ARLINGTON THRIVE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2024

Han Group

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Han Group

1020 19th Street, NW, Suite 800
Washington, DC 20036

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Arlington Thrive
Arlington, Virginia

Opinion

We have audited the accompanying financial statements of Arlington Thrive, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arlington Thrive as of June 30, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Arlington Thrive 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 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 Arlington Thrive's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
February 14, 2025

ASSETS	
Cash and cash equivalents	$ 393,700
Contributions receivable	25,000
Due from Arlington County	6,050
Prepaid expenses	7,977
Investments	788,556
Property and equipment, net	50,734
Total assets	$ 1,272,017
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 22,749
Accrued expenses	49,763
Refundable advances	18,645
Total liabilities	91,157
NET ASSETS	
Without donor restrictions	256,180
With donor restrictions	924,680
Total net assets	1,180,860
Total liabilities and net assets	$ 1,272,017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	$ 992,056	$ 192,201	$ 1,184,257
Arlington County support	125,419	-	125,419
Investment income, net	1,139	53,981	55,120
Other income	11,229	-	11,229
Net assets released from restrictions	267,497	(267,497)	-
Total revenue, support, and gains	1,397,340	(21,315)	1,376,025
Expenses			
Program services	1,531,886	-	1,531,886
Supporting services:			
General and administrative	319,704	-	319,704
Development	226,154	-	226,154
Total supporting services	545,858	-	545,858
Total expenses	2,077,744	-	2,077,744
Change in Net Assets	(680,404)	(21,315)	(701,719)
Net Assets, beginning of year	936,584	945,995	1,882,579
Net Assets, end of year	$ 256,180	$ 924,680	$ 1,180,860

ARLINGTON THRIVE
Statement of Functional Expenses
Year Ended June 30, 2024

		Supporting services			
	Program Services	General and Administrative	Development	Total Supporting Services	Total
Salary and related expenses	$ 585,983	$ 159,814	$ 142,056	$ 301,870	$ 887,853
Programs and emergency assistance	812,967	-	-	-	812,967
Accounting	-	93,112	-	93,112	93,112
Professional fees	46,626	12,716	11,304	24,020	70,646
Dues and subscriptions	21,827	10,887	15,082	25,969	47,796
Computer-related expense	20,835	5,682	5,051	10,733	31,568
Insurance	15,543	4,239	3,768	8,007	23,550
Printing	1,355	165	19,738	19,903	21,258
Depreciation and amortization	11,303	3,083	2,740	5,823	17,126
Legal services	-	13,060	-	13,060	13,060
Postage and delivery	380	418	12,085	12,503	12,883
Telephone	7,390	2,015	1,792	3,807	11,197
Other expenses	625	825	5,216	6,041	6,666
Office supplies and services	1,085	2,285	2,109	4,394	5,479
Office rent	150	4,800	-	4,800	4,950
Website	2,588	707	627	1,334	3,922
Bank charges	246	3,364	-	3,364	3,610
Travel	1,168	1,891	341	2,232	3,400
Community outreach campaigns	-	9	2,500	2,509	2,509
Staff training	1,422	387	345	732	2,154
Conferences and meetings	393	245	1,400	1,645	2,038
Total Expenses	$ 1,531,886	$ 319,704	$ 226,154	$ 545,858	$ 2,077,744

See accompanying notes.

ARLINGTON THRIVE
Statement of Cash Flows
Year Ended June 30, 2024

Cash flows from Operating activities	
Change in net assets	$ (701,719)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	17,126
Realized and unrealized gains on investments	(36,806)
Receivables	(5,545)
Prepaid expenses	38,475
Accounts payable	(17,278)
Accrued expenses	(9,738)
Grants payable	(262,271)
Net cash used in operating activities	(977,756)
Cash flow from Investing activities	
Proceeds from sale of investments	107,000
Purchases of investments	(17,175)
Net cash provided by investing activities	89,825
Net Decrease in Cash and Cash Equivalents	(887,931)
Cash, Cash Equivalents, and Restricted cash, beginning of year	1,281,631
Cash and Cash Equivalents, end of year	$ 393,700

Supplemental Information:	
Restricted cash at June 30, 2023	$ 776,713
Restricted cash at June 30, 2024	$ -

1. Nature of Organization and Programs

Arlington Thrive is a nonprofit organization incorporated in 1975 to support the long-term stability of families in Arlington, Virginia. By providing a comprehensive range of services, Arlington Thrive helps families build secure, thriving futures. These services include workforce development, childcare support, safe sleep training, and access to essential infant health supplies. To ensure immediate stability during times of crisis, Arlington Thrives also offers emergency financial assistance for rent, utility bills, medical and dental bills, prescriptions, transportation, and other critical essentials. Together, these holistic programs empower families to achieve lasting security in their jobs, health, and homes.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of Arlington Thrive have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized as obligations are incurred.

Revenue and Support Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. A contribution is classified as with donor restriction when the donor has designated it for future use or specified an event that must transpire before it is available for use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, purpose restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions. Other revenue is recognized when earned.

A portion of Arlington Thrive's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Arlington Thrive has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Arlington Thrive considers all cash and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Arlington Thrive maintains its cash in bank deposit accounts which, at times, may exceed Federal Deposit Insurance Corporation (FDIC) limits. FDIC insurance is $250,000 per depositor, per insured bank. Arlington Thrive has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

2. Summary of Significant Accounting Policies (continued)

Restricted cash

Restricted cash consists of funds from donors with restrictions for specific types of emergency services, held in separate, interest-bearing accounts. The interest received is recorded with donor restrictions. As of June 30, 2024, there was no restricted cash accounts.

Property and Equipment

Property and equipment are recorded at cost, or if donated, the assets are capitalized at the estimated fair value at the date of receipt. Arlington Thrive capitalizes all expenditures for property and equipment over $1,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the property and equipment, generally five years to seven years. Website is amortized at cost using the straight-line basis over five years.

Investments

Investments are carried at their fair market values based on publicly available market data obtained from services independent of Arlington Thrive. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect amounts reported in future statement of activities. Management believes that Arlington Thrive's investments do not represent significant concentrations of market risk as the investment portfolios are adequately diversified among issuers.

Accrued vacation

Employees of Arlington Thrive are entitled to paid vacation depending on job classification, length of service and other factors. Upon termination, an employee is compensated for any accrued but unpaid vacation pay. Accrued vacation balance was $14,574 as of June 30, 2024, which is included with accrued expenses on the accompanying statement of financial position.

Functional classification of expenses

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses are charged to programs and supporting services based on a combination of specific identification and allocation by management. Certain categories of expenses are attributed to more than one function and have been allocated on a reasonable basis that is consistently applied. The following expense categories are allocated based on time and effort spent during the year: salaries, payroll taxes, and employee benefits.

2. Summary of Significant Accounting Policies (continued)

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and 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.

Other financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, restricted cash, contributions receivable, and prepaid expenses. Financial liabilities with carrying values approximating fair value include accounts payable, accrued expenses, and refundable advances. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities.

Income taxes

Arlington Thrive is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. For the year ended June 30, 2024, Arlington Thrive did not have unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

Arlington Thrive is subject to taxation in the U.S. and a small number of state and local jurisdictions. The material jurisdictions subject to potential examination by taxing authorities include the United States and Virginia. Management does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on Arlington Thrive's results of operations.

Contributions receivable

Arlington Thrive considers the need for an allowance for uncollectable contributions receivable based on a review of contributions receivable balances and historical collection experience. As of June 30, 2024, contributions receivable balances of $25,000 is due within one year, considered fully collectable, and no allowance has been recorded.

3. Investments and Fair Value Measurement

The following table sets forth Arlington Thrive's investments at fair value as of June 30, 2024 by level, within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Investments by level:				
Cash and cash equivalents	$ 5,163	$ -	$ -	$ 5,163
Mutual funds	454,599	-	-	454,599
Bonds	328,794	-	-	328,794
Total investments	$ 788,556	$ -	$ -	$ 788,556

For the year ended June 30, 2024, net investment return included the following:

Interest and dividends	$ 24,533
Realized and unrealized gains	36,806
Fees	(6,219)
Total investment income, net	$ 55,120

4. Property and Equipment

Arlington Thrive held the following property and equipment as of June 30, 2024 :

Equipment	$ 27,602
Website	61,200
	88,802
Less: accumulated depreciation and amortization	(38,068)
Property and equipment, net	$ 50,734

For the year ended June 30, 2024, depreciation and amortization related to property and equipment totaled $17,126.

5. Concentration Risks

As of June 30, 2024, Arlington Thrive's contributions receivable are due from a single contributor. Arlington Thrive relies on the support of contributors to ensure the continuing programs and operations of Arlington Thrive. Any significant reduction in funding from contributors may impact on Arlington Thrive's ability to conduct its programs and other activities.

6. Board designated net assets

Arlington Thrive maintains an operating reserve fund for board designated net assets, the purpose of which is to provide an internal source of resources. The balance in the fund was $183,070 as of June 30, 2024.

7. Net Assets with Donor Restrictions

Arlington Thrive received contributions in support of specific programs. These contributions have been reflected in the statement of activities as purpose-restrictions contributions. To the extent those funds have been disbursed in support of these programs, amounts have been recorded as net assets released from restrictions. Funds that were received and the restrictions met in the same fiscal year are reported as net assets without donor restrictions. Any funds that have not been expended are included as net assets with donor restrictions as of June 30, 2024. Additional expenditures to maintain these programs are provided from the net asset without donor restrictions balance. In addition, Arlington Thrive received an endowment contribution requiring the funds to be held in perpetuity.

Net assets with donor restrictions consisted of the following as of June 30, 2024:

	Beginning balanc	Additions	Released from restrictions	Ending balance
Restricted for specific purposes:				
Arlington Thrive Fund	$ 46,798	$ -	$ (46,798)	$ -
Childcare	35,635	-	(35,635)	-
Early childcare education	-	165,000	(66,113)	98,887
Permanent Supportive Housing Emergency Fund	8,101	-	(8,101)	-
Risk reduction	3,850	-	(3,850)	-
Youth in Transition	10,036	-	-	10,036
Food assistance	-	2,201	-	2,201
Subtotal net assets with donor restrictions – program support	104,420	167,201	(160,497)	111,124
Time restriction	-	25,000	-	25,000
Held in perpetuity:				
Emergency Medical and Dental Assistance	841,575	53,981	(107,000)	788,556
Total	$ 945,995	$ 246,182	$ (267,497)	$ 924,680

8. Endowment

Arlington Thrive endowment funds consist of donor-restricted funds established by Mitchel E. Davis, MD for emergency medical and dental assistance. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

8. Endowment (continued)

Interpretation of Relevant Law

The Board of Directors of Arlington Thrive has interpreted the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Arlington Thrive classifies its investments as donor-restricted net assets until those amounts are appropriated for expenditure by Arlington Thrive in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Arlington Thrive considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of Arlington Thrive and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of Arlington Thrive.
7. Investment policies of Arlington Thrive.

Return Objectives

Arlington Thrive adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment fund while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Arlington Thrive must hold in perpetuity as well as board-designated funds. The objective is to provide a balance between current income and growth of principal.

Spending policy and how the investment objectives relate to spending policy

The amounts appropriated for distribution by Arlington Thrive is based on donor-imposed restrictions for distribution each year up to five percent of the endowment fund's fair value. However, the endowment fund allows Arlington Thrive to use more than five percent of the value in cases of extreme financial need.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Arlington Thrive to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2024.

8. Endowment (continued)

The endowment net assets consisted of the following as of June 30, 2024:

	Without donor restrictions	With donor restriction	Total
Emergency Medical and Dental Assistance Fund	$ -	$ 788,556	$ 788,556

Changes in endowment net assets

For the year ended June 20, 2024, the endowment activities consisted of the following:

	Without donor restrictions	With donor restriction	Total
Endowment funds as of July 1, 2023	$ -	$ 841,575	$ 841,575
Investment return	-	53,981	53,981
Contributions to perpetual endowment	-	-	-
Amounts appropriated for expenditure	-	(107,000)	(107,000)
Endowment funds as of June 30, 2024	$ -	$ 788,556	$ 788,556

9. Liquidity and Availability of Resources

The following reflects Arlington Thrive's financial assets available within one year for general operations from June 30:

Financial Assets:	
Cash	$ 393,700
Receivables	31,050
Investments	788,556
Total financial assets	1,213,306
Less those for unavailable for general expenditure within one year due to:	
Donor purposes	(111,124)
Endowment fund	(788,556)
Board designated net assets	(183,070)
Financial assets available to meet cash needs for general expenditure within one year	$ 130,556

9. Liquidity and Availability of Resources (continued)

As part of Arlington Thrive's liquidity management, Arlington Thrive has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, Arlington Thrive has a board designated reserve. The board may add to the reserve when there is a surplus and the board may approve requests for usage of the reserve, should the need arise. The reserve totaled $183,070 at June 30, 2024.

10. Subsequent Events

In preparing these financial statements, Arlington Thrive has evaluated events and transactions for potential recognition or disclosure through February 14, 2025, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.