

FREE WHEELCHAIR MISSION
(A Nonprofit Corporation)

FINANCIAL REPORT

June 30, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Free Wheelchair Mission
(A Nonprofit Corporation)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Free Wheelchair Mission** (A Nonprofit Organization) which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Free Wheelchair Mission as of June 30, 2025 and 2024, and changes in its net assets and cash flows for the years then ended in conformity 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 the Free Wheelchair Mission 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Free Wheelchair Mission'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Free Wheelchair Mission'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 Free Wheelchair Mission'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.

Bowman & Company, LLP

Stockton, California
November 03, 2025

FREE WHEELCHAIR MISSION
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

ASSETS	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,463,067	\$ 2,331,454
Promises to give	21,717	133,041
Accounts receivable - other	25,309	8,940
Prepaid expenses	124,696	134,162
Deposits on wheelchairs in production	127,821	94,464
Total current assets	<u>2,762,610</u>	<u>2,702,061</u>
NONCURRENT ASSETS		
Retirement investments	384,007	332,590
Property and equipment, net	88,588	91,630
Right-of-use asset - operating, net	355,432	70,154
Security deposit	15,165	15,165
Endowment funds - investments	1,339,588	1,207,491
Total noncurrent assets	<u>2,182,780</u>	<u>1,717,030</u>
Total assets	<u>\$ 4,945,390</u>	<u>\$ 4,419,091</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 259,186	\$ 100,938
Accrued expenses	341,489	302,916
Lease liability - operating, current portion	69,019	75,792
Deferred liabilities	--	11,575
Total current liabilities	<u>669,694</u>	<u>491,221</u>
LONG-TERM LIABILITIES		
Lease liability - operating, less current portion	303,635	--
Deferred retirement liability	384,007	332,590
Total liabilities	<u>1,357,336</u>	<u>823,811</u>
NET ASSETS		
Without donor restrictions	2,213,422	2,257,836
Without donor restrictions - quasi endowments established by the board	916,845	747,731
With donor restrictions	457,787	589,713
Total net assets	<u>3,588,054</u>	<u>3,595,280</u>
Total liabilities and net assets	<u>\$ 4,945,390</u>	<u>\$ 4,419,091</u>

FREE WHEELCHAIR MISSION
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STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 10,024,622	\$ --	\$ 10,024,622
Contributed non-financial assets	7,561,918	--	7,561,918
Special event income	1,740,927	--	1,740,927
Investment income	183,356	--	183,356
Other revenue	151,373	--	151,373
Sublease rental income	70,031	--	70,031
Net assets released from restrictions:			
Operating projects	94,909	(94,909)	--
Endowment	37,017	(37,017)	--
Total support and revenue	<u>19,864,153</u>	<u>(131,926)</u>	<u>19,732,227</u>
EXPENSES			
Program services	15,392,425	--	15,392,425
Support services			
Fundraising	3,849,362	--	3,849,362
General and administrative	497,666	--	497,666
Total expenses	<u>19,739,453</u>	<u>--</u>	<u>19,739,453</u>
Change in net assets	124,700	(131,926)	(7,226)
Net assets, beginning of year	<u>3,005,567</u>	<u>589,713</u>	<u>3,595,280</u>
Net assets, end of year	<u>\$ 3,130,267</u>	<u>\$ 457,787</u>	<u>\$ 3,588,054</u>

FREE WHEELCHAIR MISSION
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STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 9,111,935	\$ 68,694	\$ 9,180,629
Contributed non-financial assets	6,563,702	--	6,563,702
Special event income	2,213,758	--	2,213,758
Sublease rental income	210,765		210,765
Other revenue	130,933	--	130,933
Investment income	117,817	--	117,817
Net assets released from restrictions:			
Operating projects	84,857	(84,857)	--
Endowment	39,220	(39,220)	--
Total support and revenue	18,472,987	(55,383)	18,417,604
EXPENSES			
Program services	13,775,816	--	13,775,816
Support services			
Fundraising	3,409,651	--	3,409,651
General and administrative	496,296	--	496,296
Total expenses	17,681,763	--	17,681,763
Change in net assets	791,224	(55,383)	735,841
Net assets, beginning of year	2,214,343	645,096	2,859,439
Net assets, end of year	\$ 3,005,567	\$ 589,713	\$ 3,595,280

FREE WHEELCHAIR MISSION
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STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (7,226)	\$ 735,841
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,093	47,128
Amortization on right-of-use asset	121,365	204,619
Unrealized gain on investments	(75,360)	(15,167)
Changes in assets and liabilities:		
(Increase) decrease in:		
Promises to give	111,324	(19,043)
Accounts receivable - other	(16,369)	8,882
Prepaid expenses	9,466	(22,597)
Deposits on wheelchairs in production	(33,357)	(4,998)
Increase in:		
Accounts payable	158,248	(58,733)
Accrued expenses	38,573	46,936
Lease liability - operating	(120,641)	(218,591)
Deferred liabilities	(11,575)	--
Net cash provided by operating activities	207,541	704,277
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(19,191)	(4,214)
Proceeds from investments	--	35,760
Purchase of investments	(56,737)	(729,104)
Net cash used in investing activities	(75,928)	(697,558)
Increase in cash and cash equivalents	131,613	6,719
Cash and cash equivalents, beginning of year	2,331,454	2,324,735
Cash and cash equivalents, end of year	\$ 2,463,067	\$ 2,331,454
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING ACTIVITIES		
Right-of-use assets acquired with lease liabilities	\$ 406,643	\$ --
Property and equipment acquired with lease liabilities	\$ 10,860	\$ --

FREE WHEELCHAIR MISSION
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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of Organization:

Free Wheelchair Mission (the Organization), a California nonprofit corporation formed in 2001, seeks to provide the transforming gift of mobility to the physically disabled poor in developing countries. Revenue is primarily made up of contributions from individual donors, foundations, and other organizations.

A summary of significant accounting policies applied in the preparation of the financial statements follows:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted (GAAP) in the United States of America.

New Accounting Pronouncement:

In June 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13. On July 1, 2023, the Organization adopted the new accounting standard and all of the related amendments using the modified retrospective method. The adoption resulted in no change to the allowance for doubtful accounts.

Basis of Presentation:

The Organization is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Organization's net asset classes are as follows:

Net assets without donor restrictions:

Net assets not subject to donor-imposed restrictions. Such net assets are available for any purpose consistent with the Organization's mission.

FREE WHEELCHAIR MISSION
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Basis of Presentation (Cont.):

Net assets with donor restrictions:

Net assets subject to specific, donor-imposed restrictions that must be met by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as releases from restriction. Donor restricted contributions received in the same year in which the restrictions are met are recorded as an increase to net assets without donor restrictions.

Cash and Cash Equivalents:

The Organization considers all cash accounts, which are not subject to withdrawal restrictions or penalties and highly liquid investments with an initial maturity of less than three months, as cash and cash equivalents on the accompanying statements of financial position. The Organization maintains cash balances in excess of the Federal Deposit Insurance Corporation insured amount.

Promises to Give:

Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at fair value, which is measured at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

Retirement Investments and Deferred Retirement Liability:

Retirement investments are composed of mutual funds investing in bonds and equity securities and are carried at fair value. These assets fund the related deferred retirement liability reflected on the statements of financial position. The Organization has set aside these assets for the benefit of the recipient and is not responsible for any liability beyond the asset value.

Investments:

Investments are composed of money market and mutual funds investing in bonds and equity securities and are carried at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Property and Equipment:

Property and equipment are stated at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 3 to 10 years. It is the policy of the Organization to capitalize additions with costs greater than \$3,500. Maintenance and repairs are charged to expenses as incurred.

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. For the years ending June 30, 2025 and 2024, there were no impairment losses recognized.

Fair Value of Financial Instruments:

The carrying amount of financial instruments, including cash and cash equivalents, promises to give, accounts receivable – other, prepaid expenses, deposits on wheelchairs in production, accounts payable, accrued expenses, and deferred liabilities approximate their fair value due to the short-term maturities of these instruments.

Revenue Recognition:

Contributions are recognized when the 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 or the donor has explicitly released the restriction. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Sublease income is recognized monthly as rent is due.

Contributions of donated noncash assets are measured on a nonrecurring basis and are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation are recorded at fair value in the period received.

Right-of-Use Asset and Lease Liability:

The Organization recognizes a right-of-use asset at cost, which comprises the initial amount of the lease liability plus any initial payments and initial direct costs. The right-of-use asset is amortized using the straight-line method over the earlier of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is evaluated periodically for impairment losses.

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NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies (Cont.)

Right-of-Use Asset and Lease Liability (Cont.):

The Organization recognizes a lease liability measured at the present value of the scheduled lease payments at the commencement date and reduced using lessor's implicit discount rate comparable with that of the lease term.

The Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. These lease payments are recognized as an expense over the lease term.

Income Taxes:

The Organization is exempt from federal income taxes under IRC Sec. 501(c)(3) and state income tax under Section 23701(d) of the California Revenue and Taxation Code. The Organization is classified by the Internal Revenue Service (IRS) as an other-than-private foundation. Accordingly, no provision for federal income tax is made in the accompanying financial statements. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed.

Allocation of Expenses:

The Organization allocates its expenses on a functional basis among its various program and support services. Expenses which can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on time and effort or percentage of occupancy.

Advertising:

The Organization uses advertisement to promote its mission. The Organization expenses advertising costs when incurred. Advertising costs for the years ended June 30, 2025 and 2024 were \$621,190 and \$444,852, respectively.

Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events:

Management has evaluated subsequent events through November 03, 2025, the date on which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

FREE WHEELCHAIR MISSION
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NOTES TO FINANCIAL STATEMENTS

Note 2. Availability and Liquidity

The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization does not anticipate the general expenditures to exceed the cash on hand. The balance of cash and cash equivalents on the statements of financial position reflects the amount available for general use as there are no contractual or donor-imposed restrictions within one year of the statement of financial position date.

The following represents Organization's financial assets available for general expenditures within one year of the statement of financial position at June 30:

Financial assets at year end:	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,463,067	\$ 2,331,454
Promises to give	21,717	133,041
Accounts receivable - other	25,309	8,940
Annual release of endowment	<u>44,421</u>	<u>40,920</u>
Total financial assets	2,554,514	2,514,355
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(457,787)</u>	<u>(589,713)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,096,727</u>	<u>\$ 1,924,642</u>

Note 3. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 379,585	\$ 473,757
Computer software	114,710	114,710
Leasehold improvements	<u>24,261</u>	<u>1,185</u>
	518,556	589,652
Less accumulated depreciation	<u>(429,968)</u>	<u>(498,022)</u>
	<u>\$ 88,588</u>	<u>\$ 91,630</u>

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NOTES TO FINANCIAL STATEMENTS

Note 4. Investments and Fair Value Measurements

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 measurements consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1), and Level 3 measurements are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or 2 inputs were not available. The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. All of the investments are deemed to be Level 1 within the valuation hierarchy.

The Organization had investments consisting of the following at June 30:

	(Level 1) Fair Market Value 2025	(Level 1) Fair Market Value 2024
Money market	\$ 67,649	\$ 371,845
Equities	760,591	496,631
Fixed income	511,348	339,015
Mutual funds	384,007	332,590
	<u>\$ 1,723,595</u>	<u>\$ 1,540,081</u>

Note 5. Net Assets

The Organization receives contributions designated for specific program functions. The net assets available for these purposes are held as net assets with donor restrictions.

Net assets with donor restrictions are available for the following at June 30:

	2025	2024
Restricted by country	\$ 15,622	\$ 19,790
Restricted by initiative	19,422	110,163
Endowments	422,743	459,760
	<u>\$ 457,787</u>	<u>\$ 589,713</u>

Net assets released from net assets with donor restrictions are as follows:

	2025	2024
Country	\$ 4,168	\$ 10,800
Initiative	90,741	74,057
Endowment	37,017	39,220
	<u>\$ 131,926</u>	<u>\$ 124,077</u>

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NOTES TO FINANCIAL STATEMENTS

Note 6. Retirement Plan

The Organization allows all eligible employees to contribute towards retirement savings as part of a SIMPLE IRA. To encourage saving, the Organization will match employee contributions up to 3%. Employees are eligible to participate in the plan upon earning \$5,000 in gross compensation. For the years ended June 30, 2025 and 2024, retirement expense was \$94,778 and \$84,442, respectively.

Note 7. Functional Allocation of Expenses

The functional allocation of expenses for the year ended June 30, 2025, are as follows:

	Program <u>Services</u>	General and <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Medical supplies and shipping - In-kind	\$ 7,590,036	\$ --	\$ --	\$ 7,590,036
Wheelchair production	4,324,092	--	--	4,324,092
Salaries and benefits	1,760,669	242,180	2,302,257	4,305,106
Administrative	457,503	147,411	1,218,905	1,823,819
Shipping and freight	791,076	2,090	65,746	858,912
Consulting and professional fees	325,332	47,526	129,872	502,730
Lease and rent expense	88,342	35,666	63,492	187,500
Repairs and maintenance	29,815	21,229	63,121	114,165
Depreciation	25,560	1,564	5,969	33,093
Total	<u>\$ 15,392,425</u>	<u>\$ 497,666</u>	<u>\$ 3,849,362</u>	<u>\$ 19,739,453</u>

The functional allocation of expenses for the year ended June 30, 2024, are as follows:

	Program <u>Services</u>	General and <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Medical supplies and shipping - In-kind	\$ 6,478,314	\$ --	\$ --	\$ 6,478,314
Wheelchair production	4,127,002	--	--	4,127,002
Salaries and benefits	1,605,755	234,724	1,982,860	3,823,339
Administrative	398,988	128,129	1,007,077	1,534,194
Shipping and freight	635,979	3,766	96,906	736,651
Consulting and professional fees	313,312	42,120	135,664	491,096
Lease and rent expense	147,904	63,496	117,151	328,551
Repairs and maintenance	31,075	21,706	62,707	115,488
Depreciation	37,487	2,355	7,286	47,128
Total	<u>\$ 13,775,816</u>	<u>\$ 496,296</u>	<u>\$ 3,409,651</u>	<u>\$ 17,681,763</u>

The costs of direct benefits to donors included in fundraising expenses were \$88,716 and \$84,088 for the years ending June 30, 2025 and 2024, respectively.

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NOTES TO FINANCIAL STATEMENTS

Note 8. Right-of-Use Asset and Lease Liability

The Organization rents office space under an operating lease. Payments are due monthly, and the lease includes annual increases in rent payments and matures in October 2029. At June 30, the components of the operating lease were as follows:

	2025	2024
Right-of-use asset - operating	\$ 406,643	\$ 959,265
Amortization of right-of-use asset - operating	(51,211)	(889,111)
Right-of-use asset - operating, net	\$ 355,432	\$ 70,154

During the years ended June 30, 2025 and 2024, rent expense of \$117,205 and \$211,577, respectively are included in lease and rent expense in the functional allocation of expenses.

As of June 30, 2025 and 2024, the weighted-average remaining lease term in years are 4.33 and 0.26, respectively, and the weighted-average discount rate was 4.00%.

Aggregate maturities of the operating lease liabilities are as follows for the years ending June 30:

2026	\$	89,570
2027		93,119
2028		96,668
2029		100,217
2030		33,800
Less interest		(40,720)
Total	\$	372,654

Through October 2024, the Organization sublet a portion of its office space to a third party.

Note 9. Contributed Non-Financial Assets

Contributed non-financial assets recognized include shipping and freight services to transport donated medical supplies to areas in need and storage space. Donated medical supplies, auction items, special event venue space, and software licenses are provided to the Organization to help defray the costs of those goods and services that would otherwise have been purchased. The Organization did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

Contributed non-financial revenue is recorded at fair market value as both revenue and expense, in accordance with GAAP, and are valued as follows:

- Services: Based on actual shipping and storage costs.
- Materials: Based on fair market value of items donated.

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NOTES TO FINANCIAL STATEMENTS

Note 9. Contributed Non-Financial Assets (Cont.)

Total contributed non-financial revenues and expenditures for the year ended June 30, 2025 and 2024 were as follows:

	2025	2024
Medical supplies	\$ 7,373,474	\$ 6,352,464
Shipping	115,310	125,850
Storage	9,000	9,000
Software licenses	4,000	9,419
Special event services	6,499	16,420
Special event auction items	53,635	50,549
	\$ 7,561,918	\$ 6,563,702

Note 10. Endowments

During the year ended June 30, 2020, the Organization received two endowments, both of which had restrictions based on time. One endowment agreement allows the Organization to use either the yearly income from the endowment or up to 5% of the principal, as adopted by the Board of Directors, for operating needs. Additionally, the Organization may use the principal amount of the endowment for capital purposes to be used in carrying out its charitable objectives. The second endowment agreement releases the principal and any earnings ratably over a ten-year period. During the year ended June 30, 2024, the Organization received an endowment to be used for charitable purposes.

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of 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 (a) the original value of gifts donated to the permanent endowment, (b) the original value 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 that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure 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: (a) the duration and preservation of the endowment fund, (b) the purposes of the Organization and the donor-restricted endowment fund, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the Organization, and (g) the investment policies of the Organization.

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NOTES TO FINANCIAL STATEMENTS

Note 10. Endowments (Cont.)

Investment Policy, Strategies, and Objectives. The Organization investment policy objective is the long-term growth of assets and protection of capital through a diversified portfolio which could include common stocks, bonds, cash equivalents, and alternative investments.

Endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowments	\$ --	\$ 422,743	\$ 422,743
Quasi endowments established by the board	<u>916,845</u>	<u>--</u>	<u>916,845</u>
Total endowments	<u>\$ 916,845</u>	<u>\$ 422,743</u>	<u>\$ 1,339,588</u>

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowments	\$ --	\$ 459,760	\$ 459,760
Quasi endowments established by the board	<u>747,731</u>	<u>--</u>	<u>747,731</u>
Total endowments	<u>\$ 747,731</u>	<u>\$ 459,760</u>	<u>\$ 1,207,491</u>

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NOTES TO FINANCIAL STATEMENTS

Note 10. Endowments (Cont.)

Changes in endowment net assets for the year ended June 30, 2025 were as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 747,731	\$ 459,760	\$ 1,207,491
Investment income, net of fees	33,524	--	33,524
Net realized and unrealized gain	98,573	--	98,573
Release from restriction	<u>37,017</u>	<u>(37,017)</u>	<u>--</u>
 Endowment net assets, end of year	 <u>\$ 916,845</u>	 <u>\$ 422,743</u>	 <u>\$ 1,339,588</u>

Changes in endowment net assets for the year ended June 30, 2024 were as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ --	\$ 498,980	\$ 498,980
Contributions	700,943	--	700,943
Investment income, net of fees	28,161	--	28,161
Net realized and unrealized gain	15,167	--	15,167
Transfer	(35,760)	--	(35,760)
Release from restriction	<u>39,220</u>	<u>(39,220)</u>	<u>--</u>
 Endowment net assets, end of year	 <u>\$ 747,731</u>	 <u>\$ 459,760</u>	 <u>\$ 1,207,491</u>