

EDMARC, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024

**With Comparative Totals for the
Year Ended June 30, 2023**



EDMARC, INC.
FINANCIAL STATEMENTS

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 17



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Edmarc, Inc.
Portsmouth, Virginia

Opinion

We have audited the accompanying financial statement of Edmarc, Inc. (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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Edmarc, Inc. as of June 30, 2024, and the changes in 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 Edmarc, 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 Edmarc, Inc.'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

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

Report on Summarized Comparative Information

We have previously audited Edmarc, Inc.'s 2023 financial statements, and in our conclusion dated January 4, 2024, stated that based on our audit, we were not aware of any material modifications that should be made to the 2023 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2023 for it to be consistent with the audited financial statements from which it has been derived.

Barnes, Brock, Cornwell & Painter, PLLC

January 31, 2025
Chesapeake, Virginia

EDMARC, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

ASSETS		2024	2023
CURRENT ASSETS:			
Cash and cash equivalents	\$	510,267	\$ 432,548
Cash and cash equivalents - designated		89,193	172,791
Pledges receivable, current		63,523	279,424
Prepaid expenses		4,339	7,551
Investments		684,705	600,128
Investments - expansion		2,169,685	2,429,037
Total current assets	\$	3,521,712	\$ 3,921,479
PROPERTY AND EQUIPMENT, NET	\$	475,438	\$ 469,889
OTHER ASSETS:			
Pledges receivable, long-term	\$	94,730	\$ 109,371
Endowments		153,660	142,251
Operating lease right-of-use asset		25,613	32,168
Total other assets	\$	274,003	\$ 283,790
Total assets	\$	4,271,153	\$ 4,675,158
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$	301,185	\$ 338,406
Current portion of right-of-use operating lease liability		9,037	16,576
Total current liabilities	\$	310,222	\$ 354,982
LONG-TERM LIABILITY:			
Right-of-use operating lease liability, net of current portion		16,576	15,592
Total liabilities	\$	326,798	\$ 370,574
NET ASSETS:			
Without donor restrictions			
Undesignated	\$	1,073,569	\$ 583,495
Designated by Board		76,847	76,826
Total net assets without donor restrictions	\$	1,150,416	\$ 660,321
With donor restrictions		2,793,939	3,644,263
Total net assets	\$	3,944,355	\$ 4,304,584
Total liabilities and net assets	\$	4,271,153	\$ 4,675,158

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
With Comparative Totals for the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
OPERATING REVENUE AND SUPPORT:				
Contributions	\$ 971,596	\$ 228,585	\$ 1,200,181	\$ 3,924,636
United way	-	128,817	128,817	159,427
Program service revenue	83,117	-	83,117	96,048
Fundraising, net of expenses \$35,368 and \$31,199 respectively	41,985	-	41,985	54,397
In-kind donations	154,494	-	154,494	110,570
Net assets released from restrictions	1,262,495	(1,262,495)	-	-
Total operating revenue and support	<u>\$ 2,513,687</u>	<u>\$ (905,093)</u>	<u>\$ 1,608,594</u>	<u>\$ 4,345,078</u>
OPERATING EXPENSES:				
Program services - hospice services and bereavement related services	\$ 2,018,119	\$ -	\$ 2,018,119	\$ 1,749,157
Support services:				
Management and general	114,239	-	114,239	100,587
Fundraising	57,615	-	57,615	50,402
Total operating expenses	<u>\$ 2,189,973</u>	<u>\$ -</u>	<u>\$ 2,189,973</u>	<u>\$ 1,900,146</u>
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	<u>\$ 323,714</u>	<u>\$ (905,093)</u>	<u>\$ (581,379)</u>	<u>\$ 2,444,932</u>
NON-OPERATING ACTIVITIES:				
Interest and dividend income	\$ (1,957)	\$ 25,733	\$ 23,776	\$ 40,078
Realized gain on investments	5,240	-	5,240	27,634
Unrealized gain (loss) on investments net of fees \$4,186 and \$3,825, respectively	163,098	29,036	192,134	60,610
Interest expense	-	-	-	(78)
CHANGES IN NET ASSETS FROM NON-OPERATING ACTIVITIES	<u>\$ 166,381</u>	<u>\$ 54,769</u>	<u>\$ 221,150</u>	<u>\$ 128,244</u>
CHANGES IN NET ASSETS	<u>\$ 490,095</u>	<u>\$ (850,324)</u>	<u>\$ (360,229)</u>	<u>\$ 2,573,176</u>
NET ASSETS, BEGINNING OF YEAR	<u>660,321</u>	<u>3,644,263</u>	<u>4,304,584</u>	<u>1,731,408</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,150,416</u></u>	<u><u>\$ 2,793,939</u></u>	<u><u>\$ 3,944,355</u></u>	<u><u>\$ 4,304,584</u></u>

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
With Comparative Totals for the Year Ended June 30, 2023**

	SUPPORT SERVICES					
	Program Services	Management and General	Fund Raising	Total	2024 Total	2023 Total
Salaries and wages	\$ 1,285,345	\$ 69,856	\$ 41,913	\$ 111,769	\$ 1,397,114	\$ 1,202,649
Payroll taxes	84,102	4,571	2,742	7,313	91,415	91,084
Employee benefits, other	73,606	4,000	2,400	6,400	80,006	70,232
Employee retirement benefits	11,154	606	364	970	12,124	14,941
Total salaries and related expenses	\$ 1,454,207	\$ 79,033	\$ 47,419	126,452	\$ 1,580,659	\$ 1,378,906
Appreciation items	7,567	870	261	1,131	8,698	6,107
Bank charges	2,469	284	85	369	2,838	2,219
Conference	9,852	-	-	-	9,852	6,897
Consulting	59,772	6,870	2,062	8,932	68,704	34,693
Depreciation and amortization	39,146	806	405	1,211	40,357	53,323
Dues and subscriptions	10,950	1,259	377	1,636	12,586	6,978
Food and beverage	4,936	567	170	737	5,673	3,115
Gifts bereaved/non-bereaved	18,579	-	-	-	18,579	25,516
Information technology	35,287	4,010	802	4,812	40,099	55,264
In-kind donations	154,494	-	-	-	154,494	104,708
Insurance	36,729	4,222	1,266	5,488	42,217	37,997
Occupancy	13,151	1,512	453	1,965	15,116	17,683
Office expenses	32,427	3,727	1,118	4,845	37,272	55,937
Other supplies	5,264	605	181	786	6,050	4,893
Postage	2,749	316	95	411	3,160	3,402
Professional fees	11,084	1,259	252	1,511	12,595	12,590
Rent	6,721	772	232	1,004	7,725	7,500
Repairs and maintenance	412	47	14	61	473	3,160
Restricted expenses	42,026	-	-	-	42,026	24,175
Taxes and licensing	1,690	194	58	252	1,942	-
Telephone	29,445	3,385	1,015	4,400	33,845	26,800
Travel	39,162	4,501	1,350	5,851	45,013	28,283
Total expenses	<u>\$ 2,018,119</u>	<u>\$ 114,239</u>	<u>\$ 57,615</u>	<u>\$ 171,854</u>	<u>\$ 2,189,973</u>	<u>\$ 1,900,146</u>

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
With Comparative Totals for the Year Ended June 30, 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING AND NON-OPERATING ACTIVITIES:		
Changes in net assets	\$ (360,229)	\$ 2,573,176
Adjustments to reconcile changes in net assets to net cash provided (used) by operating and non-operating activities:		
Depreciation	40,357	53,324
Unrealized (gain) loss on investments, net of investments fees	(192,134)	(60,610)
(Increase) decrease in assets:		
Pledges receivable	230,542	110,031
Prepaid expenses	3,212	(349)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(37,221)	89,784
Deferred revenue	-	(675,694)
NET CASH PROVIDED BY OPERATING AND NON-OPERATING ACTIVITIES	<u>\$ (315,473)</u>	<u>\$ 2,089,661</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Distribution from endowment	\$ 4,719	\$ 4,923
Proceeds from sale of investments	834,100	-
Purchase of investments	(484,913)	(2,457,102)
Purchase/donation of property and equipment	<u>(44,312)</u>	<u>(12,604)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>\$ 309,594</u>	<u>\$ (2,464,783)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on long-term note payable	<u>\$ -</u>	<u>\$ (7,201)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	\$ (5,879)	\$ (382,323)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>605,339</u>	<u>987,662</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 599,460</u></u>	<u><u>\$ 605,339</u></u>

AS PRESENTED IN THE FINANCIAL STATEMENTS

Cash and cash equivalents	\$ 510,267	\$ 432,548
Cash and cash equivalents - designated	89,193	172,791
	<u><u>\$ 599,460</u></u>	<u><u>\$ 605,339</u></u>

SUPPLEMENTAL DISCLOSURES OF NONCASH INFORMATION

Fair value of donated supplies and equipment	<u>\$ 154,494</u>	<u>\$ 110,570</u>
--	-------------------	-------------------

See independent auditor's report and accompanying notes to the financial statements.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

NOTE 1 - ORGANIZATION:

Edmarc, Inc. (Edmarc) is a non-profit organization dedicated to easing the trauma of a child's illness or death and to reducing the disabling effects of pediatric illness, loss and bereavement on families. Located in Hampton Roads, Virginia, Edmarc employs a variety of health professionals and other trained personnel to work in the homes of families who have a child who is seriously ill or disabled and with families who have experienced the death of a child.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, as such, recognize income when earned and expenses when incurred.

(b) Basis of Presentation

These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-impaired restrictions. This has been accomplished by the classification of assets, liabilities, and net assets into two groups with donor restrictions and without donor restrictions.

These two groups are defined as follows:

- *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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

- *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 the donor has stipulated the funds be maintained in perpetuity.

The Organization follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification (FASB ASC)*.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, Edmarc considers all highly liquid investments available for current use with an initial maturity of three months or less, which are neither held for nor restricted by donors for long term purposes, to be cash equivalents. Cash and highly liquid financial instruments designated by the Board of Directors, endowments that are perpetual in nature, or other long term purposes are excluded from this definition.

(d) Lease accounting

The Organization determines whether to account for its leases as operating or capital leases depending on the underlying terms of the lease agreement. This determination of classification requires significant judgment relating to certain information, including the estimated fair value and remaining economic life of the leased assets, minimum lease payments, and other lease terms.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(e) Recognition of Restrictions on Assets

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

(f) Donated Property

Edmarc recognizes in-kind contributions as revenue and expense in the period in which they are received. Donated materials are valued by donor at fair market value on the date of the gift. No amounts have been reflected in the accompanying financial statements for volunteer services since they are not susceptible to objective measurement or valuation; however, a number of volunteers donated significant amounts of their time performing services that would otherwise be performed by paid employees.

(g) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist mainly of grant funds receivable from grantors and are recorded at estimated net realizable value. Receivables outstanding for more than 30 days are considered past due. Edmarc uses the allowance method to determine uncollectible receivables. The allowance is based on prior collection experience and management's analysis of specific accounts. For the years ended June 30, 2024 and 2023, there was no allowance for doubtful accounts.

(h) Property and Equipment

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. The gain or loss on items traded is applied to the asset account, and that on items otherwise disposed of is reflected in income.

Depreciation has been provided for using straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Building	40 years
Furniture, fixtures and equipment	3 - 7 years
Vehicle	5 years

(i) Income Taxes

Edmarc, Inc., is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Internal Revenue Code Section 513(a) defines an unrelated trade or business of an unexempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. Currently the Organization has no obligation for any unrelated business income tax. The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements; however, any penalties and interest incurred as a result of uncertain tax positions would be recorded in general administration. The Organization's federal return of Organization Exempt from Income Tax (Form 990) for fiscal years ending 2023, 2022, 2021 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(j) 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.

(k) Charity Care

Edmarc provides care to patients who meet certain criteria under its charity policy. Edmarc does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Uncompensated care provided by Edmarc totaled \$511,058 and \$320,782 for the years ended June 30, 2024 and 2023, respectively.

(l) Functional Allocation of Expenses

The cost of providing Edmarc's programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Time and effort
Payroll taxes	Time and effort
Employee benefits other	Time and effort
Employee retirement benefits	Time and effort
Appreciation items	Reasonable basis consistently applied
Bank charges	Reasonable basis consistently applied
Consulting	Reasonable basis consistently applied
Depreciation and amortization	Reasonable basis consistently applied
Dues and subscriptions	Reasonable basis consistently applied
Food and beverage	Reasonable basis consistently applied
Information technology	Reasonable basis consistently applied
Insurance	Reasonable basis consistently applied
Office expenses	Reasonable basis consistently applied
Other supplies	Reasonable basis consistently applied
Postage	Reasonable basis consistently applied
Professional fees	Reasonable basis consistently applied
Rent	Reasonable basis consistently applied
Repairs and maintenance	Reasonable basis consistently applied
Telephone	Reasonable basis consistently applied
Travel	Reasonable basis consistently applied
Utilities	Reasonable basis consistently applied

(m) Advertising

Edmarc expenses the cost of advertising when incurred. At June 30, 2024 and 2023, no advertising costs were incurred.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(n) Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

(o) Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

(p) Pledges Receivable and Allowance for Doubtful Accounts

Pledges receivable are stated at amounts pledged less an allowance for doubtful accounts. Receivables outstanding for more than 30 days are considered past due. Edmarc uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. For the years ended June 30, 2024 and 2023, there was no allowance for doubtful accounts.

(q) Deferred Revenue

Income from donors are recognized at fair value and deferred over the periods to which the income relates.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

Financial instruments, which potentially subject Edmarc to concentration of credit risk, consist principally of cash, temporary cash investments and receivables. The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. All of a depositor's accounts are at an insured depository institution, including all non-interest bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) up to the standard deposit insurance amount of \$250,000, for each deposit insurance ownership category. As of June 30, 2024 and 2023, Edmarc had demand deposits on hand in financial institutions which exceeded depositor's insurance provided by the applicable guaranty agency by \$552,590 and \$455,698, respectively.

Edmarc solicits contributions from individuals, businesses, and various agencies. Contributions are not collateralized, and there is no legal recourse to collect unpaid contributions.

Breakdown of contributions and fundraising by significant type of donor for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Government	0%	63%
Foundations and trusts	27%	6%
Fundraising	3%	3%
United Way	8%	5%
Individual donations	50%	13%
Organization donations	7%	9%
Other	5%	1%
	100%	100%

See independent auditor's report. Notes continued on next page.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

NOTE 3 - CONCENTRATION OF CREDIT RISK (Continued):

Breakdown of program revenue from services by significant type of payer for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Tricare/Champus	12%	14%
Anthem	43%	32%
Optima	24%	18%
Medicaid	0%	22%
Other	21%	14%
	<u>100%</u>	<u>100%</u>

NOTE 4 - LIQUIDITY AND AVAILABILITY:

The following represents Edmarc's financial assets at June 30:

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	\$ 510,267	\$ 432,548
Pledges receivable	158,253	334,045
Investments	2,854,390	3,029,165
Endowments	153,660	142,251
Total financial assets	<u>\$ 3,676,570</u>	<u>\$ 3,938,009</u>
Less amounts not available to be used within one year:		
Donor restricted	\$ 2,793,939	\$ 3,644,263
Pledges receivable, long-term	94,730	109,371
Board designated	76,847	76,826
Financial assets not available to be used within one year	<u>\$ 2,965,516</u>	<u>\$ 3,830,460</u>
Financial assets available to meet general expenditures within one year	<u>\$ 711,054</u>	<u>\$ 107,549</u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE 5 - FUND RAISING COSTS:

Edmarc's allocated fund raising costs for United Way for the year ended June 30, 2024 and 2023 were \$11,581 and \$12,468, respectively.

NOTE 6 - EMPLOYEE BENEFIT PLAN:

Edmarc has a defined contribution salary deferral plan covering substantially all employees. Under the plan, Edmarc contributes one percent of the annual salary for those employees who have been employed for the past twelve months at the fiscal year end. The annual contribution is at the board's discretion. Edmarc's expense related to this plan totaled \$12,124 and \$14,941 for the years ended June 30, 2024 and 2023, respectively.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

NOTE 7 - ENDOWMENT FUNDS:

The Organization's endowment consists of funds invested and held at the Southeast Virginia Community Foundation and United Way. The balances with Southeast Virginia Community Foundation and United Way were \$114,637 and \$39,023 as of June 30, 2024 and \$107,775 and \$34,476 as of June 30, 2023, respectively. As required by generally accepted accounting principles in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Endowment net assets, beginning of year	\$ 142,253	\$ 134,072
Investment return:		
Increase (decrease) in beneficial interest	18,091	15,008
Investment fees	(1,965)	(1,904)
Investment return, net	\$ 16,126	\$ 13,104
Withdrawal of funds from endowment	(4,719)	(4,923)
Endowment net assets, end of year	<u>\$ 153,660</u>	<u>\$ 142,253</u>

Return Objectives and Risk Parameters

The Organization has adopted the standard investment policies consistent with those applied by the Southeast Virginia Community Foundation and United Way (the holders of these investments). Because of its long-term investment perspective, the Organization believes that its overall risk posture is above average relative to many other tax-exempt entities which may be more risk averse and more oriented toward fixed income investments, and that, consequently, a higher than average equity exposure is appropriate for the invested assets. Actual returns in any given year may vary from expected amounts. The Organization is willing to withstand short-term volatility associated with various investments and/or indices to achieve a higher expected long-term rate of return.

Strategies Employed for Achieving Objectives

Diversification has been employed by the Southeast Virginia Community Foundation and United Way as holders of these funds.

Establishment of Endowment and Withdrawal Policy

Various donors designated the initial amount of corpus of the endowment. Subsequent contributions and capital appreciation (or losses) also become corpus. Withdrawals are not contemplated until such time, in the judgment of the Board of Directors, the endowment has grown sufficiently that it can reasonably accommodate withdrawals or that organizational priorities have changed.

NOTE 8 - FAIR VALUE MEASUREMENTS:

Edmarc adopted the provisions of this statement for its financial assets and liabilities that are re-measured and reported at fair value each reporting period. The adoption of SFAS 157 did not have any impact on the statements of activities or statements of financial position, but does require additional disclosures.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

NOTE 8 - FAIR VALUE MEASUREMENTS (Continued):

FASB Statement No. 157, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB statement No. 157 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Edmarc has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. As of June 30, 2024 and 2023, there are no level 3 assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Domestic bonds - fixed income: The investment grade corporate bonds held by the Organization generally do not trade in active markets on the measurement date. Therefore, the domestic bonds are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

Domestic equity securities: Valued at the closing price on the active market on which the individual securities are traded.

Exchange traded funds: Valued at the daily closing priced as reported on the active market on which the individual exchange traded funds are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Edmarc believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

NOTE 8 - FAIR VALUE MEASUREMENTS (Continued):

The following table sets forth by level, within the fair value hierarchy, Edmarc's assets at fair value as of June 30, 2024 and 2023, respectively.

Assets at Fair Value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Bond funds	\$ -	\$ 10,010	\$ -	\$ 10,010
Cash	8,715	-	-	8,715
Equities	38,967	-	-	38,967
Exchange Traded Funds	627,013	-	-	627,013
Treasury Bills	2,169,685	-	-	2,169,685
Total	<u>\$ 2,844,380</u>	<u>\$ 10,010</u>	<u>\$ -</u>	<u>\$ 2,854,390</u>

Assets at Fair Value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Bond funds	\$ -	\$ 9,337	\$ -	\$ 9,337
Cash	10,108	-	-	10,108
Equities	36,909	-	-	36,909
Exchange Traded Funds	543,774	-	-	543,774
Treasury Bills	2,429,037	-	-	2,429,037
Total	<u>\$ 3,019,828</u>	<u>\$ 9,337</u>	<u>\$ -</u>	<u>\$ 3,029,165</u>

NOTE 9 - PLEDGES RECEIVABLE:

Pledges receivable at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Receivable in less than one year	\$ 63,523	\$ 279,424
Receivable in one to ten years	94,730	109,371
Less: allowance for uncollectible	-	-
	<u>\$ 158,253</u>	<u>\$ 388,795</u>

Reflected in the financial statements as follows:

	2024	2023
Pledges receivable, net, current	\$ 63,523	\$ 279,424
Long-term pledges receivable, net	94,730	109,371
	<u>\$ 158,253</u>	<u>\$ 388,795</u>

NOTE 10 - ACCRUED PAID TIME OFF:

The Organization's paid time off (PTO) policy credits employees with accrued time off each pay period, to be used for vacation, personal, or sick days. Employees have a maximum number of paid time off hours that may be carried forward. If the paid time off hours exceed the maximum allowable hours, then that time will not be carried forward and as a result that time will be lost. The liability for unused accrued PTO was \$238,250 and \$283,705 at June 30, 2024 and 2023, respectively.

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

NOTE 11 - PROPERTY AND EQUIPMENT:

Property and equipment at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Building	\$ 635,000	\$ 635,000
Furniture, fixtures and equipment	111,850	115,126
Software	114,469	114,469
Vehicle	42,388	42,388
Total property and equipment	\$ 903,707	\$ 906,983
Less accumulated depreciation and amortization	(428,269)	(437,094)
Net property and equipment	<u>\$ 475,438</u>	<u>\$ 469,889</u>

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 amounted to \$40,357 and \$53,323, respectively.

In December 2004, Edmarc was deeded a house in Portsmouth, which is included in property in the above table. If the house is sold before 90 years the proceeds must go to The Southeast Virginia Community Foundation.

NOTE 12 - NET ASSETS:

Net assets with donor restrictions for specific purpose were as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Expansion	\$ 2,327,939	\$ 3,166,263
Children's hospice care & bereavement counseling	466,000	478,000
	<u>\$ 2,793,939</u>	<u>\$ 3,644,263</u>

Net assets without donor restrictions for the years ended June 30, 2023 and 2022 were as follows:

	2024	2023
Undesignated	\$ 1,073,626	\$ 583,531
Board designated:		
For use of property and equipment	76,790	76,790
For expansion	-	-
	<u>\$ 1,150,416</u>	<u>\$ 660,321</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor.

	2024	2023
Children's hospice care & bereavement counseling	128,817	159,427
Expansion	1,133,678	308,256
	<u>\$ 1,262,495</u>	<u>\$ 467,683</u>

EDMARC, INC.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

With Comparative Totals for the Year Ended June 30, 2023

NOTE 13 - LEASE COMMITMENT:

On September 13, 2022, Edmarc Inc. entered into a new operating lease agreement with an unrelated party, commencing October 1, 2022 and expiring October 31, 2024. Monthly base rent for the office space starts at \$750 and increases 3% annually. Rent expense was \$7,725 and \$7,500, for the years ended June 30, 2024 and 2023, respectively

Edmarc leases equipment on an operating lease with an expiration date of June 2026. Monthly lease payments are \$614. Lease expense was \$7,187 for the years ended June 30, 2024 and 2023.

The following table displays the undiscounted cash flows due related to the operating leases as of June 30, 2024, along with a reconciliation of the discounted amount recorded on the June 30, 2023, statement of financial position:

Undiscounted cash flows due within:

	2025	10,464
	2026	<u>7,373</u>
Total undiscounted cash flows:		\$ 17,837
Impact of present value discount		(2,245)
Amount reported on statement of financial position		<u><u>\$ 15,592</u></u>

NOTE 14 - NEW ACCOUNTING PRONOUNCEMENTS:

The FASB issued ASU 2016-02, Leases (Topic 842), which replaces existing lease accounting guidance. The new guidance is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet for all leases with the terms exceeding twelve months. Additionally, the FASB issued ASU 2018-11, Leases (Topic 842) – Targeted Improvements, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Organization adopted ASU 2016-02 and its related amendments, which resulted in the recognition of operating right-of-use asset totaling \$32,168, as well as operating lease liabilities totaling \$25,613. The Organization elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of July 1, 2022, without restating any prior-year amounts or disclosures. The related policy elections made by the Organization can be found in Note 2 and the additional lease disclosures can be found in Note 14. There was no cumulative effect adjustment to the opening balance of retained earnings required.

The Financial Accounting Standard Board (FASB) issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Asset, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions.

NOTE 15 - LINE OF CREDIT:

The Organization had available a \$50,000 unsecured line of credit with TowneBank with interest payable monthly at TowneBank's prime rate. The Organization had no draws against the line of credit as of June 30, 2024 and 2023.

EDMARC, INC.

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

With Comparative Totals for the Year Ended June 30, 2023

NOTE 16 - CONTRIBUTED NONFINANCIAL ASSETS:

The Organization received the following contributions of nonfinancial assets and related expenses were recognized in the years ending June 30:

	2024	2023
Professional services	\$ 31,474	\$ 34,797
Toys	28,282	10,845
Food	24,325	11,217
Gift cards and coupons	56,611	6,630
Supplies	13,802	47,081
Funeral plots	-	-
Total	<u>\$ 154,494</u>	<u>\$ 110,570</u>

The Organization receives various forms of gift-in-kind (GIK) including food and non-food items such as clothing, supplies and other household goods. GIK are reported as contribution as their estimated fair value on the date of receipt and reported as expense when utilized. GIK are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their conditions and utility for use at the time the goods are contributed by the donor. Donated GIK are not sold and goods are only distributed for program use.

NOTE 17 - HIGHLIGHTS FOR THE FISCAL YEAR:

Edmarc has had record growth in the last few years. With growth comes strategic planning and infrastructure changes. The organization has received funding over the last several years for the growth and model of care structures that are being implemented. Due to the monies being received in prior years and reported as income the current year is showing a deficit from the spending of the funds received in prior years. The organization is still in a strong financial position.

NOTE 18 - SUBSEQUENT EVENTS:

Subsequent events were evaluated through January 31, 2025 , which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through January 31, 2025, that would require adjustment to, or disclosure in, the financial statements.