

THE FORGE FOR FAMILIES, INC.

Financial Statements

For the Years Ended
December 31, 2023 and 2022

THE FORGE FOR FAMILIES, INC.
Financial Statements
For the Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Forge for Families, Inc.
Houston, Texas

Opinion

We have audited the financial statements of The Forge for Families, Inc. (a Texas nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statement of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Forge for Families, Inc. as of December 31, 2023 and 2022, and the changes in its net assets 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 (GAAS). 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 Forge for Families, 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 The Forge for Families, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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



McConnell Jones

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 GAAS, 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 Forge for Families, 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 The Forge for Families, 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.

McConnell & Jones LLP

Houston, Texas

May 6, 2024

THE FORGE FOR FAMILIES, INC.

Statements of Financial Position December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,437,370	\$ 2,397,043
Pledges receivable	-	20,055
Prepaid expenses	2,650	4,417
Certificates of deposit	587,000	250,000
Total current assets	<u>3,027,020</u>	<u>2,671,515</u>
NONCURRENT ASSETS		
Property and equipment, net	3,941,516	4,097,490
Right-to-use assets, net	6,562	9,749
Certificates of deposit	-	100,000
Total noncurrent assets	<u>3,948,078</u>	<u>4,207,239</u>
TOTAL ASSETS	<u>\$ 6,975,098</u>	<u>\$ 6,878,754</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 9,693	\$ 21,603
Credit cards payable	15,469	4,354
Accrued expenses	16,042	18,741
Lease liability- operating	6,562	9,749
Total current liabilities	<u>47,766</u>	<u>54,447</u>
NET ASSETS		
Without donor restrictions	6,785,829	6,723,265
With donor restrictions	141,503	101,042
Total net assets	<u>6,927,332</u>	<u>6,824,307</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,975,098</u>	<u>\$ 6,878,754</u>

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

THE FORGE FOR FAMILIES, INC.

Statement of Activities For the Year Ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES AND OTHER SUPPORT			
Contributions	\$ 555,076	\$ 148,544	\$ 703,620
Luncheon/events (net of direct benefit to donors of \$33,366)	344,585	-	344,585
Golf tournament (net of direct benefit to donors of \$47,343)	146,718	-	146,718
Year-end letter	384,810	-	384,810
Rental	36,296	-	36,296
Summer program	90,875	-	90,875
After-school	70,553	-	70,553
Basketball	12,930	-	12,930
Volleyball	425	-	425
Other	111,061	-	111,061
Net assets released from restrictions	108,083	(108,083)	-
TOTAL REVENUES AND OTHER SUPPORT	1,861,412	40,461	1,901,873
EXPENSES			
Program services:			
After-school	337,353	-	337,353
Athletic discipleship	272,518	-	272,518
Summer leadership	241,301	-	241,301
Adult discipleship	175,983	-	175,983
Christmas store	22,764	-	22,764
Youth discipleship	35,713	-	35,713
Internship	30,523	-	30,523
Teen programs	169,628	-	169,628
Total program services	1,309,642	-	1,309,642
Supporting services:			
Management and general	401,310	-	401,310
Fundraising activities	87,896	-	87,896
Total support services	489,206	-	489,206
TOTAL EXPENDITURES	1,798,848	-	1,798,848
CHANGE IN NET ASSETS	62,564	40,461	103,025
NET ASSETS, BEGINNING OF YEAR	6,723,265	101,042	6,824,307
NET ASSETS, END OF YEAR	\$ 6,785,829	\$ 141,503	\$ 6,927,332

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

THE FORGE FOR FAMILIES, INC.

Statement of Activities For the Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES AND OTHER SUPPORT			
Contributions	\$ 437,111	\$ 533,714	\$ 970,825
Luncheon/events (net of direct benefit to donors of \$34,661)	264,352	-	264,352
Golf tournament (net of direct benefit to donors of \$32,604)	229,077	-	229,077
Year-end letter	369,898	-	369,898
Rental	23,950	-	23,950
Summer program	87,001	-	87,001
After-school	65,112	-	65,112
Basketball	13,402	-	13,402
Volleyball	400	-	400
Other	45,925	-	45,925
Net assets released from restrictions	536,088	(536,088)	-
TOTAL REVENUES AND OTHER SUPPORT	2,072,316	(2,374)	2,069,942
EXPENSES			
Program services:			
After-school/educational	313,579	-	313,579
Summer leadership	282,731	-	282,731
Athletic discipleship	21,048	-	21,048
Facility services	180,508	-	180,508
Adult discipleship	98,893	-	98,893
Christmas store	27,655	-	27,655
Teen programs	150,426	-	150,426
Total program services	1,074,840	-	1,074,840
Supporting services:			
Management and general	379,345	-	379,345
Fundraising activities	89,697	-	89,697
Total support services	469,042	-	469,042
TOTAL EXPENDITURES	1,543,882	-	1,543,882
CHANGE IN NET ASSETS	528,434	(2,374)	526,060
NET ASSETS, BEGINNING OF YEAR	6,194,831	103,416	6,298,247
NET ASSETS, END OF YEAR	\$ 6,723,265	\$ 101,042	\$ 6,824,307

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

THE FORGE FOR FAMILIES, INC.

Statement of Functional Expenses For the Year Ended December 31, 2023

	Program Services												Support Services			Total Expenditures	
	After School	Athletic Discipleship	Jumpstart	Mountain Top	Overnight Camps Summer Club		The SET	Adult Discipleship	Boxes of Love	Holly Jolly Christmas Store Youth Discipleship		Internship	Total Program Expenses	Management and General	Fundraising		Total Support Services
Payroll expenses	139,332	\$ 100,842	\$ 90,573	\$ 12,598	\$ 17,703	\$ 121,913	\$ 67,365	\$ 31,328	\$ 12,993	\$ 30,766	\$ 27,777	\$ 19,204	\$ 672,394	\$ 341,768	\$ -	\$ 341,768	\$ 1,014,162
Bank charges	1,831	385	-	-	154	1,270	-	-	-	-	-	-	3,640	15,609	-	15,609	19,249
Depreciation	58,991	45,882	3,277	-	-	26,218	16,386	8,193	1,639	-	1,639	1,638	163,863	5,067	-	5,067	168,930
Other fundraising expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,376	8,376	8,376
Insurance	29,633	21,870	705	705	705	7,055	705	6,349	705	705	705	705	70,547	1,440	-	1,440	71,987
Network	4,540	2,619	-	-	-	1,310	87	175	-	-	-	-	8,731	178	-	178	8,909
Supplies	9,919	4,959	-	-	-	7,439	-	2,480	-	-	-	-	24,797	1,305	18,608	19,913	44,710
Permits	6,946	-	-	-	-	-	-	-	-	-	-	-	6,946	-	-	-	6,946
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	25,050	-	25,050	25,050
Mailing and invitations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,651	4,651	4,651
Program services	26,744	36,460	4,595	9,900	9,900	38,051	4,970	20,287	5,155	8,432	3,276	7,075	174,845	-	-	-	174,845
Repairs and maintenance	40,222	58,787	1,849	188	188	37,353	8,492	5,170	1,849	1,661	-	-	155,759	-	-	-	155,759
Training	468	467	468	468	468	467	467	519	416	467	467	52	5,194	3,463	-	3,463	8,657
Transportation and travel	247	247	15	-	7	225	-	-	7	-	-	-	748	749	-	749	1,497
Programs and video	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,231	11,231	11,231
Honorarium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,030	45,030	45,030
Vehicles	18,480	-	-	-	-	-	-	-	-	-	1,849	1,849	22,178	6,681	-	6,681	28,859
Total Expenses	\$ 337,353	\$ 272,518	\$ 101,482	\$ 23,859	\$ 29,125	\$ 241,301	\$ 98,472	\$ 74,501	\$ 22,764	\$ 42,031	\$ 35,713	\$ 30,523	\$ 1,309,642	\$ 401,310	\$ 87,896	\$ 489,206	\$ 1,798,848

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

THE FORGE FOR FAMILIES, INC.

Statement of Functional Expenses For the Year Ended December 31, 2022

	Program Services											Support Services				
	Athletic		Overnight				Adult		Boxes of		Holly Jolly	Total		Total		Total
	After School	Disipleship	Jumpstart	Mountain Top	Camps	Summer Club	The SET	Discipleship	Love	Store	Program Expenses	Management and General	Fundraising	Services	Expenditures	
Payroll expenses	\$ 154,982	\$ 100,607	\$ 41,303	\$ 19,206	\$ 16,972	\$ 89,838	\$ 65,097	\$ 29,111	\$ 13,397	\$ 27,764	\$ 558,277	\$ 325,577	\$ -	\$ 325,577	\$ 883,854	
Bank charges	1,701	321	-	-	129	964	-	-	-	96	3,211	12,847	-	12,847	16,058	
Depreciation	60,438	56,984	3,453	-	-	36,263	8,634	3,454	-	-	169,226	3,453	-	3,453	172,679	
Other fundraising expenses	-	-	-	-	-	-	-	-	-	-	-	-	53,608	53,608	53,608	
Insurance	26,480	19,544	630	630	631	6,305	1,261	6,305	630	631	63,047	1,287	-	1,287	64,334	
Network	2,294	1,324	-	-	-	662	44	88	-	-	4,412	90	-	90	4,502	
Supplies	3,829	1,914	-	-	-	2,872	-	957	-	-	9,572	504	17,105	17,609	27,181	
Permits	4,269	-	-	-	-	-	-	-	-	-	4,269	-	-	-	4,269	
Professional fees	-	-	-	-	-	-	-	-	-	-	-	29,700	-	29,700	29,700	
Program services	16,494	52,773	2,550	623	9,026	12,332	2,701	3,452	11,811	8,086	119,848	-	-	-	119,848	
Repairs and maintenance	27,025	48,611	2,831	275	215	30,649	6,846	4,109	1,493	1,338	123,392	-	-	-	123,392	
Mailing and invitations	-	-	-	-	-	-	-	-	-	-	-	-	5,435	5,435	5,435	
Training	315	315	315	314	315	315	315	315	314	315	3,148	2,098	-	2,098	5,246	
Transportation and travel	338	338	20	-	10	308	-	-	10	-	1,024	1,025	-	1,025	2,049	
Programs and video	-	-	-	-	-	-	-	-	-	-	-	-	3,599	3,599	3,599	
Honorarium	-	-	-	-	-	-	-	-	-	-	-	-	9,950	9,950	9,950	
Vehicles	15,414	-	-	-	-	-	-	-	-	-	15,414	2,764	-	2,764	18,178	
Total Expenses	\$ 313,579	\$ 282,731	\$ 51,102	\$ 21,048	\$ 27,298	\$ 180,508	\$ 84,898	\$ 47,791	\$ 27,655	\$ 38,230	1,074,840	\$ 379,345	\$ 89,697	\$ 469,042	\$ 1,543,882	

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

THE FORGE FOR FAMILIES, INC.
 Statements of Cash Flows
 For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 103,025	\$ 526,060
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation	168,930	172,679
Decrease/(increase) in pledges receivable	20,055	(20,055)
Decrease in prepaid expenses	1,767	2,400
(Decrease) /increase in accounts payable	(11,910)	21,246
Increase/(decrease) in credit cards payable	11,115	(3,674)
(Decrease)/increase in accrued expenses	(2,699)	3,604
Total adjustments	187,258	176,200
Net cash provided by operating activities	290,283	702,260
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(12,956)	(63,339)
Purchase of investments	(237,000)	(350,000)
Net cash used in investing activities	(249,956)	(413,339)
NET INCREASE IN CASH AND CASH EQUIVALENTS	40,327	288,921
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,397,043	2,108,122
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,437,370	\$ 2,397,043

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

THE FORGE FOR FAMILIES, INC.

Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 1 – ORGANIZATION

The Forge for Families, Inc. (the "Forge") is a Texas nonprofit corporation formed through the merger of The Refuge Community Development Corporation and Inner City Youth on December 31, 2005.

The primary purpose of the Forge is to enrich the spiritual, vocational, and leadership development of inner-city families through Christ-centered mentoring, bringing transforming growth to Houston's Third Ward.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared in accordance with not-for-profit (NFP) organizations accounting guidance and using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, these financial statements are prepared on the accrual basis of accounting and present the financial position, results of activities and cash flows for the Forge.

Financial Statement Presentation - The Forge presents the financial statements under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. In accordance with ASU 2016-14, the Forge is required to report information regarding its financial position and activities according to the following net asset classifications.

- **Net Assets Without Donor Restrictions** - Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Forge. These net assets may be used at the discretion of the Forge's management and oversight committees.
- **Net Assets With Donor Restrictions** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents - The Forge considers cash on hand, cash in banks and money market accounts with an initial maturity of three months or less to be cash and cash equivalents.

Concentration of Credit Risk - Financial instruments that potentially subject the Forge to a significant concentration of credit risk consist primarily of cash and cash equivalents. The Forge maintains its cash in financial institutions, which at times exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC). Bank balances are insured by the FDIC up to \$250,000. The amount exceeding the FDIC insured limit as of December 31, 2023 and December 31, 2022 was \$0 and \$1,357,360, respectively. Management periodically assesses the financial condition of the financial institutions and believes that any possible credit risk is minimal.

From time-to-time, the Forge receives large pledges and contributions from a small number of donors who may represent a significant portion of recorded pledges and contributions. During 2023 and 2022, two different donors accounted for 10% and 15%, respectively, of total contributions.

THE FORGE FOR FAMILIES, INC.

Notes to the Financial Statements
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Pledges Receivable - Pledges receivable consist of unconditional promises to give that are expected to be collected in future years. Such receivables are recorded at the present value of their estimated future cash flows. The Forge provides an allowance for uncollectible amounts based on a review of specific account balances and considering historical experience, and accounts receivable are written off when they become uncollectible.

Property and Equipment - All vehicles, buildings, building improvements, equipment, and furnishings are presented at cost, if purchased, or fair market value at the date of donation, if donated, less accumulated depreciation. The building and improvements are being depreciated on the straight-line basis over five to forty years. Depreciation of furniture and equipment is computed on the straight-line basis over the estimated useful lives of the assets, generally three to seven years.

Expenditures for improvements greater than \$50,000 are capitalized, and repairs and maintenance are charged to expense as incurred.

Certificates of Deposit - Certificates of deposit are recorded at amortized cost. See additional discussion at Note 6.

Impairment of Long-Lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount of the asset exceeds its estimated undiscounted net cash flow, excluding interest, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds its fair value. The Forge incurred no impairment losses for 2023 and 2022.

Contributions and Revenue Recognition - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

All contributions are recognized as revenue when received or unconditionally promised to the Forge. Conditional promises to give are not recognized as revenue until the conditions are substantially met. There were no conditional promises at December 31, 2023 and 2022. Additionally, the Forge may receive donated professional services and donated time to help with the clerical and office work which do not meet the criteria for recognition in the Forge's financial statements. Accordingly, the value of these contributions has not been recorded in the accompanying financial statements.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

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Notes to the Financial Statements
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Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Forge recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Forge recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Program revenue includes, but is not limited to, revenue from after-school and summer programs. For these programs, tuition is paid monthly at which time the revenue is recognized.

Functional Expense Allocation - The costs of providing various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include program fees, general and administrative expenses, and facility fees. Program fees are allocated directly to the program they apply to. General and administrative expenses and facility fees are allocated based on salaries, time and effort, and occupied building space.

Use of Estimates - The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those assumptions. Significant estimates include, but are not limited to, collectability of pledges receivable and the useful lives of property and equipment.

Income Taxes - The Forge is recognized by the Internal Revenue Service (IRS) to be tax-exempt under IRS Code Section 501(c)(3) and similar state provisions. Therefore, no provision has been made for federal and state income taxes in these financial statements.

Uncertain tax positions are recognized in the financial statements only if the position is more-likely-than-not of being sustained upon examination by taxing authorities, based on the technical merits of the position. The Forge did not recognize any interest and penalties related to uncertain tax positions in 2023 and 2022.

Recently Adopted Accounting Pronouncements - In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU will require most leases to be recognized on the statements of financial position as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. In June 2020, the FASB issued ASU No. 2020-05, *Revenue From Contracts With Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to defer these standards. The Forge adopted ASU 2016-02 in 2022 using the transition method.

Analysis of this standard resulted in no significant changes in the way the financial statements are presented and, therefore, no changes to the previously issued financial statements were required. The presentation and disclosures of leases have been enhanced in accordance with the standard.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statements of activities

THE FORGE FOR FAMILIES, INC.

Notes to the Financial Statements
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disaggregated by category that depicts the type of contributed nonfinancial assets and includes additional disclosure requirements for each category of contributed nonfinancial assets recognized. The Forge adopted ASU 2020-07 in 2022. The adoption resulted in no impact to the financial statements.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The Forge regularly monitors liquidity required to meet its operating needs. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Forge considers all expenditures related to its ongoing activities, including youth and adult programs, as well as services undertaken to support those activities, to be general expenditures.

The Forge considers contributions and promises to give that are restricted by donors to certain programs or specific needs, available only to fund those needs, as restricted. Unrestricted donations are considered available to meet cash needs for general expenditures or the ongoing and major programs that are central to its annual operations. The Forge manages its liquidity and reserves following two guiding principles: operating within a balanced budget with a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

The Forge's guiding principle regarding liquidity is generally to maintain financial assets to cover three months of operating expenditures. To this end, management has set aside a balance of unrestricted funds, designated as an "Emergency Fund" that can only be accessed with Board approval. The Forge forecasts its future cash flows, audits its liquidity, and monitors its reserves every month. During 2023 and 2022, the level of liquidity and reserves were managed within these guidelines.

The following table shows the total financial assets held by the Forge at December 31, 2023 and 2022, and the amounts of those financial assets that could readily be made available within one year of the statement of financial position dates to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,437,370	\$ 2,397,043
Pledge receivable, net	-	20,055
Certificates of deposit	587,000	250,000
Less: Net assets with donor restrictions to be met in less than one year	<u>(141,503)</u>	<u>(101,042)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,882,867</u>	<u>\$ 2,566,056</u>

THE FORGE FOR FAMILIES, INC.

Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 4 - PLEDGES RECEIVABLE

The Forge has obtained pledges to be used for general operations. Pledges receivable amounted to \$0 and \$20,055 as of December 31, 2023 and 2022, respectively, and are expected to be collected within one year. At December 31, 2023 and 2022, there were no allowance for doubtful pledges and no bad debt expenses.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2023	2022
Community Center	\$ 5,385,463	\$ 5,385,463
Building improvements	48,255	48,255
Vehicle	103,444	103,444
Machinery and equipment	124,354	119,168
Software	23,400	23,400
Office equipment	7,771	3,195
	5,692,687	5,682,925
Less: Accumulated depreciation	(1,960,382)	(1,794,646)
	3,732,305	3,888,279
Land	209,211	209,211
Property and equipment, net	\$ 3,941,516	\$ 4,097,490

Depreciation expense was 168,930 and 172,679 in 2023 and 2022, respectively.

NOTE 6 - CERTIFICATES OF DEPOSIT

Certificates of deposit (CDs) consisted of the following:

	Less than 1 Year	1 to 5 Years	Greater than 5 Years	Total
December 31, 2023				
Investments:				
Certificates of deposit	\$ 587,000	\$ -	\$ -	\$ 587,000
Total investments at fair value	\$ 587,000	\$ -	\$ -	\$ 587,000
December 31, 2022				
Investments:				
Certificates of deposit	\$ 250,000	\$ 100,000	\$ -	\$ 350,000
Total investments at fair value	\$ 250,000	\$ 100,000	\$ -	\$ 350,000

These CDs are intended to be held until their maturity.

THE FORGE FOR FAMILIES, INC.

Notes to the Financial Statements
December 31, 2023 and 2022

NOTE 7 - NET ASSETS

Net assets with donor restrictions as of December 31, 2023 and December 31, 2022 were \$141,503 and \$101,042 respectively, as shown below:

	2023	2022
Net assets with donor restrictions		
Capital repairs and purchases	\$ 132,914	\$ 94,000
Community service	8,589	5,842
Scholarships	-	1,200
Total net assets with donor restrictions	141,503	101,042
Net Assets without donor restrictions	6,785,829	6,723,265
Total net assets	\$ 6,927,332	\$ 6,824,307

	2023	2022
<u>Net Assets Released from Restrictions</u>		
Satisfaction of purpose restrictions		
Support Staff		
After School/educational	\$ -	\$ 336,041
Capital Campaign	41,085	45,787
Athletic discipleship	-	23,514
Internships	17,901	-
Summer Leadership	35,000	85,000
Community service	12,397	29,946
Teen Programs	1,700	15,800
Total	\$ 108,083	\$ 536,088

NOTE 8 - DEFINED CONTRIBUTION PLAN

The Forge has a defined contribution plan (the "401(k) Plan") available to all employees with at least three months of service who meet the age requirement of 21 years. The 401(k) Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974. Under this plan, up to 4% of an employee's contribution each year is matched by the Forge. The Forge's contributions to the 401(k) Plan totaled \$20,890 and \$13,662 in 2023 and 2022, respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS

During 2023 and 2022, the Forge received cash donations from members of the Board of Directors amounting to \$231,031 and \$309,309 respectively.

THE FORGE FOR FAMILIES, INC.

Notes to the Financial Statements

December 31, 2023 and 2022

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 6, 2024 (the date which the financial statements were available to be issued) and no events have occurred from the statement of financial position date through that date, that would impact the financial statements.