RE-MEMBER

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

Goodlander, Swett & Rybicki
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Re-Member

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Re-Member (a Michigan nonprofit corporation), which comprise the statements of financial position as of December 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 accompanying financial statements present fairly, in all material respects, the financial position of Re-Member as of December 31, 2023 and 2022, and the results of their activities and their cash flows for the years then ended in accordance with generally accepted accounting principles 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 (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 Re-Member 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 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 Re-Member's ability to continue as a going concern for the next year.

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 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 omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 ABC Company'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 ABC Company'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.

Goodlander, Swett + Rybicki

Goodlander, Swett & Rybicki
Certified Public Accountants

April 30, 2024

RE-MEMBER

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

ASSETS	2023	2022
Current:		
Cash and cash equivalents	$ 1,354,323	$ 1,125,445
Investments	99,484	198,465
Winter heating pledge receivable	-	2,405
General pledges receivable	650	-
Prepaid expenses	37,945	32,255
Inventory	7,976	18,396
Deposit on fixed asset	3,410	-
Total current assets	1,503,788	1,376,966
Non-current:		
Property and equipment		
Land improvements	136,463	136,463
Buildings	785,171	785,171
Equipment	168,864	172,641
Vehicles	313,839	276,015
Website	21,170	21,170
	1,425,507	1,391,460
Less accumulated depreciation	(792,436)	(732,455)
	633,071	659,005
Land	59,553	59,553
	692,624	718,558
Beneficial interest in assets held by others	15,653	13,571
ROU asset - operating lease	20,554	25,089
Total non-current assets	728,831	757,218
TOTAL ASSETS	$ 2,232,619	$ 2,134,184
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 7,180	$ 520
Accrued wages and payroll taxes	15,172	14,663
Credit cards	1,599	1,468
Trip deposits	98,339	118,809
Total current liabilities	122,290	135,460
Long-term liabilities:		
Lease liability	20,326	25,215
TOTAL LIABILITIES	142,616	160,675
NET ASSETS:		
Without donor restrictions		
Undesignated	1,351,843	1,282,437
Designated by the Board	262,419	236,135
With donor restrictions		
Purpose restrictions	475,741	454,937
TOTAL NET ASSETS	2,090,003	1,973,509
TOTAL LIABILITIES AND NET ASSETS	$ 2,232,619	$ 2,134,184

See Notes to Financial Statements

RE-MEMBER

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	$ 490,774	$ 169,317	$ 660,091
Non-cash contributions	84,921	-	84,921
Trip fees	457,888	-	457,888
Merchandise sales	28,464	-	28,464
Interest	49,299	-	49,299
Gain on disposal of assets	4,478	-	4,478
Miscellaneous	25,325	-	25,325
Net assets released from restrictions			
Expiration of purpose restrictions	148,513	(148,513)	-
Total revenues and support	1,289,662	20,804	1,310,466
Expenses			
Program	989,132	-	989,132
Management and general	128,867	-	128,867
Fundraising	75,973	-	75,973
Total expenses	1,193,972	-	1,193,972
Change in net assets	95,690	20,804	116,494
Net assets at beginning of year	1,518,572	454,937	1,973,509
Net assets at end of year	$ 1,614,262	$ 475,741	$ 2,090,003

See Notes to Financial Statements.

RE-MEMBER

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	$ 440,966	$ 237,052	$ 678,018
Non-cash contributions	131,420	-	131,420
Trip fees	377,384	-	377,384
Merchandise sales	23,541	-	23,541
Interest	5,485	-	5,485
Gain on disposal of assets	1,800	-	1,800
Miscellaneous	19,742	-	19,742
Net assets released from restrictions			
Expiration of purpose restrictions	139,414	(139,414)	-
Total revenues and support	1,139,752	97,638	1,237,390
Expenses			
Program	913,552	-	913,552
Management and general	86,563	-	86,563
Fundraising	63,721	-	63,721
Total expenses	1,063,836	-	1,063,836
Change in net assets	75,916	97,638	173,554
Net assets at beginning of year	1,442,656	357,299	1,799,955
Net assets at end of year	$ 1,518,572	$ 454,937	$ 1,973,509

See Notes to Financial Statements.

RE-MEMBER

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	2023			
		Supporting Services		
	Program Expenses	Management and General	Fundraising	Total Expenses
Wages and payroll taxes	$ 380,236	$ 61,960	$ 21,504	$ 463,700
Employee benefits	26,142	5,876	1,709	33,727
Contract labor	300	-	-	300
Office supplies and expense	2,897	1,479	17,425	21,801
Software	7,607	5,251	7,637	20,495
Bank Fees	7,172	897	6,420	14,489
Telephone	8,029	1,041	387	9,457
Professional services	-	25,760	-	25,760
Property tax	-	210	-	210
Insurance	29,242	12,429	-	41,671
Postage	267	106	3,520	3,893
Lease expense	-	4,926	-	4,926
Program expenses	162,920	-	-	162,920
Repairs and maintenance	4,751	-	-	4,751
Cost of goods sold	19,670	-	-	19,670
Vehicle	76,617	-	-	76,617
Trip expenses	44,263	-	-	44,263
Utilities	18,541	-	-	18,541
Meal and travel	11,440	1,072	688	13,200
Event	-	-	9,612	9,612
Donated materials	88,911	-	-	88,911
Depreciation	87,810	-	-	87,810
Miscellaneous	12,317	7,860	7,071	27,248
Total expenses	$ 989,132	$ 128,867	$ 75,973	$ 1,193,972

See Notes to Financial Statements.

RE-MEMBER

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	2022			
		Supporting Services		
	Program Expenses	Management and General	Fundraising	Total Expenses
Wages and payroll taxes	$ 337,132	$ 50,928	$ 17,564	$ 405,624
Employee benefits	12,924	4,008	1,648	18,580
Office supplies and expense	1,690	624	13,611	15,925
Software	10,501	4,617	6,887	22,005
Bank Fees	6,769	363	4,915	12,047
Telephone	7,179	787	192	8,158
Professional services	-	7,175	-	7,175
Property tax	-	216	-	216
Insurance	43,151	12,269	-	55,420
Postage	120	60	2,587	2,767
Lease expense	-	5,516	-	5,516
Program expenses	117,896	-	-	117,896
Repairs and maintenance	3,065	-	-	3,065
Cost of goods sold	16,117	-	-	16,117
Vehicle	66,883	-	-	66,883
Trip expenses	37,383	-	-	37,383
Utilities	17,208	-	-	17,208
Meal and travel	4,875	-	503	5,378
Event	-	-	233	233
Donated materials	131,500	-	-	131,500
Depreciation	87,009	-	-	87,009
Miscellaneous	12,150	-	15,581	27,731
Total expenses	$ 913,552	$ 86,563	$ 63,721	$ 1,063,836

See Notes to Financial Statements.

RE-MEMBER

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	$ 116,494	$ 173,554
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Investment income	(6,764)	-
(Gain) loss on disposal of assets	(4,478)	(1,800)
Depreciation expense	87,810	87,009
	193,062	258,763
(Increase) decrease in operating assets		
Winter heating receivable	2,405	(2,155)
General pledges receivable	(650)	4,955
Prepaid expenses	(5,690)	(948)
Inventory	10,420	8,835
Beneficial interest	(2,082)	2,722
ROU asset - operating lease	4,535	(25,089)
Increase (decrease) in operating liabilities		
Trip deposits	(20,470)	(36,628)
Accrued wages and payroll taxes	509	2,347
Accounts payable	6,660	520
Credit cards	131	269
Lease liability	(4,889)	25,215
Net cash provided by operating activities	183,941	238,806
INVESTING ACTIVITIES		
(Deposits to) withdrawals from investments	105,745	(198,465)
Purchase of fixed assets	(66,198)	(25,790)
Proceeds from sale of fixed assets	8,800	1,800
Deposit on fixed asset	(3,410)	7,073
Net cash provided by (used for) investing activities	44,937	(215,382)
INCREASE IN CASH AND CASH EQUIVALENTS	228,878	23,424
Cash and cash equivalents at beginning of year	1,125,445	1,102,021
Cash and cash equivalents at end of year	$ 1,354,323	$ 1,125,445

See Notes to Consolidated Financial Statements.

NOTE A—NATURE OF ACTIVITIES

Responding to immediate needs, Re-Member (the “Organization”) provides resources that improve the quality of life for members of the Oglala Lakota Nation, and create meaningful opportunities to build understanding for our volunteers. Through site visits and cultural immersion, we continue to develop a growing circle of advocates standing in solidarity with the Oglala Lakota Nation on the Pine Ridge Reservation, South Dakota. The Organization's programs are supported by trip fees and contributions.

NOTE B—SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles for nonprofit organizations.

Net assets of the Organization are classified as follows:

> *Net Assets Without Donor Restrictions* – Net assets that are available for use in general operations and not subject to donor restrictions. The governing board has designated certain amounts of these net assets for various purposes. See note K for detail of such purposes and amounts.
>
> *Net Assets With Donor Restrictions* – Net assets that are subject to donor-imposed restrictions. Donor-imposed restrictions on the Organization’s net assets are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when a stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on management's analysis and estimates.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE B—SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, cash and cash equivalents consist of short-term highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Promises to Give

The Organization held a fund-raising campaign for funds to improve the land referred to as Feather II and build a new facility. Promises to give are restricted to the payment of the costs of this project. The promises to give are expected to be realized over several years ranging from one to five years and are classified as net assets with donor restrictions in the statement of activities. Management has determined that the pledges receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2023 and 2022.

Prepaid Expenses

Expenses that are paid in advance of the applicable year are recorded as prepaid expenses and later expensed in the proper year.

Inventory

Inventory is stated at cost and consists of clothing and miscellaneous memorabilia items held for resale on the Pine Ridge Indian Reservation.

Property and Equipment

All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation has been computed using the straight-line method over the useful lives determined by management. Depreciation expense for the years ended December 31, 2023 and 2022 was $87,810 and $87,009, respectively.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There were no such conditional promises to give in existence as of December 31, 2023 and 2022.

NOTE B—SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (continued)

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 contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the 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 statement of activities as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Organization recognizes revenue from merchandise sales at the time of sale.

The Organization recognizes revenue from trips over the length of the trip. Trips typically last a week and are paid for in advance. Trips deposits are recorded as deferred revenue.

Donated Services

Donated services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. None met this requirement in 2023 and 2022.

Donated Property and Equipment

Donation of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as without donor restrictions support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions support. Equipment purchased with grant funds and charged as an expense to the grant are recorded as temporarily restricted contributions when it is probable that the Bureau would retain title to the asset when the grant terminates.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies with donor restriction net assets to without donor restriction net assets at that time.

NOTE B—SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

Re-Member is exempt from income tax under Section 501 (c)(3) of the U.S. Internal Revenue Code. However, income from certain activities if not directly related to the Organization's tax-exempt purpose can be subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section I 70(b)(l)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization is also exempt from Michigan corporate and income tax.

Advertising

The Organization expenses advertising costs as they are incurred. There was no advertising expense for the years ended December 31, 2023 and 2022.

Recently Adopted Accounting Pronouncement

In February 2016, FASB issued ASU No. 2016-02, Leases (*Topic 842*). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements.* The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to retained earnings as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. No cumulative effect adjustment to retained earnings as of January 1, 2022 was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended December 31, 2022.

As part of the transition, the Organization implemented new internal controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases.
- Election not to reassess the lease classification for any expired or existing leases.
- Election not to reassess initial direct costs on any existing leases.

Other practical expedients:

- Election whereby the lease and nonlease components will not be separated for leases of office space.

NOTE B—SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncement (continued)

- Election not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs.

On September 17, 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07 on Topic 958, *Presentation and disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The Organization adopted FASB ASU 2020-07, on January 1, 2022. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Under the new standard's requirements, gifts-in-kind are to be presented as a separate line item, instead of remaining grouped among contributions of cash or other financial assets, on the statement of activities. Additionally, gifts-in-kind are to be disaggregated into categories based on the type of gift received, with the following disclosures made for each category:

i. Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period

ii. The NFP's policy (if any about monetizing rather than utilizing contributed nonfinancial assets

iii. A description of any donor-imposed restrictions associated with the contributed nonfinancial asset

iv. A description of the valuation techniques and inputs used to arrive at fair value measurement, in accordance with the requirements in *Topic 820, Fair Value Measurement*, at initial recognition.

v. The principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient NFP is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021, and interim periods with annual reporting periods beginning after June 15, 2022.

NOTE C—LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

Cash and cash equivalents	$ 1,354,323	
Investments	99,484	
General pledges receivable	650	
		1,454,457
Less:		
Net assets with donor restrictions	(475,741)	
Current liabilities	(122,290)	
		(598,031)
Net financial assets available for general expenditures		$ 856,426

NOTE D—CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts in various financial institutions which are insured by either Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to $250,000 per institution. Cash as of December 31, 2023 did not exceed NCUA insured limits. Cash as of December 31, 2022 exceeded NCUA insured limits by $627,407. Management believes the Organization is not exposed to any significant credit risk as a result.

NOTE E—IN-KIND CONTRIBUTIONS

The Organization receives in-kind support made up of supplies from various individuals and organizations. The Organization received contributed supplies during the year ended December 31, 2023 and 2022, with fair value of $84,921 and $131,420, respectively. Contributed supplies are valued based on cost or comparable sales for new items donated or thrift store value if used items are contributed. Contributed supplies received by the Organization are recorded as in-kind contribution revenue with a corresponding increase to expense. The Organization utilizes three valuation methods. These methods include (1) current price located on a publicly available website if the item is a match for the website item when donated; (2) percentage of price located on a publicly available website if the item donated has been used but the item located online is new; (3) the current average price located on a publicly available website or similar items if a group of items are donated and the items range in price depending on model, size, etc.

NOTE F—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2023, are as follows:

	Due in less than 1 year	Due in 1-5 years	Total
General pledges receivable	$ 650	$ -	$ 650

The capital campaign started in the fall of 2014 with the goal to raise $2.8 million to build new facilities called Feather II. The capital campaign has raised $1,146,167as of December 31, 2023. The capital campaign pledges are restricted for the construction of the new facility and of the campaign expenses.

NOTE G—INVESTMENTS

Securities to be held for indefinite periods of time are classified as “Available-for-Sale” securities. These investments are readily convertible to cash and are stated at fair market value, in accordance with GAAP.

The Organization determines fair value of Available-for-Sale securities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair values are as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Organization measures fair value using level 1 inputs as they generally provide the most reliable evidence of fair value. The Organization did not own any securities required to be stated at fair market value as of December 31, 2023.

Debt securities classified as Available-for-Sale securities by the entity had a value of $99,484, including unrealized loss of $330 as of December 31, 2023. Dividend and interest income are accrued as earned. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost basis of each specific security sold, using the specific identification method. Any unrealized and realized gains and losses are included in the statement of income.

NOTE H—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

As of December 31, 2015, the Board of Directors created a fund with the Black Hills Area Community Foundation as a general endowment fund to support the charitable, scientific or educational purposes of the Organization. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as unrestricted net assets.

Endowment assets are invested in a well diversified asset mix, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution between 3% - 5%, while growing the fund if possible.

Composition of and changes in endowment net assets for the year ended December 31, 2023 and 2022 were as follows:

	12/31/23	12/31/22
Board-designated endowment net assets, beginning of year	$ 13,571	$ 16,293
Contributions	-	-
Investment income (loss), net	2,287	(2,519)
Fees	(205)	(203)
Board-designated endowment net assets, end of year	$ 15,653	$ 13,571

The Board of Trustees of the Community Foundation have the power to modify and restrict or place conditions on the distribution of endowed funds for a specified charitable purpose or to a specified organization if, in the sole judgement of the Board, such restriction or condition become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The authority to modify restrictions is sometimes referred to as "variance power" and is legal standard imposed on all community foundations.

NOTE I—RELATED PARTY TRANSACTIONS

There were no related party transactions for the years ended December 31, 2023 and 2022.

NOTE J—LEASES

The Organization accounts for leases in accordance with FASB ASC 842. The Organization is a lessee in a noncancellable operating leases for land in South Dakota upon which one of its buildings is located. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and ROU asset at the commencement date of the lease.

NOTE J—LEASES (CONTINUED)

Beginning January 1, 2022, operating lease ROU assets and related current and long-term portions of operating leases liabilities have been presented in the balance sheet.

Lease liabilities: A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are measured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. As outlined in FASB ASC 842, the discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses its incremental borrowing rate. Also, as outlined in FASB ASC 842, a lessee that is not a public business entity is permitted to use a risk-free discount rate for the lease, determined using a period comparable with that of the lease term, as an accounting policy election for all leases. The Organization made this accounting policy election for all leases.

ROU assets: A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs.

Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued lease payments), less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

Accounting policy election for short-term leases: The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes any lease cost associated with its short-term leases on a straight-line basis over the lease term.

The Organization has an obligation as a lessee for land. This lease has initial noncancelable terms in excess of one year. This lease has an initial term of 3 years. The Organization elected to extend this lease for another 5 year term beginning May 1, 2023. Lease payments for each of these 5 years will be $5,280 payable annually. The Organization classifies this lease as an operating lease. This lease does not include termination options for either party to the lease, guaranteed residual values or restrictive financial or other covenants. Payments for the entire initial term of 3 years for this operating lease were made at the date of lease commencement during the year ended December 31, 2022. This lease does not contain any variable payments. Total lease cost for the year ended December 31, 2023 and 2022 was $4,926 and $5,516, respectively.

NOTE K—RESTRICTIONS OF NET ASSETS

Net assets with donor restrictions are available for the following purposes or periods:

	12/31/23	12/31/22
Feather II construction	$ 251,833	$ 234,311
Miscellaneous other:		
Pine Ridge Flute Society	4,182	4,182
Winter Heating	94,276	108,602
Food Truck	41,480	24,365
Fisher Furnaces	23,690	33,190
Health Care Week	1,612	2,080
Operation Outreach	413	413
Garden and Tractor Support	44,996	34,535
Manderson Garden	5,000	5,000
White Mouse Family	8,259	8,259
	$ 475,741	$ 454,937

NOTE L—DESIGNATION OF NET ASSETS WITHOUT DONOR RESTRICTIONS

Board designated funds are established by the Board of Directors and represent unrestricted funds which are to be used for future purposes. Board designated net assets consist of the following:

	12/31/23	12/31/22
Operating Reserves	$ 157,415	$ 157,415
Lease Proceeds F2	16,561	18,737
Feather I Maintenance	20,000	20,000
Feather II Driveway Repair	15,000	-
Pine Ridge Schools	7,474	5,499
Vehicle Sinking Fund	45,969	34,484
	$ 262,419	$ 236,135

NOTE M—ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The accounting standard on accounting for uncertainty in income taxes addresses the determination whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position.

NOTE M—ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES (CONTINUED)

Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Organization participates in sales of merchandise items for a profit which may be subject to tax as unrelated business income. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. There were no unrecognized tax benefits identified or recorded for fiscal years ended December 31, 2023 and 2022.

The Organization files its forms 990 annually in the appropriate Internal Revenue Service (IRS) service center. The Organization is generally no longer subject to examination by the IRS for years before 2020.

NOTE N—SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 30, 2024, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.