

SOS INTERNATIONAL, INC.

**Financial Statements and
Supplementary Information**

Years Ended June 30, 2024 and 2023

SOS INTERNATIONAL, INC.

Financial Statements and Supplementary Information

Years Ended June 30, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors
SOS International, Inc.
Louisville, Kentucky

Opinion

We have audited the accompanying financial statements of SOS International, Inc. ("SOS") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 SOS as of June 30, 2024 and 2023, 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. 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 SOS 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 the 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 SOS's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 SOS'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about SOS'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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Heiderman Jesse Company PLLC

Louisville, Kentucky
May 28, 2025

SOS INTERNATIONAL, INC.

Statements of Financial Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash	\$ 377,777	\$ 495,175
Donated supplies and equipment inventory	5,920,000	5,345,821
Prepaid expenses and other assets	8,725	8,725
Board restricted investments	711,676	602,100
Beneficial interest in foundation assets	56,936	49,775
Property and equipment, net	<u>659,697</u>	<u>678,463</u>
Total assets	<u>\$ 7,734,811</u>	<u>\$ 7,180,059</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 63,555	\$ 65,180
Notes payable	<u>579,124</u>	<u>608,481</u>
Total liabilities	642,679	673,661
Net assets:		
Without donor restrictions:		
Unrestricted	6,323,520	5,854,523
Board designated for quasi-endowment	<u>711,676</u>	<u>602,100</u>
	7,035,196	6,456,623
With donor restrictions	<u>56,936</u>	<u>49,775</u>
Total net assets	<u>7,092,132</u>	<u>6,506,398</u>
Total liabilities and net assets	<u>\$ 7,734,811</u>	<u>\$ 7,180,059</u>

See accompanying notes to the financial statements.

SOS INTERNATIONAL, INC.

Statements of Activities

Years Ended June 30, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, support and gains:						
Contributions of cash	\$ 597,165	\$ 33,702	\$ 630,867	\$ 546,821	\$ 31,293	\$ 578,114
Contributions of nonfinancial assets	5,101,916	--	5,101,916	4,049,584	--	4,049,584
Shipping revenue	89,600	--	89,600	73,307	--	73,307
Recycling revenue	315,664	--	315,664	224,231	--	224,231
Special events, gross	42,520	--	42,520	53,262	--	53,262
Less: direct costs	<u>(22,923)</u>	<u>--</u>	<u>(22,923)</u>	<u>(5,522)</u>	<u>--</u>	<u>(5,522)</u>
Net special events	19,597	--	19,597	47,740	--	47,740
Net investment income	55,032	--	55,032	27,722	--	27,722
Gain on beneficial interest in foundation assets	--	7,161	7,161	--	4,744	4,744
Other income	2,434	--	2,434	9,909	--	9,909
Government grants	--	--	--	700,000	--	700,000
Employee Retention Credit	--	--	--	193,149	--	193,149
Net assets released from restrictions	<u>33,702</u>	<u>(33,702)</u>	<u>--</u>	<u>31,293</u>	<u>(31,293)</u>	<u>--</u>
Total revenues, support and gains	6,215,110	7,161	6,222,271	5,903,756	4,744	5,908,500
Expenses:						
Program services	5,391,830	--	5,391,830	5,212,048	--	5,212,048
Fundraising	149,407	--	149,407	146,117	--	146,117
Management and general	<u>95,300</u>	<u>--</u>	<u>95,300</u>	<u>145,125</u>	<u>--</u>	<u>145,125</u>
Total expenses	<u>5,636,537</u>	<u>--</u>	<u>5,636,537</u>	<u>5,503,290</u>	<u>--</u>	<u>5,503,290</u>
Increase in net assets	<u>578,573</u>	<u>7,161</u>	<u>585,734</u>	<u>400,466</u>	<u>4,744</u>	<u>405,210</u>
Net assets at beginning of year	<u>6,456,623</u>	<u>49,775</u>	<u>6,506,398</u>	<u>6,056,157</u>	<u>45,031</u>	<u>6,101,188</u>
Net assets at end of year	<u>\$ 7,035,196</u>	<u>\$ 56,936</u>	<u>\$ 7,092,132</u>	<u>\$ 6,456,623</u>	<u>\$ 49,775</u>	<u>\$ 6,506,398</u>

See accompanying notes to the financial statements.

SOS INTERNATIONAL, INC.

Statements of Functional Expenses

Years Ended June 30, 2024 and 2023

	2024				2023			
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Supplies and equipment shipped	\$ 4,288,193	\$ --	\$ --	\$ 4,288,193	\$ 3,628,784	\$ --	\$ --	\$ 3,628,784
Personnel	503,349	109,367	59,200	671,916	462,072	99,362	53,087	614,521
Shipping	100,341	--	--	100,341	106,340	--	--	106,340
Contract services	4,782	16,301	652	21,735	--	21,425	7,142	28,567
Donated services	262,650	--	--	262,650	235,200	--	--	235,200
Development and marketing	5,090	16,341	355	21,786	1,210	18,161	4,842	24,213
Depreciation	16,889	938	939	18,766	20,961	1,164	1,164	23,289
Insurance	15,836	--	1,760	17,596	14,740	--	1,638	16,378
Bio-Medical	5,009	--	--	5,009	5,463	--	--	5,463
Sponsorship	--	--	--	--	250	--	--	250
Travel	17,632	933	1,399	19,964	16,117	606	908	17,631
Office supplies	1,167	153	205	1,525	1,377	184	276	1,837
Professional fees	6,490	865	19,128	26,483	5,682	758	68,166	74,606
Office expense	9,700	1,379	3,545	14,624	9,218	1,259	3,326	13,803
Utilities	28,023	1,557	1,557	31,137	30,131	1,674	1,674	33,479
Roof repairs	--	--	--	--	592,200	--	--	592,200
Repairs and maintenance	14,577	--	--	14,577	14,137	--	--	14,137
Licenses	856	--	285	1,141	320	--	107	427
Project expense	78,453	--	--	78,453	36,182	--	--	36,182
Interest expense	28,310	1,573	1,572	31,455	27,430	1,524	1,524	30,478
Other expense	4,483	--	4,703	9,186	4,234	--	1,271	5,505
Total expenses	<u>\$ 5,391,830</u>	<u>\$ 149,407</u>	<u>\$ 95,300</u>	<u>\$ 5,636,537</u>	<u>\$ 5,212,048</u>	<u>\$ 146,117</u>	<u>\$ 145,125</u>	<u>\$ 5,503,290</u>

See accompanying notes to the financial statements.

SOS INTERNATIONAL, INC.

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase in net assets	\$ 585,734	\$ 405,210
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gain on investments	(38,322)	(15,940)
Investment income	(16,710)	(11,782)
Gain on beneficial interest in foundation assets	(7,161)	(4,744)
Depreciation	18,766	23,289
Change in assets and liabilities:		
Inventory	(574,179)	(189,227)
Accounts payable and accrued expenses	<u>(1,625)</u>	<u>(9,830)</u>
Net cash provided by (used in) operating activities	<u>(33,497)</u>	<u>196,976</u>
Cash flows from investing activities:		
Purchase of investments	<u>(54,544)</u>	--
Net cash used in investing activities	<u>(54,544)</u>	--
Cash flows from financing activities:		
Repayment on note payable	<u>(29,357)</u>	<u>(28,395)</u>
Net cash used in financing activities	<u>(29,357)</u>	<u>(28,395)</u>
Net increase (decrease) in cash	(117,398)	168,581
Cash and cash equivalents at beginning of year	<u>495,175</u>	<u>326,594</u>
Cash and cash equivalents at end of year	<u>\$ 377,777</u>	<u>\$ 495,175</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 31,455</u>	<u>\$ 30,478</u>

See accompanying notes to the financial statements.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements

Years Ended June 30, 2024 and 2023

Note A - Summary of Significant Accounting Policies

Nature of Activities

SOS International, Inc. (“SOS”) is a non-profit organization located in Louisville, Kentucky. SOS recovers and redistributes surplus medical supplies and equipment to developing countries around the world.

SOS is supported primarily through contributions, grants and investment income.

Basis of Presentation

SOS reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of SOS, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are 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. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates

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

Contributions of Cash

Contributions of cash received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the absence or existence and nature of any donor restrictions.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2024 and 2023

Note A - Summary of Significant Accounting Policies, continued

Contributions of Nonfinancial Assets

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2024</u>	<u>2023</u>
Warehouse sorting services	\$ 262,650	\$ 235,200
Medical supplies	4,089,774	3,210,485
Medical equipment	<u>749,492</u>	<u>603,899</u>
	<u>\$ 5,101,916</u>	<u>\$ 4,049,584</u>

SOS's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of SOS. There were no donor restricted contributions of nonfinancial assets received by SOS for the years ended June 30, 2024 and 2023. If donated medical supplies or equipment cannot be utilized by SOS in its normal course of business, SOS may sell it to a surgical supply specialist. Revenue from these sales are included in recycling revenue in the Statements of Activities.

Donated sorting services are valued at \$15 per volunteer hour donated for the years ended June 30, 2024 and 2023 and are recognized as contributions in the accompanying financial statements because the volunteer services are an integral part of SOS's total program activities and SOS would need to purchase the services if they were not donated. The fair value of donated services included as contributions in the financial statements are expensed and included in the Statement of Functional Expenses.

Donated supplies are weighed when they enter the warehouse and are valued at industry standard of \$16 per pound. When the inventory is sorted, they are valued as follows: (1) 75% of retail sales prices located on a publicly available website for medical supplies; and (2) 85% of used sales prices located on a publicly available website for surplus medical equipment. Items for which no comparable price can be obtained are not valued. Donated surplus medical supplies and equipment received by SOS are recorded as revenue in the Statements of Activities and inventory in the Statements of Financial Position. Inventory donated by SOS to medical providers in developing countries is reported as an expense upon shipment.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2024 and 2023

Note A - Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, SOS's cash consists of cash on deposit with banks. Cash held temporarily by a custodian for investment purposes is included in investments and is not considered to be cash equivalents.

Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, SOS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. SOS reclassifies net assets with donor restrictions as net assets without donor restrictions at that time.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by the passage of time or by use) in the reporting period in which they are recognized.

Pledges Receivable

Contributions are recognized when the donor makes an unconditional promise to give. Unconditional grants due within the next year are reflected as receivables and are recorded at their net realizable value. There were no pledges receivable at June 30, 2024 and 2023.

Accrued Vacation

Employees of SOS are entitled to paid vacation depending on years of employment. Accrued vacation is included in accounts payable and accrued expenses on the Statements of Financial Position. For the years ended June 30, 2024 and 2023, accrued vacation totaled \$56,258 and \$41,780, respectively.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2024 and 2023

Note A - Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of providing program and other activities are summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among program, fundraising, and management and general expenses. The expenses that are allocated directly to program services are supplies and equipment shipped, shipping, donated services, bio-medical, sponsorship, and repairs and maintenance. All other expenses are allocated to program, fundraising, and management and general expenses based on estimates of time and effort.

Income Taxes

SOS is exempt from federal and state income taxes as other than a private foundation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended and, has no unrelated business income for the years ended June 30, 2024 and 2023. Accordingly, no provision for income taxes has been recorded.

Management is not aware of any uncertain tax positions. Accordingly, the financial statements do not include a provision for uncertain tax positions, and no related interest or penalties have been recorded.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2024 and 2023

Note B - Liquidity and Availability of Funds

SOS's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash	\$ 377,777	\$ 495,175
Beneficial interest in foundation assets	56,936	49,775
Board-restricted investments	<u>711,676</u>	<u>602,100</u>
	1,146,389	1,147,050
Less those unavailable for general expenditures within one year due to:		
Beneficial interest in foundation assets	56,936	49,775
Board-restricted investments	<u>711,676</u>	<u>602,100</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 377,777</u>	<u>\$ 495,175</u>

As part of SOS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. SOS invests excess cash in short-term investments, such as money market accounts. Additionally, SOS has board-designated net assets without donor restrictions that, while SOS does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

Note C - Donated Supplies and Equipment Inventory

Inventories at June 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Medical supplies	\$ 3,187,250	\$ 3,325,974
Medical equipment	<u>2,732,750</u>	<u>2,019,847</u>
	<u>\$ 5,920,000</u>	<u>\$ 5,345,821</u>

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2024 and 2023

Note D - Board Designated Quasi-Endowment Fund

SOS has a standing policy to designate bequests without donor restrictions as a general endowment fund to support the mission of SOS. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as board designated for quasi-endowment in net assets without donor restrictions.

The fund consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Money market fund	\$ 55,969	\$ 73,020
Mutual funds:		
Equity	237,388	193,034
Fixed income	<u>418,319</u>	<u>336,046</u>
	<u>\$ 711,676</u>	<u>\$ 602,100</u>

Changes in board designated net assets for the years ended June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Board designated quasi-endowment fund at beginning of year	\$ 602,100	\$ 574,378
Purchases	54,544	--
Investment return:		
Interest and dividends	23,651	17,845
Net realized and unrealized gain	38,322	15,940
Management fees	<u>(6,941)</u>	<u>(6,063)</u>
Board designated quasi-endowment fund at end of year	<u>\$ 711,676</u>	<u>\$ 602,100</u>

SOS has adopted investment and spending policies for the investment assets which attempt to provide a predictable stream of funding to support operations while seeking to maintain the purchasing power of the investments. Under these policies, assets are invested in a manner which is intended to maximize current income as well as stability of principal.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2024 and 2023

Note D - Board Designated Quasi-Endowment Fund, continued

To satisfy its long-term rate-of-return objectives, SOS relies upon a total return strategy where investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SOS targets a diversified asset allocation which places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The organization has a spending policy of appropriating for distributions each year of 4.0% to 7.0% of its board designated quasi-endowment fund's average fair value of the prior 12 quarters through the fiscal year preceding the fiscal year in which the distribution is planned.

Note E - Fair Value Measurements

The following table summarizes fair value measurement information for financial assets measured at fair value on a recurring basis at June 30, 2024 and 2023:

	2024			
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	<u>Total</u>
Money market funds	\$ 55,969	\$ --	\$ --	\$ 55,969
Mutual funds:				
Equity	237,388	--	--	237,388
Fixed income	418,319	--	--	418,319
Beneficial interests in foundation assets	<u>--</u>	<u>--</u>	<u>56,936</u>	<u>56,936</u>
	<u>\$ 711,676</u>	<u>\$ --</u>	<u>\$ 56,936</u>	<u>\$ 768,612</u>

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2024 and 2023

Note E - Fair Value Measurements, continued

	2023			
	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Money market funds	\$ 73,020	\$ --	\$ --	\$ 73,020
Mutual funds:				
Equity	193,034	--	--	193,034
Fixed income	336,046	--	--	336,046
Beneficial interests in foundation assets	--	--	49,775	49,775
	<u>\$ 602,100</u>	<u>\$ --</u>	<u>\$ 49,775</u>	<u>\$ 651,875</u>

SOS considers the measurement of its beneficial interest in the perpetual charitable trust to be a Level 3 measurement within the fair value hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, SOS will never receive those assets or have the ability to direct the trustee to redeem them.

Note F - Beneficial Interest in Foundation Assets

SOS established separate endowment funds with the Community Foundation of Southern Indiana and Community Foundation of Louisville during 2013, on an irrevocable basis with a one-time deposit of \$5,000 and \$25,000, respectively. Distributions from both foundations become available quarterly based upon three percent and four and one-half percent, respectively, of the funds' fair market value as determined on the prior June 30 (based upon the average of the prior twelve quarters) after fees. There were no foundation receivables, representing monies available to SOS but not yet distributed, at June 30, 2024 and 2023.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2024 and 2023

Note F - Beneficial Interest in Foundation Assets, continued

The fair values, as determined by the Foundations, were as follows at June 30, 2024 and 2023:

	<u>Community Foundation of Louisville</u>	<u>Community Foundation of Southern Indiana</u>	<u>Total</u>
Balance at July 1, 2022	\$ 39,248	\$ 5,783	\$ 45,031
Distributions	--	(294)	(294)
Interest and dividends	1,035	100	1,135
Net realized and unrealized gain	5,996	553	6,549
Management fees	<u>(2,511)</u>	<u>(135)</u>	<u>(2,646)</u>
Balance at June 30, 2023	43,768	6,007	49,775
Distributions	--	(279)	(279)
Interest and dividends	1,033	105	1,138
Net realized and unrealized gain	6,142	586	6,728
Management fees	<u>(284)</u>	<u>(142)</u>	<u>(426)</u>
Balance at June 30, 2024	<u>\$ 50,659</u>	<u>\$ 6,277</u>	<u>\$ 56,936</u>

Note G - Property and Equipment

Property and equipment consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 225,000	\$ 225,000
Building	552,827	552,827
Equipment and vehicles	161,810	161,810
Software	<u>17,088</u>	<u>17,088</u>
	956,725	956,725
Less accumulated depreciation and amortization	<u>297,028</u>	<u>278,262</u>
	<u>\$ 659,697</u>	<u>\$ 678,463</u>

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2024 and 2023

Note H - Notes Payable

Notes payable consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
2.75%, 30 year note payable to the SBA in monthly installments, of \$641, including interest, beginning June 2021 through June 2049, secured by property and equipment.	\$ 143,498	\$ 147,058
5.99% , 7 year note payable to a bank in monthly installments of \$4,427, including interest, secured by real estate, through November 2029 with a balloon payment of outstanding principle due upon maturity.	<u>435,626</u>	<u>461,423</u>
	<u>\$ 579,124</u>	<u>\$ 608,481</u>

As of June 30, 2024, the notes payable are due as follows:

2025	\$ 32,575
2026	34,452
2027	36,442
2028	38,551
2029	40,785
Thereafter	<u>396,319</u>
	<u>\$ 579,124</u>

Note I - Concentration of Credit Risk

SOS maintains cash balances at a Federal Deposit Insurance Corporation institution that is in excess of insured limits. At June 30, 2024 and 2023, SOS's uninsured cash balances were \$126,924 and \$244,173, respectively.

Note J - Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") established provisions for a refundable payroll tax credit referred to as the Employee Retention Credit ("ERC"). Under the CARES Act, a qualifying organization is eligible for ERC subject to certain criteria. During the year ended June 30, 2023, SOS received an ERC of \$193,149, which is included in Revenue, Support and Gains in the Statement of Activities.

SOS INTERNATIONAL, INC.

Notes to the Financial Statements, continued

Years Ended June 30, 2024 and 2023

Note K - Government Grants

During the year ended June 30, 2023, SOS received grants from Louisville Metro Government and Team Kentucky Nonprofit Assistance in the amounts of \$600,000 and \$100,000, respectively. The total amount of \$700,000 in government grants is included in Revenue, Support and Gains in the Statement of Activities.

Note J - Subsequent Events

Management has evaluated all subsequent events through May 28, 2025, which is the date the financial statements were available to be issued.

Supplementary Information

SOS INTERNATIONAL, INC.

Schedules of Activities - Before/After Donated Items and Services

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues, support and gains:		
Contributions	\$ 630,867	\$ 578,114
Shipping revenue	89,600	73,307
Recycling revenue	315,664	224,231
Special events, net	19,597	47,740
Investment income, net	55,032	27,722
Gain on beneficial interest in foundation assets	7,161	4,744
Other income	2,434	9,909
Government grants	--	700,000
Employee Retention Credit	--	<u>193,149</u>
Total revenues, support and gains	<u>1,120,355</u>	<u>1,858,916</u>
Expenses:		
Program	840,987	1,348,064
Fundraising	149,407	146,117
Management and general	<u>95,300</u>	<u>145,125</u>
Total expenses	<u>1,085,694</u>	<u>1,639,306</u>
Increase in net assets - before donated items and services	34,661	219,610
Donated items and services:		
Donated supplies and equipment received	4,839,266	3,814,384
Donated supplies and equipment shipped	<u>(4,288,193)</u>	<u>(3,628,784)</u>
Total donated items and services, net	<u>551,073</u>	<u>185,600</u>
Increase in net assets - after donated items and services	<u>\$ 585,734</u>	<u>\$ 405,210</u>

See independent accountant's audit report.