

EMBRACING OUR DIFFERENCES, INC.

Financial Statements

June 30, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Embracing Our Differences, Inc.

Opinion

We have audited the accompanying financial statements of Embracing Our Differences, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Embracing Our Differences, Inc. as of June 30, 2023, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Embracing Our Differences, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Embracing Our Differences, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (Continued)

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 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 Embracing Our Differences, 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 Embracing Our Differences, 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.

Menzel & Associates, CPAs, PA

Menzel & Associates, CPAs, PA
Sarasota, Florida
February 7, 2024

**EMBRACING OUR DIFFERENCES, INC.
STATEMENT OF FINANCIAL POSITION**

JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 134,889
Investments, at Fair Value	1,441,003
Promises to Give	32,256
Inventory	8,304
Prepaid Expenses	7,192

TOTAL CURRENT ASSETS 1,623,644

PROPERTY & EQUIPMENT

Office Furniture and Equipment	1,500
Program Equipment	65,658
Accumulated Depreciation	(43,383)

TOTAL PROPERTY & EQUIPMENT 23,775

TOTAL ASSETS \$ 1,647,419

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 82
Credit Card Payable	6,106

TOTAL CURRENT LIABILITIES 6,188

NET ASSETS

Without Donor Restrictions	1,625,650
With Donor Restrictions	15,581

TOTAL NET ASSETS 1,641,231

TOTAL LIABILITIES AND NET ASSETS \$ 1,647,419

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

EMBRACING OUR DIFFERENCES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Sponsorships - Individual	\$ 643,722	\$ 20,314	\$ 664,036
Contributions - In Kind	236,416	-	236,416
Foundation / Grants	182,550	249,198	431,748
Sponsorships - Corporate	125,346	8,013	133,359
Luncheon Revenue	20,945	-	20,945
Contributions - Under \$500	46,907	-	46,907
Other Income	3,098	-	3,098
Retail Income	15,953	-	15,953
	<hr/>	<hr/>	<hr/>
TOTAL PUBLIC SUPPORT AND REVENUE	1,274,937	277,525	1,552,462
Net Assets Released from Restrictions	270,944	(270,944)	-
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TOTAL SUPPORT AND REVENUE	1,545,881	6,581	1,552,462
 EXPENSES			
Program Services	1,021,361	-	1,021,361
Management and General	145,304	-	145,304
Fund Raising	55,823	-	55,823
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	1,222,488	-	1,222,488
 OTHER INCOME (EXPENSE)			
Dividends & Interest	21,528	-	21,528
Realized and Unrealized Gain on Investments	47,077	-	47,077
	<hr/>	<hr/>	<hr/>
TOTAL OTHER INCOME (EXPENSE)	68,605	-	68,605
 CHANGE IN NET ASSETS	391,998	6,581	398,579
NET ASSETS, BEGINNING OF YEAR	1,233,652	9,000	1,242,652
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NET ASSETS, END OF YEAR	\$ 1,625,650	\$ 15,581	\$ 1,641,231
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The accompanying notes are an integral part of these financial statements.

**EMBRACING OUR DIFFERENCES, INC.
STATEMENT OF FUNCTIONAL EXPENSES**

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
FUNCTIONAL EXPENSES				
Scholarships and Awards	\$ 43,317	\$ -	\$ 2,990	\$ 46,307
Catering	40,110	571	698	41,379
Facility Rental	134,620	8,170	-	142,790
Payroll	324,251	69,411	28,562	422,224
Contracted Services	139,713	55,049	2,933	197,695
Substitutes	2,178	-	-	2,178
Office	177,209	11,625	12,655	201,489
Marketing	122,152	-	-	122,152
Local Travel	29,807	13	695	30,515
Staff Training	1,340	-	1,563	2,903
Depreciation	3,662	465	-	4,127
Merchandise Sold	3,002	-	5,727	8,729
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,021,361</u>	<u>\$ 145,304</u>	<u>\$ 55,823</u>	<u>\$ 1,222,488</u>

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

EMBRACING OUR DIFFERENCES, INC.
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 398,579
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	4,127
Net Realized and Unrealized Gain on Investments	(47,077)
Changes in assets and liabilities: (Increase) decrease in:	
Promises to Give	(8,208)
Accounts Payable	(353)
Credit Card Payable	1,067
Prepaid Expenses	23,011
Inventory	(4,140)
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NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	367,006

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds From Sales of Investments	476,976
Purchase of Investments	(974,328)
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NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(497,352)

NET INCREASE (DECREASE) IN CASH	(130,346)
CASH - BEGINNING OF YEAR	265,235
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CASH - END OF YEAR	<u><u>\$ 134,889</u></u>

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

EMBRACING OUR DIFFERENCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Embracing Our Differences, Inc. (the Organization), is a Florida nonprofit organization whose mission is to educate and inspire to create a better world through the transformative power of the arts. The Organization envisions a world that embraces diversity, respects differences and actively rejects hatred and prejudice.

The Organization's support comes primarily through individual donor contributions and corporate sponsors. The Organization's activities include an annual outdoor art exhibit, classroom curriculum for school children and educational seminars.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with US GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions including unconditional promises to give, are recognized as revenues in the period when the conditions on which they depend are substantially met. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Unconditional promises to give were all payable in less than one year. Based on history and managements analysis no allowance was deemed necessary. All contributions are available for unrestricted use unless specifically restricted by the donor.

EMBRACING OUR DIFFERENCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – (CONTINUED)

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue in the year the promise is received. Conditional promises to give are not included as support until the conditions are substantially met. There were \$32,256 promises to give as of June 30, 2023.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or service. Costs common to multiple functions have been allocated among the various functions benefited on the basis of estimates of time and effort.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the lives of the assets ranging from five to fifteen years. The Organization capitalizes all asset purchases with a useful life of more than one year and a cost greater than \$1,000.

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.

Cash

Cash for the purpose of these financial statements consists of cash held in a business checking account.

EMBRACING OUR DIFFERENCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – (CONTINUED)

Donated Services and Facilities

The Organization receives donated services from a variety of unpaid volunteers, however these donated services are not reflected in the financial statements since the services do not require special skill nor meet the criteria for recognition of such volunteer efforts. The use of facilities are reflected in the financial statements at their fair value.

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Income Tax Status

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization files an exempt organization return in the U.S. federal jurisdiction.

Investments

Investments are reported at their fair values. Realized and unrealized appreciation and depreciation on investments are included in investment income (loss) on the Statement of Activities. The Organization has an investment policy with an objective to have the assets invested in highly liquid, limited duration investment grade fixed income funds.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and Equipment

Property and equipment are stated at their cost at the date of acquisition or at their fair value at the date of contribution. Property and equipment in excess of \$1,000 is capitalized and depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Estimated Lives</u>	<u>Total Cost</u>
Office Furniture and Equipment	3 – 10 years	\$ 1,500
Program Equipment	3 – 10 years	65,658
Less: Accumulated Depreciation		<u>(43,383)</u>
Net Property and Equipment		<u>\$ 23,775</u>

EMBRACING OUR DIFFERENCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – COMMUNITY FOUNDATION OF SARASOTA COUNTY AND EdExploreSRQ

Funds held at the Community Foundation of Sarasota County for the support and benefit of Embracing Our Differences explorations through the EdExploreSRQ program. The amounts in each fund as of June 30, 2023 are as follows:

EdExploreSRQ for Embracing Our Differences – Current Fund	\$ (50)
EdExploreSRQ for Embracing Our Differences – Endowed Fund	<u>781,458</u>
Total	<u>\$ 781,408</u>

The Organization can apply for funds that are in the Current Fund according to the fund agreement. The Organization received \$34,116 from the Current Fund during the year ended June 30, 2023 which was included in Grants revenue.

The Endowed Fund is intended to be a permanent fund with a spending policy determined by the board of directors of the Community Foundation of Sarasota County.

The funds are for the benefit of Embracing Our Differences as long as the Organization participates in the EdExploreSRQ program.

If the EdExploreSRQ program no longer exists, the funds will be used to support educational experiences with Embracing Our Differences in accordance with the existing agreements.

NOTE 4 – TRADEMARK

Trademark

The Organization was granted a trademark for the Organization's logo and the name, "Embracing Our Differences" for education services. The purpose of the trademark is to protect the identity of the program and the Organization's rights as it is licensed to other communities.

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification 820, Fair Value Measurements and Disclosures (ASC 820) defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in

EMBRACING OUR DIFFERENCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by ASC 820, are used to measure fair value into three broad levels as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities and hedge funds).

The following presents assets carried at fair value as of June 30, 2023 by ASC 820 valuation hierarchy (as described above).

Description	Level 1	Level 2	Level 3	Total
Fixed Income Investment	\$1,441,003	-	-	\$1,441,003
Total assets at fair value	<u>\$1,441,003</u>	-	-	<u>\$1,441,003</u>

NOTE 6 – LIQUIDITY AND AVAILABILITY

Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 are:

Financial assets:

Cash	\$ 134,889
Investments	1,441,003
Promises to Give	<u>32,256</u>
Total financial assets	<u>\$ 1,608,148</u>

EMBRACING OUR DIFFERENCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 – RETIREMENT PLAN

Retirement Plan

The Organization maintains a Simple IRA plan for all eligible employees. The Organization contributes 3% of gross wages to the participating employees' Simple IRA accounts. The Organization's contributions totaled \$8,330 for the year ended June 30, 2023.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent Events

The Organization entered into a lease agreement with a commencement date of September 1, 2023. The lease term is for five years with an initial annual rent of \$24,000. The annual rent will increase 4% each year.

The Organization has evaluated its June 30, 2023 financial statements for subsequent events through February 7, 2024, the date on which the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

The Organization is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.