

MIZELL CENTER
AND MIZELL ENDOWMENT FUND

PALM SPRINGS, CALIFORNIA

INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025 AND
SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mizell Center
Palm Springs, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Mizell Center (a nonprofit organization) and its affiliate, Mizell Endowment Fund, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Mizell Center and Mizell Endowment Fund 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. 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 Mizell Center and Mizell Endowment Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about of Mizell Center and Mizell Endowment Fund'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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Mizell Center and Mizell Endowment Fund'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 Mizell Center and Mizell Endowment Fund'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 consolidated financial statements of Mizell Center and Endowment Fund for the year ended June 30, 2024, in our report dated November 18, 2024, we expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Coachella Valley
Accounting & Auditing

La Quinta, CA
October 27, 2025

MIZELL CENTER AND ENDOWMENT FUND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024

	<u>2025</u>	<u>2024</u> (Memorandum Only)
ASSETS		
Cash and cash equivalents - without donor restrictions	\$ 579,375	\$ 505,654
Cash and cash equivalents - without donor restrictions - board designated	24,096	33,828
Cash and cash equivalents - with donor restrictions	102,186	51,681
Accounts receivable	266,366	238,409
Investments - board designated	1,121,681	1,044,207
Beneficial interest in Inland Empire Community Fund	36,484	35,459
Property and equipment, net	1,174,583	1,290,139
Donated artwork	19,050	19,050
Other assets	<u>24,107</u>	<u>6,359</u>
TOTAL ASSETS	<u><u>\$ 3,347,928</u></u>	<u><u>\$ 3,224,786</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 26,182	\$ 37,139
Accrued payroll expenses	111,843	130,979
Deferred income	4,500	-
Beneficiary payable	<u>16,465</u>	<u>17,035</u>
TOTAL LIABILITIES	<u>158,990</u>	<u>185,153</u>
NET ASSETS		
Without donor restrictions	1,964,093	1,776,589
Without donor restrictions - board designated - endowment	1,122,659	1,194,328
With donor restrictions	<u>102,186</u>	<u>68,716</u>
TOTAL NET ASSETS	<u>3,188,938</u>	<u>3,039,633</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,347,928</u></u>	<u><u>\$ 3,224,786</u></u>

(The accompanying notes are an integral part of these financial statements)

MIZELL CENTER AND ENDOWMENT FUND
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024

			Totals	
	Without Donor Restrictions	With Donor Restrictions	2025	2024 (Memorandum Only)
REVENUES AND SUPPORT				
Contributions - general	\$ 317,693	\$ 10,000	\$ 327,693	\$ 210,591
Government grants	1,662,604	-	1,662,604	1,796,290
Other grants	84,075	30,000	114,075	271,107
Special events	196,321	-	196,321	194,724
Memberships - business partners	45,017	-	45,017	31,379
Memberships - individuals	49,384	-	49,384	49,725
Program services	293,824	163,000	456,824	332,102
Rental income	102,993	-	102,993	90,384
Thrift store income	75,703	-	75,703	64,659
Use of contributed facilities	104,832	-	104,832	104,832
Management contract	-	-	-	262,931
Interest and dividends	49,265	-	49,265	56,533
Net realized and unrealized gains on investments	89,719	1,595	91,314	48,300
Net gain on disposal of assets	-	-	-	200
Investment management fees	(11,823)	-	(11,823)	(10,320)
Net assets released from restrictions:				
Purpose restrictions satisfied	171,125	(171,125)	-	-
TOTAL REVENUE AND SUPPORT	3,230,732	33,470	3,264,202	3,503,437
EXPENSES				
Program services:				
Meals on wheels	1,207,922	-	1,207,922	1,412,570
Nutrition/congregate lunches	742,160	-	742,160	747,342
Other programs	663,066	-	663,066	1,053,481
Total program services	2,613,148	-	2,613,148	3,213,393
Support services:				
Management and general	165,912	-	165,912	179,031
Fundraising	335,837	-	335,837	352,991
Total support services	501,749	-	501,749	532,022
TOTAL EXPENSES	3,114,897	-	3,114,897	3,745,415
CHANGE IN NET ASSETS	115,835	33,470	149,305	(241,978)
NET ASSETS - BEGINNING OF YEAR	2,970,917	68,716	3,039,633	3,281,611
NET ASSETS - END OF YEAR	\$ 3,086,752	\$ 102,186	\$ 3,188,938	\$ 3,039,633

(The accompanying notes are an integral part of these financial statements)

MIZELL CENTER AND ENDOWMENT FUND
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - PROGRAM SERVICES
FOR THE YEAR ENDED JUNE 30, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024

	2025				2024
	Meals on Wheels	Nutrition/ Congregate Lunches	Other Programs	Total Program Services	Total Program Services (Memorandum Only)
Employee health insurance	\$ 32,451	\$ 18,666	\$ 19,982	\$ 71,099	\$ 94,857
Payroll processing fees	750	431	462	1,643	2,218
Payroll taxes	40,952	23,556	25,216	89,724	119,034
Retirement plan	4,085	2,350	2,515	8,950	9,887
Salaries	515,252	296,386	317,269	1,128,907	1,507,144
Workers compensation insurance	29,590	17,021	18,220	64,831	76,093
Employment Related	623,080	358,410	383,664	1,365,154	1,809,233
Bank charges	-	-	7,338	7,338	8,560
Business partner expenses	-	-	2,309	2,309	223
Building repairs and maintenance	2,515	2,515	9,477	14,507	33,373
Computer expenses	-	-	13,002	13,002	10,537
Depreciation	32,321	19,393	51,714	103,428	74,814
Dues and subscriptions	-	-	1,180	1,180	1,432
Equipment rental and repairs	99,817	7,653	9,024	116,494	169,168
Food costs	367,088	297,753	29,035	693,876	705,115
Insurance	22,591	1,189	4,897	28,677	29,437
Janitorial	-	-	3,007	3,007	3,377
Kitchen expenses	-	-	-	-	68,232
Membership expenses	-	-	3,028	3,028	3,263
Office supplies	5,263	-	2,959	8,222	16,347
Printing and postage	-	-	1,943	1,943	3,668
Professional services	2,100	2,100	13,112	17,312	14,333
Program expenses	1,989	1,989	63,039	67,017	83,363
Public relations	-	-	-	-	7,359
Rent - facilities	20,966	20,966	41,933	83,865	83,865
Seminars and training	659	659	2,427	3,745	8,248
Taxes and licenses	-	-	2,699	2,699	3,063
Thrift store expenses	-	-	687	687	1,371
Travel	-	-	109	109	4,129
Utilities	29,533	29,533	16,483	75,549	70,883
Total program services	<u>\$ 1,207,922</u>	<u>\$ 742,160</u>	<u>\$ 663,066</u>	<u>\$ 2,613,148</u>	<u>\$ 3,213,393</u>

(The accompanying notes are an integral part of these financial statements)

MIZELL CENTER AND ENDOWMENT FUND
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - SUPPORT SERVICES
FOR THE YEAR ENDED JUNE 30, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024

	2025			2024
	Management and General	Fundraising	Total Support Services	Total Support Services (Memorandum Only)
Employee health insurance	\$ 4,699	\$ 9,463	\$ 14,162	\$ 15,261
Payroll processing fees	109	219	328	357
Payroll taxes	5,929	11,941	17,870	19,150
Retirement plan	591	1,191	1,782	1,590
Salaries	74,604	150,247	224,851	242,470
Workers compensation insurance	4,284	8,628	12,912	12,242
Employment Related	90,216	181,689	271,905	291,070
Bank charges	3,669	3,669	7,338	8,560
Building repairs and maintenance	3,733	4,739	8,472	9,705
Computer expenses	6,501	6,501	13,002	10,536
Depreciation	25,857	-	25,857	18,703
Dues and subscriptions	590	590	1,180	1,432
Insurance	4,272	2,449	6,721	6,708
Janitorial expenses	1,504	1,504	3,008	3,378
Office supplies	1,478	1,480	2,958	3,201
Office equipment & rentals	3,384	4,512	7,896	7,870
Printing and postage	220	220	440	442
Professional services	8,256	6,556	14,812	10,932
Program expenses	82	82	164	554
Public relations	-	15,168	15,168	1,398
Rent - facilities	5,242	15,725	20,967	63,836
Seminars and training	1,213	1,213	2,426	5,324
Special Events	-	80,095	80,095	72,850
Taxes and licenses	1,400	1,350	2,750	3,213
Travel	54	54	108	106
Utilities	8,241	8,241	16,482	12,204
Total support services	\$ 165,912	\$ 335,837	\$ 501,749	\$ 532,022

(The accompanying notes are an integral part of these financial statements)

MIZELL CENTER AND ENDOWMENT FUND
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors and customers	\$ 2,973,086	\$ 3,550,052
Cash paid to suppliers and employees	(2,906,943)	(3,538,650)
Interest received	49,265	56,533
Net cash provided by operating activities	<u>115,408</u>	<u>67,935</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(13,729)	(612,944)
Redemption of investments	409,485	250,000
Purchase of investments	(396,670)	(156,830)
Proceeds received from disposal of assets	<u>-</u>	<u>200</u>
Net cash used by investing activities	<u>(914)</u>	<u>(519,574)</u>
NET INCREASE (DECREASE) IN CASH	114,494	(451,639)
CASH AT BEGINNING OF YEAR	<u>591,163</u>	<u>1,042,802</u>
CASH AT END OF YEAR	<u>\$ 705,657</u>	<u>\$ 591,163</u>
Cash and cash equivalents - without donor restrictions	\$ 603,471	\$ 539,482
Cash and cash equivalents - with donor restrictions	102,186	51,681
Total cash and cash equivalents	<u>\$ 705,657</u>	<u>\$ 591,163</u>
RECONCILIATION OF CHANGE IN NET ASSETS		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 149,305</u>	<u>\$ (241,978)</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	129,285	93,517
Change in value of endowment investment	(91,314)	(48,300)
Gain on sale of assets	-	(200)
Changes in operating assets and liabilities:		
Accounts receivable	(27,957)	261,775
Other assets	(17,748)	(5,295)
Accounts payable and accrued payroll expenses	(10,957)	4,583
Accrued payroll expenses	(19,136)	4,126
Deferred income	4,500	-
Beneficiary payable	<u>(570)</u>	<u>(293)</u>
Total adjustments	<u>(33,897)</u>	<u>309,913</u>
Net cash provided by operating activities	<u>\$ 115,408</u>	<u>\$ 67,935</u>

(The accompanying notes are an integral part of these financial statements)

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Center is a not-for-profit entity incorporated in California on January 21, 1980. The Center's primary source of revenues is contributions from individuals, business, government grants and philanthropic organizations located in the Coachella Valley area of Southern California, investment earnings, and program service fees.

The consolidated financial statements of the Center include its affiliate, the Mizell Center Endowment Fund (the Endowment Fund). This affiliate is a separately incorporated charitable entity that is administered by the Center. All significant intercompany balances and transactions have been eliminated within the consolidated financial statements. The Center and its affiliate are collectively referred to herein as the Center.

Financial Statement Presentation

The Center reports information regarding its financial position and activities according to three classes of net assets; net assets without donor restriction and net asset without donor restriction – board designated, and net assets with donor restriction, based upon the existence or absence of donor-imposed restrictions.

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Net Assets Without Donor Restrictions

These funds represent all resources over which the Board of Directors has discretionary control for use in operating the Center, as well as all property and equipment of the Center.

Net Assets Without Donor Restrictions – Board Designated

These funds represent all resources over which the Board of Directors has discretionary control for use in operating the Center. The Board of Directors have designated funds for an endowment and reserves for the Center.

Net Assets With Donor Restrictions

These funds represent those resources that are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions of \$102,186 and \$68,716 as of June 30, 2025 and 2024, respectively (See Note 8).

Support and Revenue

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recorded as revenue when received. Unconditional promises to give that are expected 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 applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenue (Continued)

An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. Grants and other contributions of cash and other assets are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Program service fees are recorded when services are provided.

Contributions of donated noncash assets are recorded at their fair value in the period received with the exception of items donated for resale at the thrift store. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Center considers all unrestricted, undesignated highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investment of Endowment Funds

Investment accounts, in general, are exposed to various risks, such as interest rates, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Concentration of Credit Risk

The Center maintains its cash in deposit accounts with high credit quality financial institutions which, at times, may exceed the federally insured limits. Cash deposits in excess of \$250,000 FDIC amounted to approximately \$430,000 and \$60,000 as of June 30, 2025 and 2024, respectively. The Center believes there is little risk in any losses and has not experienced any losses in such accounts.

The Center also maintains investment accounts (held for endowment) that contain cash and securities and sometimes exceed the amount guaranteed by the Securities Investor Protection Corporation (SIPC), which is \$500,000 for securities and cash (including a limit of \$250,000 for cash only). Accounts held in the same capacity are combined for purposes of the SIPC protection limits. Balances in excess of this limit as of June 30, 2025 and 2024 were approximately \$646,000 and \$578,000, respectively.

Property and Equipment

Property and equipment purchased by the Center are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from 3 to 31 years. The Endowment Fund has no property or equipment. Equipment purchases using Title III funding, in excess of \$5,000, are expensed in accordance with grant requirements. The equipment acquired are owned by CDA (California Department on Aging). Prior CDA approval via Riverside County Office on Aging is required for retiring or sales of assets.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Facilities and Services

The Center occupies land and facilities owned by The City of Palm Springs (the City) under the provisions of a 40 year lease. No lease payments for the premises are made by the Center. The estimated fair value of the land and facilities is reported as contribution and expense in the consolidated statement of activities. The Center's lease expires in October 2028. The fair market value of the lease is \$8,321 per month.

The Center receives donated services from a variety of unpaid volunteers assisting the Center in its program services and fundraising campaigns. No amounts for donated services have been recognized in the accompanying statement of activities since no objective basis is available to measure the value of such services.

Program Services and Functional Allocation of Expenses

The Center provides the following program services:

Meals on Wheels
Nutrition/Congregate Lunch
Other Programs

The costs of providing the Center's various programs and support services have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program and support services benefited.

Use of Estimates

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

Income Taxes

The Center and the Endowment fund are exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State Revenue and Taxation Code, respectively. The Center and the Endowment Fund policy is to record income tax related interest and penalties in operating expenses. For the years ended June 30, 2025 and 2024, there was no interest or penalties expense recorded and no accrued interest or penalties.

The Center's and Endowment Fund's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the Internal Revenue Service, generally for three years after they are filed. The Center's and Endowment Fund's Forms 199, California Exempt Organization Annual Information Return, are subject to examination by the Franchise Tax Board, generally for four years after they are filed.

Leases

Effective January 2022, the Financial Accounting Standards Board's (FASB) Accounting Standards Updated ("ASU") 2016-02, Leases (Topic 842), requires a lessee to recognize a lease asset and related lease liability on the statement of financial position. The Center adopted Topic 842 as of July 1, 2022 using the effective date method and recognized and measured leases effective during the year ending June 30, 2025.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Center elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed the Center to carry forward the historical classification, not reassess whether any expired or existing contracts contain leases and not reassess initial direct costs on existing leases. (Note 5)

Revenue Recognition

Revenues that are treated as exchange transactions are recognized consistent with the guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers. ASC 606 stipulates that revenue should be recognized consistent with the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services.

2. INVESTMENTS & CHARITABLE GIFT ANNUITIES

The Endowment Fund's investment portfolio is managed by The Wealth Consulting Group (LPL Financial) and the Center is the beneficiary of those invested funds. The funds may be petitioned for return to the Center by a two-thirds majority vote of the Center's Board of Directors. In January 2023, the Board of Directors voted to transfer the Endowment Fund assets to The Wealth Consulting Group (LPL Financial). Previously, funds were held by Inland Empire Community Foundation (IECF) through a revocable agency agreement. Net realized and unrealized gains (losses) on investments carried at fair value for the years ended June 30, 2025 and 2024 were \$91,314 and \$48,300, respectively, and have been included in the consolidated statements of activities and changes in net assets. Investment expenses relating to investment revenue were \$11,823 and \$10,320 for the years ended June 30, 2025 and 2024, respectively.

	2025	
	Cost	Fair Market Value
Equities	\$ 644,889	\$ 740,000
Mutual funds	71,503	71,372
Fixed income	305,122	310,309
Total Investments	<u>\$ 1,021,514</u>	<u>\$ 1,121,681</u>
	2024	
	Cost	Fair Market Value
Equities	\$ 610,934	\$ 647,579
Mutual funds	44,402	48,402
Fixed income	343,930	348,226
Total Investments	<u>\$ 999,266</u>	<u>\$ 1,044,207</u>

There are two charitable gift annuities that continue to be held by IECF with total asset values of \$36,484 and \$35,459 for the years ended June 30, 2025 and 2024, respectively.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

3. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides a framework for measuring fair value. The framework 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access. As of June 30, 2025 and 2024, the Center had investments of \$1,121,681 and \$1,044,207, respectively, valued at the level 1 measurement.

Level 2 inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices of identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means

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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 or 2024.

Inland Empire Community Foundation Endowment Investments (the Foundation). The beneficial interest in assets held at Inland Empire Community Foundation has been valued, as a practical expedient, at the fair value of the Center's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting.

- The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2025</u>	<u>2024</u>
Building Improvements	\$ 2,971,842	\$ 2,971,842
Vehicles	147,258	147,258
Equipment	359,178	351,392
Computer Lab	<u>24,813</u>	<u>18,871</u>
	3,503,091	3,489,363
Less accumulated depreciation and amortization	<u>(2,328,508)</u>	<u>(2,199,224)</u>
Net property and equipment	<u>\$1,174,583</u>	<u>\$1,290,139</u>

4. DONATED ARTWORK

Artwork donated to the Center and considered inexhaustible is recorded at estimated fair market value at the date of donation. The Center's collection includes paintings, sculptures and similar art objects. Donated artwork amounted to \$19,050 as of June 30, 2025 and 2024.

5. LEASE COMMITMENTS

The Center leases certain office equipment under operating leases on recurrent and month-to-month basis. Equipment rental expense for the years ended June 30, 2025 and 2024 was and \$22,560 and \$22,485, respectively. During the year ended June 30, 2024, the Center maintained short term leases to rent kitchen facilities and temporary refrigerators while the kitchen construction. The total expenses for the kitchen facilities and temporary refrigerators amounted to \$42,870 for the year ended June 30, 2024. The kitchen construction was completed in November 2023 and these leases were no longer be necessary.

As discussed in Note 1, the Center also leases its facilities from the City of Palm Springs. Contributed facilities rent expense for the years ended June 30, 2025 and 2024 was \$104,832 for each of the years. The lease with the City is effective until October 2028, or sooner in the case of a qualifying event.

6. ENDOWMENT FUNDS

Board-designated Endowment

As of June 30, 2025, the Board of Directors had designated \$1,122,659 of net assets without donor restrictions as a general endowment fund to support the operations of the Center. Since these amounts resulted from internal designations and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

Investment Return Objectives, Risk Parameters and Strategies. Effective September 2022, the Center has adopted an investment policy, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. During the year ending June 30, 2021, the Board of Directors discontinued distributions to the Center. During September 2024, the Board of Directors authorized \$5K per month to be distributed to the Center.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

7. ENDOWMENT FUNDS (Continued)

Donor-restricted Endowment

The Center is the recipient of donor restricted endowment funds that may be used for unrestricted purposes upon the death of the donors. The Center reports the fair value of these funds as a portion of the Beneficial Interest in Inland Empire Community Foundation in the statement of financial position and reports changes in the value of the fund as gains or losses in the statement of activities.

Endowment Net Assets are composed of assets without donor restrictions- board designated and assets with donor restrictions with a value of \$1,152,678 and \$1,212,752 at June 30, 2025 and 2024, respectively.

	2025		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 1,194,328	\$ 18,424	\$ 1,212,752
Investment income	39,846	-	39,846
Net investment gain	89,719	1,595	91,314
Contributions	-	10,000	10,000
Amounts appropriated for expenditures	(190,015)	-	(190,015)
Investment and administrative fees	(11,823)	-	(11,823)
Endowment net assets, end of year	<u>\$ 1,122,659</u>	<u>\$ 30,019</u>	<u>\$ 1,152,678</u>

	2024		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 1,110,448	\$ 17,635	\$ 1,128,083
Investment income	33,635	-	33,635
Net investment gain	47,511	789	48,300
Contributions	14,803	-	14,803
Amounts appropriated for expenditures	(1,749)	-	(1,749)
Investment and administrative fees	(10,320)	-	(10,320)
Endowment net assets, end of year	<u>\$ 1,194,328</u>	<u>\$ 18,424</u>	<u>\$ 1,212,752</u>

The Center has covered some endowment fund expenses over the year where amounts accumulate that are due from the endowment to the Center. For the years ended June 30, 2025 and 2024, these amounts were \$13,118 and \$9,545, respectively. Additionally, during the 23/24 fiscal year, the Board of Directors authorized the Center to borrow \$250,000 from the endowment fund for cashflow needs due to delays in grant funding. During November 2024, the Board decided to recognize the loan the Center had from the endowment of \$125,000 as a distribution from the Endowment and as a catch-up for the last two years to the Center. During 24/25 fiscal year, the Board of Directors authorized a contribution from the endowment fund to the Center in the amount of \$60,000. The forgiveness of the prior year loan to the Center and additional contributions are included in the amounts appropriated for expenditure.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

8. DONOR RESTRICTED NET ASSETS

Donor restricted net assets are subject to donor restrictions limiting the Center's use of the contributed assets for time restrictions, special purposes, or both. Donor restricted net assets at June 30 consisted of the following:

	<u>2025</u>	<u>2024</u>
Meals on Wheels	\$ 72,168	\$ 50,292
Endowment	30,019	18,424
	<u>\$ 102,186</u>	<u>\$ 68,716</u>

9. LINE OF CREDIT

The Center has a secured line of credit with a maximum amount available of \$50,000 at an interest rate of 14.35%. This line of credit renews automatically each year. There was no balance as of June 30, 2025 and 2024.

10. MANAGEMENT CONTRACT

The Center entered into a management agreement with the City of Desert Hot Springs where the Center and staff hired by the Center will function as the service provider for the Desert Hot Springs Senior Center. The agreement references to a specific budget for the 2023/2024 fiscal year. The total compensation received for this contract for the years ended June 30, 2024 was \$262,931, with the related expenses being \$217,696. The agreement was terminated with the completion of the June 30, 2024 fiscal year and was not renewed.

11. EMPLOYEE'S 403(b) PLAN

The Center established a 403(b) plan in August 2019 for its employees to contribute to with the possibility for employer matching contributions as approved by the Board of Directors. All employees are eligible to participate, except those that who are non-resident aliens with no U.S. source income. In order to receive employer matching contributions an employee must complete at least one year of service and work 1,000 hours each year. Effective January 2022 the Board approved a new policy to match employee contributions up to 2%. For the years ended June 30, 2025 and 2024 there were \$10,732 and \$12,097, respectively in employer matching contributions.

12. LIQUIDITY

The Center's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 595,840
Accounts receivables	<u>266,366</u>
Total	<u>\$ 862,206</u>

Income from donor-restricted sources is restricted for specific purposes and, therefore, is not available for general expenditure. Board designated cash and investments are excluded from the above liquidity determination since the Board has not released any designations as of June 30, 2025.

MIZELL CENTER AND ENDOWMENT FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

13. SUBSEQUENT EVENTS

The Center evaluated all potential subsequent events as of October 27, 2025 when the financial statements were authorized and available to be issued. No subsequent events were identified after June 30, 2025 or as of October 27, 2025 that require disclosure to the financial statements.