VISIT MODESTO, INC.
(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

VISIT MODESTO, INC.

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Noren, Nordling, and Associates PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Directors of Visit Modesto, Inc.
1008, 12th Street
Modesto, CA 95354-0812

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Visit Modesto, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2025, and 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 audits. 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 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 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.

Noren Nordling and Associates PLLC

Noren, Nordling, and Associates PLLC

Springfield, IL

May 19, 2026

VISIT MODESTO, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

	2025	2024
Assets:		
Current assets:		
Cash and cash equivalents	$ 284,387	$ 20,337
Accounts receivable	278,755	108,954
Marketable securities	-	594,002
Right to use of assets, net	-	9,602
Prepaid expenses	3,140	-
Other assets	3,000	3,000
Total current assets	569,282	735,895
Total assets	**$ 569,282**	**$ 735,895**
Liabilities and Net Assets:		
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	$ 125,040	$ 124,380
Operating lease liability	-	9,802
Total current liabilities	125,040	134,182
Non-current liabilities:		
Loan payable	150,000	150,000
Total non-current liabilities	150,000	150,000
Total liabilities	275,040	284,182
Commitments (Note 7)		
Net Assets:		
Net assets - without donor restrictions	294,242	394,959
Net assets - with donor restrictions	-	56,754
Total net assets	294,242	451,713
Total liabilities and net assets	**$ 569,282**	**$ 735,895**

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

VISIT MODESTO, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Without Donor Restrictions	With Donor Restrictions	2025
Revenues:			
Services income, net	$ 1,048,761	$ -	$ 1,048,761
Net assets released from restrictions	56,754	(56,754)	-
Total revenues	1,105,515	(56,754)	1,048,761
Expenses:			
Program services	695,712	-	695,712
Support services	541,244	-	541,244
Total expenses	1,236,956	-	1,236,956
Change in net assets from operations	(131,441)	(56,754)	(188,195)
Other income:			
Interest and dividend revenues	29,301	-	29,301
Realized and unrealized loss on marketable securities	(4,015)	-	(4,015)
Other income	5,438	-	5,438
Total other income	30,724	-	30,724
Change in net assets	(100,717)	(56,754)	(157,471)
Net assets, beginning of year	394,959	56,754	451,713
Net assets, end of year	**$ 294,242**	**$ -**	**$ 294,242**

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

VISIT MODESTO, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Without Donor Restrictions	With Donor Restrictions	2024
Revenues:			
Services income, net	$ 857,541	$ -	$ 857,541
Grant income	-	250,000	250,000
Net assets released from restrictions	292,279	(292,279)	-
Total revenues	1,149,820	(42,279)	1,107,541
Expenses:			
Program services	829,839	-	829,839
Support services	577,128	-	577,128
Total expenses	1,406,967	-	1,406,967
Change in net assets from operations	(257,147)	(42,279)	(299,426)
Other income:			
Interest and dividend revenues	33,945	-	33,945
Realized and unrealized gain on marketable securities	3,181	-	3,181
Other income	2,373	-	2,373
Total other income	39,499	-	39,499
Change in net assets	(217,648)	(42,279)	(259,927)
Net assets, beginning of year	612,607	99,033	711,640
Net assets, end of year	**$ 394,959**	**$ 56,754**	**$ 451,713**

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

VISIT MODESTO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025		
	Program Services	Support Services	Total Expenses
Payroll and related expenses	$ 249,248	$ 259,422	$ 508,670
Marketing and advertising	157,480	123,734	281,214
Special programs	103,479	12,790	116,269
Professional and legal services	40,713	53,968	94,681
Rent	15,640	23,460	39,100
Other expenses	17,881	20,991	38,872
Seasonal initiatives	28,978	3,220	32,198
Arts and entertainment	23,963	2,084	26,047
Utilities	8,282	12,422	20,704
Agricultural tourism	17,518	1,118	18,636
Miscellaneous	16,839	-	16,839
Office supplies	4,741	10,551	15,292
Membership fees	5,026	6,396	11,422
Interest expense	-	8,450	8,450
Wayfinding/tourism specific	5,264	-	5,264
Insurance	660	2,638	3,298
Total expenses reported by function	**$ 695,712**	**$ 541,244**	**$ 1,236,956**

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

VISIT MODESTO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2024		
	Program Services	Support Services	Total Expenses
Payroll and related expenses	$ 281,532	$ 330,495	$ 612,027
Marketing and advertising	158,464	97,802	256,266
Seasonal initiatives	116,460	9,627	126,087
Professional and legal services	29,314	65,921	95,235
Special programs	74,271	2,502	76,773
Other expenses	49,761	9,382	59,143
Arts and entertainment	41,562	-	41,562
Rent	15,457	23,187	38,644
Miscellaneous	32,450	-	32,450
Utilities	8,119	11,514	19,633
Office supplies	4,924	13,515	18,439
Wayfinding/tourism specific	13,807	107	13,914
Interest expense	-	7,791	7,791
Membership fees	1,648	2,979	4,627
Insurance	577	2,306	2,883
Agricultural tourism	1,493	-	1,493
Total expenses reported by function	**$ 829,839**	**$ 577,128**	**$ 1,406,967**

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

VISIT MODESTO, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ (157,471)	$ (259,927)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Settlement of accounts payable	(3,002)	-
Non-cash lease expense	(200)	(500)
Realized and unrealized gain/(loss) on marketable securities	(4,015)	265
Changes in operating assets and liabilities:		
Accounts receivable	(169,801)	25,081
Prepaid expenses	(3,140)	-
Accounts payable and accrued liabilities	3,662	64,374
Net cash used in operating activities	(333,967)	(170,707)
Cash flows from investing activities:		
Purchase of marketable securities	(221,983)	(30,418)
Sale of marketable securities	820,000	150,000
Net cash provided by investing activities	598,017	119,582
Net increase/(decrease) in cash and cash equivalents	264,050	(51,125)
Cash and cash equivalents, beginning of year	20,337	71,462
Cash and cash equivalents, end of year	**$ 284,387**	**$ 20,337**
Supplemental disclosure of cash flow information:		
Interest expense	$ 8,450	$ 7,791

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

NOTE 1. **ORGANIZATION**

Established in September 2002 as a 501(C)(6) Corporation in California, Visit Modesto, Inc. (the "Organization") initially operated under a funding agreement with the City of Modesto, receiving 13.33% of collected Transient Occupancy Tax annually. Initially, the partnership was structured with one-year contracts, later transitioning to renewals on five-year intervals until 2005. However, in 2015, the City of Modesto opted not to renew the agreement, incorporating the Organization, then known as The Modesto Convention and Visitors Bureau, Inc., into the City of Modesto Parks, Recreation, and Neighborhoods division.

In 2017, recognizing the importance of an independent tourism entity, the City of Modesto sought assistance to reestablish the Organization as a standalone entity. This revitalization culminated in a relaunch coinciding with the fiscal year beginning July 1, 2019, following a decree by the City Council and the establishment of a new Board of Directors. Thus emerged the contemporary iteration of the Organization, now known as Visit Modesto.

Visit Modesto, Inc. serves as the City's primary marketing entity, dedicated to bolstering the community's economic and social vibrancy through innovative initiatives. These initiatives are crafted to attract incremental business to local merchants, restaurants, hotels, and attractions. The Bureau's strategic efforts extend across various platforms, targeting media, travel, trade, and consumers both domestically and internationally.

NOTE 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of reporting cash and cash equivalents on the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less from the date of acquisition to be cash equivalents. This includes cash in bank and money market accounts.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at the amount the Organization expects to collect and do not bear interest. The Organization evaluates the collectability of its receivables based on a combination of factors, including historical experience and specific customer circumstances. Accounts receivable primarily arise from timing differences with the settlement of payments.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses (Continued)

The allowance for credit losses is recognized and measured in compliance with ASC Topic 326, *Financial Instruments – Credit Losses*. The Organization adopted the current expected credit loss (“CECL”) model on July 1, 2023 to estimate expected credit losses over the life of the accounts receivable. Under the CECL model, the Organization utilizes historical data, current economic conditions, and reasonable and supportable forecasts to estimate expected credit losses. Factors considered include default rates, recovery rates, delinquency trends, changes in borrower behavior, and macroeconomic indicators. The Organization has evaluated the expected credit losses based on the nature and contractual life or expected life of the financial assets, credit quality of the customers, immaterial historical bad debt expenses, and current and future market/economic conditions. The Organization continually monitors these estimates over the life of the receivable.

Accounts receivable, net of allowance for credit losses, were $278,755 as of June 30, 2025 and the allowance for credit losses was $0 in 2025.

As of June 30, 2024 and 2023, accounts receivable, net of allowance for credit losses, were $108,954 and $134,035, respectively. The allowance for credit losses as of June 30, 2024 was determined under the CECL model and amounted to $0. Prior to the adoption of the CECL model, the allowance for credit losses as of June 30, 2023, was evaluated under the incurred loss model, and no allowance was recorded.

Operating Lease Right-Of-Use Assets and Liabilities

The Organization has an operating lease for facilities. The Organization determines if an arrangement is a lease at inception. Operating lease as a lessee are included in operating lease right-of-use assets and operating lease liability in the statements of financial position. Right-of-use assets represent the Organization’s right to use the underlying asset for the lease term. Operating lease right-of-use assets and operating liability are recognized at the commencement date based on the net present value of lease payments over the lease term discounted using risk free rate. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable lease payments are accounted for as when incurred.

Net Assets

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

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

The Organization reports contributions with donor restrictions as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other contributions with donor restrictions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as "Net assets released from restrictions".

Revenue Recognition

The Organization recognizes revenue in accordance with Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, and ASC Topic 958, *Not-for Profit Entities*, as applicable to each revenue stream.

Services Income, net

Represents revenue from exchange transactions recognized under ASC Topic 606. This includes funding agreements where the Organization provides services or products in return for compensation, such as city-funded tourism promotion services. Revenue is recognized over time as performance obligations are satisfied. The Organization identifies performance obligations in each contract and recognizes revenue based on the transfer of control to the customer or funding entity. Revenue is presented net of fees that are collected by the City of Modesto.

Grant Income

Represents nonreciprocal revenue recognized under ASC Topic 958. Grant income is recognized when the Organization is notified of an award and all applicable donor-imposed conditions, if any, have been substantially met. A grant is considered conditional if it includes both a measurable barrier to entitlement and a right of return or release of the assets. Unconditional grants with donor restrictions are recorded as net assets with donor restrictions and are reclassified to net assets without donor restrictions upon satisfaction of the restriction. During the year ended June 30, 2025, the Organization did not recognize any grant revenue, as no grants were received.

Contributed Non-Financial Assets

Donated Services – Donated services are recorded when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Contributed services mostly comprise of legal and advertising services. None of the contributed services had donor-imposed restrictions. It is the Organization’s policy to obtain an estimated price of the service based on current market rates by the service provider. Donated Materials – Donated equipment and materials, if significant, are recorded as contributions when received at fair value. None of the contributed donated materials had donor-imposed restrictions. It is the Organization’s policy to obtain an estimated price of the materials based on current market rates if the materials were to be purchased.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal income and California franchise taxes under Internal Revenue Code Section 501(c)(6) and California Revenue and Taxation Code Section 23701d, respectively. Income tax returns are filed by the Organization in both U.S. federal and California jurisdictions. Management believes that it has no material uncertain tax positions that would require recognition under the accounting codification guidance.

Financial Instruments and Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits. Accounts at each institution are insured by Federal Deposit Insurance Corporation (“FDIC”) up to $250,000. During the year ended June 30, 2025, the Organization had cash accounts that from time to time could have exceeded the FDIC insurance limits. Management believes that these financial institutions have strong credit ratings and that credit risk to these accounts is minimal.

Marketing and Advertising Costs

Advertising and marketing costs are expensed when incurred. Advertising and marketing expenses for the year ended June 30, 2025, and 2024, were $281,214 and $256,266 respectively.

Functional Allocation of Expenses

The costs of programs and other activities have been summarized on a functional basis in the accompanying Statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Expenses directly attributable to a specific functional area are reported as expenses to those functional areas. A portion of support services that benefit multiple functional areas has been allocated across programs and other activities based on management's best estimate, considering factors such as time and effort and proportion of employee time spent on programs and other activities to total organizational time spent. Accordingly, costs have been allocated among the program services and support services benefitted.

Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on previously reported net assets and cash flows.

NOTE 3. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and receivables. For purposes of analyzing resources available to meet general expenditures over 12 months, the Organization considers all expenditures related to its ongoing program activities as well as the supporting services to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by restricted resources. Refer to the statements of cash flows which identifies the sources and uses of the Organization’s cash.

NOTE 3. LIQUIDITY AND AVAILABILITY (CONTINUED)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise the following as of June 30:

Financial assets at year-end:		**2025**		**2024**
Total assets	$	569,282	$	735,895
Less:				
Net assets with donor restrictions		-		56,754
Other assets		3,000		3,000
Right to use of assets, net		-		9,602
Total financial assets available within one year	$	**566,282**	$	**666,539**

NOTE 4. MARKETABLE SECURITIES

Marketable securities are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Purchases and sales of securities and stocks are recorded on a trade date basis. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

The Organization measures fair value in accordance with FASB ASC Section 820, *Fair value Measurements and Disclosures*. FASB ASC Section 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Section 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are the inputs that market participants would use in pricing the assets or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 Inputs – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2 Inputs – Inputs other than quoted prices in active markets that are observable either directly or indirectly.
- Level 3 Inputs – Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

NOTE 4. MARKETABLE SECURITIES (CONTINUED)

The following table sets forth, by level within the fair hierarchy, the marketable securities at fair value as of June 30, 2025:

	Fair value	Level 1	Level 2	Level 3
Mutual funds	$ -	$ -	$ -	$ -
Treasury bonds	-	-	-	-
Certificate of deposits	-	-	-	-
Total marketable securities	**$ -**	**$ -**	**$ -**	**$ -**

The Organization earned interest and dividend of $29,301 and realized and unrealized loss of $4,015 on marketable securities for the year ended June 30, 2025.

The following table sets forth, by level within the fair hierarchy, the marketable securities at fair value as of June 30, 2024:

	Fair value	Level 1	Level 2	Level 3
Mutual funds	$ 55	$ 55	$ -	$ -
Treasury bonds	341,082	341,082	-	-
Certificate of deposits	252,865	-	252,865	-
Total marketable securities	**$ 594,002**	**$ 341,137**	**$ 252,865**	**$ -**

The Organization earned interest and dividend of $33,945 and realized and unrealized gain of $3,181 on marketable securities for the year ended June 30, 2024.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction at June 30, 2025 and 2024 are available for the following purpose:

	2025	2024
Available for promoting and marketing Modesto as convention, sports, tourism and leisure travel destination	$ -	$ 56,754
Total	**$ -**	**$ 56,754**

NOTE 6. NET ASSETS RELEASED FROM RESTRICTIONS

During 2025 and 2024, net assets were released from restrictions by incurring expenses satisfying the restricted purpose specified by donor as follows:

	2025	2024
Purpose restrictions accomplished:		
Expense for wayfinding/tourism specific	$ 5,675	$ 46,364
Expense for seasonal initiatives	8,513	126,087
Expense for agricultural tourism	5,108	1,493
Expense for arts and entertainment	6,810	41,562
Expense for special programs	30,648	76,773
Total	**$ 56,754**	**$ 292,279**

NOTE 6. NET ASSETS RELEASED FROM RESTRICTIONS (CONTINUED)

During the year ended June 30, 2025, the Organization incurred total expenditures of $215,252, of which $56,754 was applied to restricted purposes. The remaining $158,498 was utilized for general purposes as approved by the Board, resulting in the release of $56,754 from donor restrictions.

NOTE 7. COMMITMENTS

Lease Arrangement

The Organization entered into a non-cancellable operating lease agreement with Giffin/Winder Properties LLC to rent office space in Stanislaus. The lease expired in September 2024 and subsequently converted to a month-to-month arrangement. Under the agreement, monthly lease payments are $3,275, subject to an annual escalation of 2.84% for the term of the lease. Total fixed rent expense recognized under this operating lease amounted to $39,100 for the year ended June 30, 2025.

Other lease information:	**2025**	**2024**
Cash paid for amounts in operating lease:		
Operating cash flows from operating lease	$ 9,825	$ 39,000
Weighted-average remaining lease term - operating lease	-	0.25
Weighted-average discount rate – operating lease	-	2.84

NOTE 8. LOAN PAYABLE

The Organization has secured an SBA ("Small Business Administration") loan under the provisions of the CARES Act facilitated by the CVB ("Centralized Vendor Bureau") on August 6, 2020. The purpose of the loan is solely to use as working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020, and continuing thereafter and to pay Uniform Commercial Code ("UCC") lien filing fees and a third-party UCC handling charge of $100 which will be deducted from the loan amount. The loan carries an interest rate of 2.75% and has a repayment term of 30 years. As of the year ended June 30, 2024, the Organization commenced payments toward the SBA loan beginning January 1, 2023. However, it is important to note that these payments primarily cover the interest portion of the loan. The total payment made toward interest during the year ended June 30, 2025, and 2024, was $8,450 and $7,791 respectively.

NOTE 9. RETIREMENT BENEFIT PLAN

The Organization provides retirement benefits for its eligible employees through a 401(k) profit sharing plan. Employees who have been employed for 12 months are eligible to participate in the 401(k) plan. Employer contributions are 4% of participants' annual compensation for the year ended June 30, 2025 and 2024 respectively. Employees may contribute into the plan an amount not to exceed the maximum amount allowed annually under the Internal Revenue Code. For the year ended June 30, 2025 and 2024 the Organization contributed $8,638 and $13,636 to the 401(k) plan respectively.

NOTE 10. RELATED PARTY TRANSACTIONS

Related party transaction consisted of the following for the year ended June 30, 2025:

Related Party and Relationship	Nature of Transactions		Amount
Todd Aaronson, CEO	*Reimbursement of expenses	$	142,228
City of Modesto, Director of Parks, Recreation and Neighborhoods	Reimbursement of expenses		1,492
Rodney Cordova, Board Member	Reimbursement of expenses	$	58

Related party transaction consisted of the following for the year ended June 30, 2024:

Related Party and Relationship	Nature of Transactions		Amount
Todd Aaronson, CEO	Reimbursement of expenses	$	139,017
City of Modesto, Director of Parks, Recreation and Neighborhoods	Reimbursement of expenses	$	44,826

*For reimbursement of organization expenses that are paid for via credit card of the CEO.

NOTE 11. SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statements of financial position through May 19, 2026, the date the financial statements were available to be issued. No events have occurred subsequent to the statements of financial position date through May 19, 2026, that would require disclosure in the financial statements.