

The Christmas Box International

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

As of and for the Years Ended June 30, 2024 and 2023



THE CHRISTMAS BOX INTERNATIONAL

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Independent Auditor's Report

To the Board of Directors
The Christmas Box International

Opinion

We have audited the accompanying financial statements of **The Christmas Box International** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities, functional expenses and cash flows for the years 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 **The Christmas Box International** (the "Organization") as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 the Organization 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 the Organization'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 the Organization'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 the Organization'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.

The image shows a handwritten signature in black ink that reads "Larson & Company P.C.". The signature is written in a cursive, flowing style.

Salt Lake City, Utah
October 4, 2024

THE CHRISTMAS BOX INTERNATIONAL

Statements of Financial Position

As of June 30, 2024 and 2023

	2024	2023
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 65,090	\$ 168,921
Investments	286,768	258,312
Total current assets	351,858	427,233
Property and equipment, net	600,466	652,263
Other assets	14,548	9,900
Total assets	\$ 966,872	\$ 1,089,396
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 5,716	\$ 21,610
Accrued liabilities	15,970	8,319
Current portion of long-term debt	26,924	23,197
Total current liabilities	48,610	53,126
Long-term debt, net of current portion	810,109	819,324
Accrued interest, related party	108,516	177,358
Related party notes payable	1,349,642	1,349,642
Total liabilities	2,316,877	2,399,450
Net assets:		
Without donor restriction	(1,484,224)	(1,399,804)
With donor restriction	134,219	89,750
Total net assets	(1,350,005)	(1,310,054)
Total liabilities and net assets	\$ 966,872	\$ 1,089,396

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

THE CHRISTMAS BOX INTERNATIONAL

Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:			
Donations	\$ 835,217	\$ 76,670	\$ 911,887
In-kind contributions	630,693	-	630,693
Rental revenue	131,960	-	131,960
Other revenue	2,085	-	2,085
Investment income (loss)	30,652	-	30,652
Total revenue and support	1,630,607	76,670	1,707,277
Satisfaction of restrictions	32,201	(32,201)	-
Total public revenue, support, and satisfaction of restrictions	1,662,808	44,469	1,707,277
Functional expenses:			
Program services	1,285,432	-	1,285,432
Management and general	198,166	-	198,166
Fundraising	263,630	-	263,630
Total functional expenses	1,747,228	-	1,747,228
Total change in net assets	(84,420)	44,469	(39,951)
Net assets, beginning of year	(1,399,804)	89,750	(1,310,054)
Net assets, end of year	\$ (1,484,224)	\$ 134,219	\$ (1,350,005)

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

THE CHRISTMAS BOX INTERNATIONAL

Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:			
Donations	\$ 877,428	\$ 77,620	\$ 955,048
In-kind contributions	649,594	-	649,594
Rental revenue	105,048	-	105,048
Other revenue	997	-	997
Investment income (loss)	19,477	-	19,477
Total revenue and support	1,652,544	77,620	1,730,164
Satisfaction of restrictions	7,530	(7,530)	-
Total public support, revenue and satisfaction of restrictions	1,660,074	70,090	1,730,164
Functional expenses:			
Program services	1,278,641	-	1,278,641
Management and general	178,753	-	178,753
Fundraising	302,622	-	302,622
Total functional expenses	1,760,016	-	1,760,016
Total change in net assets	(99,942)	70,090	(29,852)
Net assets, beginning of year	(1,299,862)	19,660	(1,280,202)
Net assets, end of year	\$ (1,399,804)	\$ 89,750	\$ (1,310,054)

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

THE CHRISTMAS BOX INTERNATIONAL

Statement of Functional Expenses For the Year Ended June 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries	\$ 187,143	\$ 60,196	\$ 121,853	\$ 369,192
Payroll taxes	14,476	3,838	8,276	26,590
Health benefits	1,368	26,736	722	28,826
Pension and retirement benefits	2,730	4,393	510	7,633
Business expenses	244	326	-	570
Banking fees	-	477	-	477
Merchant Fees	21	12,074	956	13,051
Legal fees	-	200	-	200
Accounting fees	-	24,182	-	24,182
Contract services	31,338	22,000	2,798	56,136
Maintenance and improvement	60,992	-	124	61,116
Mortgage interest	31,244	2,748	-	33,992
Rent expense	35,540	1,700	9,270	46,510
Utilities	38,241	-	-	38,241
Online services	249	-	498	747
Dues and subscriptions	2,190	81	340	2,611
Meals and entertainment	13,850	422	686	14,958
Vehicle expense	5,757	1,726	6,431	13,914
Vehicle gas mileage reimbursement	3,060	5,637	-	8,697
Postage and mailing	1,962	-	-	1,962
Printing and copying	1,578	465	-	2,043
Office supplies	3,420	16	-	3,436
Gift cards and passes	13,300	-	-	13,300
Telephone and internet	6,149	4,285	-	10,434
IT and computer	15,972	646	2,898	19,516
Marketing and advertising	63,768	-	20,907	84,675
Staff development	5,949	-	845	6,794
Staff, volunteer and partner support	32,311	-	4,072	36,383
Grants to Others	1,052	-	1,980	3,032
Donor appreciation	2,139	-	1,158	3,297
Event expense	8,791	-	74,324	83,115
Insurance	-	20,292	529	20,821
Travel and meetings	5,369	-	868	6,237
Deprecation expense	64,536	3,585	3,585	71,706
In-kind donations	630,693	-	-	630,693
Investment fees	-	2,141	-	2,141
Total functional expenses	\$ 1,285,432	\$ 198,166	\$ 263,630	\$ 1,747,228

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

THE CHRISTMAS BOX INTERNATIONAL

Statement of Functional Expenses For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries	\$ 178,458	\$ 44,491	\$ 126,570	\$ 349,519
Payroll taxes	13,111	3,090	9,292	25,493
Health benefits	9,079	17,755	6,322	33,156
Pension and retirement benefits	12,342	(8,765)	841	4,418
Business expenses	162	145	-	307
Banking fees	-	566	-	566
Merchant Fees	-	9,496	483	9,979
Legal fees	-	1,278	1,276	2,554
Accounting fees	8,000	21,680	-	29,680
Contract services	16,369	24,068	3,034	43,471
Background Check Fees	26	142	-	168
Maintenance and improvement	91,275	297	8,050	99,622
Mortgage interest	33,853	2,742	-	36,595
Rent expense	25,185	11,900	3,801	40,886
Utilities	33,696	320	-	34,016
Online services	213	7,808	613	8,634
Dues and subscriptions	765	1,036	726	2,527
Meals and entertainment	8,624	564	1,465	10,653
Vehicle expense	4,848	798	2,649	8,295
Vehicle gas mileage reimbursement	7,181	4,613	208	12,002
Postage and mailing	2,012	139	226	2,377
Printing and copying	1,310	-	2,492	3,802
Office supplies	3,667	1,817	136	5,620
Gift cards and passes	12,250	-	-	12,250
Telephone and internet	4,403	4,829	77	9,309
IT and computer	8,009	14	971	8,994
Marketing and advertising	40,538	(21)	33,605	74,122
Staff development	5,027	2,240	789	8,056
Staff, volunteer and partner support	18,748	64	4,388	23,200
Grant writing	2,375	1,050	2,700	6,125
Grants to Others	14,520	115	-	14,635
Donor appreciation	1,160	-	876	2,036
Event expense	6,931	-	84,579	91,510
Insurance	-	18,997	-	18,997
Travel and meetings	3,361	-	3,034	6,395
Uncategorized Expense	-	105	-	105
Deprecation expense	61,549	3,419	3,419	68,387
In-kind donations	649,594	-	-	649,594
Investment fees	-	1,961	-	1,961
Total functional expenses	\$ 1,278,641	\$ 178,753	\$ 302,622	\$ 1,760,016

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

THE CHRISTMAS BOX INTERNATIONAL

Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (39,951)	\$ (29,852)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization expense	71,707	68,388
Unrealized (gain) loss on investments	(21,215)	(9,478)
(Increase) decrease in assets:		
Accounts receivable, including promises to give	-	2,023
Other assets	(4,648)	1,826
Increase (decrease) in liabilities:		
Accounts payable	(15,894)	(20,938)
Accrued liabilities	7,651	1,527
Accrued interest	(68,842)	(160,000)
Net cash flows from operating activities	(71,192)	(146,504)
Cash flows from investing activities:		
Purchases of investments	(7,241)	(7,911)
Purchases of property and equipment	(19,910)	-
Net cash flows from investing activities	(27,151)	(7,911)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	19,866	-
Payments on long-term debt	(25,354)	(20,185)
Net cash flows from financing activities	(5,488)	(20,185)
Net change in cash and cash equivalents	(103,831)	(174,600)
Cash and cash equivalents, beginning of year	168,921	343,521
Cash and cash equivalents, end of year	\$ 65,090	\$ 168,921
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 194,494	\$ 342,389

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

THE CHRISTMAS BOX INTERNATIONAL

Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

1. ORGANIZATION

The Christmas Box International (the “Organization”) was incorporated under the laws of the State of Utah as a nonprofit corporation in 1998. The Organization provides funding and support services for shelters for abused or neglected children. The Organization also supports mental, emotional, and physical care for children in crisis in a home-like environment. In addition, the Organization, in partnership with local, national, and international communities and groups, provides assistance to prevent child abuse and to improve the quality of life for children who have been abused or neglected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

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 through the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

All contributions are available for use unless specifically restricted by the donor. Restricted contributions received from donors are reported as with donor restricted or without donor restricted support and as an increase in the respective net asset classes. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), net assets with donor restriction are reclassified to net assets without donor restriction and reported on the statement of activities as net assets released from restrictions. Restrictions on contributions that expire within the same accounting period as receipt of the contributions are considered support without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less, and available for expenditure at the discretion of the Organization's management, to be cash equivalents.

Accounts Receivable and Promises to Give

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

The Organization determines an allowance for uncollectible accounts receivable and promises to give based on historical experience, management's analysis of specific balances, and as applicable, current conditions and reasonable and supportable forecasts that affect collectability. An allowance for uncollectible accounts receivable and promises has not been established at June 30, 2023 because management believes that all amounts are fully collectible.

Investments

Investments consist of marketable securities and gold reported at their readily determinable fair values. Unrealized gains and losses are included in the change in net assets, less external and direct internal investment expenses.

Property and Equipment

Property and equipment is recorded at cost for purchased assets and at estimated fair market value at the date of acquisition for donated assets for assets with values greater than \$2,500.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the period.

Depreciation is provided using the straight-line method, based on useful lives of the assets as follows:

<u>Assets</u>	<u>Useful Lives</u>
Buildings and improvements	15 to 27.5 years
Furniture and equipment	5 to 10 years

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Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amounts of the assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against the estimated undiscounted future cash flows associated with them. When future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying amounts of the assets, the assets are adjusted to their fair values.

Fair Value Measurements

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumption market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entities' own assumptions about those that market participants would use in pricing the asset based on the best information available.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs are as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The estimated fair values of the Organization's short-term financial instruments – including cash, accounts receivable and accounts payable – approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributions

In-kind contributions are recorded as support at their estimated fair market value at the date of gift. These contributions are considered to be without donor restrictions unless restricted by the donor. Assets donated with donor-imposed restrictions regarding their use are considered net assets with donor restrictions until the asset is placed in service.

In-kind contributions received during the years ended June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Clothing, toys, and other program supplies	\$ 611,285	\$ 649,594
Food	19,408	-
Total in-kind contributions	<u>\$ 630,693</u>	<u>\$ 649,594</u>

The in-kind goods represent primarily the donation of materials that are provided to or consumed by participants in the Organization's programs.

The Organization recognizes contributed services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, occupancy, and depreciation, which are allocated on the basis of estimated time and effort.

Advertising

Costs for advertising are expensed as incurred. For the years ended June 30, 2024 and 2023, the Organization incurred advertising costs of **\$84,675** and \$74,122.

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Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

2. **SUMMARY OF ACCOUNTING POLICIES (Continued)**

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code on the excess of revenue over expenses generated in the normal course of business. Accordingly, no provision for federal income taxes has been included as of June 30, 2023. The Organization remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purpose of the Organization. In the opinion of management, the Organization does not have any unrelated business income.

ASC Topic 740, *Income Taxes*, provides guidance on how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation by management of tax positions taken or expected to be taken in preparation of the Organization's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. Generally, tax years remain subject to examination for three years from the date filed.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purpose to conform to the presentation in the current year financial statements. Total changes in net assets were not affected by the reclassifications.

Recently Issued Accounting Pronouncements

In June of 2016, the FASB issued Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses*, which requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This requirement eliminates the probable initial recognition threshold in current GAAP which has delayed recognition of credit losses until the loss was probable. Instead, the new treatment will better reflect an entity's current estimate of all expected credit losses. In addition, the new guidance requires that any credit losses on available-for-sale debt securities to be presented as an allowance rather than as a write-down. Initial allowance for credit losses is added to the purchase price rather than reported as a credit loss expense. Subsequent changes in the allowance for credit losses are recorded in credit loss expense. This will allow entities to also record reversals of credit losses in current period net income, whereas current U.S. GAAP prohibits reflecting these improvements in current period earnings. This guidance is effective for fiscal years beginning after December 15, 2022. The Organization adopted this new guidance as of July 1, 2023. The adoption of this guidance did not have any material impact to the Organization's financial statements as a whole.

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Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2024	2023
Cash and cash equivalents	\$ 65,090	\$ 168,921
Investments	286,768	258,312
Financial assets available to meet cash needs for general expenditures within one year	\$ 351,858	\$ 427,233

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in savings and short-term investments.

4. INVESTMENTS

Investments are stated at fair value and consist of the following as of June 30, 2024 and 2023:

	2024	2023
Cost basis of mutual funds	\$ 218,646	\$ 219,520
Cost basis of gold	49,868	49,868
Unrealized gain / (loss)	18,254	(11,076)
Total investments	\$ 286,768	\$ 258,312

Investment assets measured at fair value on a recurring basis as of June 30, 2024 and 2023 are as follows:

	Total	Level 1	Level 2	Level 3
June 30, 2024				
Mutual funds	\$ 226,202	\$ 226,202	\$ -	\$ -
Gold	60,566	60,566	-	-
Total investments	\$ 286,768	\$ 286,768	\$ -	\$ -
June 30, 2023				
Mutual funds	\$ 208,404	\$ 208,404	\$ -	\$ -
Gold	49,908	49,908	-	-
Total investments	\$ 258,312	\$ 258,312	\$ -	\$ -

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Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

5. PROPERTY AND EQUIPMENT, NET

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

	2024	2023
Buildings and improvements	\$ 1,646,580	\$ 1,646,580
Furniture and equipment	97,704	159,943
Land	155,000	155,000
Total cost of property and equipment	1,899,284	1,961,523
Accumulated depreciation	(1,298,818)	(1,309,260)
Total property and equipment, net	\$ 600,466	\$ 652,263

Depreciation expense was \$71,706 and \$68,388 for the years ended June 30, 2024 and 2023.

6. OTHER ASSETS

Other assets consist of the following as of June 30, 2024 and 2023:

	2024	2023
Timeshares	\$ 11,939	\$ 9,900
Other receivables	2,609	-
Total other assets	\$ 14,548	\$ 9,900

7. LONG-TERM DEBT

The Organization's long-term debt consisted of the following as of June 30, 2024 and 2023:

	2024	2023
Note payable to financial institution, monthly installments of \$4,731, including 4.01% interest. Unpaid balance due July 2028. Secured by real property.	\$ 815,207	\$ 842,521
Note payable to financial institution, monthly installments of \$370, including 10.10% interest. Unpaid balance due September 2029.	21,826	-
Total long-term debt	837,033	842,521
Less: current portion	(26,924)	(23,197)
Total long-term debt, less current portion	\$ 810,109	\$ 819,324

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Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

7. LONG-TERM DEBT (Continued)

Future maturities of long-term debt are as follows:

Years ending June 30.

2025	\$	26,924
2026		28,204
2027		29,555
2028		30,983
2029		720,818
Thereafter		549
Total future minimum payments	\$	837,033

Interest expense for the year ended June 30, 2024 and 2023 was **\$33,992** and \$36,595.

8. RELATED PARTY NOTES PAYABLE

The Organization maintains a loan agreement with a board member and co-founder of the Organization. The note is currently non-interest bearing and due as funds are available. The note is secured by other assets. As of June 30, 2024 and 2023, the balance of the note was **\$1,349,642**. Related accrued interest to the note was **\$108,516** and \$177,358 as of June 30, 2024 and 2023. The Organization incurred legal expenses with a law firm where a member of the board of director is employed. Expenses for the years ended June 30, 2024 and 2023 totaled **\$24,000** and \$24,000, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

Purpose restrictions for the Organization's net assets with donor restrictions are as follows:

	2024	2023
Moab CBH	\$ -	\$ 8
Milestone Program fka Milestone Home	-	2,263
Salt Lake CBH fka Salt Lake Valley TAL	96,911	68,850
Ogden CBH fka Ogden Kinship - K&G Farr	32,553	10,991
Safety Items Kinship Homes	-	789
DCFS WR Foster Parent Support	-	350
DCFS Western Region TAL Activities	4,755	6,499
Total net assets with donor restrictions	\$ 134,219	\$ 89,750

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9. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from donor restrictions for the year ended June 30, 2024 and 2023 by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as following:

	2024	2023
Satisfaction of purpose restrictions:		
Moab CBH	\$ 8	\$ -
Milestone Home	2,263	2,012
Ogden Kinship - K&G Farr	10,991	-
DCFS WR Foster Parent Support	350	-
Safety Items Kinship Homes	789	-
Salt Lake CBH fka Salt Lake Valley TAL	13,519	2,990
DCFS WR TAL Activities	4,281	2,528
Total satisfaction of purpose restrictions	\$ 32,201	\$ 7,530

10. RENTAL INCOME / LEASE

The Organization leases portions of its Ogden facility under an operating lease. The lease expires in June 2025 and requires monthly lease payments of \$9,284. Future minimum lease payments expected to be received under this lease are as follows:

Years ending June 30.

2025	\$ 111,408
Total future minimum payments	\$ 111,408

Rental income for the years ended June 30, 2024 and 2023 was approximately **\$131,960** and \$105,018, respectively.

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11. PROGRAM EXPENSES

Program expenses consisted of the following for the year ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Salt Lake CBH	\$ 461,813	\$ 475,357
Ogden CBH	315,739	338,538
Program	271,000	213,250
Christmas Box House	167,452	196,104
Moab CBH	10,140	16,812
Project Elf/ Other	20,223	16,234
Donation Center	34,031	21,736
Milestone	3,285	610
The Christmas Box Resource Rooms	1,749	-
Total program expenses	<u>\$ 1,285,432</u>	<u>\$ 1,278,641</u>

12. RETIREMENT PLAN

The Organization has a savings incentive match plan for employees of small employers (SIMPLE) retirement plan which covers employees who reasonably expect to receive at least \$5,000 in compensation during the calendar year. The employees may make salary-reduction contributions to the plan not to exceed \$12,500 annually. Participants who are age 50 or over at the end of the calendar year are eligible to make catch-up contributions up to \$3,000. For the years ended June 30, 2024 and 2023, the Organization contributed **\$7,633** and \$4,418 to the plan. Other than plan contributions, the Organization has no other liability in connection with the plan.

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13. IN-KIND CONTRIBUTIONS

For the years ended June 30, 2024 and 2023, in-kind contributions recognized on the statement of activities consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>Utilization in Programs or Other Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Clothing, toys, and other program supplies	\$ 611,285	\$ 649,594	Program Services	None	Contributed clothing, toys, and other program supplies are valued at the fair market value. In valuing the contributed food, management uses receipts for food or standard rate for canned food.
Food	<u>19,408</u>	<u>-</u>	Program Services	None	
Total	<u>\$ 630,693</u>	<u>\$ 649,594</u>			

14. CONCENTRATIONS OF CREDIT AND MARKET RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits of \$250,000. Management has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

15. COMMITMENTS AND CONTINGENCIES

The Organization may be involved in certain claims arising from the ordinary course of operations and has purchased insurance policies to cover these risks.

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through the date of the independent auditor's report, which is the date the financial statements were available to be issued and noted nothing that would require disclosure.