WINE TO WATER

FINANCIAL STATEMENTS

June 30, 2024

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WINE TO WATER
SCHEDULE OF OFFICERS AND DIRECTORS
June 30, 2024

Name	**Title**
Dickson (Doc) Hendley	International President/Founder
Tim Ogden	Board Chair
Youssef B'Lal	Finance Committee
Monica Fisher	Finance Committee
Fonda Hopkins	Director
Rennik Soholt	Director
Karen Fowler	Director
Sahal Laher	Director
Mike Nestor	Director
Meena Sankaran	Director

DAVID M. ELLIS
Certified Public Accountant

Member, American Institute of Certified Public Accountants

Member, Tennessee Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Wine to Water

Opinion

I have audited the accompanying financial statements of Wine to Water (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Wine to Water and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Wine to Water'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

My 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 my 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, I:

- 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 Wine to Water'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wine to Water's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Greeneville, Tennessee
May 19, 2025

WINE TO WATER
STATEMENT OF FINANCIAL POSITION
June 30, 2024

ASSETS		
Current Assets		
Cash and cash equivalents	$ 955,243	
Cash reserve	1,738,734	
Accounts receivable	698,006	
Inventory	877,705	
Prepaid expenses	177,724	
Employee advances	121	
Total Current Assets		$4,447,533
Property and Equipment		
Building and improvements	2,228,887	
Computers & office equipment	359,122	
Vehicles	138,037	
Furniture and fixtures	17,715	
Land	1,332,375	
Less: Accumulated depreciation	(257,216)	
Right-of-use assets	128,000	
Net Property and Equipment		3,946,920
Total Assets		$8,394,453
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	124,977	
Accrued interest	12,748	
Deferred revenue	201,684	
Tenant security deposit	4,500	
Lease obligation - current	114,000	
Mortgage payable - short-term	98,870	
Loan payable - short-term	19,070	
Total Current Liabilities		575,849
Long-Term Liabilities		
Lease obligation - long-term	14,000	
Economic Injury Disaster loan - long-term	87,277	
Loan payable - long-term	22,538	
Mortgage payable - long-term	2,348,756	
Total Long-Term Liabilities		2,472,571
Total Liabilities		3,048,420
Net Assets		
Net assets with donor restrictions	397,110	
Net assets without donor restrictions	4,948,923	
Total Net Assets		5,346,033
Total Liabilities and Net Assets		$8,394,453

The accompanying notes are an integral part of the financial statements.

WINE TO WATER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Net assets without donor restrictions	Net assets with donor restrictions	Total
SUPPORT AND REVENUE			
Contribution revenue	$ 2,399,918	$ 397,110	$ 2,797,028
Program revenue	3,055,398	-	3,055,398
Rental revenue	142,076	-	142,076
Gifts-in-kind	766,739	-	766,739
Interest income	78,793	-	78,793
Exchange rate gain	40,325	-	40,325
Merchandise and books	3,568	-	3,568
Gain on disposal of fixed assets	7,347	-	7,347
Supplemental income	69,332	-	69,332
Net Assets released from restrictions	110,000	(110,000)	-
Total Support and Revenue	6,673,496	287,110	6,960,606
EXPENSES			
Program Service			
Water program	4,508,791	-	4,508,791
Support Services			
General and Administrative	885,332	-	885,332
Fundraising	500,432	-	500,432
Total Expenses	5,894,555	-	5,894,555
Change in Net Assets	778,941	287,110	1,066,051
NET ASSETS - Beginning of Year	4,169,982	110,000	4,279,982
NET ASSETS - End of Year	$ 4,948,923	$ 397,110	$ 5,346,033

The accompanying notes are an integral part of the financial statements.

WINE TO WATER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Services	Support Services		
	Water Program	General and Administrative	Fundraising	Total
Grant expenses	$ 608,320	$ 119,453	$ 67,520	$ 795,293
Direct program costs	1,184,225	232,502	131,421	1,548,148
Freight	78,488	15,412	8,712	102,612
Salaries and wages	1,317,660	258,743	146,253	1,722,656
Employee bonus	16,718	3,283	1,856	21,857
Payroll taxes	106,153	20,845	11,782	138,780
Contract labor	141,985	27,881	15,760	185,626
Professional fees	9,582	1,882	1,064	12,528
Marketing	160,726	31,561	17,840	210,127
Office	212,295	41,687	23,564	277,546
Cost of goods sold	71,301	14,001	7,914	93,216
Travel	139,112	27,317	15,441	181,870
Depreciation	100,015	19,639	11,101	130,755
Interest	73,324	14,398	8,139	95,861
Property management	110,471	21,693	12,262	144,426
Filter manufacturing	4,147	814	460	5,421
Retirement contributions	31,644	6,214	3,512	41,370
Insurance and employee benefits	142,625	28,007	15,831	186,463
	$ 4,508,791	$ 885,332	$ 500,432	$ 5,894,555

The accompanying notes are an integral part of the financial statements.

WINE TO WATER
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 1,066,051
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation expense	130,755
(Increase) Decrease in operating activities:	
Accounts receivable	(663,598)
Inventory	(84,854)
Prepaid expenses	(147,518)
Employee advances	4,227
Increase (Decrease) in operating activities:	
Accounts payable	96,106
Deferred revenue	185,651
Net Cash Flows from Operating Activities	586,820
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(290,276)
Net Cash Flows from Investing Activities	(290,276)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on loans	(43,071)
Payments on mortgage	(93,561)
Net Cash Flows from Financing Activities	(136,632)
Net Decrease in Cash and Cash Equivalents	159,912
CASH, CASH EQUIVALENTS, AND CASH RESERVE - Beginning of Year	2,534,065
CASH, CASH EQUIVALENTS, AND CASH RESERVE - End of Year	$ 2,693,977
Supplemental disclosure of cash flow information	
Cash paid for interest	$ 95,861

The accompanying notes are an integral part of the financial statements.

NOTE 1 – ORGANIZATION

Nature of Activities

Wine To Water ("the Organization") was organized in 2007 as a not-for-profit charitable organization for the advancement of water availability and education and is headquartered in Boone, North Carolina. Wine To Water is committed to supporting life and dignity for all through the power of clean water. Through water access programs, water, sanitation, and hygiene training, and safe water management, efforts all led by local social mobilizers, Wine To Water sees water as a catalyst for community transformation that goes much deeper than the well. Wine To Water engages its supporters in service opportunities, emphasizing education and awareness of the water crisis. By leveraging financial support from contributions and coupling international volunteer service and water filter build opportunities, Wine To Water is able to provide clean water to those in need from the Amazon jungle to the mountains of Nepal to the Caribbean communities of the Dominican Republic to the mountainous regions of Tanzania, and beyond.

International WASH Programs

Wine To Water has four international offices headquartered in Colombia, Dominican Republic, Tanzania, Nepal, and East Africa. Each Wine To Water office locally engages a qualified group of nationals who work full time toward sustainable clean water solutions catered to the specific needs of their country and region. Beyond the country offices, Wine To Water expands into new territories through organizational partnerships and disaster response preparedness.

WTW Nepal
This year, Wine To Water Nepal implemented its community WASH program in 77 communities, providing 1,740 membrane filters, 615 reusable menstrual pads, 15 WASH education trainings, and 3 Community Water Access systems which serves 11,472 individuals. WTW Nepal partnered with 24 schools to provide students and staff with 134 membrane filters, 1,044 menstrual pads, 25 handwashing stations, 8 high capacity treatment systems, and 7 menstrual pad vending machines and incinerators. In total, 16,122 lives were impacted by the Organization's programs.

WTW Dominican Republic
This year, Wine To Water Dominican Republic partnered with 34 communities with its filter distribution program, providing 484 ceramic filters and 817 hygiene kits to a total of 2,936 individuals. WTW Dominican Republic also started a new program that involves implementing 43 rainwater harvesting systems on household roofs to increase water accessibility. Additionally, the team supported 2 healthcare facilities with 5 handwashing stations and a water storage tank to support increased water storage capacity and hand hygiene. In total, 3,916 lives were impacted by the Organization's programs.

WTW Colombia
This year, Wine To Water Colombia built a community of 50 people a sustainable community bathroom with a pilot biodigester septic system so that they have access to

improved sanitation. The women in this community were trained on menstrual health management and provided reusable menstrual products as well. The team also distributed 661 membrane filters to households and 7 schools in 28 communities, impacting 5,361 individuals. In total, 5,423 lives were impacted by the Organization's programs.

WTW Tanzania

This year, Wine To Water Tanzania partnered with 8 Masaai and other local communities to support 7,039 people with 719 ceramic filters and 3 community water systems. The team also worked in 5 schools to provide sustained access to water through 3 new boreholes and one rainwater harvesting system. The school water access projects and WASH education program support a total of 4,176 students and staff. In total 14,832 lives were impacted by the Organization's programs.

WASH Partners

Wine To Water partners with other local organizations worldwide to expand our capacity to provide clean water to those in need and broaden our global response. This year, 24 global partners were equipped with 6,447 membrane filters to implement in their community development programming. We also worked with a partner to install rainwater harvesting systems on two schools to get 1,178 students and staff accessible water. In total, the Organization's work through WASH Partners impacted 104,678 individuals in 15 countries.

Disaster Response

Wine To Water works with passionate partner organizations that are committed to reducing suffering during disasters and emergencies through the provision of WASH services. With the support of 10 partners, WTW responded to 5 major disasters and implemented 12,700 membrane filters and other WASH technology in 28 communities within 6 countries, impacting a combined total of 158,670 lives.

Domestically, WTW worked with partners to distribute 6,637 hygiene kits to families impacted by wildfires in Hawaii. Continuing its programming from the previous year for people impacted by the earthquake in southern Turkey and northwestern Syria, WTW and its partners implemented 546 membrane filters and 3 high capacity water treatment systems which provide safe drinking water to 7,580 people. After an earthquake struck Morocco in September, disaster response partners supported the distribution of membrane filters and shelter supplies for 1,450 people.

Wine To Water's largest Disaster Response efforts this fiscal year were focused on the ongoing conflict in Ukraine. Through the hard work of WTW staff and several partners, WTW was able to distribute 12,102 membrane filters to households and community centers, as well as drill 7 wells that provide stable access to water for 19,900 people.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and are not subject to donor restrictions. 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 specified 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.

Net assets with donor restrictions result: (a) from contributions and other inflows of assets whose use by Wine To Water is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of Wine To Water pursuant to those stipulations. As of June 30, 2024, there were $397,110 of donor restrictions.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organization records accounts receivable at total unpaid balances for filter builds events and Global Experience trips, which approximates the estimated fair value. As of June 30, 2024, the Organization has determined that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the Statement of Activities in the period in which it occurs.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the asset's estimated useful lives. Asset lives range from 15 to 40 years for building

and improvements, and 3 to 7 years for software, office equipment, furniture and fixtures, and vehicles. Additions and betterments of $500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. The related cost and accumulated depreciation are removed from the accounts upon the sale or retirement of property and equipment, and any gain or loss is recognized.

The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the current year.

Revenue and Revenue Recognition
Revenue is recognized when earned. Revenues related to programs, conferences, and workshops are recognized when the event is held at the time that all performance obligations are met. Grants and sponsorships that are received before recognition are recorded as deferred revenue.

Revenue with and without Donor Restrictions
Contributions and grants received are recorded as increases in net assets with donor restrictions and net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value. Contributions received with donor-imposed restrictions met in the same year as received are reported as without donor restriction revenues. The expiration of restrictions on net assets (i.e., the donor-imposed stipulated purpose has been fulfilled, or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Promises to Give
Unconditional pledges receivable that are expected to be collected within a year are recorded at their net realizable value when the donor makes the promise. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of their established future cash flows. Conditional promises to give are not recognized in the financial statements until they become unconditional, when the conditions on which they depend are met.

Deferred Revenue
Global Experience and Filter Program revenue received are recorded as deferred revenue and recognized as income in the period earned.

Donated Goods and Services
Donated services, when significant and measurable as to value, are reflected in the Statement of Activities as contributions when provided. In addition, many volunteers have donated a significant amount of time to the Organization. These donated services have not been recognized as contributions in the financial statements since the recognition criteria,

as stated by generally accepted accounting principles, were not met. The Organization received donated goods valued based on fair market value at the contribution date. The Organization received an estimated value of $660,840 for sponsored assembled water filters and $208,250 for projects for the year ended June 30, 2024.

Rental Income
Rental income is recognized on a straight-line basis over the life of the related lease. Rental payments received in advance are classified as deferred revenue. The lease between the Organization and the tenant of the property is an operating lease. This rental income is considered unrelated business taxable income.

Income Taxes
Wine To Water is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, certain activities unrelated to the Organization's tax-exempt purpose are subject to taxation. The Organization's primary activity subject to taxation includes rental income. The Organization files a 990-T Federal return to pay taxes owed on rental income.

The Forms 990, Return of Organization Exempt from Income Tax, and Forms 990-T, Exempt Organization Business Income Tax Return, are subject to examination by the IRS generally for three years after they are filed. While none of the Organization's income tax returns are currently being examined by the Internal Revenue Service, tax years since the year ended June 30, 2020, remain open for potential examination.

Functional Allocation of Expenses
The costs of providing the various programs and the administration of the Organization have been summarized on a functional basis in the statements of functional expenses. Certain costs have been allocated based on time records and estimates made by the Organization's management.

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

NOTE 3 – LIQUIDITY AND AVAILABILITY

The following reflects the Organization’s financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

Financial assets at year-end:	
Cash & cash equivalents	$ 955,243
Cash reserve	1,738,734
Accounts receivable	698,006
Total financial assets	3,391,983
Less amounts not available to be used within one year:	-
Financial assets available to meet cash needs for general expenditures within one year	$ 3,391,983

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in a money market fund. Occasionally, the Board designates a portion of any operating surplus to a "cash reserve," which was $1,738,734 as of June 30, 2024. This reserve was established by the Board to continue to build up and maintain an estimated six months' worth of monthly operating expenses (salaries, mortgage, utilities, etc.) and may be drawn upon, if necessary, to meet unexpected liquidity needs. Funds are also used to optimize returns and are being held for future expansion and growth opportunities as they present.

NOTE 4 – CONCENTRATION OF CREDIT RISK

The Organization places its cash and cash equivalents with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) insures up to $250,000 per depositor, per bank, per ownership category. The Organization exceeded these limits by $1,216,279 as of June 30, 2024.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Cost	Accumulated Depreciation
Buildings & improvements	$ 2,228,887	$ 104,242
Computers & office equipment	359,122	91,214
Furniture & fixtures	17,715	13,917
Vehicles	138,037	47,843
Land	1,332,375	-
	$ 4,076,136	$ 257,216

Depreciation charged to expense for the year ended June 30, 2024 was $130,755.

NOTE 6 – INVENTORY

The Organization records three major inventory classes for water filters based on their phase of development – unassembled inventory, filters at builds, and assembled inventory. Used in connection with the Organization's Filter Builds & Awareness events, the filter inventory represents the movement of filters that have been sponsored by outside individuals or businesses to put together and send back to Wine to Water. The filter build partner pays a fee for the event experience to assemble the filter components and get them ready for implementation. These assembled filters are returned to the Wine to Water warehouse for quality control and await deployment to the field. Filters at build inventory allow Wine to Water to track how many filters are either at an event, in transit to an event, or in transit back to the warehouse.

The following is a summary of inventory as of June 30, 2024:

Unassembled inventory	$	223,684
Filters at builds		345,844
Assembled inventory		308,177
	$	877,705

NOTE 7 – RETIREMENT CONTRIBUTION PLAN

Effective January 1, 2020, the Organization adopted the ADP TotalSource Retirement Savings Plan, a multiple employer defined contribution plan. The Organization matches participants' contributions to the plan up to 4% of the eligible employee's compensation. During the year ended June 30, 2024, the Organization made retirement contributions in the amount of $41,370.

NOTE 8 – DEBT

Notes Payable

On March 30, 2022, Wine to Water entered into a mortgage agreement with First Horizon Bank in the amount of $1,643,500 for the purchase of property located at 747 W King Street in Boone, NC. The loan bears interest at a rate of 3.5% per annum. Monthly payments of $9,575 are due on the 13th day of each month. The outstanding balance of the loan at June 30, 2024 was $1,516,451.

On May 13, 2022, Wine to Water entered into a mortgage agreement with First Horizon Bank in the amount of $1,000,000 for the purchase of property located at 671 George Wilson Road in Boone, NC. The loan bears interest at a rate of 4.22% per annum. Monthly payments of $6,210 are due on the 13th day of each month. The outstanding balance of the loan at June 30, 2024 was $931,175.

The future scheduled maturities of the mortgage payable are as follows:

Years Ending June 30:	Principal Due
2025	98,870
2026	102,655
2027	106,585
2028	110,668
2029	114,909
2030-2034	644,121
2035-2039	777,642
2040-2042	492,176
Total Mortgage Payable	$ 2,447,626

Total interest expense for the current year was $95,861.

In a prior year, the Organization was approved to receive Economic Injury Disaster Loan (EIDL) funds totaling $160,000. $10,000 was received as a Covid-19 Targeted EIDL Advance, for which there was no obligation to repay. The remaining $150,000 (less $100 of filing fees) is to be repaid over 30 years. In March 2021, the U.S. Small Business Administration extended the deferment period for the Covid-19 EIDL program to 24 months from the date of the note. Interest on the note continues to accrue during the deferment period at a rate of 2.75%. A liability has been recorded in the amount of $12,748 for accrued interest as of June 30, 2024. Payments of principal and interest have begun and a total of $37,923 was paid during the year. At June 30, 2024, the principal balance on the loan was $87,277. A 5-year schedule of long-term maturities is not yet determinable for this note.

Loan Payable

On September 14, 2022, Wine to Water entered into a financing agreement with Kubota Credit Corporation in the amount of $76,096 for the purchase of a Kubota SVL-75. The loan bears interest at a rate of 1.0% per annum. Monthly payments of $1,618 are due on the 14th day of each month. The outstanding balance of this loan was $41,608 at June 30, 2024.

The future scheduled maturities of the loan payable are as follows:

Years Ending June 30:	Principal Due
2025	19,070
2026	19,260
2027	3,278
	$ 41,608

NOTE 9 – LEASES

The Organization was the lessee under two lease agreements for office and warehouse space. The following summarizes the line items in the balance sheet which include amounts for the operating leases as of June 30:

Right-of-use asset	$128,000
Current portion of long-term lease obligation	114,000
Long-term lease obligation	14,000
Total lease obligation	$128,000

On May 13th, 2022, the Organization purchased a warehouse property in Boone and entered a new lease agreement with Consolidated Electrical Distributors at a monthly payment amount of $7,000 for warehouse space. Rental expense in the current year was $84,000.

Future minimum operating lease payments through the duration of the current lease are:

Years ending June 30	
2025	84,000
2026	14,000
	$ 98,000

On January 18, 2023, the Organization entered into a lease agreement for property in Boone under a one-year lease with High Country Timberframe and Gallery Woodworking Company at a monthly payment of $2,500. Rental expense in the current year was $30,000.

Year ending June 30	
2025	$ 30,000
	$ 30,000

NOTE 10 – UNRELATED BUSINESS INCOME

The Organization receives rental income from the operating lease detailed in Note 10. This income is considered unrelated business income. Certain costs are allowed to offset rental income on Form 990-T. For the year ending June 30, 2024, allowable costs exceeded revenues, and there was no unrelated business taxable income. This excess loss will be carried forward to future periods and will result in a loss carryover on next year's return.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated through May 19, 2025, which is the date the financial statements were available to be issued.