding efforts, software and web services, including online advertising platforms, and transportation services for staff and volunteers on the United States and International programs. These donated goods and services are recorded as contributions of nonfinancial assets in the statements of activities and changes in net assets when they are specifically identifiable and can be objectively valued.

Additionally, the Organization received donated stays for volunteers to help defray the costs of rent that would otherwise have been purchased. Donated rental and occupancy is valued and reported at the estimated fair value in the financial statements based on current market rates for similar space.

11. CARES ACT

Under Section 2301 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the Employee Retention Credit ("ERC") was implemented to encourage businesses to retain employees. For eligible employers, the ERC provided refundable tax credits of certain employment taxes. During the year ended August 31, 2023, the Organization was eligible for and received refundable credits of $1,166,178. The credits are included within revenue and other support on the statement of activities and changes in net assets for the year ended August 31, 2023.

12. NET ASSETS WITH DONOR RESTRICTION

During the year ended August 31, 2024, the Organization received $5,785,181 in donor restricted contributions, grants and contributions of nonfinancial assets, and $7,301,411 was released from donor restrictions. The total restricted net assets as of August 31, 2024 and 2023, is $563,219 and $2,079,449, respectively, and comprised of the following at August 31:

	2024	2023
St Nino Gen Ops	$ 316,412	$ -
Program Nepal 9	94,718	-
Nico Nuño School Memorial	66,185	60,284
Hawaii Wildfire Relief	58,247	1,278,171
Puerto Rico Relief	24,525	24,525
Indonesia	3,132	-
Arkansas	-	255,242
Pozo Guerra	-	236,326
Turkiye Earthquake Relief	-	140,350
US Disasters Relief	-	63,711
Philippines	-	20,840
	$ 563,219	$ 2,079,449

13. PRIOR PERIOD ADJUSTMENT

In March 2023, the Organization received grant funds in the amount of $1,647,500 to build and establish fifty transitional homes or shelters for vulnerable families in Ukraine. Upon receipt of the grant funds, the Organization recorded the full amount as grants revenue on the 2023 statement of activities and changes in net assets. Per ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, revenue for grants with conditions present should be recognized when the condition is met. Therefore, upon receipt of the grant funds, the Organization should have recorded the amount in deferred revenue and recognized revenue only to the extent of the expenditures made in accordance with the grant.

Subsequent to the issuance of the fiscal year 2023 financial statements, management discovered this improper revenue recognition due to the grantor requiring the Organization to refund $637,659 of the total unspent grant funds. This amount was refunded to the grantor in June 2024.

13. PRIOR PERIOD ADJUSTMENT (continued)

At August 31, 2023, $522,760 of the $1,647,500 was spent according to the grant agreement and should have been the amount recorded as grant revenue on the statement of activities and changes in net assets. Therefore, $1,124,740 should have been recorded as deferred revenue on the 2023 statement of financial position. Below is the effect of the correction on each financial statement line item for the issued fiscal year 2023 financial statements:

	Previously Stated	Corrected
Statement of Financial Position:		
Deferred revenue	$ -	$ 1,124,740
Net Assets with donor restriction	3,204,189	2,079,449
Statement of Activities and Changes in Net Assets:		
Grants (with donor restriction)	$ 4,994,724	$ 3,869,984

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