

EMBRACING OUR DIFFERENCES, INC.

Financial Statements

June 30, 2024

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, 2024, 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, 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

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
May 30, 2025

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

JUNE 30, 2024

ASSETS

CURRENT ASSETS

Cash	\$ 251,630
Investments, at Fair Value	1,575,929
Promises to Give	13,985
Inventory	5,885
Prepaid Expenses	5,291
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TOTAL CURRENT ASSETS	1,852,720

PROPERTY & EQUIPMENT

Management Equipment	1,500
Program Equipment	140,031
Accumulated Depreciation	(50,018)
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TOTAL PROPERTY & EQUIPMENT	91,513

OTHER ASSETS

Operating Lease Right of Use Asset - Net of Amortization	99,097
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TOTAL ASSETS

\$ 2,043,330

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 1,387
Current Operating Lease Liability	21,009
Credit Card Payable	8,324
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TOTAL CURRENT LIABILITIES	30,720

LONG TERM LIABILITIES

Long Term Operating Lease Liability	79,753
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TOTAL LIABILITIES	110,473

NET ASSETS

Without Donor Restrictions	1,882,372
With Donor Restrictions	50,485
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TOTAL NET ASSETS	1,932,857

TOTAL LIABILITIES AND NET ASSETS

\$ 2,043,330

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Sponsorships - Individual	\$ 581,217	\$ 47,134	\$ 628,351
Contributions - In Kind Foundation / Grants	3,933	312,100	316,033
Sponsorships - Corporate	135,458	280,811	416,269
Luncheon Revenue	159,007	5,386	164,393
Contributions - Under \$1000	19,200	-	19,200
Other Income	101,051	1,380	102,431
Retail Income	3,274	-	3,274
	20,946	-	20,946
TOTAL PUBLIC SUPPORT AND REVENUE	1,024,086	646,811	1,670,897
Net Assets Released from Restrictions	611,907	(611,907)	-
TOTAL SUPPORT AND REVENUE	1,635,993	34,904	1,670,897
EXPENSES			
Program Services	1,278,977	-	1,278,977
Management and General	152,885	-	152,885
Fund Raising	79,773	-	79,773
	1,511,635	-	1,511,635
TOTAL EXPENSES	1,511,635	-	1,511,635
OTHER INCOME			
Dividends & Interest	37,935	-	37,935
Realized and Unrealized Gain on Investments	94,429	-	94,429
	132,364	-	132,364
TOTAL OTHER INCOME	132,364	-	132,364
CHANGE IN NET ASSETS	256,722	34,904	291,626
NET ASSETS, BEGINNING OF YEAR	1,625,650	15,581	1,641,231
NET ASSETS, END OF YEAR	\$ 1,882,372	\$ 50,485	\$ 1,932,857

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, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
FUNCTIONAL EXPENSES				
Scholarships and Awards	\$ 47,007	\$ -	\$ 1,300	\$ 48,307
Catering	37,420	980	6,627	45,027
Facility Rental	219,285	23,027	-	242,312
Payroll	475,280	60,536	36,047	571,863
Contracted Services	144,563	56,981	6,627	208,171
Substitutes	1,060	-	-	1,060
Office	198,124	10,740	15,444	224,308
Marketing	119,458	-	5,147	124,605
Local Travel	26,258	12	708	26,978
Uncollectable Pledges	100	-	-	100
Staff Training	3,087	467	1,007	4,561
Depreciation	6,494	142	-	6,636
Merchandise Sold	841	-	6,866	7,707
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,278,977</u>	<u>\$ 152,885</u>	<u>\$ 79,773</u>	<u>\$ 1,511,635</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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 291,626
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	6,636
Net Realized and Unrealized Gain on Investments	(94,429)
Changes in assets and liabilities: (Increase) decrease in:	
Promises to Give	18,271
Accounts Payable	1,305
Credit Card Payable	2,218
Prepaid Expenses	1,901
Inventory	2,419
	229,947
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	229,947

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(74,373)
Purchase of Investments	(38,833)
	(113,206)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(113,206)

NET INCREASE (DECREASE) IN CASH	116,741
CASH - BEGINNING OF YEAR	134,889
CASH - END OF YEAR	\$ 251,630

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

EMBRACING OUR DIFFERENCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Embracing Our Differences, Inc. (the Organization), is a Florida nonprofit organization whose mission is to inspire kindness and respect through arts and education. The Organization envisions a world where differences are embraced and valued.

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, 2024

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 \$13,985 promises to give as of June 30, 2024.

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 \$2,500.

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, 2024

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 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 \$2,500 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	140,031
Less: Accumulated Depreciation		<u>(50,018)</u>
Net Property and Equipment		<u>\$ 91,513</u>

EMBRACING OUR DIFFERENCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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, 2024 are as follows:

EdExploreSRQ for Embracing Our Differences – Current Fund	\$ (47)
EdExploreSRQ for Embracing Our Differences – Endowed Fund	<u>841,062</u>
Total	<u>\$ 841,015</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, 2024 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

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

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, 2024

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, 2024 by ASC 820 valuation hierarchy (as described above).

Description	Level 1	Level 2	Level 3	Total
Fixed Income Investment	\$ 784,164	-	-	\$ 784,164
Equity Securities	791,765	-	-	791,765
Total assets at fair value	<u>\$1,575,929</u>	-	-	<u>\$1,575,929</u>

NOTE 6 – 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, 2024 are:

Financial assets:

Cash	\$ 251,630
Investments	1,575,929
Promises to Give	<u>13,985</u>
Total financial assets	<u>\$ 1,841,544</u>

EMBRACING OUR DIFFERENCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 – 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 \$9,222 for the year ended June 30, 2024.

NOTE 8 – LEASES AND COMMITMENTS

The Organization entered into a lease agreement for office space 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.

On September 1, 2023, the Organization adopted accounting standard ASU No. 2016-02, "Leases (Topic 842)," applying the optional transition method of the modified retrospective approach. ASU 2016-02 allows an entity to initially apply ASU 2016-02 at the adoption date and eliminates the requirement to restate the prior periods. The impact of adopting ASU 2016-02 on our Statement of Financial Position, our Statement of Activities, and Statement of Cash Flows was immaterial.

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in "Operating Lease Right-of-Use Asset" ("ROU Assets"), and the current portion of the lease liability is included in "Current Operating Lease Liability" and the non-current portion is included in "Long-Term Operating Lease Liability" in the Statement of Financial Position. ROU Assets and lease liabilities are recognized based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate of return, the Organization uses a risk-free rate in determining the present value of lease payments which was the Treasury bill rate as of September, 2023.

Operating lease ROU assets and lease liabilities are recorded on the date the Organization takes possession of the leased assets with expense recognized on a straight-line basis over the lease term. Leases with an estimated total term of 12 months or less are not recorded on the balance sheet. Operating lease expenses charged to operations was \$23,027 for the year ended June 30, 2024.

Prior to the adoption of ASC 842, total rental expense under operating leases was \$1,362 for the year then ended June 30, 2024.

EMBRACING OUR DIFFERENCES, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 8 – LEASES AND COMMITMENTS - CONTINUED

The following tables show the amount of lease assets and lease liabilities included in the Organization's Statement of Financial Position:

	<u>2024</u>
Operating lease assets	\$ 99,097
Current operating lease liability	21,009
Long-term operating lease liability	<u>79,753</u>
Total lease liabilities	<u>\$ 100,762</u>

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

	<u>2024</u>
Weighted-average remaining lease term (in years)	4.2
Weighted-average discount rate	4.25%

Future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2024:

2025	\$ 24,800
2026	25,791
2027	26,824
2028	27,897
2029	<u>4,679</u>
Total Minimum Payments Required	109,991
Less: imputed interest	<u>(9,229)</u>
Present value of lease liabilities	<u>\$ 100,762</u>

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated its June 30, 2024 financial statements for subsequent events through May 30, 2025, 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.