

FOUNDATION FOR AN INDEPENDENT TOMORROW

AUDITED FINANCIAL STATEMENTS

AND

SUPPLEMENTAL REPORT ON COMPLIANCE WITH *GOVERNMENTAL AUDITING STANDARDS*
AND UNIFORM GUIDANCE

.FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

*The report accompanying these financial statements
was issued by Watkins Jackson CPAs, PLLC,
a Nevada Professional Limited Liability Company.*

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WATKINS JACKSON CPAs

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Foundation for an Independent Tomorrow
Las Vegas, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Foundation for an Independent Tomorrow (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 present fairly, in all material respects, the financial position of Foundation for an Independent Tomorrow as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Foundation for an Independent Tomorrow and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Foundation for an Independent Tomorrow's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 Foundation for an Independent Tomorrow'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 Foundation for an Independent Tomorrow'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024 on our consideration of Foundation for an Independent Tomorrow's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Foundation for an Independent Tomorrow's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation for an Independent Tomorrow's internal control over financial reporting and compliance.



Watkins Jackson CPAs
Las Vegas, Nevada
January 18, 2024

FOUNDATION FOR AN INDEPENDENT TOMORROW

STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30, 2023	June 30, 2022
Current assets		
Cash and cash equivalents	\$ 955,205	\$ 825,059
Investments	619,879	634,165
Accounts and other receivables	122,871	27,084
Federal grants receivable	586,716	183,696
Prepaid expenses and other current assets	22,359	29,612
Total current assets	2,307,030	1,699,616
Refundable deposit	5,000	5,000
Right of use leased assets, net	94,306	150,890
Property and equipment, net of accumulated depreciation	4,851,357	5,036,335
Total assets	\$ 7,257,693	\$ 6,891,841
LIABILITIES and NET ASSETS		
Current liabilities		
Accounts payable	\$ 179,266	\$ 38,569
Accrued expenses	137,446	114,389
Grant advances	202,267	179,786
Right of use lease liabilities - current	56,584	56,584
Total current liabilities	575,563	389,328
Long term liabilities		
Right of use lease liabilities - long-term	37,722	94,306
Total liabilities	613,285	483,634
Net assets		
Without donor restrictions:		
Undesignated	6,644,408	6,408,207
Total liabilities and net assets	\$ 7,257,693	\$ 6,891,841

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

FOUNDATION FOR AN INDEPENDENT TOMORROW

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year Ended June 30, 2023	Year Ended June 30, 2022
Changes in net assets without donor restrictions		
Revenues:		
Contributions and grants	\$ 3,814,132	\$ 3,400,492
Special events	315,013	270,241
Less direct benefit costs	(121,190)	(91,476)
Other	834,540	605,192
Total unrestricted revenues, gains and support	4,842,495	4,184,449
Expenses:		
Program	4,312,043	4,070,140
Fundraising	47,027	31,970
Management and general	247,224	196,161
Total expenses	4,606,294	4,298,271
Change in net assets without donor restrictions	236,201	(113,822)
Change in net assets	236,201	(113,822)
Net assets, beginning of period	6,408,207	6,522,029
Net assets, end of period	\$ 6,644,408	\$ 6,408,207

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

FOUNDATION FOR AN INDEPENDENT TOMORROW

STATEMENTS OF FUNCTIONAL EXPENSES

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
<u>Year ended June 30, 2023</u>				
Salaries and related expense	\$ 1,805,362	\$ 7,078	\$ 185,255	\$ 1,997,695
Instructional	1,732,807	-	-	1,732,807
Insurance	47,533	716	2,147	50,396
Client assistance	114,744	9,994	-	124,738
Printing and mailing	951	4	98	1,053
Professional services				
Donated	150,000	25,000	25,000	200,000
Other	99,276	388	10,186	109,850
Supplies	23,167	91	2,377	25,635
Fees, licenses and dues	1,706	7	175	1,888
Office and equipment maintenance	57,708	570	4,141	62,419
Depreciation	173,236	2,293	9,449	184,978
Marketing and promotions	54,824	215	5,626	60,665
Utilities, including telephone	42,398	638	1,915	44,951
Other	8,331	33	855	9,219
	<u>\$ 4,312,043</u>	<u>\$ 47,027</u>	<u>\$ 247,224</u>	<u>\$ 4,606,294</u>
<u>Year ended June 30, 2022</u>				
Salaries and related expense	\$ 1,708,098	\$ -	\$ 132,838	\$ 1,840,936
Instructional	1,626,642	-	-	1,626,642
Insurance	43,370	653	1,959	45,982
Client assistance	101,217	3,075	-	104,292
Printing and mailing	1,055	-	125	1,180
Professional services				
Donated	150,000	25,000	25,000	200,000
Other	62,525	-	7,385	69,910
Supplies	22,535	-	2,662	25,197
Fees, licenses and dues	2,258	-	267	2,525
Office and equipment maintenance	62,340	566	4,626	67,532
Depreciation	175,395	2,182	10,142	187,719
Marketing and promotions	50,912	-	6,013	56,925
Utilities, including telephone	32,781	494	1,481	34,756
Other	31,012	-	3,663	34,675
	<u>\$ 4,070,140</u>	<u>\$ 31,970</u>	<u>\$ 196,161</u>	<u>\$ 4,298,271</u>

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

FOUNDATION FOR AN INDEPENDENT TOMORROW

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2023	Year Ended June 30, 2022
Cash Flows from Operating Activities		
Change in net assets	\$ 236,201	\$ (113,822)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Unrealized (gain) loss on investments	(11,560)	43,773
Depreciation	184,978	187,720
Amortization of right of use leased assets	56,584	56,584
(Increase) decrease in operating assets:		
Accounts and other receivables	(95,787)	(27,084)
Federal grants receivable	(403,020)	(56,587)
Prepaid expenses and other current assets	7,253	3,945
Increase (decrease) in operating liabilities:		
Accounts payable	140,697	8,457
Accrued expenses	23,057	41,141
Grant advances	22,481	(115,805)
Right of use lease liabilities	(56,584)	(56,584)
Net cash provided by (used in) operating activities	104,300	(28,262)
Cash Flows from Investing Activities		
Proceeds from investments, (net of purchases)	25,846	468
Net cash provided by investing activities	25,846	468
Net change in cash	130,146	(27,794)
Cash and equivalents, beginning of period	825,059	852,853
Cash and equivalents, end of period	\$ 955,205	\$ 825,059
Supplemental cash flow information		
Donated goods and services	\$ 200,000	\$ 200,000
Non cash operating activities		
Right of use leased assets	\$ -	\$ 207,474
Right of use lease liabilities	\$ -	\$ (207,474)

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

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND JUNE 30, 2022

NOTE 1. NATURE OF OPERATIONS

Activities

Foundation for an Independent Tomorrow (the “Foundation”) empowers motivated unemployed and underemployed Nevadans to become self-sufficient and achieve financial stability through individual mentoring and support for education, training and employment preparation. The Foundation assists qualified individuals that are 18 years of age or over, have a high school diploma or GED, are United States citizens, and can demonstrate a need for educational assistance or vocational training.

Concentrations

Because the Foundation operates exclusively in Las Vegas, Nevada, future operations could be affected by adverse economic conditions in the area.

During the years ended June 30, 2023 and 2022, the Foundation received approximately 63% and 65% respectively, of its support and revenue in the form of grants awarded as a recipient/sub recipient of federal funds from two funding sources. Federal grants receivable during the years ended June 30, 2023 and 2022 from these same funding sources were approximately 83% and 87%, respectively.

From time-to-time, the Foundation may carry cash and cash equivalents on deposit with financial institutions in excess of federally-insured limits, and the risk of losses related to such concentrations may be increasing as a result of recent economic developments discussed in the foregoing paragraph. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, however, is not subject to estimation at this time.

Tax-exempt status

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no income tax is reflected in the accompanying financial statements. In addition, the Foundation is classified as a publicly supported charitable Foundation under IRC Section 509(a)(1); therefore, donations qualify for the maximum charitable contribution deduction under IRC Section 170(b)(1)(A)(vi). The Foundation’s tax returns for 2019 through 2022 remain open for possible examination by the Internal Revenue Service.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Foundation has adopted guidance issued by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entity. Under ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The financial statements have been prepared on the accrual basis of accounting.

Cash equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less.

Investments

Marketable equity securities and other investments are stated at their fair value, which is determined by quoted market prices. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or (losses) and the unrealized gains or (losses) on these investments, are included in the statements of activities.

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND JUNE 30, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and other receivables

The Foundation has tuition amounts due from program participants totaling \$96,764, as well as an amount due from insurance providers from an overpayment of \$26,107, for a total accounts and other receivables balance of \$122,871 as of June 30, 2023, and accounts receivable of \$27,084 as of June 30, 2022. All receivables were deemed to be collectable and no allowances were recognized as of June 30, 2023.

Federal grants receivable

The Foundation submits reimbursable grant expenses incurred to governmental agencies in order to receive payment of the funds per grant agreements. It is the Foundation's policy to allow for any uncollectible receivables when management determines the receivable will not be collected. All receivables were deemed to be collectable and no allowances were recognized as of June 30, 2023.

Prepaid expenses and other current assets

Represents amounts paid for services to be provided in subsequent fiscal years.

Property and equipment

Property and equipment (Note 5) are stated at cost if purchased or fair value if donated. It is the policy of the Foundation to capitalize costs individually of \$500 or more. Depreciation is computed using either an accelerated or straight line method over the following useful lives:

	<u>Estimated lives</u>
Building	39 years
Office equipment	5 years
Software	3 years
Furniture and fixtures	7-10 years

Donated furniture and equipment (and property purchased with restricted funds, if any) is included in unrestricted net assets unless otherwise specified by the donor.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Revenue and support with and without restrictions

Revenues from exchange transactions, including substantially all grants and contracts, are recognized when earned. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions. As of June 30, 2023, the Foundation has no net assets with donor restriction. However, when both net assets without donor restrictions and net assets with donor restrictions are available for use, it is the Foundation's policy to use net assets with donor restrictions first, then net assets without donor restrictions.

As required under ASC Subtopic 958-605, "Accounting for Contributions Received and Contributions Made," all contributions are recognized as support in the statement of activities in the period received, including unconditional pledges receivable, at their estimated net realizable value (with present value discounts if due in more than one year amortized as contribution income over the expected holding period) and net of any allowance for estimated uncollectible receivables.

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND JUNE 30, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of cash or other assets received with donor restrictions are reported as unrestricted support when the donor restrictions are fulfilled within the same accounting period. However, restricted contributions of cash or other assets received in prior years are deemed expended before restricted contributions received in the current year for the same purpose.

Accounts payable and accrued expenses

The Foundation records liabilities representing expenses incurred during the fiscal year ended June 30, 2023, but paid for in the subsequent fiscal year.

Grant advances

The Foundation receives funds in advance for certain grants. These funds are recognized as revenue at the time an appropriate expense is incurred or grantor condition is met.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2023 and 2022 was \$63,153 and \$56,927, respectively.

Use of estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

The following expenses were allocated on the basis of direct expenses: Salaries and related expense, Instructional, Client assistance and Donated professional services.

The following expenses were allocated on the basis of payroll allocation: Printing and mailing, Other professional services, Fees, Licenses and dues, and Marketing and promotions.

The following expenses were allocated on the basis of space allocation: Insurance, Office and equipment maintenance and Utilities, including telephone.

The following expenses were allocated by a function of payroll and space allocation: Supplies, Depreciation and Other.

Functional expenses

Certain expenses are allocated functionally based in significant part on estimates by management.

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND JUNE 30, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated services and assets

Significant portions of the Foundation's functions are conducted by unpaid volunteers. The value of the contributed services is not reflected in the accompanying financial statements when they do not meet the criteria for recognition under ASC Subtopic 958-605. Donated (in-kind) assets are recognized as unrestricted contribution revenue at their estimated fair value when received unless otherwise specified by the donor. Donated services that were given accounting recognition in the year ended June 30, 2023 and 2022 consist of \$200,000 and \$200,000, respectively.

Reclassifications

Certain reclassifications of prior year amounts have been made to conform to the current year presentation.

Fair value of financial instruments

The Foundation's financial instruments include investments, accounts and other receivables, federal grants receivable, prepaid expenses and other current assets, accounts payable, accrued expenses and grant advances. The fair value hierarchy under U.S. GAAP distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

Level one – Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level two – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level three – Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

The Foundation has determined the estimated fair values of its financial instruments using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the Foundation estimates are not necessarily indicative of the amounts that it, or holders of the instruments, could realize in a current market exchange. The use of different assumptions or valuation methodologies could have a material effect on the estimated fair value amounts.

The fair value estimates are based on information available as of June 30, 2023. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

Investments, accounts and other receivables, federal grants receivable, prepaid expenses and other current assets, accounts payable, accrued expenses and grant advances approximate their respective fair values.

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND JUNE 30, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Foundation accounts for leases under ASC Topic 842, Leases ("ASC 842"). The Foundation records lease and lease-related expense as occupancy on the statements of activities, in accordance with ASC 842.

A lease is determined to be an operating, sales-type, or direct financing lease using the criteria established in ASC 842. Leases will be considered either sales-type or direct financing leases if any of the following criteria are met:

- if the lease transfers ownership of the underlying asset to the lessee by the end of the term;
- if the lease grants the lessee an option to purchase the underlying asset that is reasonably certain to be exercised;
- if the lease term is for the major part of the remaining economic life of the underlying asset; or
- if the present value of the sum of the lease payments and any residual value guaranteed by the lessee equals or exceeds substantially all of the fair value of the underlying asset.

If none of the criteria listed above are met, the lease is classified as an operating lease.

Recently Issued Accounting Pronouncements

The Foundation has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASU's, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Foundation.

NOTE 3. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Foundation is substantially supported by grant and contribution revenues and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves by operating within a range of financial soundness and stability while maintaining sufficient liquid assets and reserves to meet the near-term operating needs and provide reasonable assurance that liabilities and other obligations will be discharged as they become due. The table on the following page reflects the Foundation's financial assets as of June 30, 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Financial assets, at year end:	
Cash and cash equivalents	\$ 955,205
Investments	619,879
Accounts and other receivables	122,871
Federal grants receivable	<u>586,716</u>
Total financial assets, at year end:	2,284,671
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Accounts payable	(179,266)
Accrued expenses	(137,446)
Grant advances	<u>(202,267)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,765,692</u>

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND JUNE 30, 2022

NOTE 4. CASH AND CASH EQUIVALENTS

The Foundation maintains certain cash balances in institutions insured by the Federal Deposit Insurance Corporation (FDIC). All non-interest bearing transaction deposit accounts at an FDIC-insured institution, including all personal and business checking deposit accounts that do not earn interest, are insured to \$250,000. At June 30, 2023 and June 30, 2022, the Foundation had uninsured cash balances in the amounts of \$396,558 and \$334,824, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

The Foundation maintains certain cash balances in institutions insured by the Securities Investor Protection Corporation (SIPC). All interest bearing transaction deposit accounts and securities at an SIPC-insured institution, are insured to \$500,000. At June 30, 2023 and June 30, 2022, the Foundation had uninsured cash and cash equivalent balances in the amounts of \$177,462 and \$134,165, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE 5. INVESTMENTS

Investments are stated at fair value and are divided among two investment managers as follows:

	Balance as of June 30,		
	2022	2023	Change in Value
Investments	\$ 779,715	\$ 797,341	\$ 17,626
Interest and dividend income			6,066
Net unrealized gain (loss)			\$ 11,560

As of June 30, 2023 and 2022, investments included \$619,879 and \$634,165 in marketable securities.

NOTE 6. FEDERAL GRANTS RECEIVABLE

The Foundation had balances due from Federal grant awards as of June 30, 2023 and 2022 totaling \$586,716 and \$183,696, respectively.

NOTE 7. PROPERTY AND EQUIPMENT

	2023	2022
Land	\$ 677,505	\$ 677,505
Building	5,993,867	5,993,867
Office equipment, furniture and fixtures	501,661	501,661
	7,173,033	7,173,033
Less accumulated depreciation	(2,321,676)	(2,136,698)
	<u>\$ 4,851,357</u>	<u>\$ 5,036,335</u>

Depreciation expense for fiscal years ending June 30, 2023 and 2022 were \$184,978 and \$187,720, respectively.

FOUNDATION FOR AN INDEPENDENT TOMORROW
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND JUNE 30, 2022

NOTE 8. RELATED PARTY TRANSACTIONS

The Foundation received contributions from officers, directors and their employers or controlled affiliate, including cash, goods and services, which for 2023 and 2022 totaled \$362,745 and \$459,933, respectively.

NOTE 9. GRANT ADVANCES

The Foundation receives grant awards from federal agencies. Such award instruments are to be used for specific programs in accordance with grant requirements. Grant advances for federal awards as of June 30, 2023 and 2022 totaled \$202,267 and \$179,786, respectively.

NOTE 10. FEDERAL GRANTS

For the years ended June 30, 2023 and 2022, the Foundation recorded as revenue federally funded grant amounts received totaling \$3,143,284 and \$2,740,308, respectively.

NOTE 11. EMPLOYEE BENEFIT PLANS

The Foundation's employees are eligible (subject to certain requirements) to participate in a 401(k) plan. The Foundation makes discretionary matching contributions based on an amount determined by the Board of Directors. The Foundation contributed \$2,000 and \$6,927 for the years ended June 30, 2023 and 2022, respectively.

Vesting of the Foundations contributions is determined by the number of years of an employee's service from date of hire to date of termination.

NOTE 12. LEASE

The Foundation operates a truck driving school under Academy School of Truck Driving, LLC. The Foundation has a property lease for the location of the training. The lease is payable in monthly payments of \$5,485 as of June 30, 2023, with annual increases in monthly payments determined by the Consumer Price Index for all Urban Consumers – United States City Average. The lease terminates on February 28, 2025. The lease is accounted for an operating lease under ASU 2016-02, Leases – (Topic 842). The Organization recognized a Right of Use ("ROU") Leased Assets and a ROU Lease Liabilities on the lease commencement date. Through the discounting of the remaining lease payments at the Organization's incremental borrowing rate of 6.5% for real estate, the value of both the ROU assets and ROU liabilities recognized at commencement dates was \$426,353. As of June 30, 2023 and 2022 the ROU lease assets and ROU lease liabilities totaled \$94,306 and \$150,890, respectively net of accumulated amortization of \$113,168 and \$56,584, respectively. Current portion of the ROU lease liabilities totals \$56,584 as of June 30, 2023 and 2022. The Organization recognized \$63,140 and \$60,600 of lease expense during the years ended June 30, 2023 and 2022, respectively.

NOTE 13. SUBSEQUENT EVENTS

We have evaluated the existence of both recognized and unrecognized subsequent events through the date of the audit report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

FOUNDATION FOR AN INDEPENDENT TOMORROW**Schedule of Expenditures of Federal Awards
For the year ended June 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF LABOR			
Workforce Innovation and Opportunity Act, Title 1 - Adult Program	17.258	N/A	\$ 372,845
			372,845
Reentry Employment Opportunities - Project Grants	17.270	N/A	2,447,433
			2,447,433
Total Expenditures of Federal Awards			\$ 2,820,278

The accompanying notes are an integral part of this schedule.

FOUNDATION FOR AN INDEPENDENT TOMORROW**Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2023****NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedules of Expenditures of Federal Awards ("SEFA") includes the federal grant award activity of Foundation for an Independent Tomorrow, under programs of the federal government for the year ended June 30, 2023 in accordance with the requirements of Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. The cost principles indicate the certain types of expenditures are not allowable and certain allowable costs are limited as to reimbursement. Foundation for an Independent Tomorrow has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

NOTE 3. PASS-THROUGH AWARDS

Foundation for an Independent Tomorrow received certain federal financial assistance from pass-through awards of the passthrough entities listed on the SEFA.

NOTE 4. NON-CASH ASSISTANCE

Foundation for an Independent Tomorrow did not receive any federal non-cash assistance.

FOUNDATION FOR AN INDEPENDENT TOMORROW**Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF LABOR			
Workforce Innovation and Opportunity Act, Title 1 - Adult Program	17.258	N/A	\$ 566,347
			566,347
Reentry Employment Opportunities - Project Grants	17.270	N/A	2,189,258
			2,189,258
Total Expenditures of Federal Awards			\$ 2,755,605

The accompanying notes are an integral part of this schedule.

FOUNDATION FOR AN INDEPENDENT TOMORROW**Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022****NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedules of Expenditures of Federal Awards ("SEFA") includes the federal grant award activity of Foundation for an Independent Tomorrow, under programs of the federal government for the year ended June 30, 2022 in accordance with the requirements of Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

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NOTE 4. NON-CASH ASSISTANCE

Foundation for an Independent Tomorrow did not receive any federal non-cash assistance.

**INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE
AND INTERNAL CONTROL**



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

To the Board of Directors
Foundation for an Independent Tomorrow
(A Nonprofit Organization)

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Foundation for an Independent Tomorrow's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Foundation for an Independent Tomorrow's major federal programs for the year ended June 30, 2023. Foundation for an Independent Tomorrow's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Foundation for an Independent Tomorrow complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 18, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Foundation for an Independent Tomorrow and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Foundation for an Independent Tomorrow's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Foundation for an Independent Tomorrow's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Foundation for an Independent Tomorrow's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Foundation for an Independent Tomorrow's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation for an Independent Tomorrow's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Foundation for an Independent Tomorrow's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Foundation for an Independent Tomorrow's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Watkins Jackson CPAs
Las Vegas, Nevada
January 18, 2024



WATKINS JACKSON CPAs

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Foundation for an Independent Tomorrow
(A Nonprofit Organization)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foundation for an Independent Tomorrow (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Foundation for an Independent Tomorrow's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foundation for an Independent Tomorrow's internal control. Accordingly, we do not express an opinion on the effectiveness of Foundation for an Independent Tomorrow's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foundation for an Independent Tomorrow's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watkins Jackson CPAs
Las Vegas, Nevada
January 18, 2024

FOUNDATION FOR AN INDEPENDENT TOMORROW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|--|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| Reportable condition(s) identified that are
Not considered to be material weakness(es)? | No |
| 2. Type of auditor's report issued on compliance for major programs: | |
| Workforce Investment Act, Title 1 –
Adult and Dislocated Worker | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Identification of major programs | |
| CFDA Number: | 17.270 (Reintegration of ex-offenders) |
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

SECTION II - FINDINGS-FINANCIAL STATEMENT AUDIT

None

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

FOUNDATION FOR AN INDEPENDENT TOMORROW
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|--|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| Reportable condition(s) identified that are Not considered to be material weakness(es)? | No |
| 2. Type of auditor's report issued on compliance for major programs: | |
| Workforce Investment Act, Title 1 – Adult and Dislocated Worker | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Identification of major programs | |
| CFDA Number: | 17.270 (Reintegration of ex-offenders) |
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

SECTION II - FINDINGS-FINANCIAL STATEMENT AUDIT

None

SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

FOUNDATION FOR AN INDEPENDENT TOMORROW
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

None noted.

FOUNDATION FOR AN INDEPENDENT TOMORROW
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

None noted.