

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024



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**I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
I.C.A.N., Improving Chandler Area Neighborhoods
Chandler, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of I.C.A.N., Improving Chandler Area Neighborhoods (the Organization), which comprise the statement of financial position as of June 30, 2025, 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 I.C.A.N., Improving Chandler Area Neighborhoods as of June 30, 2025, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Other Matter

The financial statements of I.C.A.N., Improving Chandler Area Neighborhoods as of June 20, 2024 were audited by other auditors whose report dated October 22, 2024 expressed an unmodified opinion on those statements.

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 the Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.



CliftonLarsonAllen LLP

Phoenix, Arizona
October 23, 2025

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,614,438	\$ 3,574,223
Grants Receivable	67,082	121,595
Prepaid Expenses	<u>57,816</u>	<u>4,120</u>
Total Current Assets	3,739,336	3,699,938
INVESTMENTS	1,661,172	498,993
PROPERTY AND EQUIPMENT, NET	<u>2,666,863</u>	<u>2,788,997</u>
Total Assets	<u><u>\$ 8,067,371</u></u>	<u><u>\$ 6,987,928</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 15,693	\$ 35,174
Accrued Payroll	93,940	82,273
Deferred Revenue	<u>12,213</u>	<u>26,000</u>
Total Liabilities	121,846	143,447
NET ASSETS		
Without Donor Restrictions:		
Undesignated	4,185,092	4,943,759
Board-Designated	<u>2,985,433</u>	<u>1,773,882</u>
Total Without Donor Restrictions	7,170,525	6,717,641
With Donor Restrictions	<u>775,000</u>	<u>126,840</u>
Total Net Assets	<u><u>7,945,525</u></u>	<u><u>6,844,481</u></u>
Total Liabilities and Net Assets	<u><u>\$ 8,067,371</u></u>	<u><u>\$ 6,987,928</u></u>

See accompanying Notes to Financial Statements.

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT						
Contributions and Other Grants	\$ 2,785,052	\$ 775,000	\$ 3,560,052	\$ 1,960,239	\$ 75,000	\$ 2,035,239
Government Grants	203,166	-	203,166	611,831	-	611,831
In-Kind Donations	20,943	-	20,943	1,374	-	1,374
Facility Use Income	102,400	-	102,400	102,400	-	102,400
Investment Return	144,912	-	144,912	193,172	-	193,172
Net Assets Released from Restrictions:						
Time Restrictions	3,009	(3,009)	-	326,991	(326,991)	-
Purpose Restrictions	123,831	(123,831)	-	496,169	(496,169)	-
Total	3,383,313	648,160	4,031,473	3,692,176	(748,160)	2,944,016
Special Events Revenue	485,048	-	485,048	311,641	-	311,641
Direct Donor Benefits	(149,909)	-	(149,909)	(204,606)	-	(204,606)
Total	335,139	-	335,139	107,035	-	107,035
Total Revenues and Support	3,718,452	648,160	4,366,612	3,799,211	(748,160)	3,051,051
OPERATING EXPENSES						
Program Services	2,181,973	-	2,181,973	2,339,567	-	2,339,567
General and Administrative	749,941	-	749,941	660,315	-	660,315
Fundraising Expenses	333,654	-	333,654	271,190	-	271,190
Total Operating Expenses	3,265,568	-	3,265,568	3,271,072	-	3,271,072
CHANGE IN NET ASSETS	452,884	648,160	1,101,044	528,139	(748,160)	(220,021)
Net Assets - Beginning of Year	6,717,641	126,840	6,844,481	6,189,502	875,000	7,064,502
NET ASSETS - END OF YEAR	<u>\$ 7,170,525</u>	<u>\$ 775,000</u>	<u>\$ 7,945,525</u>	<u>\$ 6,717,641</u>	<u>\$ 126,840</u>	<u>\$ 6,844,481</u>

See accompanying Notes to Financial Statements.

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services - Youth Program	General and Administrative	Fundraising	Direct Benefit to Donors	Total
Payroll and Contract Labor	\$ 1,464,304	\$ 410,993	\$ 223,885	\$ -	\$ 2,099,182
Payroll Taxes	114,247	34,287	17,085	-	165,619
Employee Benefits	59,887	48,341	4,002	-	112,230
Total Payroll	1,638,438	493,621	244,972	-	2,377,031
Advertising	6,244	1,752	955	-	8,951
Automobile Expenses	22,842	-	-	-	22,842
Bank and Credit Card Fees	-	14,858	-	-	14,858
Cleaning	35,368	-	-	-	35,368
Community Relations	25,751	7,227	3,937	-	36,915
Depreciation	76,783	28,399	-	-	105,182
Education	23,296	6,620	3,556	-	33,472
Field Trips	5,074	-	-	-	5,074
Food Supplies and Other Fundraising Expenses	-	-	9,203	-	9,203
In-Kind Services Expenses	4,707	7,633	-	-	12,340
Legal and Accounting	-	29,352	-	-	29,352
Liability and D&O Insurance	16,056	5,938	-	-	21,994
Maintenance and Repairs	48,394	17,705	-	-	66,099
Miscellaneous	8,172	1,177	640	-	9,989
Office Supplies	1,630	458	249	-	2,337
Outside Services	41,602	35,651	53,058	-	130,311
Postage and Delivery	1,334	375	204	-	1,913
Printing	20,505	5,273	3,515	-	29,293
Program Supplies	27,691	-	-	-	27,691
Program Supplies, In-Kind	6,233	-	-	-	6,233
Security	3,830	1,417	-	-	5,247
Technology	72,107	58,535	12,135	-	142,777
Student Meals Expenses	11,059	-	-	-	11,059
Student Meals Expense, In-Kind	2,370	-	-	-	2,370
Telephone	16,800	6,214	-	-	23,014
Travel	10,242	7,228	1,230	-	18,700
Utilities	55,445	20,508	-	-	75,953
Special Events, Venue, and Other	-	-	-	149,909	149,909
Total Before Direct Benefit to Donors	2,181,973	749,941	333,654	149,909	3,415,477
Direct Benefit to Donors	-	-	-	(149,909)	(149,909)
Total Expenses by Function	\$ 2,181,973	\$ 749,941	\$ 333,654	\$ -	\$ 3,265,568

See accompanying Notes to Financial Statements.

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services - Youth Program	General and Administrative	Fundraising	Direct Benefit to Donors	Total
Payroll and Contract Labor	\$ 1,439,852	\$ 349,038	\$ 168,714	\$ -	\$ 1,957,604
Payroll Taxes	109,426	27,847	12,705	-	149,978
Employee Benefits	57,917	46,178	3,735	-	107,830
Total Payroll	1,607,195	423,063	185,154	-	2,215,412
Advertising	15,178	3,679	1,778	-	20,635
Automobile Expenses	24,219	-	-	-	24,219
Bank and Credit Card Fees	-	21,065	-	-	21,065
Cleaning	33,272	-	-	-	33,272
Community Relations	42,053	10,194	4,927	-	57,174
Depreciation	92,823	34,332	-	-	127,155
Education	32,681	9,224	3,778	-	45,683
Field Trips	3,483	-	-	-	3,483
Food Supplies and Other Fundraising Expenses	-	-	1,571	-	1,571
In-Kind Services Expenses	6,917	-	-	-	6,917
Legal and Accounting	-	21,910	-	-	21,910
Liability and D&O Insurance	15,628	5,780	-	-	21,408
Maintenance and Repairs	53,160	19,662	-	-	72,822
Miscellaneous	11,982	1,978	473	-	14,433
Office Supplies	2,270	550	266	-	3,086
Outside Services	130,153	53,348	64,136	-	247,637
Postage and Delivery	1,033	250	121	-	1,404
Printing	16,317	4,196	2,797	-	23,310
Program Supplies	114,281	-	-	-	114,281
Program Supplies, In-Kind	1,374	-	-	-	1,374
Security	3,560	1,317	-	-	4,877
Technology	49,781	19,163	5,260	-	74,204
Student Meals Expenses	6,623	-	-	-	6,623
Student Meals Expense, In-Kind	368	-	-	-	368
Telephone	16,103	5,956	-	-	22,059
Travel	7,237	5,460	929	-	13,626
Utilities	51,876	19,188	-	-	71,064
Special Events, Venue, and Other	-	-	-	204,606	204,606
Total Before Direct Benefit to Donors	2,339,567	660,315	271,190	204,606	3,475,678
Direct Benefit to Donors	-	-	-	(204,606)	(204,606)
Total Expenses by Function	<u>\$ 2,339,567</u>	<u>\$ 660,315</u>	<u>\$ 271,190</u>	<u>\$ -</u>	<u>\$ 3,271,072</u>

See accompanying Notes to Financial Statements.

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,101,044	\$ (220,021)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	105,182	127,155
Realized and Unrealized Gain on Investment	(16,854)	(46,760)
Loss on Disposal of Property and Equipment	16,952	-
Decrease (Increase) in:		
Grants Receivable	54,513	1,673
Prepaid Expenses	(53,696)	30,599
Increase (Decrease) in:		
Accounts Payable	(19,481)	(3,660)
Accrued Payroll	11,667	10,814
Deferred Revenue	(13,787)	26,000
Net Cash Provided (Used) by Operating Activities	<u>1,185,540</u>	<u>(74,200)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Purchases	(1,670,806)	-
Purchases of Property and Equipment	-	(44,318)
Proceeds from Sales of Investments	525,481	35,439
Net Cash Used by Investing Activities	<u>(1,145,325)</u>	<u>(8,879)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	40,215	(83,079)
Cash and Cash Equivalents - Beginning of Year	<u>3,574,223</u>	<u>3,657,302</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,614,438</u></u>	<u><u>\$ 3,574,223</u></u>

See accompanying Notes to Financial Statements.

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

I.C.A.N., Improving Chandler Area Neighborhoods (ICAN) (the Organization) Positive Programs for Youth is a no cost, nationally accredited youth program in the East Valley that provides comprehensive programming for youth and support for families and the communities of Chandler and Mesa. ICAN helps young people build the skills they need to make positive life choices, succeed in school, and become engaged members of their community.

As one of only 21 Arizona nonprofits accredited by the National Council on Accreditation (meeting more than 400 standards of excellence), ICAN is recognized for delivering effective, evidence-based programs that create lasting impact. The organization has been named “Outstanding Afterschool Program” by the Arizona Center for Afterschool Excellence (2009 and 2013) and is a four-time “Best Places to Work” winner.

What sets ICAN apart is its barrier-free model: all programs, including healthy snacks and meals, transportation, and family services, are provided at no cost to remove financial and logistical barriers for underserved families. ICAN serves more than 700 youth annually, focusing on the critical out-of-school hours to offer safe spaces and meaningful opportunities for growth.

Our Four Pillars

- Academic Support - Providing literacy, STEAM, and homework assistance along with other educational supports to encourage academic success
- Positive Youth Development - Building competencies like confidence, character, and connection to support youth through personal change and challenges
- Enrichment & Exploration - Facilitating enrichment and career exploration opportunities that expose youth to a broad range of career-centric activities at early ages
- Community & Family Support - Delivering families essential, no-cost services that foster stability, access, and peace of mind.

Impact and Outcomes

ICAN's structured programs are designed to build resilience and protective factors in young people. Independent evaluations and youth surveys conducted three times each year consistently show:

- Increased self-esteem and social-emotional skills
- Stronger attachment to school and community
- Improved academic performance and attendance
- Reduced engagement in risky behaviors

The organization's ultimate goal is to empower youth to graduate high school and set meaningful goals for their future.

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to nonprofit entities, and, accordingly, reflect all receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with original maturities of 90 days or less at date of acquisition to be cash equivalents.

Grants Receivable

Grants receivable are unconditional promises to give and 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 when the conditions on which they depend are substantially met. 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 risk-free interest rates as determined by management that are applicable to the years in which the promises are made. Amortization of the discounts is included in contribution support.

Management provides for uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual promises. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to receivables.

Fair Value of Financial Instruments

Accounting Standards establish a framework for measuring fair value which 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).

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Fair Value of Financial Instruments (Continued)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments

Investments are recorded at fair market value in the statements of financial position. Investment return (including realized and unrealized gains and losses, net of investment expenses) is included in the change in net assets without donor restrictions in the statements of activities, unless the income or loss is restricted by donor or law.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Major additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the account and gains and losses are included in operations.

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Impairment of Long-Lived Assets

Long-lived assets are 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 net 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 amount 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.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease terms. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated from net assets without donor restrictions funds in the amounts of \$2,985,433 and \$1,773,882 as of June 30, 2025 and 2024, respectively, for future operating purposes, capital, and expansion.

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenue Recognition

Government grant income consists of contributions and cost reimbursement grants which are classified as conditional contributions and are therefore not subject to Accounting Standards Codification (ASC) Topic 606.

Revenue that is subject to ASC 606 includes facility use income which is recognized and earned in the period the use of the facility occurs. Payments for the annual facility use are due in two semi-annual installments during the year of the usage.

Contributions

Contributions received are recorded as either support with donor restrictions or as support 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, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

It is the Organization's policy to classify donor-restricted contributions and contributions with donor-imposed conditions as support without donor restrictions to the extent that donor restrictions and conditions were met in the year the contribution was received.

Special event revenue consists of sponsorships and other contributions. The exchange element of the special event revenue was approximately \$150,000 and \$205,000 for the years ended June 30, 2025 and 2024, respectively. The portion that is considered to be exchange revenue is recognized as revenue when the performance obligations are met which is the occurrence of the event.

Conditional contributions consist of cost reimbursement arrangements where income is recognized as allowable expenses are incurred.

In-Kind Contributions

Nonfinancial assets, including donated materials and supplies, are recorded at their estimated fair value upon receipt and include program supplies, school supplies, donated raffle items, and gift cards. Donated services are recorded at the estimated fair value if they create or enhance nonfinancial assets; or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donated services. Since specialized skills are not required by community volunteers, contribution revenue for the donated hours from volunteers has not been recorded in the accompanying financial statements.

I.C.A.N., IMPROVING CHANDLER AREA NEIGHBORHOODS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Functional Allocation of Expenses

Expenses are charged to program services, management and general, and fundraising categories based on direct expenditures incurred. Any expenditures not directly chargeable are allocated based on personnel activity, square footage, and other appropriate indicators. Certain employee positions are allocated based on time and effort. Other expenses, including office supplies, information technology and printing, are allocated based on a full-time employee equivalent basis. Occupancy and depreciation expense are allocated based on square footage utilized by the function.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, there is no provision for income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 of the IRC and has been classified as an organization that is not a private foundation. Income determined to be unrelated business taxable income (UBTI) would be taxable.

The Organization recognizes uncertain tax positions in the financial statements when it is more likely-than-not that the positions will not be sustained upon examination of the tax authorities. As of June 30, 2025 and 2024, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Organization recognizes interest and penalties associated with income tax in operating expenses. During the years ended June 30, 2025 and 2024, the Organization did not have any income tax related interest and penalty expenses.

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

In preparing these financial statements the Organization has evaluated events and transactions for potential recognition or disclosure through October 23, 2025, the date the financial statements were available to be issued.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's financial assets as of June 30, available for general expenditure within one year of the statements of financial position date are comprised of the following:

	2025	2024
Cash and Cash Equivalents Without Donor Restrictions	\$ 3,614,438	\$ 3,574,223
Grants Receivable	67,082	121,595
Investments	1,661,172	498,993
Total Financial Assets	5,342,692	4,194,811
Less: Board Designated Net Assets	(2,985,433)	(1,773,882)
Less: Restricted Net Assets	(775,000)	(126,840)
Total Financial Assets Available for Expenditure Within the Next Twelve Months	<u>\$ 1,582,259</u>	<u>\$ 2,294,089</u>

Cash and cash equivalents and investments include net assets without donor restrictions that are board-designated in the amount of \$2,985,433 and \$1,773,882 as of June 30, 2025 and 2024, respectively. The Organization could request the board to undesignate these funds, if necessary. The Organization has determined that net assets with donor restrictions that are restricted for ongoing program activities are available for general expenditures within the next year.

The Organization regularly monitors liquidity to meet its operating needs, operates with a balanced budget and has a goal to maintain cash and cash equivalents on hand to meet 90 days of normal cash operating expenses. Cash without donor restrictions as of June 30, 2025 and 2024, equals approximately 403 and 398 days' worth of expenses, respectively, based on total expenses incurred during the fiscal years. For the years ended June 30, 2025 and 2024, approximately 1% and 13%, respectively, of the Organization's expenses are related to reimbursement contracts with government agencies. If for some reason funding was decreased, the Organization would decrease expenses accordingly. Additionally, the Organization has a \$300,000 line of credit that could be utilized if needed.

Certain revisions of amounts previously reported have been made to the accompanying financial statements. In footnote 2 of the financial statements, the disclosure of the financial assets available for general expenditures for the prior year has been revised to \$2,294,089. The revision had no impact on previously reported net assets.

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NOTE 3 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents and investments. Deposits at each financial institution are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). The Organization's cash and investments were placed with high credit quality financial institutions, and accordingly, the Organization does not expect to experience nonperformance. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025 and 2024, the Organization had approximately \$3,367,770 and \$3,323,728, respectively, in excess of FDIC insurance limits. To date, we have not experienced losses in any of these accounts.

As of June 30, 2025, 97% of the grants receivable balance is made up of amounts due from two funding sources. As of June 30, 2024, 96% of the grants receivable balance is made up of amounts due from two funding sources. Credit risk with respect to these balances is determined to be limited due to the Organization's history and relationships with these entities.

Contributions totaling \$1,670,000 and \$957,383 were received from two donors for the years ended June 30, 2025 and 2024, respectively, which represents 39% and 32% of raised revenue which consists of contributions and other grants and gross internal special event revenue. Should these contribution levels decrease, the organization may be adversely affected.

NOTE 4 GRANTS RECEIVABLE

The Organization's grants receivable as of June 30, 2025 and 2024 were \$67,082 and \$121,595, respectively. All grants receivable are due within the next 12 months.

At June 30, 2025, the total amount of conditional promises to give related to cost reimbursement grant agreements was approximately \$1,576. At June 30, 2024, the total amount of conditional promises to give related to cost reimbursement grant agreements was approximately \$185,000. This amount represents the unspent amounts available under these agreements.

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NOTE 5 INVESTMENTS AND FAIR VALUE

Investments consist of the following as of June 30:

2025					
	Assets Not Held at Fair Value	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ -	\$ 185,680	\$ -	\$ -	\$ 185,680
Exchange- Traded Funds	-	798,047	-	-	798,047
Alternative Investments	-	-	-	630,840	630,840
Cash and Cash Equivalents	46,605	-	-	-	46,605
Total	<u>\$ 46,605</u>	<u>\$ 983,727</u>	<u>\$ -</u>	<u>\$ 630,840</u>	<u>\$ 1,661,172</u>

2024					
	Assets Not Held at Fair Value	Level 1	Level 2	Level 3	Total
Investment Pool, Socially Responsible Pool	\$ -	\$ -	\$ 498,993	\$ -	\$ 498,993
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,993</u>	<u>\$ -</u>	<u>\$ 498,993</u>

Purchases, sales, and transfers in, and transfers out of Level 3 investments consist of the following for the years ended June 30:

	2025	2024
Purchases	\$ 700,000	\$ -
Sales	-	-
Transfers	-	-

The following table describes the valuation techniques used to calculate fair value for assets in Level 3.

	Fair Value at June 30, 2025	Valuation	Unobservable Inputs
Alternative Investments	\$ 630,840	Percentage ownership of investment pool	The percentage ownership of investment pool as applied to investment statements

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NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2025	2024
Land	\$ 285,000	\$ 285,000
Buildings and Improvements	3,533,652	3,533,652
Furniture and Equipment	479,713	496,665
Vehicle	154,271	154,271
Total	4,452,636	4,469,588
Less: Accumulated Depreciation	(1,785,773)	(1,680,591)
Property and Equipment, Net	<u>\$ 2,666,863</u>	<u>\$ 2,788,997</u>

NOTE 7 LINE OF CREDIT

The Organization maintains a line of credit as part of its normal operating procedures. Currently, the Organization has available an unsecured \$300,000 bank line of credit, expiring October 28, 2025. Interest on any outstanding balance is payable monthly at a rate of .25% under the Wall Street Journal Prime Rate (7.25% at June 30, 2025). There was no outstanding balance at June 30, 2025 and 2024.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	2025	2024
Time and Purpose Restricted:		
Safety Measure Improvements	\$ -	\$ 48,831
Addition of Part-Time Program Staff for		
Increased Enrollment	-	75,000
Expansion of ICAN's Programming	625,000	-
Infrastructure Expansion for Student Capacity Growth	150,000	-
Time Restricted	-	3,009
Total	<u>\$ 775,000</u>	<u>\$ 126,840</u>

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NOTE 9 FACILITY USE AGREEMENT

The Organization entered into an agreement with the Chandler Unified School District (CUSD) for the purpose of collaborating to create a school of choice. CUSD is utilizing the Organization's facility during school time as an educational space. A fundamental precept of the school is that it be a reflection of the parents, students, staff, and community members who choose to participate in the school. This school provides a solid foundation and framework upon which participants can build a strong education, socio-emotional, behavioral, and community connection. This agreement is for five years commencing July 1, 2013 with an option to renew for three successive five year terms through June 30, 2033. The agreement has currently been renewed through June 30, 2028. Either party may terminate the agreement at least 180 days before the end of the current contract year with written notice. Annual fees recognized currently under this agreement are \$102,400 and \$102,400 for both of the years ended June 30, 2025 and 2024, which may be adjusted annually based on the growth of students.

NOTE 10 IN-KIND DONATIONS

The Organization received the following contributions of nonfinancial assets for the years ended June 30:

Type	2025			
	Youth Program	General and Administrative	Fundraising	Total
Professional Services	\$ 8,132	\$ -	\$ -	\$ 8,132
Program Supplies	6,503	-	-	6,503
Snacks	2,370	-	-	2,370
Other	3,938	-	-	3,938
Total	<u>\$ 20,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,943</u>

Type	2024			
	Youth Program	General and Administrative	Fundraising	Total
Program Supplies	<u>\$ 1,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,374</u>

The Organization's policy is to utilize all in-kind donations that are received to carry out the mission of the Organization. All donated services and items were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and other items. In-kind donations of supplies, snacks, and services are valued at the amount it would cost to purchase these items from vendors operating in the same geographical area.

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NOTE 11 TRANSACTIONS WITH RELATED ENTITIES

During the years ended June 30, 2025 and 2024, the Organization received contributions, both cash and in-kind, from board members totaling \$193,369 and \$111,380, respectively.

NOTE 12 COMMITMENTS AND CONTINGENCIES

The Organization participates in a number of federal- and state-assisted grant and contract programs which may be subject to financial and compliance audits. Accordingly, the Organization's compliance with applicable grant or contract requirements may be determined at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the Organization's management expects such amounts, if any, to be minimal.

