

RALLY FOUNDATION, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

MARCH 31, 2023 AND 2022

RALLY FOUNDATION, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
MARCH 31, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to the Financial Statements	9-18



ANSEL & SLOTOPOLSKY, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
1131 Campus Drive West · Morganville, New Jersey 07751
Phone (732) 536-5595 · Fax (732) 536-5592 · Web: www.vfgcpas.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rally Foundation, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of Rally Foundation, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of March 31, 2023 and 2022, 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 Rally Foundation, Inc. as of March 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rally Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Rally Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 Rally Foundation, 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 Rally Foundation, 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.

Ansel & Slotopolsky, LLP

Morganville, New Jersey
August 11, 2023

RALLY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31,

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,307,505	\$ 6,507,916
Investments	1,339,507	1,137,417
Unconditional promises to give	18,056	83,595
TOTAL CURRENT ASSETS	9,665,068	7,728,927
OTHER ASSETS		
Endowment investments	1,656,893	1,365,874
Investment - SAFE, at cost	350,000	350,000
Property and equipment, net	-	331
TOTAL OTHER ASSETS	2,006,893	1,716,206
TOTAL ASSETS	\$ 11,671,961	\$ 9,445,133

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts and credit cards payable	\$ 5,088	\$ 13,144
Accrued expenses	17,259	16,148
Grants payable	-	25,000
TOTAL LIABILITIES - ALL CURRENT	22,347	54,292

NET ASSETS

Without donor restrictions	9,974,665	7,941,372
Without donor restrictions - board designated	1,595,384	1,306,850
With donor restrictions - purpose restrictions	18,056	83,595
With donor restrictions - endowment	61,509	59,024
TOTAL NET ASSETS	11,649,614	9,390,841
TOTAL LIABILITIES AND NET ASSETS	\$ 11,671,961	\$ 9,445,133

See accompanying Notes to the Financial Statements.

RALLY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Purpose Restrictions</u>	<u>With Donor Restrictions - Endowment</u>	<u>TOTAL</u>
OPERATING ACTIVITIES:				
PUBLIC SUPPORT AND REVENUES				
Grants and contributions	\$ 2,638,996	\$ -	\$ -	\$ 2,638,996
Contributions of nonfinancial items	691,813	-	-	691,813
Special events revenue, gross	4,973,540	-	-	4,973,540
Net assets released from restriction	65,539	(65,539)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	<u>8,369,888</u>	<u>(65,539)</u>	<u>-</u>	<u>8,304,349</u>
EXPENSES				
Program expense				
Grants	3,787,326	-	-	3,787,326
Education and awareness	1,909,084	-	-	1,909,084
Fundraising	213,180	-	-	213,180
Fundraising - special events	129,096	-	-	129,096
Management and general	119,525	-	-	119,525
TOTAL EXPENSES	<u>6,158,211</u>	<u>-</u>	<u>-</u>	<u>6,158,211</u>
NET OPERATING ACTIVITIES	2,211,677	(65,539)	-	2,146,138
NON-OPERATING ACTIVITIES:				
Employee Retention Credit - Other income	100,433	-	-	100,433
Investment return, net	9,717	-	2,485	12,202
TOTAL NON-OPERATING ACTIVITIES	<u>110,150</u>	<u>-</u>	<u>2,485</u>	<u>112,635</u>
CHANGE IN NET ASSETS	2,321,827	(65,539)	2,485	2,258,773
NET ASSETS, BEGINNING OF YEAR	<u>9,248,222</u>	<u>83,595</u>	<u>59,024</u>	<u>9,390,841</u>
NET ASSETS, END OF YEAR	<u>\$ 11,570,049</u>	<u>\$ 18,056</u>	<u>\$ 61,509</u>	<u>\$ 11,649,614</u>

See accompanying Notes to the Financial Statements.

**RALLY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022**

	Without Donor Restrictions	With Donor Restrictions - Purpose Restrictions	With Donor Restrictions - Endowment	TOTAL
OPERATING ACTIVITIES				
PUBLIC SUPPORT AND REVENUES				
Grants and contributions	\$ 4,434,197	\$ 101,820	\$ -	\$ 4,536,017
Contributions of nonfinancial items	298,296	-	-	298,296
Special events revenue, gross	2,005,741	-	-	2,005,741
Net assets released from restriction	18,225	(18,225)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	6,756,459	83,595	-	6,840,054
EXPENSES				
Program expense				
Grant	2,555,429	-	-	2,555,429
Education and awareness	1,091,452	-	-	1,091,452
Fundraising	263,128	-	-	263,128
Fundraising - special events	184,029	-	-	184,029
Management and general	87,489	-	-	87,489
TOTAL EXPENSES	4,181,527	-	-	4,181,527
NET OPERATING ACTIVITIES	2,574,932	83,595	-	2,658,527
NON-OPERATING ACTIVITIES:				
PPP forgiveness - other income	340,900	-	-	340,900
Investment return, net	240,810	-	4,577	245,387
	581,710	-	4,577	586,287
CHANGE IN NET ASSETS	3,156,642	83,595	4,577	3,244,814
NET ASSETS, BEGINNING OF YEAR	6,091,580	-	54,447	6,146,027
NET ASSETS, END OF YEAR	\$ 9,248,222	\$ 83,595	\$ 59,024	\$ 9,390,841

See accompanying Notes to the Financial Statements.

RALLY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

	PROGRAM SERVICES		SUPPORTING SERVICES			Total
	Grants	Education and Awareness	Fundraising	Special Events - Fundraising	Management and General	
Grants	\$ 3,101,760	\$ -	\$ -	\$ -	\$ -	\$ 3,101,760
Salaries and benefits	374,492	736,501	62,415	62,415	12,484	1,248,307
Accounting and audit fees	15,525	15,525	15,525	15,525	-	62,100
Depreciation	33	236	27	-	36	332
Insurance	1,053	7,478	843	-	1,158	10,532
Meals and entertainment	24,566	176,872	19,652	-	24,565	245,655
Office expenses	139,961	394,437	50,895	-	50,895	636,188
Outside services	94,327	292,414	37,731	47,164	-	471,636
Postage and printing	5,510	39,120	4,408	-	6,061	55,099
Rent	9,647	68,494	7,718	-	10,612	96,471
Supplies	7,568	53,729	6,054	-	8,324	75,675
Travel	4,899	34,784	3,919	-	5,390	48,992
Rally Resource Room	-	65,539	-	-	-	65,539
Website maintenance	7,985	23,955	3,993	3,992	-	39,925
TOTAL EXPENSES	\$ 3,787,326	\$ 1,909,084	\$ 213,180	\$ 129,096	\$ 119,525	\$ 6,158,211

See accompanying Notes to the Financial Statements.

RALLY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

	PROGRAM SERVICES		SUPPORTING SERVICES			Total
	Grants	Education and Awareness	Fundraising	Special Events - Fundraising	Management and General	
Grants	\$ 2,190,260	\$ -	\$ -	\$ -	\$ -	\$ 2,190,260
Salaries and benefits	250,251	560,562	100,100	70,070	20,020	1,001,003
Accounting and audit fees	12,400	12,400	12,400	12,400	-	49,600
Depreciation	35	250	28	-	39	352
Insurance	1,030	7,316	825	-	1,133	10,304
Meals and entertainment	2,761	19,608	2,209	-	3,038	27,616
Office expenses	15,780	114,004	12,624	-	17,358	159,166
Outside services	30,363	30,363	96,149	96,149	-	253,024
Postage and printing	3,712	26,353	2,969	-	4,083	37,117
Rent	7,247	51,453	5,798	-	7,972	72,470
Supplies	26,245	186,335	20,996	-	28,869	262,445
Travel	4,525	32,123	3,620	-	4,977	45,245
Rally Resource Room	-	18,225	-	-	-	18,825
Website maintenance	10,820	32,460	5,410	5,410	-	54,100
TOTAL EXPENSES	\$ 2,555,429	\$ 1,091,452	\$ 263,128	\$ 184,029	\$ 87,489	\$ 4,181,527

See accompanying Notes to the Financial Statements.

**RALLY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31,**

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2023</u>	<u>2022</u>
Change in net assets	\$ 2,258,773	\$ 3,244,814
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	332	352
Proceeds from sale of donated securities	-	434,803
PPP loan forgiveness	-	(340,900)
Net loss (gains) on investments	61,983	(217,036)
Changes in assets and liabilities:		
Decrease (increase) in promises to give	65,539	(83,595)
Decrease in prepaid expenses	-	10,150
(Decrease) increase in accounts and credit cards payable	(8,056)	4,480
(Decrease) increase in grants payable	(25,000)	25,000
Increase (decrease) in accrued expenses	1,111	(93,460)
(Decrease) in deferred revenue	-	(40,596)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,354,682</u>	<u>2,944,012</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of SAFE, at cost	-	(350,000)
Proceeds from sale of marketable securities	292,133	416,534
Purchase of marketable securities	(847,226)	(365,281)
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(555,093)</u>	<u>(298,747)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,799,589	2,645,265
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,507,916</u>	<u>3,862,651</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,307,505</u>	<u>\$ 6,507,916</u>

See accompanying Notes to the Financial Statements.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Rally Foundation, Inc. (the Organization), a non-profit organization located in Atlanta, Georgia, empowers volunteers across the United States to raise awareness and funds specifically for childhood cancer research to find better treatments with fewer long-term side effects and, ultimately, cures for childhood cancers. Rally Foundation receives most of its support from contributions made by individuals, businesses, and foundations located throughout the United States.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

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

Net assets with donor restrictions: Net assets that are 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The most significant estimate is the functional allocation of expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Financial instruments which potentially subject the Organization to concentrations of credit risk consisted of cash in bank deposit accounts and brokerage accounts which at times exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC) and investment in future equity securities (“SAFE,” a Simple Agreement for Future Equity).

Uninsured cash totaled \$1,204,652 and \$930,849 at March 31, 2023 and 2022, respectively. Unsecured investment in SAFE amounted to \$350,000 at March 31, 2023 and 2022, respectively.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Promises to give represent amounts pledged to benefit the Organization before March 31, 2023 and 2022. Unconditional promises to give are stated at net realizable value. In accordance with financial accounting standards, unconditional promises to give are recognized as support in the period the pledge is received. Conditional promises to give are recognized when the conditions on which they depend upon, are substantially met. Unconditional promises to give were \$18,056 and \$83,595 as of March 31, 2023 and 2022, respectively, and are expected to be collected within one year. Therefore, no estimation by discounting of future cash flows using a risk-free rate of return is required.

Property and Equipment

Property and equipment are stated at cost for purchased assets or at fair value on the date of donation for donated assets. Property and equipment that exceed \$1,000 are capitalized as assets. Depreciation is provided using the straight-line method over the estimated useful life - currently five years or less. The costs of repairs and maintenance are expensed as incurred.

Program Revenue Recognition

Revenues received in exchange for participation in programs or event attendance are deferred and recognized when the program or event occurs.

Grants and Contributions

Contributions that are restricted by donors for a specific purpose are recorded as increases in net assets with donor restrictions. When the specific 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 use of amounts restricted by donors for specified purpose or time. Contributions restricted by donors for a stipulated period are recorded as increases in net assets without donor restrictions if the stipulated period restriction ends in the reporting period in which the revenue is recognized. When the stipulated period ends in a subsequent reporting period, the contributions are first recorded as increases in net assets with donor restrictions and are subsequently reclassified in the reporting period when the stipulated period ends. Contributions restricted by donors for a specific purpose that contain certain conditions are recognized as increases in net assets without donor restrictions if both the specific purpose is accomplished and the conditions are met in the same year in which the revenue is recognized.

Contributions of Nonfinancial Items

Contributed goods have been recorded as contributions at their estimated fair value at the date of receipt. Contributed services are recorded at rates that would have been paid for similar services, in an arms-length transaction, and are recognized as revenue if they (a) create or enhance non-financial assets, or (b) require specialized skills and would need to be purchased if not provided by donation. Corresponding expenses are recognized as the assets and services that are utilized by the Organization.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Contributed goods, services, and use of contributed facilities for the years ended March 31, 2023 and 2022 totaled \$691,813 and \$298,296 and are reported as contributions of nonfinancial items and expenses on the accompanying Statements of Activities and Functional Expenses. See Note 13.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program and supporting services. The value of these services does not meet the above criteria for recognition in the financial statements and the value of the volunteer time is not reflected in these financial statements.

Advertising Costs

The Organization follows the policy of charging the cost of advertising to expense as incurred. For the years ending March 31, 2023 and 2022, advertising costs were \$55,099 and \$37,117, respectively, and presented as postage and printing expenses on the accompanying Statements of Functional Expenses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon time devoted to various activities by the employees of the Organization or the type of services provided to the Organization. The allocation is based upon management's estimate of employee utilization.

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

NOTE 3 – FAIR VALUE MEASUREMENTS

U.S. GAAP provides the 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) and the lowest priority to unobservable inputs (Level 3).

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none"> • 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; and • Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds - Valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Equities and Fixed Income Funds - Valued at the closing price reported on the active market on which the individual securities are traded.

There have been no changes in the methodologies used at March 31, 2023 and 2022. All investments held by the Organization are valued using Level 1 inputs.

NOTE 4 – INVESTMENTS

Investments consisted of the following on March 31:

	2023	2022
Equities	\$ 1,393,774	\$ 1,078,723
Fixed Income	207,578	137,552
Mutual Funds	1,395,048	1,287,016
Total	\$ 2,996,400	\$ 2,503,291

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 4 – INVESTMENTS (CONTINUED)

Investments are presented on the Statements of Financial Position on March 31 as follows:

	<u>2023</u>	<u>2022</u>
Investments	\$ 1,339,507	\$ 1,137,417
Endowment Investments	1,656,893	1,365,874
Total	<u>\$ 2,996,400</u>	<u>\$ 2,503,291</u>

Investment return consisted of the following for the years ended March 31:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 87,335	\$ 40,852
Realized gains	8,718	106,244
Unrealized (losses) gains	(70,701)	110,792
Investment fees	(13,150)	(12,501)
Total investment return, net	<u>\$ 12,202</u>	<u>\$ 245,387</u>

NOTE 5 – INVESTMENT IN SAFE

During fiscal year ending March 31, 2022, the Organization entered into a SAFE (Simple Agreement for Future Equity) agreement with another entity for \$350,000. The investment has no readily determinable fair value and is stated at cost on the Statement of Financial Position until one the following future events occur: 1) an equity financing which issues Safe Preferred Stock, 2) a liquidity event that pays a cash payment of 200% of the purchase price or shares of common stock, or 3) dissolution that pays a cash payment equal to the purchase price. There is no stated maturity date with regard to the agreement and no impairment on the asset.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31:

	<u>2023</u>	<u>2022</u>
Furniture	\$ 13,556	\$ 13,556
Office and computer equipment	19,959	19,959
Software	5,761	5,761
Total property and equipment	39,276	39,276
Less: accumulated depreciation	(39,276)	(38,945)
Property and equipment (net)	<u>\$ -</u>	<u>\$ 331</u>

Depreciation expense relating to property and equipment for the years ended March 31, 2023 and 2022 was \$332 and \$352, respectively.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Liquidity

The Organization receives contributions with donor restrictions to be used in accordance with the associated purpose of the restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Organization receives support without donor restrictions.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that grant commitments will continue to be met, ensuring the sustainability of the Organization.

Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statements of Financial Position, consisted of the following as of March 31:

		2023		2022
Cash and cash equivalents	\$	8,307,505	\$	6,507,916
Investments		2,996,400		2,503,291
Total financial assets		11,303,905		9,011,207
Endowment investments		(1,656,893)		(1,365,874)
Financial assets available to meet cash for general expenditures within one year	\$	9,647,012	\$	7,645,333

NOTE 8 - ENDOWMENTS

The Organization's endowment consists of one donor-restricted fund and one quasi endowment fund designated by the Board of Directors to function similarly to an endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Funds designated by the Board of Directors are considered a category of unrestricted net assets.

Interpretation of Relevant Law

The Organization is subject to the Georgia Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 8 – ENDOWMENTS (CONTINUED)

of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund representing accumulated earnings is held as net assets with donor restriction until those amounts are appropriated for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. This condition did not exist as of March 31, 2023 and 2022.

Return Objectives and Risk Parameters

The Board has adopted an investment and spending policy for the endowment designed to provide growth of the fund corpus to support spending needs while preserving purchasing power in real terms and minimizing year-to-year fluctuations in the value of the portfolio. To achieve these objectives, endowment assets are invested in a well-diversified, balanced portfolio intended to capture broad market return. This means the portfolio assumes moderate investment risk consistent with the broad market.

Strategies Employed for Achieving Objectives

The Organization utilizes a total return strategy, with investment returns achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization seeks to balance current spending with the maintenance of purchasing power over the long term. Endowment assets are invested in a mixture of equities, fixed-income instruments, and mutual funds.

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 8 – ENDOWMENTS (CONTINUED)

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization’s current spending policy allows management to spend the realized gains and income earned each year from each endowment fund on the purpose of that fund if the corpus does not fall below the original principal balance. The calculation of the earnings is performed once a year of each year at the regular Board meeting.

The target goal will be between 3% and 5% of the Endowment to allow the Endowment to grow and meet the needs of the Organization.

Changes to endowment net assets for the years ended March 31, 2023 and 2022, are as follows:

	Net Assets without donor restrictions Board Designated	Net Assets with donor restrictions		Total
		Accumulated earnings	Endowment corpus	
Endowment net assets March 31, 2022	\$ 1,306,850	\$ 9,024	\$ 50,000	\$ 1,365,874
Additions	350,000	-	-	350,000
Investment earnings	<u>(61,466)</u>	<u>2,485</u>	<u>-</u>	<u>(58,981)</u>
Endowment net assets March 31, 2023	<u>\$ 1,595,384</u>	<u>\$ 11,509</u>	<u>\$ 50,000</u>	<u>\$ 1,656,893</u>

	Net Assets without donor restrictions Board Designated	Net Assets with donor restrictions		Total
		Accumulated earnings	Endowment corpus	
Endowment net assets March 31, 2021	\$ 1,333,712	\$ 4,447	\$ 50,000	\$ 1,388,159
Investment earnings	39,926	4,577	-	44,503
Appropriations	<u>(66,788)</u>	<u>-</u>	<u>-</u>	<u>(66,788)</u>
Endowment net assets March 31, 2022	<u>\$ 1,306,850</u>	<u>\$ 9,024</u>	<u>\$ 50,000</u>	<u>\$ 1,365,874</u>

NOTE 10 – PAYCHECK PROTECTION PROGRAM LOAN

The Paycheck Protection Program (PPP) was a component of the CARES Act, a federal law passed to help businesses keep their workforce employees during the COVID-19 crisis. In April 2020, the Organization applied for, and was granted a PPP loan in the amount of \$176,200. The terms of the loan call for payments of principal and interest at a fixed rate of 1% in 18 equal payments commencing with the forgiveness determination. Provided the recipient spends the loan proceeds on payroll, employee benefits, and mortgage or rent payments, the amount of the loan can be partially or totally forgiven. Forgiveness is granted based upon an application to

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 10 – PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

the Small Business Administration. In accordance with the Financial Accounting Standards Board’s, (FASB), Accounting Standards Codification, (ASC), Topic 470, *Debt*, the borrowing is recorded as debt. The portion forgiven is recognized as a gain upon debt extinguishment in the Statement of Activities when it is forgiven. In June 2021, the Organization was notified that the first loan was fully forgiven in the amount of \$176,200. In February 2021, the Organization was granted a second PPP loan in the amount of \$164,700 with identical terms. In February, 2022, the Organization was notified that the second loan was fully forgiven in the amount of \$164,700.

Accordingly, the accompanying Statement of Activities for the year ended March 31, 2022, reflects \$340,900 under non-operating other income.

NOTE 11 – EMPLOYEE RETENTION CREDIT (ERC)

The Organization has applied for COVID-19 relief from the Employee Retention Credit (ERC) Program. The ERC, a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). Under the program, the Organization determined that it was eligible for the ERC credit for calendar year 2022. The funds totaling \$100,433 were received during fiscal year ended March 31, 2023 and recorded under non-operating other income in the accompanying Statement of Activities for the year ended March 31, 2023.

NOTE 12 – EMPLOYEE BENEFIT PLAN

The Organization has a 403(b)-retirement plan available to all eligible employees. Participants may elect to contribute up to the maximum amounts allowed by law. The Organization fully matches the employee's allowed contribution up to 4% of salary. The Organization made contributions of \$33,536 and \$29,943 to the retirement plan in fiscal years ended March 31, 2023 and 2022, respectively. These contributions are included in Salaries and Benefits in the accompanying Statements of Functional Expenses.

NOTE 13 – CONTRIBUTED NONFINANCIAL ASSETS

For the years ended March 31, contributed nonfinancial assets recognized within the Statements of Activities included:

	<u>2023</u>	<u>2022</u>
Supplies	\$ 329,274	\$ 208,278
Outside services	156,918	17,547
Rent	96,471	72,471
Meals and entertainment	75,199	-
Travel	30,329	-
Postage and printing	3,623	-
	<u>\$ 691,813</u>	<u>\$ 298,296</u>

RALLY FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 14 – RISKS AND UNCERTAINTIES

In March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, were severely impacted for months or beyond as governments and their citizens took significant and unprecedented measure to mitigate the consequences of the pandemic. No adjustments have been made to these financial statements as a result of this uncertainty.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 11, 2023, the date on which the financial statements were available to be issued.

On April 10, 2023, the Senate and House of Representatives of the United States of America in Congress assembled, jointly approved, and resolved that the COVID-19 national emergency declared by the President on March 13, 2020, was terminated pursuant to Section 202 of the National Emergencies Act.