

**MITCHELL SWABACK CHARITIES, INC.
DBA
HARVEST COMPASSION CENTER**

FINANCIAL STATEMENTS

Year Ended December 31, 2024

**MITCHELL SWABACK CHARITIES, INC.
DBA
HARVEST COMPASSION CENTER**

FINANCIAL STATEMENTS

Year Ended December 31, 2024

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**Audit, Tax, Management Advisory,
Forensic and Internal Control Consulting**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Harvest Compassion Center:

Opinion

I have audited the accompanying financial statements of Mitchell Swaback Charites, Inc. dba Harvest Compassion Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mitchell Swaback Charites, Inc. dba Harvest Compassion Center ("Harvest Compassion Center") as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Harvest Compassion Center and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Harvest Compassion Center'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

My 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 my 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, including omissions, 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, I:

- 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 Harvest Compassion Center'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harvest Compassion Center's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Gregory Michael Coy, CPA, PLLC

Gregory Michael Coy, CPA, PLLC
Phoenix, AZ

April 28, 2025

MITCHELL SWABACK CHARITIES, INC.
DBA
HARVEST COMPASSION CENTER

STATEMENT OF FINANCIAL POSITION

December 31, 2024

	<u>A S S E T S</u>	<u>2024</u>
CURRENT ASSETS		
Cash		\$ 1,417,834
Inventories		177,888
Contributions receivable		176,572
Prepaid expenses and other assets		<u>30,756</u>
TOTAL CURRENT ASSETS		1,803,050
INVESTMENTS		1,628,301
RIGHT-OF-USE OPERATING LEASE ASSET		448,771
PROPERTY AND EQUIPMENT, NET		<u>442,960</u>
TOTAL ASSETS		<u>\$ 4,323,082</u>
	<u>L I A B I L I T I E S A N D N E T A S S E T S</u>	
CURRENT LIABILITIES		
Accounts payable and accrued expenses		\$ 43,160
Refundable advances of conditional contributions		68,750
Operating lease liability, current portion		<u>166,029</u>
TOTAL CURRENT LIABILITIES		277,939
OPERATING LEASE LIABILITY, LONG TERM		<u>292,738</u>
TOTAL LIABILITIES		<u>570,677</u>
NET ASSETS		
Net assets without donor restrictions		3,576,011
Net assets with donor restrictions		<u>176,394</u>
TOTAL NET ASSETS		<u>3,752,405</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 4,323,082</u>

MITCHELL SWABACK CHARITIES, INC.
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HARVEST COMPASSION CENTER

STATEMENT OF ACTIVITIES

For the year ended December 31, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	\$ 690,169	\$ 619,591	\$ 1,309,760
Donated inventory items	547,433	-	547,433
Donated securities	54,701	-	54,701
Donated vehicle usage	11,250	-	11,250
Donated capital equipment	10,000	-	10,000
Special events revenue	209,618	-	209,618
Interest income, net of investment fees	29,336	-	29,336
Realized and unrealized gain (loss) on investments	162,961	-	162,961
	<u>1,715,468</u>	<u>619,591</u>	<u>2,335,059</u>
Net assets released from restrictions	<u>491,481</u>	<u>(491,481)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,206,949</u>	<u>128,110</u>	<u>2,335,059</u>
EXPENSES			
Program services	1,507,686		1,507,686
Supporting services:			
Management and general	146,344	-	146,344
Fundraising	<u>177,372</u>	<u>-</u>	<u>177,372</u>
Total supporting services	<u>323,716</u>	<u>-</u>	<u>323,716</u>
TOTAL EXPENSES	<u>1,831,402</u>	<u>-</u>	<u>1,831,402</u>
CHANGE IN NET ASSETS	<u>375,547</u>	<u>128,110</u>	<u>503,657</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,200,464</u>	<u>48,284</u>	<u>3,248,748</u>
NET ASSETS, END OF YEAR	<u>\$ 3,576,011</u>	<u>\$ 176,394</u>	<u>\$ 3,752,405</u>

MITCHELL SWABACK CHARITIES, INC.
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STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2024

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and wages	\$ 293,913	\$ 65,801	\$ 78,962	\$ 144,763	438,676
Payroll taxes and benefits	49,441	11,069	13,283	24,352	73,793
Grants to individuals	713,394	-	-	-	713,394
Lease expense	178,950	3,848	9,621	13,469	192,419
Depreciation and amortization	77,890	9,164	4,582	13,746	91,636
Professional fees and contract labor	11,402	36,053	3,063	39,116	50,518
Supplies and materials	33,075	1,675	265	1,940	35,015
Utilities	29,782	640	1,601	2,241	32,023
Maintenance and repairs	28,339	1,539	2,139	3,678	32,017
Grants to other organizations	30,190	-	-	-	30,190
Insurance	18,479	4,137	4,964	9,101	27,580
Advertising and marketing	-	-	24,255	24,255	24,255
Communications and technology	15,516	3,474	4,168	7,642	23,158
Bank, merchant and credit card fees	-	1,002	20,415	21,417	21,417
Travel, meals and lodging	11,029	6,813	160	6,973	18,002
Postage and printing	3,712	319	7,028	7,347	11,059
Other program costs	9,687	-	-	-	9,687
Staff development and education	2,499	560	671	1,231	3,730
Dues, subscriptions and licenses	388	250	2,195	2,445	2,833
	<u>\$ 1,507,686</u>	<u>\$ 146,344</u>	<u>\$ 177,372</u>	<u>\$ 323,716</u>	<u>\$ 1,831,402</u>

MITCHELL SWABACK CHARITIES, INC.
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HARVEST COMPASSION CENTER

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 503,657
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Unrealized losses on investments	(153,226)
Donated securities	(54,701)
Donated equipment	(10,000)
Amortization of right-of-use operating lease asset	147,748
Depreciation	91,636
Changes in operating assets and liabilities:	
Decrease (increase) in:	
Contributions receivable	(128,288)
Accrued interest receivable	1,342
Inventory	(43,927)
Prepaid expenses and other assets	14
Increase (decrease) in:	
Accounts payable and accrued expenses	17,191
Refundable advances	23,750
Operating lease liability	(154,073)
Net cash provided by (used in) operating activities	<u>241,123</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(4,425,457)
Proceeds from sales of investments	4,999,490
Purchases of property and equipment	(115,444)
Net cash provided (used) by investing activities	<u>458,589</u>
NET CHANGE IN CASH	699,712
CASH, BEGINNING OF YEAR	<u>718,122</u>
CASH, END OF YEAR	<u>\$ 1,417,834</u>
SUPPLEMENTAL DISCLOSURES:	
Cash paid for interest	\$ -
Cash paid for income taxes	\$ -
Non-cash investing and financing activities:	
New operating lease asset/liability	\$ 384,883
Donated securities	\$ 54,701
Donated equipment	\$ 10,000

MITCHELL SWABACK CHARITIES, INC.
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HARVEST COMPASSION CENTER

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

(1) Organization purpose and summary of significant accounting policies

Organization purpose – Mitchell Swaback Charities, Inc. was formed as an Arizona nonprofit organization in April 2009. Mitchell Swaback Charities, Inc. began doing business as Harvest Compassion Center (“The Organization” or “HCC”) in June 2011 and received a trade name certification from the state of Arizona in November 2021. HCC’s mission is to provide food and clothing in a hope-filled environment to the underserved in the greater Phoenix area. HCC operates three centers located in the North Phoenix, West Phoenix and Maryvale areas of Phoenix, Arizona. HCC supports its program activities primarily through donor contributions and grants.

The significant accounting policies followed by the Organization are as follows:

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables and other assets and liabilities.

Basis of presentation - The financial statement presentation reports information regarding the Organization’s financial position and activities according to two classes of net assets:

Net assets without donor restrictions

Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net assets with donor restrictions

Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity. At December 31, 2024, the Organization did not have any restrictions required to be maintained in perpetuity.

Managements’ use of estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Due to their prospective nature, actual results could differ from those estimates.

Cash - Cash includes cash and, at times, cash equivalents consisting of highly liquid financial instruments purchased with original maturities of three months or less. Deposits at financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). From time to time, the Organization has deposits at financial institutions that exceed FDIC insurance. The total of the cash deposits held in a single financial institution exceed FDIC insurance limits by \$168,684.

Inventories – Inventories consist primarily of donated and purchased food, clothing, hygiene products and diapers. The value of donated inventory is estimated using estimated retail, replacement or “Thrift Shop” values, depending on the type of inventory item (Note 10). Purchased inventory is stated at the lower of cost or market using a specific identification method.

Contributions receivable - Unconditional promises to give (contributions receivable) are recognized as revenues in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

MITCHELL SWABACK CHARITIES, INC.
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NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

(1) Organization purpose and summary of significant accounting policies (continued)

Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using rates applicable to the years in which the promises are received. Receivables are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on their assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Receivables are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary. At December 31, 2024, all contributions receivable were due within one year.

Property and equipment and related depreciation - Purchased property and equipment is valued at cost and donated property and equipment is recorded at the fair value at the date of the gift to the Organization. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$1,000 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Depreciation and amortization of property and equipment is computed on a straight-line basis over the following estimated useful lives:

Leasehold improvements	Lesser of the lease term or useful life
Furniture and equipment	5 to 15 years
Vehicles	5 years
Website	3 years

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for 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 restricted contributions 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.

Impairment of long-lived assets – The Organization requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management believes that no long-lived assets have any impairment of value.

Refundable advances of conditional contributions – Refundable advances consist of advance payments on refundable conditional contributions. These advance payments are subject to certain conditions and are subject to return or refund to the donor if those conditions are not met. These conditional contributions are recognized as support, either with or without donor restrictions, when donor-imposed conditions are substantially met (i.e., barriers are overcome).

MITCHELL SWABACK CHARITIES, INC.
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NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

(1) Organization purpose and summary of significant accounting policies (continued)

During the year ended December 31, 2023, the Organization received a non-cash conditional contribution for the use of vehicle. The Organization is allowed use of the vehicle for a period of 5 years as long as the vehicle is used for the specific program purpose, as defined by the donor. If the vehicle is not used for the specified purpose, it reverts back to donor. If the vehicle is used for the donor specified purpose during the entire 5-year usage period, the Organization retains possession of the vehicle. The vehicle is titled in the name of the Organization and the Organization has included the estimated fair value of the vehicle, less accumulated depreciation, in its property and equipment. The Organization has also recorded the estimated fair value of the vehicle to refundable advances and is amortizing the value to donated vehicle usage support, on a straight-line basis, over the 5-year usage period.

Contributions and grants - Contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions or without 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 on unconditional contributions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Conditional contributions – Conditional contributions contain a donor-imposed condition that represents a barrier that must be overcome before the Organization is entitled to the assets transferred or promised. Failure to overcome the barrier gives the donor a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets. Conditional contributions are recognized as support, either with or without donor restrictions, when donor-imposed conditions are substantially met (i.e., barriers are overcome). Restrictions on conditional contributions that are met in the same reporting period as the revenue is recognized are recognized as support within net assets without donor restrictions.

Special events revenue – The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are included in fundraising expense in the accompanying statement of activities.

Exchange transaction revenue recognition - Exchange transaction revenue is measured based on a consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The Organization did not have any exchange transaction revenue for the year ended December 31, 2024.

Functional expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Expenses are charged to program services and supporting services categories based on direct expenditures incurred. Any expenditure not directly chargeable is allocated based on personnel activity or square footage. Management and general include those expenses that are not directly identifiable with any specific program, but provide for the overall support and direction of the Organization.

MITCHELL SWABACK CHARITIES, INC.
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NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

(1) Organization purpose and summary of significant accounting policies (continued)

Advertising and marketing - The cost of advertising and marketing is expensed when incurred or when the first advertising takes place. Advertising and marketing costs for the year ended December 31, 2024, is \$24,255.

Income tax status – The Organization is organized as an Arizona non-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and has been determined not to be a private foundation under Sections 509(a)(1) and 170(b)(1)(A)(vi). Accordingly, contributions to the Organization qualify for the charitable contribution deduction under Section 170. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is generally subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined the Organization has no taxable unrelated business income related to the Organization's activities and it has not filed the Exempt Organization Business Income Tax Return (IRS Form 990-T), or its Arizona equivalent, Form 99-T. The tax years ended December 31, 2021, 2022, and 2023 are still open to audit for both federal and state purposes. Management believes that it has appropriate support for any income tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Subsequent events – The Organization evaluated subsequent events after the statement of financial position date of December 31, 2024 through April 28, 2025, which was the date the Organization's financial statements were available to be issued. No conditions were noted which did not exist as of December 31, 2024, but arose subsequent to that date.

(2) Liquidity and availability of financial assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and investments, and structures its financial assets to be available to meet general expenditures, liabilities and other obligations as they come due. The Organization manages its liquid resources by investing cash in marketable securities and interest-bearing bank accounts. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization prepares and strives to operate within an annual budget.

Financial assets available to meet general expenditures within one year:

	2024
Cash	\$ 1,417,834
Investments	1,628,301
Contributions receivable	<u>176,572</u>
	3,222,707
Donor imposed restrictions	<u>(176,394)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,046,313</u>

MITCHELL SWABACK CHARITIES, INC.
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NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

(3) Inventories

Inventories consist of:

	<u>2024</u>
Donated value or lower of cost or market:	
Food	\$ 67,323
Clothing	28,543
Hygiene products	27,106
Diapers	24,802
Homeless	10,718
Other	19,396
Total inventories	<u>\$ 177,888</u>

(4) Property and equipment

Property and equipment consist of:

	<u>2024</u>
Cost or donated value:	
Leasehold improvements	\$ 570,404
Furniture and equipment	169,739
Vehicles	190,349
Website	8,000
Total cost or donated value	938,492
Accumulated depreciation and amortization	<u>(495,532)</u>
Net property and equipment	<u>\$ 442,960</u>

Depreciation and amortization expense charged to operations was \$91,636 for the year ended December 31, 2024.

(5) Investments and fair value measurements

The Organization reports its investments in equity securities (including other ownership interests, such as partnerships, unincorporated joint ventures, and limited liability companies) at fair value. The fair value of equity securities with readily determinable fair values is based on quoted market prices in active markets. Equity investments that do not have readily determinable fair values are re-measured at fair value either upon the occurrence of an observable price change or upon identification of impairment. The Organization has also adopted authoritative guidance related to *accounting for fair values of investments*. This standard defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements. This standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an "exit price") on the measurement date in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants (with no compulsion to buy or sell).

Based on the standard *accounting for fair values of investments*, the Organization has set up a valuation framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

MITCHELL SWABACK CHARITIES, INC.
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NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

(5) Investments and fair value measurements (continued)

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

Level 1 Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.)
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair values of assets are measured as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Publicly traded equity securities	\$ 877,446	\$ -	\$ -	\$ 877,446
Publicly traded fixed income securities	496,399			496,399
Publicly traded mutual funds	202,301			202,301
Publicly traded exchange traded funds	52,155	-	-	52,155
Total	<u>\$ 1,628,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,628,301</u>

For assets and liabilities measured at fair value on a recurring basis, the fair value hierarchy requires the use of observable market data when available. In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based upon the lowest level input that is significant to the fair value measurement in its entirety.

(6) Leases

The Organization has entered into three leases for office space and a lease for warehouse space which are classified as operating leases, in accordance with ASC 842. The lease agreements expire in years through 2025. Certain of the leases contain renewal options for additional lease periods. At present, the Organization is not reasonably certain that the renewal options will be exercised. The Organization has elected the practical expedient in ASC 842-20-50-10, and have used risk free rates as of date of lease origination as the discount rates on these leases. Lease cost and other information for the year ended December 31, 2024, is as follows:

	<u>2024</u>
<u>Lease cost</u>	
Operating lease cost	\$ 192,419
Total lease cost	<u>\$ 192,419</u>

MITCHELL SWABACK CHARITIES, INC.
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NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

(6) Leases (continued)

Other information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows on operating leases	\$ 198,744
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Right of use assets obtained in exchange for new operating lease liabilities	384,883
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Weighted average remaining lease term - operating leases	2.28 Years
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Weighted average discount rate - operating leases	1.44%
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Minimum future lease payments under operating leases having remaining terms in excess of one year at December 31, 2024, are as follows:

Years Ending December 31,

2025	\$	179,019
2026		84,324
2027		85,996
2028		85,996
2029		57,331
Total minimum future lease payments		492,666
Discount		(33,899)
Operating lease liability		\$ 458,767

(7) Net assets with donor restrictions

Net assets with donor restrictions consist of the following:

	2024
Time restrictions:	
Contributions receivable	\$ 176,394
Total net assets with donor restrictions	\$ 176,394

Net assets released from restrictions consist of the following:

	2024
Purpose restrictions:	
Feeding program	\$ 415,697
Maryvale operations	17,500
North Phoenix operations	5,000
West Phoenix operations	5,000
Time restrictions:	
Contributions receivable	48,284
Total net assets released from restrictions	\$ 491,481

MITCHELL SWABACK CHARITIES, INC.
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HARVEST COMPASSION CENTER

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

(8) Retirement plan

HCC has established a simple IRA retirement plan which is offered to all employees. Eligible employees may elect to defer a portion of their compensation to the plan up to a maximum amount as prescribed by IRS guidelines. HCC is required to make a matching contribution to the plan equal to the elective employee deferrals not to exceed 3% of the employee's annual compensation. During the year ended December 31, 2024, HCC made matching contributions of \$4,535 to the plan.

(10) Contributed nonfinancial assets

Donated inventory and other program supplies (also known as contributed nonfinancial assets) are recorded at their estimated values if they enhance the Organization's nonfinancial assets or require specialized skills that the Organization would normally purchase, if not provided by donation.

The Organization utilizes and depends on the services of volunteers to perform a variety of tasks that assist the Organization with specific programs and fundraising. No amounts have been reflected in the financial statements for these services, since they did not meet the recognition requirements under generally accepted accounting standards.

Support from contributed nonfinancial assets for the year ended December 31, 2023, are as follows:

	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Food	\$ 231,288	All program services	No associated donor restrictions	Contributed food is valued at the estimated discounted retail values that would be received from selling similar products in the United States.
Clothing	\$ 250,308	All program services	No associated donor restrictions	Contributed clothing is valued at the estimated "Thrift shop value", based upon values listed in "Valuation Guide for Goodwill Donors"
Hygiene products	\$ 7,985	All program services	No associated donor restrictions	Contributed hygiene products are valued at the estimated discounted retail values that would be received from selling similar products in the United States.
Diapers	\$ 42,534	All program services	No associated donor restrictions	Contributed diapers are valued at the estimated discounted retail values that would be received from selling similar products in the United States.
Homeless items and other	\$ 15,318	All program services	No associated donor restrictions	Contributed homeless and other items are valued at the estimated discounted retail values that would be received from selling similar products in the United States.
Contributed vehicle usage	\$ 11,250	All program services	No associated donor restrictions	Contributed vehicle usage is valued at the estimated current year usage for the vehicle using the estimated fair value that would be received from selling a similar vehicle in the United States.
Equipment	\$ 10,000	All program services	No associated donor restrictions	Contributed equipment valued at the estimated retail values that would be received from selling similar products in the United States.

MITCHELL SWABACK CHARITIES, INC.
DBA
HARVEST COMPASSION CENTER

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

(11) Related party transactions

The Organization received contributions from board members and other related parties. During the year ended December 31, 2024, the Organization received approximately \$246,800 in cash contributions from Board members and approximately \$3,600 from key employees of the Organization.

(12) Concentrations

The Organization holds its investments at two unrelated investment brokerage companies. Investments held at one of the brokerage companies are approximately 46% of total assets at December 31, 2024.

The Organization receives a majority of its inventory as contributed nonfinancial assets (in-kind donations). During the year ended December 31, 2024, donated inventory items were approximately 23% of total revenue.

The Organization provides grants of inventory items and other grants to individuals. During the year ended December 31, 2024, grants to individuals were approximately 39% of total expenses.