CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Association For Research on Nonprofit Organizations and Voluntary Action

Financial Statements

December 31, 2023 and 2022

with Independent Auditors' Report

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4449 Easton Way, Suite 400, Columbus, Ohio 43219
P. 614.885.2208 | F. 614.885.8159

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Association For Research on Nonprofit
Organizations and Voluntary Action

Opinion

We have audited the accompanying financial statements of the Association For Research on Nonprofit Organizations and Voluntary Action (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 Association For Research on Nonprofit Organizations and Voluntary Action as of December 31, 2023 and 2022, and the results of 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association For Research on Nonprofit Organizations and Voluntary Action 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 Association For Research on Nonprofit Organizations and Voluntary Action's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Association For Research on Nonprofit Organizations and Voluntary Action'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 Association For Research on Nonprofit Organizations and Voluntary Action'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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
August 2, 2024**August 2, 2024**

		2023	2022
Assets			
Current assets:			
Cash	$	105,163	15,734
Cash held for others		54,308	79,308
Investments		642,703	580,901
Accounts receivable		41,955	43,037
Grants receivable		3,000	40,533
Prepaid expenses		2,253	11,172
		849,382	770,685
Equipment and software, net		915	732
Total Assets	$	850,297	771,417
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	$	182,109	73,724
Accrued payroll and benefits		1,269	2,636
Deferred revenue		39,404	1,385
Funds held on behalf of others		54,308	79,308
		277,090	157,053
Net assets:			
Without donor restriction			
Undesignated		35,608	231,930
Board designated		298,721	304,580
		334,329	536,510
With donor restriction		238,878	77,854
		573,207	614,364
Total Liabilities and Net Assets	$	850,297	771,417

See accompanying notes to the financial statements.

Association For Research on Nonprofit Organizations and Voluntary Action
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
Revenues and support:			
Grants	$ -	240,000	240,000
Membership dues	76,884	-	76,884
Conference revenue and sponsorships	361,794	-	361,794
Publications and royalties	173,659	-	173,659
Contributions	8,009	-	8,009
In-kind contributions	109,310	-	109,310
Investment income, net	87,320	4,524	91,844
Other	14,615	-	14,615
	831,591	244,524	1,076,115
Net assets released from restriction	83,500	(83,500)	-
	915,091	161,024	1,076,115
Expenses:			
Program services:			
Events	492,325	-	492,325
Publications	174,484	-	174,484
Membership services	171,338	-	171,338
	838,147	-	838,147
Management and general	255,075	-	255,075
Fundraising	24,050	-	24,050
	279,125	-	279,125
	1,117,272	-	1,117,272
Change in net assets	(202,181)	161,024	(41,157)
Net assets - beginning of year	536,510	77,854	614,364
Net assets - end of year	$ 334,329	238,878	573,207

	Without Donor Restriction	With Donor Restriction	Total
Revenues and support:			
Grants	$ 15,000	-	15,000
Membership dues	124,995	-	124,995
Conference revenue and sponsorships	374,563	-	374,563
Publications and royalties	182,860	-	182,860
Contributions	5,519	12,500	18,019
In-kind contributions	191,548	-	191,548
Investment income, net	(175,031)	-	(175,031)
Other	1,634	-	1,634
	721,088	12,500	733,588
Net assets released from restriction	110,867	(110,867)	-
	831,955	(98,367)	733,588
Expenses:			
Program services:			
Events	696,475	-	696,475
Publications	232,117	-	232,117
Membership services	183,256	-	183,256
	1,111,848	-	1,111,848
Management and general	230,964	-	230,964
Fundraising	28,388	-	28,388
	259,352	-	259,352
	1,371,200	-	1,371,200
Change in net assets	(539,245)	(98,367)	(637,612)
Net assets - beginning of year	1,075,755	176,221	1,251,976
Net assets - end of year	$ 536,510	77,854	614,364

	Program Services						
	Events	Publications	Membership Services	Total	Management and General	Fundraising	Total Expense
Payroll costs	$ 82,913	21,380	76,214	180,507	51,176	23,785	255,468
Contract labor	86,042	109,310	60,702	256,054	19,780	-	275,834
NVSQ direct expenses	-	41,653	-	41,653	-	-	41,653
Conferences	274,517	1,252	3,617	279,386	-	-	279,386
Travel and meetings	12,581	738	3,527	16,846	13,723	-	30,569
Scholarships and awards	31,002	-	3,804	34,806	108	-	34,914
Rent	-	-	-	-	15,180	-	15,180
Administration	-	-	13,359	13,359	3,044	25	16,428
Technology	1,115	151	10,049	11,315	22,248	240	33,803
Accounting	-	-	-	-	97,381	-	97,381
Other	4,155	-	66	4,221	31,663	-	35,884
Depreciation	-	-	-	-	772	-	772
	$ 492,325	174,484	171,338	838,147	255,075	24,050	1,117,272

		Program Services						
		Events	Publications	Membership Services	Total	Management and General	Fundraising	Total Expense
Payroll costs	$	94,138	23,890	86,960	204,988	38,504	26,855	270,347
Contract labor		84,937	191,449	61,462	337,848	24,924	-	362,772
NVSQ direct expenses		4,785	15,067	-	19,852	-	-	19,852
Conferences		447,653	600	10,163	458,416	210	-	458,626
Travel and meetings		21,735	-	-	21,735	14,771	-	36,506
Scholarships and awards		35,167	-	-	35,167	2,000	-	37,167
Rent		1,767	456	1,311	3,534	8,840	741	13,115
Administration		929	216	13,612	14,757	5,525	350	20,632
Technology		1,010	150	9,006	10,166	19,131	240	29,537
Accounting		-	-	-	-	76,007	-	76,007
Other		4,354	289	742	5,385	40,205	202	45,792
Depreciation		-	-	-	-	847	-	847
	$	696,475	232,117	183,256	1,111,848	230,964	28,388	1,371,200

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (41,157)	(637,612)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	772	847
Unrealized and realized (gain) loss on investments	(73,806)	190,340
Effects of changes in operating assets and liabilities:		
Accounts receivable	1,082	(8,549)
Grants receivable	37,533	(7,033)
Prepaid expenses	8,919	6,631
Accounts payable	108,385	(153,206)
Accrued payroll and benefits	(1,367)	(43,385)
Deferred revenue	38,019	(44,323)
Funds held on behalf of others	(25,000)	19,333
Net cash flows from operating activities	53,380	(676,957)
Cash flows from investing activities:		
Purchase of investments	(37,722)	(34,445)
Proceeds from sale of investments	49,726	432,145
Purchase of property and equipment	(955)	-
Net cash flows from investing activities	11,049	397,700
Change in cash and cash equivalents	64,429	(279,257)
Cash and cash equivalents - beginning of year	95,042	374,299
Cash and cash equivalents - end of year	$ 159,471	95,042
Reconciliation to Statements of Financial Position		
Cash	$ 105,163	15,734
Cash held for others	54,308	79,308
	$ 159,471	95,042

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the Association for Research on Nonprofit Organizations and Voluntary Action are set forth to facilitate the understanding of data presented in the financial statements:

Nature of operations
The Association for Research on Nonprofit Organizations and Voluntary Action ("ARNOVA") is a not-for-profit corporation incorporated in 1971 in the District of Columbia which was established to foster the creation, application, and dissemination of research about voluntary action, nonprofit organizations and philanthropy both nationally and internationally. ARNOVA's primary activities include an annual conference, publications, electronic discussions, and special interest groups. ARNOVA's major sources of revenue are grants, membership dues, conference revenue and sponsorships, and revenue from publications and royalties.

The following program and supporting services are included in the accompanying financial statements:

Events:
Conference - salaries, benefits, and direct costs related to the ARNOVA annual conference.

Scholarships and awards - scholarships to attend the conference and book, dissertation, and lifetime achievement awards.

Publications - salaries, benefits, and direct costs related to the publication of the ARNOVA News, Nonprofit & Voluntary Sector Quarterly, and the website.

Membership services - salaries, benefits, and direct costs related to providing benefits to members. Other - salaries, benefits and direct costs related to providing other miscellaneous programs.

Management and general - includes the functions necessary to provide coordination and articulation of ARNOVA's program strategy; maintain proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of ARNOVA.

Fundraising - provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

Basis of accounting
The accompanying financial statements of ARNOVA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Adoption of new accounting standard
On January 1, 2023, ARNOVA adopted Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2016-13, *Financial Instruments- Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, on January 1, 2023. Topic 326 modified the measurement of expected credit losses on certain financial instruments. ARNOVA adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have

a material impact on ARNOVA's financial statements but did change how the allowance for credit losses is determined.

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 period. Actual results could differ from those estimates.

Basis of presentation
The financial statements of ARNOVA have been prepared in accordance with U.S. GAAP, which requires ARNOVA to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ARNOVA. These net assets may be used at the discretion of ARNOVA's management and governing board.

- Net assets with donor restriction: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of ARNOVA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and cash equivalents
For purposes of the statements of cash flows, ARNOVA considers all highly liquid investments and certificates of deposit with an original maturity of three months or less to be cash equivalents. ARNOVA maintains cash in deposit accounts, which at times, may exceed federally insured limits. ARNOVA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. At December 31, 2023 and 2022, ARNOVA had no cash equivalents.

Investments
Investments are carried at fair value for financial reporting purposes. Realized gains or losses upon the sale of investments are based on the cost of specifically identified securities. Changes in unrealized appreciation or depreciation of investments are reflected in the statements of activities in the period in which such changes occur. Interest and dividend income is recorded when earned. Realized and unrealized gains and losses, interest and dividend income are recorded net of fees as investment income, net, on the statements of activities.

Accounts receivable and allowance for credit losses
Accounts receivable primarily represent sponsorships promised to ARNOVA and are carried at their estimated collectible amounts. ARNOVA does not assess interest on past-due accounts. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased.

Management has determined that any allowance for credit losses would be immaterial, and therefore, no amounts have been recorded at December 31, 2023 and 2022. As of January 1, 2022, the accounts receivable balance was $34,488.

Grants receivable
Grants receivable are unconditional promises to give due in future periods. Management has not recorded an allowance or discount on future receivables as they believe all accounts are collectible and a discount on future receivables is immaterial. All grants receivable are due within one year as of December 31, 2023 and 2022

Equipment and software
ARNOVA capitalizes all significant acquisitions of equipment and software at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a useful life when acquired of more than one year and a value greater than $1,000. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight line method over the estimated useful lives of the assets ranging between 3 and 5 years.

Equipment and software consists of the following at December 31:

		2023	2022
Computer equipment	$	18,127	17,172
Furniture and equipment		3,079	3,079
Software		500	500
		21,706	20,751
Less: accumulated depreciation		(20,791)	(20,019)
	$	915	732

Donated assets, property and software, and services
Donated marketable securities, property and software, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, ARNOVA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ARNOVA reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ARNOVA.

Professional editorial services related to the publication of ARNOVA’s Nonprofit & Voluntary Sector Quarterly publication (the NVSQ) are provided by volunteers who contribute their time to ARNOVA. ARNOVA has valued and recorded these services which meet the criteria for recognition and are necessary for it to carry out its programs. For the years ended December 31, 2023 and 2022, the value of contributed services of $109,310 and $191,548, respectively, are included in in-kind contributions and program expenses in the statements of activities. ARNOVA estimated the value of these services based on rates for offered by providers of similar services.

No amounts have been reflected in the statements for donor volunteer time where there is no objective basis available to measure the value of such services. As a result, these services do not meet the criteria for recognition as contributed services. However, a substantial number of volunteers have donated significant amounts of their time in ARNOVA's activities. ARNOVA received more than approximately 11,400 and 13,000 volunteer hours during the years ended December 31, 2023 and 2022, respectively.

Funds held on behalf of others
Donations received and held on behalf of a separate not-for-profit entity are recorded as funds held on behalf of others on the statements of financial position.

Revenue recognition
ARNOVA's primary revenue and support is obtained from membership dues, grants/contributions, conference revenue and sponsorships, and publications and royalties. Incidental items that are immaterial in the context of the contract are recognized as expense. ARNOVA does not have any significant financing components as payment is received at or shortly after the point of sale.

Membership dues are earned by ARNOVA based on the satisfaction of performance obligations over time. Revenue from performance obligations satisfied over time is recognized using the output method. Under this method, ARNOVA measures completion of the total performance obligation as time elapses because the members are granted access to ARNOVA on an ongoing basis.

Conference, sponsorship, publication, and royalty fees are based on the satisfaction of performance obligations at a point in time. Performance obligations related to conference are the delivery of the event. Upon completion of the event, ARNOVA records revenue. Fees received in advance are deferred to the applicable period in which the event takes place.

The following table disaggregates ARNOVA's earned revenue based on the timing of satisfaction of performance obligations for the year ended December 31:

		2023	2022
Over time	$	76,884	124,995
Point in time		535,453	557,423
	$	612,337	682,418

Deferred revenue, which is considered a contract liability, of $39,404 and $1,385 at December 31, 2023, December 31, 2022, respectively, consists of membership dues collected in advance of services provided to members.

During the year ended December 31, 2023 and 2022, $1,385 and $45,708, respectively, of revenue was recognized and included on the statements of activities that was included in deferred revenue as of January 1, 2023 and 2022. As of January 01, 2022, the deferred revenue balance was $45,708.

Grants, conference sponsorships, and contributions including unconditional promises to give are recognized in the period the promise is made. Amounts that are not restricted by the donor are reported as an increase in net assets without donor restrictions. All other donor-restricted support or support where payment is expected in a future period is reported as an increase in net assets with donor restrictions. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Expense allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to the specific programs or supporting services identified. Salaries and benefits that are related to more than one function are charged to programs and supporting services on the basis of periodic time studies. Management and general expenses include those expenses that are not directly identifiable with any other specific functions but provide for the overall support and direction of ARNOVA.

Income taxes
ARNOVA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), except for income derived from unrelated business activities, as defined in the Code. In addition, ARNOVA qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an Organization that is not a private foundation under Section 509(a)(1). ARNOVA is subject to unrelated business income tax. ARNOVA's policy with regards to interest and penalties is to recognize interest through interest expenses and penalties through other expenses. ARNOVA believes their estimates are appropriate based on the current facts and circumstances and that no unrelated business income tax accrual is necessary as of December 31, 2023 and 2022.

Advertising expenses
Advertising costs are expensed in the period in which they are incurred.

Reclassifications
Certain items from 2022 have been reclassified to conform to current year presentation. These reclassifications resulted in no impact on net assets or the reported results of activities.

Subsequent events
ARNOVA evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through August 2, 2024**August 2, 2024**, the date on which the financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS:

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities ARNOVA has the ability to access.
- Level 2 inputs (other than quoted prices included within Level 1) are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following tables present ARNOVA's fair value hierarchy for those assets measured at fair value on a recurring basis:

December 31, 2023		Level 1	Level 2	Level 3	Total
Investments, at fair value:					
Mutual funds:	$	642,703	-	-	642,703

December 31, 2022		Level 1	Level 2	Level 3	Total
Investments, at fair value:					
Mutual funds:	$	580,901	-	-	580,901

3. BOARD DESIGNATED NET ASSETS:

The following schedule summarizes the board designated net assets as of December 31:

		2023	2022
Cash flow volatility	$	200,000	200,000
Grant advance		25,000	25,000
Scholarships		42,992	42,992
Section funds		30,729	36,588
	$	298,721	304,580

4. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restriction consists of the following at December 31:

		2023	2022
Subject to time restrictions	$	201,500	42,500
Subject to purpose restriction		5,703	3,679
		207,203	46,179
Endowment held in perpetuity		31,675	31,675
Total net assets with donor restrictions	$	238,878	77,854

5. ENDOWMENT FUNDS:

ARNOVA's endowment consists of two donor restricted funds that were established to support scholarships. As required by generally accepted accounting principles, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law
Management has interpreted the Uniform Prudent Management Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, ARNOVA classifies as net assets with donor restrictions of a perpetual nature (a) the original value of the gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulation to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund.

The remaining portion of the perpetual endowment fund that is not classified in perpetually restricted net assets is classified as time and purpose restricted net assets until those amounts are appropriated for expenditure by ARNOVA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, ARNOVA considers the following factors in making a determination to appropriate or accumulate perpetual endowment funds:

1) The duration and preservation of the fund
2) The purpose of ARNOVA and the perpetual endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of ARNOVA
7) The investment policies of ARNOVA

Return objectives and risk parameters
ARNOVA has adopted investment and spending policies for investments functioning as perpetual endowment that attempts to provide a predictable stream of funding to the program supported by its perpetual endowment while seeking to maintain the fair value of the perpetual endowment assets. Under

this policy, as approved by the Board of Directors, the endowed investments are invested in a manner that is intended to produce a total return which protects the purchasing power of the endowed investments and which allows spending consistent with the terms of the donor's restriction of the perpetual endowment.

ARNOVA expects its perpetual endowment investments, over time, to provide an average rate of return of at least 1% annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives
ARNOVA's primary investment objective is to provide preservation of capital. ARNOVA relies on a total return strategy in which investment returns are achieved primarily through current yield (interest and dividends). ARNOVA's policy is to invest in mutual funds, exchange traded funds, and certificates of deposit to achieve its long-term return objectives within prudent risk constraints.

Spending policy
ARNOVA has a policy for its perpetual endowment fund to appropriate for expenditure up to 5% of the total market value of the three-year market value average. The composition and change in perpetual endowment net assets for each year are as follows:

2023		Temporarily Restricted	Perpetually Restricted	Total
Endowment net assets, beginning of year	$	1,274	31,675	32,949
Net investment earnings		4,524	-	4,524
Appropriated for expenditure		(1,500)	-	(1,500)
Endowment net assets, end of year	$	4,298	31,675	35,973

2022		Temporarily Restricted	Perpetually Restricted	Total
Endowment net assets, beginning of year	$	1,274	19,175	20,449
Contributions		-	12,500	12,500
Endowment net assets, end of year	$	1,274	31,675	32,949

6. CONCENTRATIONS:

A concentration in accounts receivable exists when an organizations outstanding balance exceeds 10% of total accounts receivable. At December 31, 2023, two organizations accounted for approximately 80% of accounts receivable. At December 31, 2022, one organization accounted for approximately 60% of accounts receivable.

A concentration in revenue exists when support from an organization exceeds 10% of total revenue. Three organizations accounted for approximately 49% of total revenue in 2023.Two organizations accounted for approximately 51% of total revenue in 2022.

7. LIQUIDITY:

ARNOVA strives to maintain sufficient operating cash to cover annual expenditures. Due to the irregular nature of cash flow as a result of operations, cash reserves can vary significantly throughout the year. Financial assets in excess of annual requirements are invested in mutual funds and other liquid assets. In the event the need arises to utilize the board-designated funds for liquidity proposes, the reserves could be drawn upon through the approval of the Board of Directors.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

		2023	2022
Cash	$	159,471	95,042
Investments		642,703	580,901
Accounts and grants receivable		44,955	83,570
		847,129	759,513
Less amounts not available to be used within one year:			
Funds held on behalf of others		54,308	79,308
Board designated net assets		298,721	304,580
Net assets with donor restrictions		238,878	77,854
Financial assets available to meet cash needs for general expenditures within one year	$	255,222	297,771