

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2023**

SADD, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SADD, Inc.
Washington, D.C.

Opinion

We have audited the accompanying financial statements of SADD, Inc. (the Organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities and change in net assets (deficit), 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 the Organization as of September 30, 2024, and the change in its net assets (deficit) 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 7 to the financial statements, the Organization has suffered recurring deficiencies in net assets and has stated that substantial doubt exists about the Organization's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 7. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

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.

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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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

June 17, 2025

SADD, INC.

STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 173,202	\$ 157,535
Accounts receivable	4,177	833
Grants and contributions receivable	674,967	386,355
Prepaid expenses	<u>13,021</u>	<u>27,108</u>
Total current assets	<u>865,367</u>	<u>571,831</u>
FIXED ASSETS		
Equipment	6,546	12,764
Website	<u>70,000</u>	<u>72,460</u>
	76,546	85,224
Less: Accumulated depreciation and amortization	<u>(76,436)</u>	<u>(82,718)</u>
Net fixed assets	<u>110</u>	<u>2,506</u>
OTHER ASSETS		
Deposits	<u>-</u>	<u>10,095</u>
TOTAL ASSETS	<u>\$ 865,477</u>	<u>\$ 584,432</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Line of credit	\$ 499,385	\$ 499,385
Federal loan payable	10,312	5,058
Accounts payable and accrued expenses	186,862	74,163
Accrued salaries and related benefits	7,054	512
Refundable advance	<u>625</u>	<u>28,096</u>
Total current liabilities	704,238	607,214
NON-CURRENT LIABILITY		
Federal loan payable, net	<u>385,220</u>	<u>394,942</u>
Total liabilities	<u>1,089,458</u>	<u>1,002,156</u>
NET ASSETS (DEFICIT)		
Without donor restrictions	(343,981)	(518,849)
With donor restrictions	<u>120,000</u>	<u>101,125</u>
Total net deficit	<u>(223,981)</u>	<u>(417,724)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 865,477</u>	<u>\$ 584,432</u>

SADD, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS (DEFICIT)
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Government grants	\$ 1,878,572	\$ -	\$ 1,878,572	\$ 1,522,652
Grants and contributions	220,021	251,000	471,021	479,142
Contract services	43,763	-	43,763	158,433
Conference registrations	-	-	-	7,585
Conference sponsorships	5,000	-	5,000	25,005
Employee Retention Credits and other revenue	4,028	-	4,028	378,849
Net assets released from donor restrictions	<u>232,125</u>	<u>(232,125)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,383,509</u>	<u>18,875</u>	<u>2,402,384</u>	<u>2,571,666</u>
EXPENSES				
Program Services:				
Health and Safety	1,669,929	-	1,669,929	1,907,317
National Conference and SPEAKS	137,838	-	137,838	2,261
Youth Leadership Development	16,120	-	16,120	26,389
Other Programs	<u>23,357</u>	<u>-</u>	<u>23,357</u>	<u>39,609</u>
Total program services	<u>1,847,244</u>	<u>-</u>	<u>1,847,244</u>	<u>1,975,576</u>
Supporting Services:				
Management and General	347,572	-	347,572	293,632
Fundraising	<u>13,825</u>	<u>-</u>	<u>13,825</u>	<u>102,559</u>
Total supporting services	<u>361,397</u>	<u>-</u>	<u>361,397</u>	<u>396,191</u>
Total expenses	<u>2,208,641</u>	<u>-</u>	<u>2,208,641</u>	<u>2,371,767</u>
Change in net assets	174,868	18,875	193,743	199,899
Net assets (deficit) at beginning of year	<u>(518,849)</u>	<u>101,125</u>	<u>(417,724)</u>	<u>(617,623)</u>
NET ASSETS (DEFICIT) AT END OF YEAR	\$ <u>(343,981)</u>	\$ <u>120,000</u>	\$ <u>(223,981)</u>	\$ <u>(417,724)</u>

SADD, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023**

	2024								2023	
	Program Services					Supporting Services			Total Expenses	Total Expenses
	Health and Safety	National Conference and SPEAKS	Youth Leadership Development	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries, payroll taxes and benefits	\$ 1,033,304	\$ 61	\$ 1,276	\$ 19,708	\$ 1,054,349	\$ 202,277	\$ -	\$ 202,277	\$ 1,256,626	\$ 1,472,139
Consultants	265,662	-	-	30	265,692	98	8,666	8,764	274,456	378,399
Professional fees	900	-	-	17	917	123,340	-	123,340	124,257	147,550
Travel and events	103,073	-	8	433	103,514	817	440	1,257	104,771	128,354
Program supplies, materials and awards	174,097	2,773	13,990	60	190,920	343	4,297	4,640	195,560	78,913
Occupancy	3,618	-	-	17	3,635	127	-	127	3,762	31,482
Office supplies and other	74,175	135,004	90	2,113	211,382	11,938	422	12,360	223,742	100,510
Depreciation and amortization	1,675	-	-	31	1,706	229	-	229	1,935	8,487
Recruitment and development	141	-	-	122	263	20	-	20	283	171
Insurance	9,640	-	12	179	9,831	1,303	-	1,303	11,134	10,642
Postage	2,813	-	744	632	4,189	130	-	130	4,319	11,436
Office equipment	831	-	-	15	846	114	-	114	960	3,684
Bad debt expense	-	-	-	-	-	6,836	-	6,836	6,836	-
TOTAL	\$ 1,669,929	\$ 137,838	\$ 16,120	\$ 23,357	\$ 1,847,244	\$ 347,572	\$ 13,825	\$ 361,397	\$ 2,208,641	\$ 2,371,767

See accompanying notes to financial statements.

SADD, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 193,743	\$ 199,899
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,935	8,487
Loss on disposal of fixed assets	461	-
Amortization of right-of-use asset	-	35,199
(Increase) decrease in:		
Accounts receivable	(3,344)	32,944
Grants and contributions receivable	(288,612)	27,789
Prepaid expenses	14,087	10,379
Deposits	10,095	-
Increase (decrease) in:		
Accounts payable and accrued expenses	112,699	(144,620)
Accrued salaries and related benefits	6,542	(4,515)
Refundable advance	(27,471)	28,096
Deferred conference registration revenue	-	(3,750)
Operating lease liability	-	(41,178)
Net cash provided by operating activities	<u>20,135</u>	<u>148,730</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments Federal loan	<u>(4,468)</u>	<u>-</u>
Net cash used by financing activities	<u>(4,468)</u>	<u>-</u>
Net increase in cash and cash equivalents	15,667	148,730
Cash and cash equivalents at beginning of year	<u>157,535</u>	<u>8,805</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 173,202</u>	<u>\$ 157,535</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 64,341</u>	<u>\$ 48,008</u>

SADD, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

SADD, Inc. (the Organization) is a non-profit organization incorporated in 1982 under the provisions of Massachusetts General Laws chapter 180. The Organization has been the nation's premier youth health and safety organization since 1981 working to empower teens to stand strong against destructive decisions and to shape the world around them for the better. This is accomplished by equipping the network with science-based, peer-to-peer prevention programs and awareness programs and providing students with dynamic leadership development opportunities at the local, state and national level. The Organization's main source of revenue is grants and contributions from the Government, foundations and corporations.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to contract services. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are evaluated for an allowance for credit losses resulting from the inability of customers to make required payments.

SADD, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Accounts receivable (continued) -

The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. Based on the Organization's analysis of the above factors, no allowance for credit losses was deemed necessary at September 30, 2024.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in grants and contributions, if applicable.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses as incurred. The website is being amortized on a straight-line basis over the estimated useful life of four years. Depreciation and amortization expense for the year ended September 30, 2024 totaled \$1,935.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Support from grants and contributions, including Federal awards -

The Organization receives grants and contributions, including Federal awards from the U.S. Government. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual grant or contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

SADD, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Support from grants and contributions, including Federal awards (continued) -

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. The Organization's refundable advances totaled \$625 as of September 30, 2024.

In addition, the Organization has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. The Organization's unrecognized conditional contributions to be received in future years totaled \$1,182,598 as of September 30, 2024.

Conference sponsorships are classified as unconditional contributions, as there is no right of return should the event not take place, and are recognized as without donor restrictions if received in the same reporting period as the related event. Funds received in advance of the reporting period are recognized as with donor restrictions and reported in the Statement of Activities and Change in Net Assets (Deficit) as net assets released from donor restrictions when the related event occurs.

Revenue from contracts with customers -

The Organization's contract services and conference registrations are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Organization has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Organization's contracts with customers generally have initial terms of one year or less.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the Statement of Activities and Change in Net Assets (Deficit). Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefit more than one functional area are allocated on a basis of actual time and effort.

2. LINE OF CREDIT

The Organization has a \$500,000 bank line of credit. The Organization is required to submit annual financial statements and signed Federal and State contracts within 120 days of fiscal year-end.

SADD, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

2. LINE OF CREDIT (Continued)

Amounts borrowed under this agreement bear interest at the Wall Street Journal U.S. Prime Rate (8.0% as of September 30, 2024) plus 2.0%. As of September 30, 2024, the outstanding balance on the line of credit was \$499,385. The line is secured by all assets of the Organization.

3. FEDERAL LOAN PAYABLE

Economic Injury Disaster Loan

On May 12, 2020, the Organization received an Economic Injury Disaster Loan from the Small Business Administration (SBA) totaling \$150,000. The loan bears interest at 2.75% and is due over thirty years in monthly installments of \$1,755 with an initial deferral of payments for the first 24 months. In March 2022, the SBA extended the deferral period for an additional six months. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal.

The balance of principal and interest will be payable thirty years from the date of the promissory note. The loan is collateralized by all tangible and intangible personal property of the Organization.

In October 2021, the Organization received a modification to their existing Economic Injury Disaster Loan that increased the total loan to \$400,000. The loan continues to bear interest at 2.75% and is due over thirty years in monthly installments of \$1,755 beginning 30 months from the date of the original note.

Principal payments as stated in the EIDL Program promissory note are due as follows:

Year Ending September 30.

2025	\$ 10,312
2026	10,599
2027	10,895
2028	11,198
2029	11,510
2030 and Thereafter	<u>341,018</u>
TOTAL	\$ <u>395,532</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of September 30, 2024:

Subject to expenditure for a specific purpose	
Traffic Safety Programming	\$ 75,000
Financial Literacy Programming	<u>45,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ <u>120,000</u>

SADD, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

4. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended September 30, 2024:

Purpose restrictions accomplished:	
Traffic Safety Programming	\$ 229,000
Financial Literacy Programming	<u>3,125</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 232,125</u>

5. LIQUIDITY AND AVAILABILITY

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following as of September 30, 2024:

Cash and cash equivalents	\$ 173,202
Accounts receivable	4,177
Grants and contributions receivable	<u>674,967</u>
Subtotal financial assets available within one year	852,346
Less: Donor restricted funds	<u>(120,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 732,346</u>

6. RETIREMENT PLAN

The Organization provides retirement benefits to its employees through a defined contribution plan (the Plan) covering all full-time employees with one year of eligible experience. The Organization provides a 3% match of each eligible employee's discretionary contribution to the Plan. Contributions to the Plan during the year ended September 30, 2024 totaled \$13,345.

7. FUTURE FUNDING

The Organization has a net deficiency in net assets as of September 30, 2024. The success of the Organization to continue is dependent on the ability of the Organization's Board and management in raising without donor restrictions funding during the coming fiscal year and subsequent years to ensure that expenditures do not continue to exceed available funds.

Management recognizes the net deficiency in net assets as of September 30, 2024 as an opportunity to invest in a more sustainable model for the organization. The Organization's Board of Directors approved a new Strategic Plan that called for a focus on strategic growth and outreach. This investment came in the form of new personnel and services, which are outlined in the brief overview of the Strategic Plan.

SADD, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2024

7. FUTURE FUNDING (Continued)

To overcome this challenge, management has taken the following steps:

Securing New and Growing Existing Revenue:

- A 2024 mid-year fundraising appeal that utilized the support of a corporate “match,” plus plans for a 2025 mid-year and end-of-year appeals;
- An existing corporate partner expanded its relationship by including SADD in a gaming contest hosted by the corporate partner in 2024, which netted over \$100,000. SADD has been invited to return for their 2025 event;
- Current corporate partners have committed to returning, with one committing a 25% increase from the previous year;
- A new corporate grant of \$200,000 has been approved, of which a portion is held for unrestricted use; it will begin in July 2025;
- A joint fundraising event with TextLess Live More, SADD’s distracted driving partner, occurred in September 2024, and another is scheduled for August 2025;
- A new state highway safety grant was added in FY25, and applications for another 1-2 are being considered for FY26.

Cost Cutting or Cost-Saving Measures:

- Nearly all staff continue to be billable to approved and sustainable Government-funded grants;
- Procedures are in place to address new revenue sources to ensure alignment in both programmatic implementation and addressing financial needs;
- The Board of Directors has prioritized the debt by directing management to include plans for its reduction in future budgets.

8. CONCENTRATION OF REVENUE

Approximately 78% of the Organization's revenue for the year ended September 30, 2024 was derived from grants awarded by agencies of the United States Government. The Organization has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

9. CONTINGENCY

The Organization receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2024. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

SADD, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 17, 2025, the date the financial statements were issued.